

Baldrige Award Application

Eligibility Submission Date: 03/15/2024 15:44 ET

Eligibility Submitted By: Cindy Milrany

Application Submission Date: 04/11/2024 18:03 ET

Application Submitted By: Cindy Milrany

Organizational Profile

Note: The information requested in this section will provide context to ensure a deeper understanding of your organization and its environment. The Organizational Profile section will not be evaluated. You will have a limit of 2,000 characters and up to 3 charts, graphs, and/or tables for each question. This section should not include details of your key processes or results.

1 - What are your key products, services, and/or programs?

Freese and Nichols, Inc. (FNI) is a privately owned engineering, planning, and consulting firm serving clients across the United States. A regional firm with national expertise, we plan, design, and manage infrastructure projects ranging from water supply reservoirs and wastewater treatment plants to municipal roadways and airports.

Since our founding in 1894, we've provided our clients innovative and sustainable solutions that strengthen our communities' safety, resilience, and livability. Our multidiscipline teams of engineers, architects, planners, scientists, construction managers and other specialists bring technical expertise and responsiveness so our clients can responsibly steward their resources. We constantly innovate to meet our clients' needs, and we guide them through every stage of the project life cycle: planning, funding, procurement, regulatory compliance, environmental services, design, program management, construction management, and operations and maintenance.

Our primary services include Planning, Engineering and Design, Construction Management, and Program Management **OP Q1.1** provided through a variety of delivery channels and we value meeting with clients in person to discuss current needs or future projects. Our emphasis on client relationships helps us position ourselves as trusted advisors and best achieve our vision of being the firm of choice for clients and employees. In a trusted advisor capacity, clients often consider FNI an extension of their organizations, consulting on issues far beyond the client's current public projects. For all our clients, we look for ways to add value for them and the communities they serve. While we routinely visit client offices and project sites, much of our daily work is done in FNI offices using engineering, BIM (Building Information Modeling), Revit, CAD, and other 3D software to generate plans, designs, and solutions for our clients.

Products and Services	Sample Service
Planning	• Water, wastewater planning • Stormwater planning • Environmental planning and permitting • Transportation planning • Urban and rural planning
Engineering and Design	• Feasibility Studies • Plans and Specifications • Design Reports
Construction Management	• Cost estimating • Project scheduling • Construction quality assurance inspection • Contract administration • Materials testing coordination • Commissioning, start-up and training coordination
Program Management	• Development and management of large infrastructure programs • Project identification and prioritization • Schedules and phasing • Funding assistance • Estimating and budgeting • Public meetings and stakeholder engagement • Staff augmentation

Figure OP Q1.1 Freese and Nichols Products and Services

OP Q1.1 Freese and Nichols Products and Services

2 - What are your mission, vision, and values or guiding principles?

Our foundational elements drive all decisions made at FNI. The firm believes that focusing on our Mission of **Innovative Approaches... Practical Results... Outstanding Service** and living our Values through **FNI LEADS** helps achieve the firm's Vision to **Be the firm of choice for clients and employees**. The strategies and actions in our annual Strategic Plan **OP Q2.1** support and align with these foundational elements.

A cycle of improvement occurred shortly after the company's leadership transition in 2016. Prior to creating our current values, FNI had a list of 10 Guiding Principles. Leadership determined that, while those Guiding Principles were still relevant, the concept was not easily relatable or memorable to staff and clients, and near impossible to recite. With the help of employees, leadership, and client focus groups, in 2019 we rolled out the new FNI Values – **Freese and Nichols LEADS (Learn Continuously, Engage as Family, Act with Integrity, Deliver Quality, Serve Always)** **OP Q2.2**. The change from Guiding Principles to Values helped employees better understand behavioral expectations and has aided in recruiting and onboarding by assisting us in choosing staff who align with our values, ultimately helping create a consistent culture across our practices and geographies.

The FNI Vision Story **OP Q2.3**, 8 components supporting the Vision Statement, were developed in 2021 to better articulate the company's Vision of who we want to be as a company moving forward. Our **Hedgehog Concept** represents the conviction that long-term relationships and outstanding service are critical to FNI's sustained success. Trusting relationships are built with clients through FNI's technical expertise and high ethical standards. FNI attracts and retains top talent by providing a caring environment with opportunities for technical and professional growth. As a result, associations with FNI key clients are measured in decades, often spanning generations on both sides of the relationship.



MAKE YOUR MARK 2024 STRATEGIC PLAN

Strategies Measures of Success Letters: Actions Bold: Key Focus Indicators

People

1.1 Retain our incredible staff

- ▲ Employee Engagement Survey overall rating: 81.5%
- ▲ % voluntary turnover: <9%
- ▲ # of internal promotions
- ▲ # of inline promotions
- ▲ # of internal transfers
- a. Implement recommendations from 2023 compensation study and complete annual benchmarking; train managers to communicate our message and educate their staff.
- b. Create an engaging employee value proposition to package and communicate our unique culture.
- c. Develop a calibration/leveling process to consistently reward for performance.
- d. Develop and implement a process for manager selection and include those approved in the Introduction to Leadership Class.
- e. Pilot a program for practice, project type, and geographic rotation.
- f. Create a roadmap for advancement including mentoring and linkage to IDPs.
- g. Implement recommendations from BIM/CAD rapid improvement event to improve retention and productivity.

1.2 Recruit the best talent to serve our clients

- ▲ % current to budgeted staff
- ▲ # of candidates sourced outside of HR
- a. Build upon our internship program as a source for new employees.
- b. Create a university liaison program with select universities.
- c. Develop best practices for identifying, recruiting and closing the deal with critical hires and create training around this.

1.3 Ensure our Mission, Vision and Values (LEADS) drive our actions

- ▲ Culture survey score
- ▲ % of employees with >1 community service hours logged
- ▲ # of Envision Sustainability Professionals by region
- a. Implement recommendations from rapid improvement event focused on deployment of Mission, Vision (and Vision Story) and Values.
- b. Incorporate FNI Leadership Excellence into training and hiring.
- c. Position FNI as a firm known for authentic corporate social responsibility.
- d. Develop and execute a plan to improve behavioral interviewing including culture evaluation.
- e. Evaluate Baldridge culture mapping opportunity to sustain our culture.

1.4 Understand and deliver on our clients' needs

- ▲ Client Engagement Survey rating: N/A
- ▲ # of strategic and key account plans created/updated
- a. Implement recommendations from rapid improvement event around client relationship development including training around our Hedgehog Concept.
- b. Utilize results from Client Engagement Survey rapid improvement event to focus on opportunities for improvement.

Opportunity

2.1 Invest to serve our local government markets

- ▲ Net bookings by practice and division: \$250M
- ▲ Contracted labor multiplier
- ▲ Net bookings from FLOW
- ▲ Technology solution metric: TBD
- a. Develop and execute a strategy for integrated planning, including project delivery and marketing.
- b. Capitalize on FLOW to expand our services across all practices.
- c. Develop and execute a strategy to grow Program Management and Construction Management & Inspection (CMI) for our local government markets across all regions.
- d. Execute plan to capture PFAS related work in the W/WW Treatment and Environmental Practices.
- e. Develop and execute a strategy around technology solutions for our clients: Asset Management, BIM/CAD, GIS and AI.

2.2 Grow with federal and state funded initiatives

- ▲ Net bookings from federal, state and DOT
- a. Refine and implement strategy for winning DOT work in Texas, Oklahoma and North Carolina, including design, CEI, and bridges.
- b. Grow our federal portfolio with strategic USACE districts, NRCS and FEMA programs.
- c. Develop a comprehensive multi-practice and multi-region funding strategy.
- d. Build upon our state flood plans to win FLOW work.

2.3 Grow geographies through practice expansion

- ▲ Regional bookings by practice
- ▲ Net bookings from Resiliency/Climate Adaptation and Coastal Resiliency
- ▲ Sales and marketing costs as % of net revenue
- a. Build on our success in Florida through expanded services and staffing (W/WW Planning, Stormwater, Environmental, Coastal Resiliency, Treatment, and Transmission and Utilities).
- b. Expand our Central Plains Region services with W/WW Planning, Environmental and Stormwater and the support needed for backlog.
- c. Build upon the investments in Southeast US and Central Plains regions for W/WW Treatment and the support needed for backlog.
- d. Define our desired market and develop and execute a plan that grows our Resiliency/Climate Adaptation business along with our Coastal Resiliency business.
- e. Build a business in Northwest Arkansas and Colorado with an initial focus on W/WW Planning, Utilities, Treatment, and Stormwater.

2.4 Win larger projects with strategic and key accounts

- ▲ Net bookings from strategic and key accounts: \$200M
- ▲ # bookings for large (>\$1M annual) projects and Water Resource Design projects
- ▲ % pursuit wins for design-build
- ▲ # of key pursuits by region
- a. Expand "key pursuit" program focusing on strategic and key accounts in all regions.
- b. Create a strategy and plan to develop a recognized expertise in plastics remediation.
- c. Refine and execute our design-build strategy.
- d. Create a marketing and PR plan to strengthen and position the firm's 'national expertise' in multiple practices.

Performance

3.1 Increase our efficiency in resourcing and delivering our work

- ▲ Projects overbudget as a % of net revenue: <5.5%
- ▲ Actual labor multiplier: 3.16
- ▲ Utilization: 57.7%
- ▲ % utilization of top 5% of labor
- ▲ Months of backlog
- ▲ % of effort to complete (ETC) scheduled in eResource
- a. Implement practice-driven workload coordination process to drive project staffing and execution efficiency; balance talent acquisition needs, increase employee engagement, spur new opportunities, inform Go/No Go decisions, and promote technical development.
- b. Implement BST10, with a focus on project management.
- c. Utilize pilot of National Technical Leader role to identify process improvements, resource utilization, and technology to drive project delivery efficiency, quality and consistency.
- d. Develop and execute a plan to obtain more value-driven fees.

3.2 Ensure organizational structure/staffing and technology support our vision for growth

- ▲ Overhead rate
- ▲ Corporate expense ratio
- ▲ Actual labor multiplier for federal, DOT, design-build, and coastal
- a. Evaluate emerging markets (federal, DOT, design-build, and coastal) for structure, staffing, and delivery and adjust if needed.
- b. Assess overall organization and make changes that support alignment of regional operations and practice activities driving growth, national expertise and consistency.
- c. Work with our consultant on a project delivery technology assessment with industry benchmarking and develop a plan to address gaps.
- d. Develop an intentional transition plan for leaders in advance of retirement.

3.3 Strengthen quality, excellence and innovation

- ▲ Top Box 5 project satisfaction: 4.7
- ▲ Net promoter score
- ▲ # of Innovation Award submittals
- a. Pilot new Technical Organization with Transmission and Utilities and Stormwater in 2024.
- b. Build a culture of innovation to recognize staff actions associated with "Be a Pioneer."
- c. Renew focus on our Baldridge/CI culture through development of an enterprise process model, a revamped Cidea program, engagement of employees at all levels, and an application process.

21.3%
2024 Growth Goal

12.5%
2024 Profit Goal

Figure OP Q2.1 Annual Strategic Plan

OP 2.1 Annual Strategic Plan



Figure OP Q2.2 LEADS Values

OP Q2.2 LEADS Values

Learn Continuously

Opportunity • Innovation • Continuous Improvement • Development

We create an environment where employees can thrive. We are always seeking ways to be better. We know even great things improve if we ask questions and search for answers. We push ourselves and others to learn and develop, and we work hard to be the best at what we do.

Engage as Family

Accountability • Teamwork • Respect • Compassion

We work together to achieve results because we know that collaboration leads to success. We hold each other in the highest regard and appreciate others' opinions. We are responsible for our actions and are kind and supportive of our colleagues. We are inclusive and we value the worth and dignity of all people. We have fun and enjoy our work environment.

Act with Integrity

Honesty • Ethics • Character • Trust

We respect the values of our founding fathers and always do the right thing. We honor our word and take ownership of our mistakes. We take pride in our character and our company. We trust each other.

Deliver Quality

Commitment • Excellence • Reliability • Value

We are disciplined professionals who focus on technical excellence, project delivery, and sustainability. We are responsive to our clients and to our colleagues, and we add value to our work. We excel in everything we do.

Serve Always

Public • Communities • Clients • Employees

We serve with respect and dedication. We are passionate about finding creative, practical solutions. We make safety a priority for our employees and clients. We strive to make the world a better place. We serve because it's at the core of what we do and who we are.



Our Vision Story

Achieved through strategies and goals focused on ...



People



Opportunity



Performance



Figure OP Q2.3 FNI Vision Story

OP Q2.3 FNI Vision Story

3 - What is your overall organizational leadership and governance structure?

FNI is an S-Corporation (electing to pass corporate income, losses, deductions, and credits through to their shareholders for federal tax purposes) owned by 92 Shareholders, all of whom are active employees. This structure ensures continuity of practice and successful ownership transitions, supporting the FNI Vision Story component of **a firm built on a strong foundation and legacy, with a passion to continue creating a better future for generations to come.**

The Board of Directors (BoD) consists of 9 voting members (FNI shareholders) with two outside, non-voting advisory directors. The BoD is active in creating policies and providing guidance to FNI by contributing to the organization's culture, strategic focus, effectiveness, and financial sustainability. BoD members are active in the company's strategic planning process and are key to ensuring decisions align with the strategy and mission. The BoD has standing committees of Audit, CEO Evaluation and Compensation, Governance and Nominating, and Ownership Transition. Other temporary committees are formed, as needed, to address specific issues.

The CEO reports to the BoD and leads a six-person Executive Team (ET) that meets monthly. The Leadership Team (LT) includes the ET plus Division and Corporate Managers and guides FNI through its Leadership System **OP Q3.1** that defines what leaders do (processes) and how leaders behave (attributes) **OP Q3.2**. They oversee operations through the development and deployment of strategic goals and actions set forth in the Strategic Plan. Accountability is achieved through quarterly President's Reviews which assess progress toward strategic goals and achievement of KFI targets. Improvements are made to address gaps in performance. CEO accountability is achieved through an annual CEO performance review, conducted by the Chairman of the BoD based upon achievement of his goals and input from a dozen shareholders. Our CEO reports his actions monthly to the Board and to the Shareholders.



Figure OP Q3.1 FNI's Leadership System

OP Q3.1 FNI's Leadership System

FNI Leadership Attributes - How leaders should behave	
Live our LEADS Values	• Model, live, and commit to our LEADS values • Share and ensure understanding of LEADS values in others • Recognize employees who live our LEADS values • Act when employees are not living our values
Trust with Commitment	• Be present • Be ALL In - put "Team FNI" first; "share your toys" • Encourage constructive conflict • Take ownership and fully support final decisions • Build teams whose impact is far greater than the sum of its parts
Makes Heroes of Others	• Publicly acknowledge, give credit, and reward other's contributions (accomplishments) • Respect others and embrace uniqueness • Engage, listen, empathize, and respond with action • Build enduring relationships • Invest in and act to develop and grow others
Be a Pioneer	• Lead with courage; be fearless within boundaries • Demonstrate personal resilience and persistence • Embrace innovation; challenge the status quo • Think critically and creatively
Expect and Celebrate Extraordinary Results	• Know your business • Be accountable; make no excuses, take personal ownership • Reject average • Come with solutions – no surprises • Celebrate success and learn from disappointment
Figure OP Q3.2 Leadership Attributes and Behaviors	

OP Q3.2 Leadership Attributes and Behaviors

4 - What is your workforce profile, including makeup/important characteristics of your workforce (segments, demographics, the environment [centralized/dispersed, in-office/virtual])?

Since receiving the MBNQA in 2010, FNI's workforce has almost tripled. Our highly educated **OP Q4.1**, top-performing team includes employees, interns, and contractors who are committed to delivering on our strategic imperatives each and every day. **OP Q4.2** shows FNI's approximately 1,200 employees who serve in diverse positions across the organization to deliver services to our clients. Our team members work within Practices as shown in **OP Q4.3**. Workforce results are captured and analyzed by these demographic segments and by practices.

We are committed to making FNI a great place to work. As a result, we capture employee feedback twice a year so that we can improve our workplace and benefits. In the Spring, we participate in UKG's Great Place to Work survey and have been certified as a Great Place to Work for more than 6 years. In the summer, we work with our collaborator, Beyond Feedback, to deploy and measure employee engagement using an annual Employee Engagement Survey. Based on the survey results, Beyond Feedback has helped the company determine that the most important key drivers of engagement (employee key requirements) are:

- Compensation and Benefits
- Advancement Opportunities
- Manageable Workload
- Organizational Growth
- Leaders whose Actions Align with Values and
- Relationship with Coworkers

FNI has no organized bargaining units. Our employees conduct their work in offices, on-site in client locations and virtually. We offer a hybrid work environment, where office employees work at least three days in their office, with an option to work remotely two days. Health and safety requirements include construction site safety, physical safety for

office workers and ergonomic designs for office workers. Employees whose work may require them to visit construction sites or drive for business complete related safety training and certification. By adding a Safety Director in 2021, FNI has been able to focus more on safety issues across our company.

Education Levels	# of Workforce
Doctorate	10
Graduate Degree	112
Bachelor's Degree	830
Some college	67
Figure OP Q4.1 Educational Levels	

OP Q4.1 Educational Levels

Generatons	WF%	Ethnicity	WF%	Tenure	WF%	Gender	WF%
Silent	0.4%	Asian	5.1%	<2 years	33.9%	Female	34.7%
Baby Boomers	13.0%	Black	4.7%	2-5 Years	24.7%	Male	65.3%
Gen X	27.1%	Hispanic	11.7%	5-10 Years	19.0%		
Millennials	42.5%	White	73.5%	10-20 Years	14.8%		
Gen Z	17.0%	Other	5.0%	>20 Years	7.6%		
Figure OP Q4.2 Workforce Demographic Segments							

OP Q4.2 Workforce Demographic Segments

Practice	WF%	Practice	WF%
Corporate	17.8%	WWW Utilities / Transmission	12.5%
Stormwater	11.5%	Construction Management	11.0%
Water Resources Design	7.9%	Facilities	7.8%
Transportation	7.8%	Water and Wastewater Treatment	5.8%
Water and Wastewater Planning	5.4%	Environmental	5.1%
Program Management	2.9%	Urban Planning and Design	2.7%
Water Resource Planning	1.9%		
Figure OP Q4.3 Workforce by Practice			

OP 4.3 Workforce by Practice

5 - What are your key market segments and/or customer groups? What percentage of business volume/revenue does each comprise?

Our Vision Story describes FNI as a **firm that has regional focus with national expertise and a local address**. Our geographic markets **OP Q5.1** represent this regional focus and our practice markets **OP Q5.2** demonstrate our national expertise.

In our first 100 years, FNI geographic growth was limited. After opening in Fort Worth in 1894, our next office wasn't established in Austin until 1968 and our third office in Dallas opened in 1995. Geographic expansion began in the 2000s as we looked to broaden our client relationships, services, and quality delivery. To meet expanding client needs, in 2000 we opened in Pearland followed in 2004 by the opening of our Houston-proper location. In 2003, we opened a San Antonio

office, followed by Corpus Christi and Denton, in 2007 and a Frisco office in 2012. After extensive research and planning: considering population stats and trends, opportunities for clients and potential projects, potential for hiring candidates, as well as contracting requirements and employment laws in those targeted states and a five-year business plan, we made our first foray into growth outside Texas in 2013, when we opened a Raleigh, North Carolina office. We expanded into Oklahoma opening our Oklahoma City office in 2014. Since then, expansion has included starting Georgia operations in Atlanta in 2016 and New Orleans, Louisiana in 2018. Today we have 35 offices in 10 states.

Key client segments and their requirements are shown in **OP Q5.3**. FNI has worked with Municipalities and Water Districts/River Authorities in Texas for 130 years. FNI has seen recent success in Federal, State, and Transportation Agencies client types. In 2022, to supplement internally tracked client and project surveys, we contracted with Beyond Feedback to conduct a client engagement survey of 100 of FNI's strategic and key accounts. This provided valuable feedback into the key requirements, and we have used these data to strengthen our core competency of lifecycle support.

Key Geographic Markets	Major Offices	Other Offices	% of Revenue
South Central US Region			65.75%
North Texas Division	Ft. Worth, TX Dallas, TX	Denton, TX Frisco, TX Lubbock, TX Midland, TX El Paso, TX Las Cruces, NM	
Central Texas Division	Austin, TX San Antonio, TX	San Marcos, TX Corpus Christi, TX Harlingen, TX Brownsville, TX	
Gulf Coast US Region			20.36%
Western Gulf Coast Division	Houston, TX Pearland, TX	Beaumont, TX New Orleans, LA Lafayette, LA	
Florida Division		Tampa, FL Jacksonville, FL Orlando, FL Palm Coast, FL	
Southeast US Region			8.64%
Southeast US Division	Raleigh, NC Atlanta, GA	Charlotte, NC Winston-Salem, NC Duluth, GA Columbus, GA Alexandria, VA	
Central Plains Region			4.79%
Central Plains Division	Oklahoma City, OK	Tulsa, OK Rogers, AR Overland Park, KS	
Western US Region			0.00%
Western US Division		Denver, CO	
Corporate	Ft. Worth, TX		.05%
Figure OP Q5.1 Key Geographic Markets			

OP Q5.1 Key Geographic Markets

Key Markets by Practice	2023 Net Revenue	% of Revenue
WWW Utilities / Transmission Practice	\$51,789,109	23%
Construction Management/Project Management Practice	\$39,606,800	18%
Stormwater	\$27,338,741	12%
Water and Wastewater Treatment	\$24,810,659	11%
Transportation	\$21,616,409	10%
Water Resources Design	\$21,454,407	10%
Water and Wastewater Planning	\$12,998,153	6%
Environmental	\$8,483,812	4%
Facilities	\$6,660,309	3%
Urban Planning & Design	\$6,120,652	3%
Water Resources Planning Practice	\$4,490,719	2%
FNI TOTAL	\$225,369,771	100%

Figure OP Q5.2 Key Markets by Practice

OP Q5.2 Key Markets by Practice

Key Customer Groups	% of Revenue	Key Customer Requirements
Municipalities and Counties	54%	• Staff Expertise • Staff Responsiveness • Quality Service Delivery • Comprehensive Services • Company Reputation • Value for price
Water Districts / River Authorities	18%	
Federal Agencies	4%	
State Agencies	4%	
Transportation Agencies (Agencies / DOTs/ Airports / Ports / Railroads)	9%	
Other	11%	

Figure OP Q5.3 Key Customer Groups and Requirements

OP Q5.3 Key Customer Groups and Requirements

6 - What role do suppliers, partners, and collaborators perform in producing and delivering your key products, services, and/or programs?

FNI capitalizes on relationships with key suppliers, partners, and collaborators to meet the needs of Freese and Nichols clients, as shown in **OP Q6.1**. Given the complex and technology-heavy nature of delivering engineering services, effective selection and management of partner relationships is an important element in enhancing organizational competitiveness. At FNI, subconsultants (subs) are selected as project teams are established during the pursuit phase. FNI subs may provide a service that FNI does not provide as a core service or does not have current resources to fulfill the clients' needs. FNI recently created a database listing of "preferred providers" based on project manager and/or client input. We also partner with historically underutilized business partners to meet the demands of client requirements.

We are committed to supplier diversity and view our partners/subconsultants as essential collaborators in delivering successful projects to our clients. We choose firms who share our company values: adhering to ethical business practices, providing excellent client service, and committed to long-term, mutually beneficial relationships. We actively build relationships with Small, M/W/DBE and HUB firms by participating in local organizations that support, develop and collaborate with small-, woman- and minority-owned businesses. We target firms in the communities that we serve and carefully select our subconsultants to provide quality services for each project and client's needs.

FNI's Mentor-Protégé Program aims to help small and disadvantaged-business protégés develop effective business practices and successful operations. The objective of our program is to build long-term relationships with our protégés,

help them grow their business, deepen our contracting opportunities together, and serve our clients successfully. Some of these relationships have been sponsored by our clients, and others have organically grown through our ongoing relationships.

Type	Types and Examples	Role in Producing/ Delivering Services	Role in Contributing and Implementing Innovation
Partners	Software Vendors - Microsoft 365 (Teams) - KnowB4 (Cybersecurity) - BST (accounting, project mgmt. software) - Workday (human capital mgmt.) - ESRI, Bentley, Autodesk - Cosential (Client and business development database)	Their products play a key role in production and delivery of FNI services by improving efficiency, ability to communicate with clients and each other, and access to information and data about FNI operations.	Software innovations have helped make much of the day-to-day operations at FNI more efficient and effective. For example, an upcoming upgrade to BST 10 will provide a more centralized platform for project management and accounting, to include multiple tools and data analytics options for Group Managers; data will be easily accessible, and time spent pulling reports and analyzing data will decrease dramatically.
Collaborators	Consultants - John Doebling, Strategic Planning Consultant - Jordan Johnson, Inc. - Beyond Feedback (employee & client engagement) - Pearl Meyer - EFCG	Help identify opportunities for improvement and address gaps. Strategic Planning Compensation Review	FNI collaborators bring an outside perspective and help identify "blind spots" within the organization. For example, Beyond Feedback has helped FNI focus on bigger themes around employee engagement rather than trying to fix every comment that may only be felt by a small % of staff. Key collaborators also provide benchmarking data to enable FNI to assess the relative goodness of results.
Suppliers	Subconsultants - Other AEC firms - Surveying and other consulting firms - CAD technical services - Laboratory services	Subconsultants fill a gap of services that FNI doesn't provide and/or resources aren't available. They are an extension of FNI staff and are expected to deliver high quality service to clients.	Subconsultants typically work with many other consulting firms, so they often add value in bringing new ideas or suggesting more efficient means of delivering services and managing projects.
Supplier Requirements	- Aligned values and goals - Ethical/regulatory compliance - Provide quality services/ expertise in requested fields - Easy to work with\ - Follow FNI contracting, accounting, proposal, and technical standards - Clients like working with them		

Figure OP Q6.1 Suppliers, Partners, and Collaborators

OP Q6.1 Suppliers, Partners, and Collaborators

7 - What types of competitors do you have, and what differentiates your organization?

FNI is a mid-size firm competing with large national firms: AECOM, Kimley Horn, HDR, Jacobs, Stantec, Arcadis, WSP and CDM Smith. We compete with mid-size firms such as Halff, Garver, BGE, and against small local firms in each geography and competition grows as we expand. Of the firms nationwide we annually rank in Engineering News Record's Top 500 Design Firms, shown in **OP Q7.1**.

Key differentiators:

- LEADS values** define expectations on how we treat our staff, coworkers, clients, partners, and communities. Our values are the foundation for our ethics and integrity and provide checks and balances on how we operate our business.

- Commitment to **Technical Excellence** – we have a large technical organization dedicated to delivering quality to our clients, implementing innovative solutions, and ensuring great client service.
- Our **Hedgehog Concept** focus on client service and mutually beneficial relationships with clients means we don't chase projects. We aim to be a trusted advisor and partner to our clients for decades or more.
- **Regional Focus with National Expertise** allows us to provide clients with local long-term relationships paired with national experts to call upon for specific client needs.
- Our **annual strategic planning** process is very disciplined and helps keep us laser focused on our goals, KFI, and actions for evolving the firm in an ever-changing marketplace.
- Our **ownership transition** process **OP Q7.2** has allowed us to successfully maintain a thriving business long after our founders and their successors left the firm. It provides business continuity and operational stability. It is reviewed annually and evolves through our Associate and Principal nomination process.
- Our **financial stability, cash position and lack of debt** allows us to remain in business during economic downturns and boom markets. Regardless of economic conditions, we follow a measured approach that keeps us from over-reacting or underperforming.

ENR National Rankings 2023

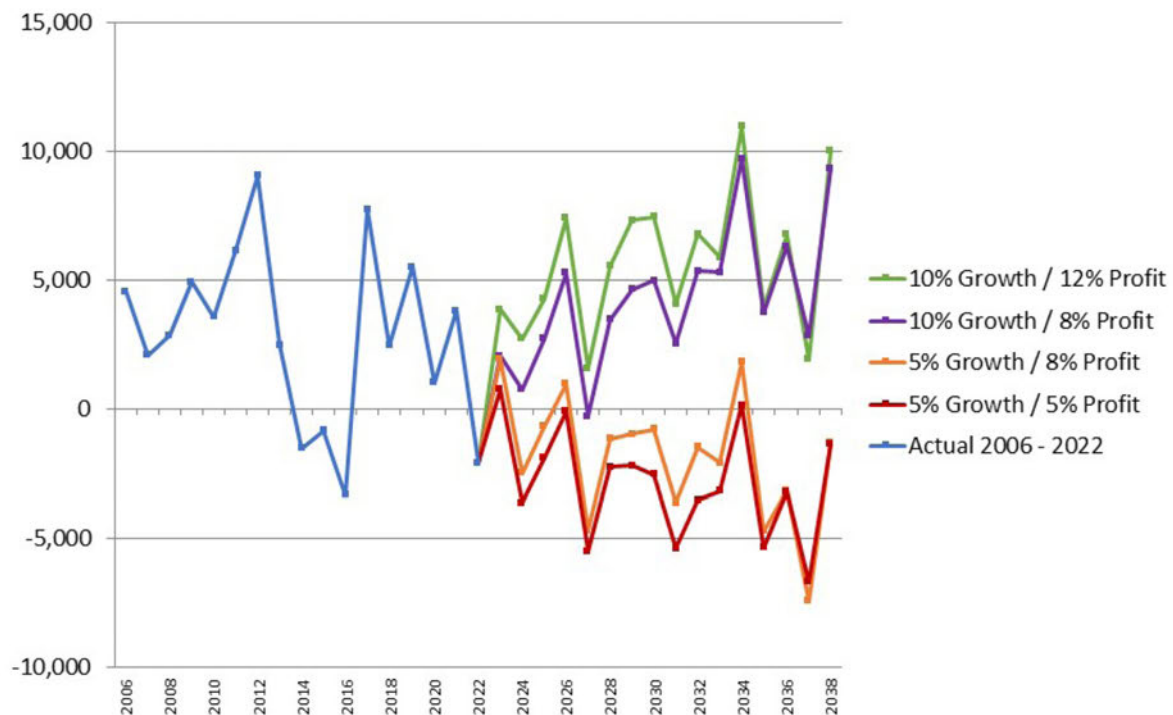


Figure OP Q7.1 ENR National Rankings

OP Q7.1 ENR National Rankings

Ownership Transition Model

Net Share Purchases / (Divestitures)



As long as we are an average or above average performing firm, our shares are purchased in excess of divestitures, ensuring successful ownership transition.

Figure OP Q7.2 Ownership Transition



OP Q7.2 Ownership Transition

8 - What are your key communities? What role do these relationships play in supporting your organization and your key communities?

Note: Key communities may include the following:

- Local/geographic (e.g., volunteerism and other activities that benefit your community)

- Professional (e.g., participation and/or leadership of professional societies)
- Industrial (e.g., participation and/or leadership of trade associations)

Key communities at FNI include the residents of the municipalities, counties, and other public clients we serve through the work we do to make communities resilient and sustainable. For example, we help develop new water supply infrastructures, treat water to provide clean, safe potable drinking water, reduce traffic congestion, and create or improve public parks and trails.

Another FNI key community are professional and industry groups in which leaders participate and hold leadership roles as shown in **OP Q8.1**. Additionally, we support the communities in which our FNI employees live and work through volunteerism and philanthropy efforts identified in regional Giving and Community Involvement Plans **OP Q8.2**. Our offices host local fund-raisers, charity runs, river cleanups, food bank collection, blood drives and the like. We believe that active involvement in this work benefits employees, clients, and the public at large. Employee participation is encouraged by supporting those charities to which employees are willing to give their personal time and efforts and that are aligned with FNI LEADS values. The FNI Corporate Giving Committee reviews and sponsors employee requests to support those charities close to their hearts. For example, FNI support includes: Habitat for Humanity, the hunger relief event "CANstruction", YMCA, Big Brothers & Big Sisters, The Women's Center, MathCOUNTS, Salvation Army Angel Tree, and Meals on Wheels.

Our leaders set a strong example of community service serving on the boards of charitable organizations **OP Q8.3**. In addition to the regional budgets, FNI has an established budget to support community service and giving at the Corporate level. We provide corporate incentives each year for United Way by matching 100% of each employee's donation. Over the past 10 years, more than \$1.4 million has been donated to communities through the FNI United Way Campaign.

Supporting Industry and Professional Organizations		
Organization	Role	Leader
American Council of Engineering Companies	Board Member, Texas State	Brian Coltharp
	Board Member, Tarrant County Chapter	Scott Hubley
American Planning Association	Former Secretary, Central Texas Chapter	Liz Gindstaff
	President, OK Chapter	Dawn Warrick
American Public Works Assoc.	Secretary	Kayla Burd
American Society of Civil Engineers	Chair	Allison Hand
	Ft. Worth Branch, Secretary	Colton Fisher
	Membership Chair, Baton Rouge Chapter	Matthew Salmon
	Vice President of Education, Hospitality Committee Chair	Elizabeth Bache
APA-Oklahoma	Incoming Treasurer	Ellen Amorim
Arkansas Society of Professional Engineers	President	Kale Farmer
Bayou Preservation Association	Board Member, Secretary	Cory Stull
Coast Builders Coalition	Board Member	Matthew Salmon
Colorado Assoc. of Stormwater and Floodplain Managers	Committee Chair	Morgan Lynch
Engineering Ambassadors, Texas Tech Whitacre College of Education	Secretary	Raneem Bizri
Environmental and Water Resources Institute	Communications Chair	Will Huff
	Dallas Chapter President	Jim Keith
Environmental Law Society	Committee Chair	Jace Houston
FL Water Environment Assoc.	Vice-Chair, FWEA Biosolids Committee	Tony Pevec
GA Association of Water Professionals	Program Chair	Trooper Smith
GA Environmental Restoration Association	Board Member	Phillip Todd
Infrastructure Advancement Institute	Professional Development Committee Chair	Muna Mitchell
National Society of Professional Engineers	Past President (2020-21), Women's Leadership Program Task Force	Tricia Hatley
	Board Member, New Professionals Director	Bregger Garrison
NC One Water	Public Education Committee Secretary	Megan Jones
North Texas Commission	Board Member	Travis Kelly
ODOT Memorial Foundation	Board Member	Paul Green
Offshore Energy Society	Advisory Board Member	Lisa McMichael
OK City Foundation for Architecture	Board Member	Leslie Goode
OK Society of Professional Engineers	Central/SW Chapter Vice President	Eric Waggoner
	President	Paul Green
OSU Civil and Environmental Engineering Advisory Board	Board Member	Paul Green
OU Tulsa Urban Design Studio Advisory Board	Advisory Member	Dawn Warrick
Region H RWPG	Board Member	Jace Houston
Society for Marketing Professional Services	Member, Past Chapter Treasurer	Robin Buchanan
Society of American Military Engineers	Assistant Treasurer	Diane Glass
	President, Ft. Worth Chapter	Ardita Dushi
Society of Women Engineers	Co-Chair, Materials Committee	Kristen Cope
Structural Engineers Association of Texas	President, Ft. Worth Chapter	Misty Thomison
TX American Water Works Assoc.	Past President, Coastal Bend Section	Jason Cocklin
TX Assoc. of Business & Chambers of Commerce	Board Member	Travis Kelly
TX Floodplain Management Assoc.	Treasurer	Scott Hubley
TX Public Works Assoc.	Vice President of Board	John Nett
TX Society of Professional Engineers	President Elect	Bregger Garrison
TX Water Conservation Assoc.	Board Member	Jace Houston
TX Water Foundation	Board Member	Jace Houston
Transportation Advocates of TX	Board Member	Liz Grindstaff
Trinity and San Jacinto Rivers and Galveston Bay Basin and Bay Area Stakeholders	Board Member, Stakeholder Committee	Jace Houston
Water Environment Association of TX	Past President, Coastal Bend Chapter	Jason Cocklin
	Past President of Southeast TX Region	Richard Weatherly
	Past Water for People Committee Chair	Jason Cocklin
	Past President, Southeast TX Section	Kendall Ryan
Water Environment Federation	State Treasurer	Allison Hage
	Recycling Chair	Nate Blanton
WaterReuse TX	Secretary, FL West Coast Chapter	Adriell Shrickissoon
	Vice President 2020-22, President 22-24	David Sloan
WTS International	Advisory Board Member	Edith Peters

Figure OP Q8.1 Leadership Support of Key Communities (Professional Organizations)

OP Q8.1 Leadership Support of Key Communities

Region	Organizations Supported
South Central US Region	Women's Center of Tarrant County Tarrant Area Food Bank YMCA of Greater Fort Worth Meals on Wheels Streams & Valleys TRWD Trash Bash North Texas LEAD Habitat for Humanity Central Texas Food Bank Coats for Kids Keep Austin Beautiful: Adopt a Creek
Gulf Coast US Region	Keep Pearland Beautiful GLO's City of Freeport Beach Cleanup Texas Hope Giving Tree Houston Food Bank Tampa Food Bank Multiple Sclerosis Bike Ride Earth Day Beach Cleanup
Southeast US Region	Keep Columbus Georgia Beautiful PENC Education Foundation Yells Youth Empowerment by Learning BNG Rotary
Central Plains US Region	Keep Oklahoma Beautiful Tulsa Up with Trees Oklahoma City Zoo Tulsa Meals on Wheels Regional Food Bank of Oklahoma Salvation Army
Western US Region	Newest region, only 2 employees
Corporate	Corporate participates in the Regions where they are located
Figure OP Q8.2 Community Support by Region	

OP Q8.2 Community Support by Region

Supporting Key Communities		
Leader	Organization	Role
Brian Coltharp	Downtown Fort Worth, Inc. Fort Worth Chamber of Commerce North Texas LEAD United Way of Tarrant County	Board Member Board Member Board Member, Past Chair Board Member, Past Campaign Chair
Cindy Milrany	Women's Center of Tarrant County YMCA	Board Member Finance Committee Advisor
Ian Taylor	Braunfels Foundation of Trust Greater New Braunfels Chamber of Commerce	Board Member Board Member
Chris Kennedy	Chatham Chamber of Commerce	Board Member, Ex Officio
Jace Houston	Greater Houston Partnership	Chair, Water Issues Committee
Jennifer Wasinger	Keep Oklahoma Beautiful	Board Member, Past President
Chris Kennedy	Main Street Pittsboro Pittsboro Boys & Girls Advisory Council	Board Member Board Member
Liz Grindstaff	Preservation Texas, Inc.	3-term President and Former Board Member
Tom Gooch	Red River Valley Association	Member
Wilson Kerr	The Kerr Foundation, Inc.	Board Member
Muna Mitchell	The Trail Conservancy	Board Member
Dawn Warrick	YMCA of Greater Tulsa	Board; Operations Committee Chair
OP Q8.3 FNI Support of Key Communities (Not for Profit)		

OP Q8.3 FNI Support by Key Communities

9 - What are the strategic challenges, threats, advantages, opportunities, core competencies, or other critical factors that most impact your organization's success and sustainability?

FNI's Strategic Challenges (Threats), Advantages, and key Opportunities are shown in **OP Q9.1**.

We have three core competencies that, taken together, set us apart from other consulting firms and help us develop and sustain the long-term relationships that are the key to mutual success of FNI and our clients.

- **Family culture** is felt by people both inside and outside of FNI. We focus on taking great care of our team, understanding that a happy, engaged workforce translates into delighted clients. We significantly invest in developing our people and providing them advancement opportunities. This helps to address our strategic challenge of talent acquisition and retention.
- **Technical excellence** in designing public infrastructure that positively impacts our clients. FNI strengthens communities by delivering high quality, innovative solutions to clients. Innovation may mean use of a new technology or simply a more cost-effective solution to client problems to enable resiliency. Our regional focus - national expertise approach to growth keeps FNI competitive with national firms while maintaining personal relationships and focus on the local level.
- **Lifecycle support of clients – Our Hedgehog Concept** enables achievement of FNI's ultimate goal of being trusted advisors that result in long-term partnerships. In his book Good to Great, Jim Collins told a story about the fox and hedgehog. Despite the fox's attacks, the hedgehog consistently survived, even thrived, by doing one thing – rolling into a ball of spikes. Our hedgehog, our **one thing**, is to be the very best at client service resulting in long-term mutually beneficial relationships. From assisting with funding, planning, design, and development of projects, to fully executing and implementing projects and programs, FNI is in it for the long-haul, not for the short wins.

Strategic Challenges (Threats)
• Talent acquisition and retention • Pace of technology changes / costs of technology • Managing the business in the economy (both boom and bust) • Commoditization of the industry • Political polarization
Strategic Advantages
• Client service and relationships - Strive to delight customers • Culture • Reputation in the industry • Strategic focus and implementation • Business model for Continuity of Practice
Strategic Opportunities
• Geographic expansion in areas with population growth • Expansion of Transportation services • Building depth by adding resources to existing markets • Coastal resiliency
Figure OP Q9.1 Strategic Challenges and Advantages

OP Q9.1 Strategic Challenges and Advantages

10 - What are your key applicable regulations, as well as accreditation, certification, or registration requirements?

The regulatory requirement that most directly affects Freese and Nichols is professional registration. State laws where FNI has offices require a business license to practice architecture and engineering. The Board of Architecture and Board of Professional Engineers administer the licensing process. FNI engineers, architects, scientists, planners, and other technical staff hold relevant national registrations and certifications to validate their expertise and experience in their chosen

disciplines. Staff is hired using a qualifications-based selection process. Additionally, most scientists and planners obtain a master's degree, at minimum, to practice in their disciplines.

FNI is committed to environmental stewardship and frequently designs infrastructure that will meet the rigorous certification refinements required to achieve **Leadership in Energy and Environmental Design (LEED) Certification**. LEED is a green building certification program used worldwide. A LEED-accredited professional is an individual who has completed the requirements set by the U.S. Green Building Council (USGBC) and holds a credential that represents their expertise and knowledge in green building practices and the LEED rating system. We also design projects that receive a sustainability award through the **Envision Framework**. The **Envision Framework** is a globally recognized approach to sustainable, resilient, and equitable infrastructure. The framework is supported by the Envision Sustainability Professional (ENV SP) designation—an increasingly important credential for any professional involved in civil infrastructure.

Finally, FNI is a privately held firm and uses Generally Accepted Accounting Practices (GAAP) for financial management and reporting. Other major regulatory requirements that impact FNI clients and projects are shown in **OP Q10.1**.

Regulator	Types of Regulation, Compliance, Accreditation
ADA	Requirements for all structures that require public accessibility
SBA	Monitors FNI project's usage of minority and women-owned businesses
TCEQ / EPA	Monitors and regulates air and water quality and safe management of waste.
NEPA	Protects the environment
OSHA	Safety requirements for employees
Corps of Engineers	Regulates all U.S. navigable waters (rivers, ports, etc.), levees and canals.
FAR	Regulations for working with Federal Government
EEOC	Regulations to prohibit discrimination in the workplace
Envision Certification	The Envision Framework is a globally recognized approach to sustainable infrastructure and certification process.
LEED Certification	LEED is the world's most widely used green building rating system. LEED certification provides a framework for healthy, highly efficient, and cost-saving green buildings, which offer environmental, social and governance benefits

Figure OP Q10.1 Regulatory Requirements

OP Q10.1 Regulatory Requirements

11 - Is there anything you consider unusual about your environment or business model that would aid in understanding your organization?

Being a full-services consulting firm creates a level of complexity for FNI. Our services cover the project lifecycle from conceptualization, permitting, and design to construction management. We collaborate with clients, architects, contractors, regulatory agencies, and other stakeholders to deliver solutions that meet technical requirements, budget constraints, and sustainability goals to address complex challenges and deliver value to our clients across various industries and sectors. While this complexity may sometimes be challenging because of the variety of skills and capabilities it requires, we believe it gives FNI a competitive advantage over firms who do not provide this one-stop approach.

Because each project is a custom solution for our public sector customers, we measure quality of our services by whether the client and their communities are able and satisfied in using the final product for its intended use. **OP Q11.1** includes the ways that we measure quality.

As described in Q3, FNI has a unique ownership structure. Current shareholders nominate candidates through a templated form reporting how the nominee meets defined criteria **OP Q11.2**. A Shareholder Nomination Review Committee of 7 shareholders reviews all the nominations in February each year, determines if the nominee meets the

criteria and recommends a slate of candidates. At a formal shareholders' meeting in March, the shareholder making the nomination presents information on the candidate and the shareholders vote on each nominee. It requires a vote of 67% of the outstanding shares to add a new shareholder. Through this process we have successfully transitioned ownership of FNI through three generations, avoiding acquisition that is rampant in our industry. Finally, FNI operates in an industry that is largely populated (97 to 98%) with firms that are privately held, so obtaining meaningful benchmarks and comparisons remains a challenge.

Measure for Product Quality	Frequency
Project Satisfaction Surveys	At 50% and 100% project completion
Project Issues Reported to General Counsel	At the time an issue arises
Claim Dollars Accrued	At the time a client makes a claim for an error or omission in a project
Claim Dollars Paid	At the time a claim for an error or omission is settled and paid
OP Q11.1 Product Quality	

OP Q11.1 Product Quality

Principal and Associate Election Process Nomination & Election Guidelines

11-15-2023

GENERAL CRITERIA

Freese and Nichols Principals and Associates are the recognized leaders of the firm. To be nominated and elected to one of these positions of firm leadership, the current principals must have confidence that the candidate will serve and be recognized as a strong leader in the firm and continue to bring increasing value to the firm. To demonstrate this, each Associate and Principal nominee must, as a minimum, meet FNI's standards for Integrity and Character as expected of all Principals and Associates. These include:

- Serving as a mentor, role model and leader to uphold FNI's values ([LEADS](#)) and live our culture.
- Motivating, inspiring, and training staff to execute the firm's Mission, Vision, and Strategic Plan.
- Demonstrating and following Freese and Nichols' high standard of ethical conduct.
- Being dedicated to our "Hedgehog Concept" of being best in the world at client service.
- Demonstrating leadership qualities consistent with [FNI Leadership Excellence System](#).
- Recognizing the importance of our staff and treating them with respect.
- Working to facilitate relationship building and effective communication between staff across offices, groups, and practices.
- Earning the respect of co-workers.
- Continually making a significant contribution in building the firm's reputation, quality of service, and financial health.
- Planning and developing future opportunities for the firm using a firm-wide perspective and effectively sharing that vision with others.
- Contributing to the development of our professions and to the communities we serve.
- Placing the welfare of the firm above personal gain.
- Balancing personal and professional responsibilities.

NOMINATION AND ELECTION PROCESS

Principal and Associate elections are subject to the financial health of the firm. The process is very competitive and numbers of promotions vary from year to year. The Nomination and Election Process is confidential in nature and candidate lists will not be discussed. The final step that determines selection is:

Associate

Nomination by a current FNI Principal and election by the Freese and Nichols Board of Directors.

Principal

Nomination by a current FNI Principal and election by the current Principals in accordance with the Freese and Nichols Buy-Sell agreement.

For questions, feel free to discuss with a principal.

Figure OP Q11.2 Principal (Shareholder) Criteria



OP Q11.2 Principal (Shareholder) Criteria

Leadership and Governance

1 - Briefly describe and/or depict your leadership and governance processes and/or systems, including processes for succession planning and for two-way communication.

FNI guides the organization through the leadership system (LS) (**OP Q3.1**) that defines processes and attributes of leadership (**OP Q3.2**). Leadership expectations revolve around our LEADS values (**OP Q2.2**), client delivery goals and accountability. In 2021, we updated the Vision, adding detail and dividing our Vision into 8 components – creating an overall vision story (**OP Q2.3**). Mission, Vision, and Values are systematically deployed to embed them in the organization, with Senior Leaders exemplifying them daily, sponsoring LEADS-related efforts, and engaging stakeholders.

Senior leaders drive agility, resilience, and accountability through systematic processes that focus on long-term relationships with clients and employees, successful ownership transition, and succession planning. They exemplify legal and ethical behavior, modeling LEADS Values and teaching these to our workforce. Leaders coach employees whose actions fail to model our LEADS Values.

FNI requires professional ethics courses for technical staff and conducts annual Code of Conduct classes, featuring case studies, for all staff. Leaders stay informed on legal matters and address client claims honestly. Risk assessments are routine, conflict of interest forms are standard, and FNI severs relationships if unethical situations arise. Topics such as harassment and compliance are trained and integrated into leadership and staff discussions, fostering a culture of ethical conduct.

FNI's process to communicate includes: 1) determine objectives and audiences, 2) identify messages, channels, and POCs, 3) develop communication, 4) deploy information 5) evaluate message impacts and 6) refine, if needed. We ensure frequent two-way communication with key stakeholders as shown in (**L Q1.1**). Key processes for organizational governance are shown in (**L Q1.2**). Systematic **Succession Planning (L Q1.3)** allows for consistent organization transition and long-term resilience.

Internal Communications		
Approach	Audience	Frequency
Open Door Policy	FNI Team Members	Ongoing
Board of Director Meetings	Board Members	Quarterly
Shareholder Meetings	Shareholders	Monthly
Executive Team Meetings	Executive Team	Monthly
Lead Team Meeting	Lead Team	Monthly
Strategic Planning Retreat	Shareholders, DMs, GMs	Annually
Strategic Plan Rollout	FNI Team Members	Annually
Strategic Plan Mid-Year Update	FNI Team Members	Annually
COO and EVP Regular Check-Ins	Division Managers	Ongoing
Division Meetings	Division Staff	Quarterly
Group Meetings	Group Staff	Monthly
Group Manager Meetings	Group Managers only	6x year
Manager Meetings	Staff Supervisors only	6x year
Account Plan Meetings	Account Directors, Client Representatives, Business Development and Marketing Staff	Ongoing
Opportunity Planning Meetings	Account Directors, Client Representatives, Business Development and Marketing Staff	Ongoing
CRM System	Account Directors, Client Representatives, Business Development and Marketing Staff	Ongoing
Regional Business Development Meetings	Account Directors, Client Representatives, Business Development and Marketing Staff	Quarterly
Individual Development Plans	FNI Team Members	Ongoing
Principal Group Lunches	FNI Team Members	Ongoing
CEO Videos	FNI Team Members	Monthly
CEO Roundtables	FNI Team Members	Ongoing
Benefits News email	FNI Team Members	Quarterly
My Perks App	FNI Team Members	Ongoing
Intranet Articles	FNI Team Members	Daily
FNI News Roundup Email	FNI Team Members	Weekly
Continuous Improvement Lunches	FNI Team Members	Quarterly
Social Media posts	FNI Team Members	Ongoing
FNI Website articles/news	FNI Team Members	Ongoing
External Communications		
Approach	Audience	Frequency
Open Door Policy	Clients, Partners, Suppliers, Collaborators	Ongoing
Client Engagement Surveys	Clients	Every 3 Yrs
Project Satisfaction Surveys	Clients	Ongoing
Project One-Page Reports	Clients	Monthly
Executive Visits	Clients	Ongoing
Client Marketing Visits	Clients	Ongoing
Conference Outreach, Presentations and	Clients and Industry Stakeholders	Ongoing
Client Events	Clients, Suppliers, Partners, Collaborators	Ongoing
Social Media posts	Clients, Suppliers, Partners, Collaborators	Ongoing
FNI Website articles/news	Clients, Suppliers, Partners, Collaborators	Ongoing

Figure L Q1.1 Communication Approaches

L Q1.1 Communication Approaches

Governance	Processes/Analysis
Accountability for Senior Leaders' Actions	• Governance and Nominating Committee • Ownership Transition Committee • Annual CEO Review (BOD) • Annual Executive Team Performance Reviews • Monthly CEO, COO, CFO Reports to Board and Shareholders
Accountability for Strategy	• Executive Team Quarterly Strategic Plan Action Review • BOD Semi Annual Review of Strategic Plan Status • Monitoring of Execution of Group AOPs and Practice Plans • Individual Employee Goals Aligned with Strategy
Fiscal Accountability	• Monthly Financial Reports Presented to BOD, Shareholders, Lead Team • Board Audit Committee with Outside Directors and Non-FNI Financial Expert • External Financial Audit; Present Annually to BOD by Audit Committee Chair • Operations Analysts in Accounting Provide internal Audit of Project Financials • Accounting group Separation of Duties • Internal Controls and Processes
Transparency in Operations	• Monthly Financial Reports to BOD, Shareholders, Lead Team • Monthly Division Manager reports to Lead Team • Posting of KFI/Company Performance on Intranet • Review of KFI/Balanced Scorecard/Company Performance and SP Actions with Employees 2 x/Year
Selection of Board of Director Members and Disclosure Policies	• Governance and Nominating Committee Maintain BOD Skills and Experience Matrix for use in Evaluating the BOD Candidates for "Best Fit" with Needs • Governance and Nominating Committee Recommendations from Shareholder Self-nomination • Shareholders Vote to Elect • BOD Members Limited to 3-Year Terms
Independence and Effectiveness of Internal and External Audits	• Audit Committee Review of External Audits • CFO/Controller External Audit Reviews • Shareholder/ Board/ Executive and Lead Team Internal Reviews
Protection of Stakeholder and Shareholder Interests	• Mission/Vision/Values Set Tone for Type of Clients and Projects to Pursue • Go-No/Go Process for Project Opportunities • Risk Management Processes and Online Contract Reviews (OLCR) • Quality Management System: LTP and TEP Programs and Processes and QA/QC Processes
Succession Planning for Senior Leaders	• Succession Planning Process with BOD Oversight • Individual Development Plans • Leadership Development Initiative Training • Experience with Peer Groups and External Training by Industry Organizations • Process for Election of New Associates and Shareholders
Figure L Q1.2 Governance Processes	

L Q1.2 Governance Processes

FNI Succession Planning

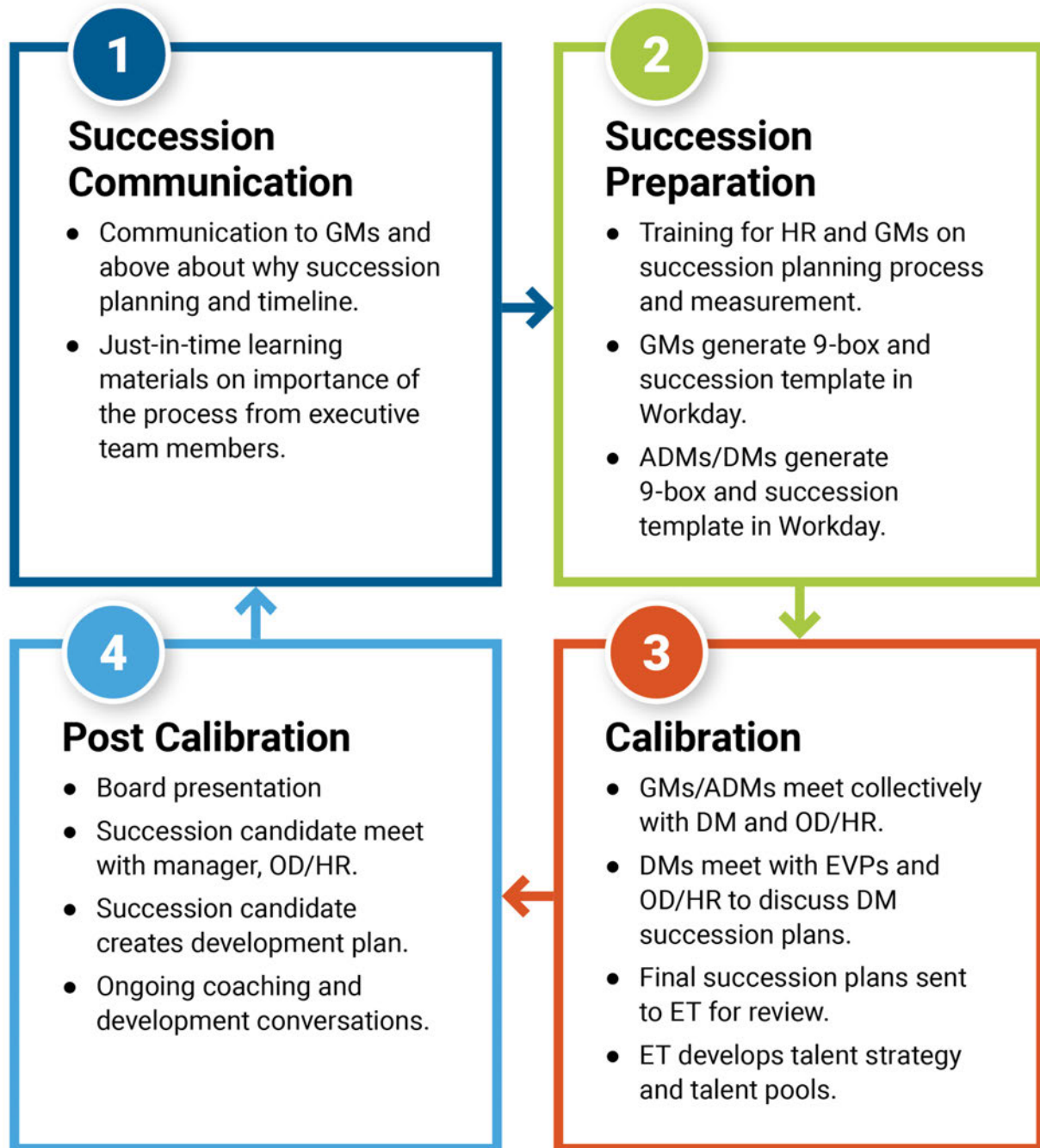


Figure L Q1.3 Succession Planning



L Q1.3 Succession Planning

2 - What are your results for the effectiveness of senior leaders' engagement and communication by key workforce segments (e.g., workforce ratings of leaders)?

FNI's commitment to resilience and long-term success is evidenced in robust engagement and communication strategies **(L Q2.2)** and excellent satisfaction results **(L Q2.1)**. Alignment of leaders' actions with values, a key driver of engagement, has resulted in employee satisfaction ranking in the top decile and quartile for the past five years **(L Q2.1)**, highlighting leader's commitment to LEADS Values. This is also evidenced by employees' scores on LEADS **(L Q2.3)**. Leaders use the annual survey of senior leader engagement and communication effectiveness to identify opportunity areas. Recognizing the diverse needs of its workforce based on practice and location, FNI's leadership team systematically analyzes feedback across segments. Segmentation by gender, generation, and ethnicity underscores FNI's dedication to inclusivity and tailored engagement approaches. FNI's certification as a Great Place to Work for over six years reflects its unwavering dedication to employee engagement.

Measure	FNI 2019 Score	FNI 2020 Score	FNI 2021 Score	FNI 2022 Score	FNI 2023 Score	2019 Industry Top 25%*	2020 Industry Top 10%	2021 Industry Top 10%	2022 Industry Top 10%	2023 Industry Top 10%	2023 Industry Top 25%
Effective Communication	82.9	84.9	83.9	84.8	86.3	74.7	81.1	83.9	90.8	85.8	85.1
Female	83.3	85.1	86.2	87.2	87.3	Segmented Benchmarks Not Available					
Male	82.7	84.8	82.8	83.5	85.7						
Baby Boomer	N/A	N/A	80.4	82.9	80.5						
Gen X	N/A	N/A	82.4	81.9	85.8						
Gen Z	N/A	N/A	82.4	81.9	85.8						
Millennials	N/A	N/A	85.9	86.2	87.1						
Corporate	N/A	N/A	N/A	86.2	86.7						
Stormwater	N/A	N/A	N/A	82.3	88.8						
Water Resource Design	N/A	N/A	N/A	87.8	87						
Transportation	N/A	N/A	N/A	85.4	88.5						
W & WW Planning	N/A	N/A	N/A	87.5	87.5						
Program Management	N/A	N/A	N/A	77	88.2						
Water Resource Planning	N/A	N/A	N/A	90.3	96.9						
WWW Utilities/Transmission	N/A	N/A	N/A	82.3	81.3						
Construction	N/A	N/A	N/A	87.3	79.9						
Facilities	N/A	N/A	N/A	81.6	83.1						
WWW Treatment	N/A	N/A	N/A	81.9	83.2						
Environmental	N/A	N/A	N/A	90.4	93.3						
Urban Planning Design	N/A	N/A	N/A	89.1	94.4						
Asian	N/A	N/A	90.2	87.2	81.7						
Black	N/A	N/A	79.1	78.1	87.1						
Hispanic	N/A	N/A	80.7	87.3	89.6						
White	N/A	N/A	84.5	84.8	85.7						
Other	N/A	N/A	81.4	80.4	88.1						
Leaders Actions Align with Values	84.4	85.4	83.9	85.1	84.6	84.4	85.4	83.9	80.2	85.8	84.9
Female	84.1	83.2	81.2	81.1	82.7	Segmented Benchmarks Not Available					
Male	84.5	86.5	85.3	87.3	85.8						
Baby Boomer	N/A	N/A	81.4	85.6	81.7						
Gen X	N/A	N/A	84.1	83.5	84.6						
Gen Z	N/A	N/A	87.9	87.8	88.9						
Millennials	N/A	N/A	84.8	85.8	84.6						
Corporate	N/A	N/A	N/A	84.9	86.8						
Stormwater	N/A	N/A	N/A	84.4	89.2						
Water Resource Design	N/A	N/A	N/A	86	82.9						
Transportation	N/A	N/A	N/A	91	86.9						
W & WW Planning	N/A	N/A	N/A	85.6	86.9						
Program Management	N/A	N/A	N/A	88.2	83.6						
Water Resource Planning	N/A	N/A	N/A	81.6	86.2						
WWW Utilities/Transmission	N/A	N/A	N/A	78.4	80.7						
Construction	N/A	N/A	N/A	92.5	75.6						
Facilities	N/A	N/A	N/A	69.2	79.8						
WWW Treatment	N/A	N/A	N/A	88.8	83.1						
Environmental	N/A	N/A	N/A	84.6	89.5						
Urban Planning Design	N/A	N/A	N/A	92.4	90						
Asian	N/A	N/A	85.5	82.2	76.4						
Black	N/A	N/A	85.8	87	92.4						
Hispanic	N/A	N/A	83.6	87.9	84.7						
White	N/A	N/A	84.4	89.5	85						
Other	N/A	N/A	72.8	83.2	87.3						
Source of Benchmark - Beyond Feedback								*Top Decile Not Available			
Figure L Q2.1 Communication and Alignment											

L Q2.1 Communication and Alignment

CEO Monthly Video

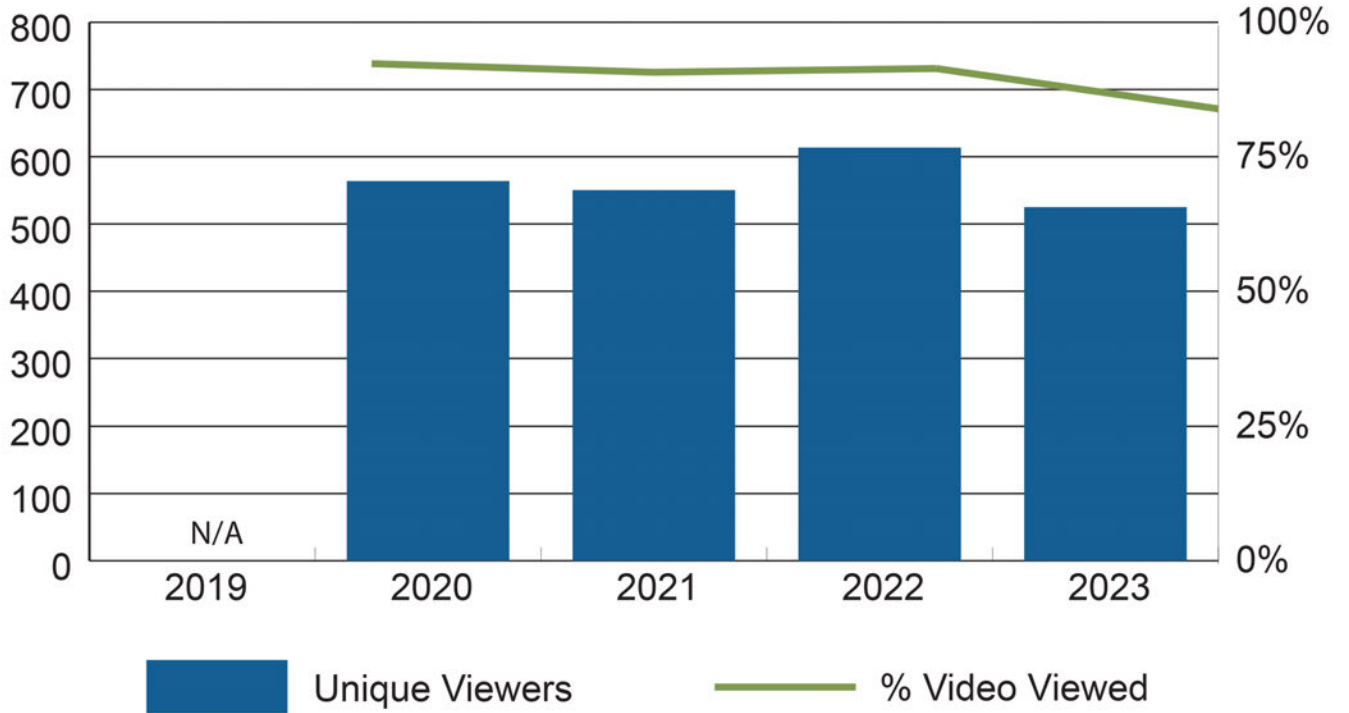


Figure L Q2.2 Video Views

L Q2.2 Video Views

LEADS Value Scores

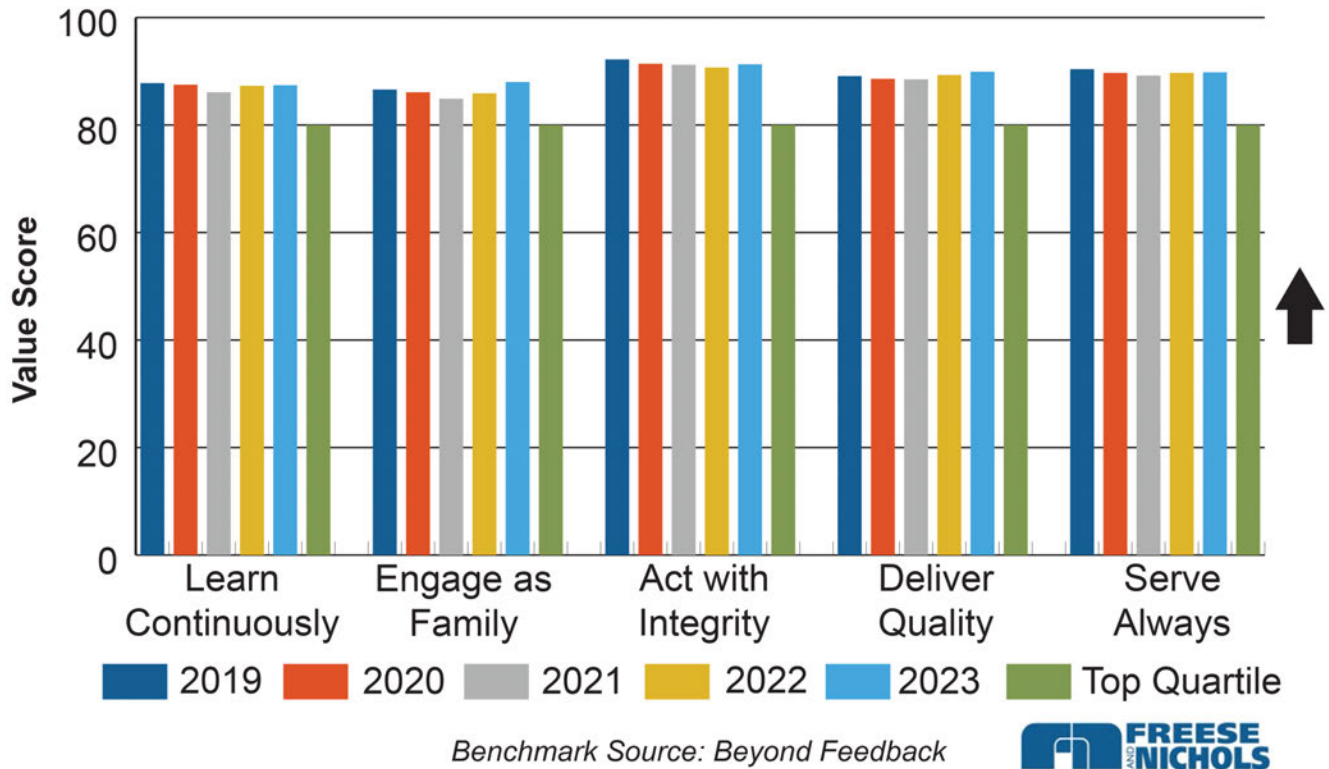


Figure L Q2.3 LEADS Values

L Q2.3 LEADS Values

3 - What are your results for the effectiveness of senior leaders' engagement and communication by key customer and stakeholder segments?

Effective communication with customers is evaluated through the project survey process during and at the project's end and is segmented by practice for a higher level of analysis. By leveraging our Hedgehog Concept, FNI consistently scores between 4.7 and 5.0 on a 5.0-point scale, ensuring key customer requirements of responsiveness and quality service delivery are being met (**L Q3.1**). Transparent updates with customers foster trust and collaboration, while proactive engagement allows for adaptability. Addressing customer challenges promptly strengthens resilience, demonstrated over our 130-years of success. Leadership Communication with Clients (**L Q3.2**) provide opportunity to strengthen relationships and engagement. Finally, demonstrating our strong client engagement and relationships, we frequently apply for awards in collaboration with clients and success of these efforts is shown in sample awards (**L Q3.3**) with full listing AOS.

Communication on Project Status	2019	2020	2021	2022	2023
Overall	4.76	4.77	4.78	4.87	4.63
Construction Management Practice	4.50	4.43	4.57	4.83	4.67
Environmental Practice	4.50	4.89	5.00	5.00	4.79
Facilities Practice	4.71	4.67	4.85	4.94	4.55
Program Management Practice	5.00	4.38	4.50	5.00	5.00
Stormwater Practice	4.82	4.68	4.83	4.64	4.71
Transportation - Highways Practice	N/A	N/A	N/A	4.00	4.67
Transportation - Roadways Practice	4.90	4.94	4.85	4.90	4.69
Urban Planning and Design Practice	4.78	4.71	4.63	4.93	4.46
W & WW Planning Practice	4.80	4.70	4.90	4.96	4.58
Water Resource Design Practice	4.69	4.85	4.86	4.81	4.47
Water Resource Planning Practice	5.00	5.00	5.00	4.86	5.00
WWW Treatment Practice	4.86	4.89	4.80	4.75	4.80
WWW Utilities/Transmission Practice	4.77	4.84	4.54	4.97	4.56
Understanding Client Needs	2019	2020	2021	2022	2023
Overall	4.69	4.78	4.78	4.85	4.68
Construction Management Practice	4.00	4.71	4.71	4.50	4.67
Environmental Practice	4.63	4.94	5.00	5.00	4.76
Facilities Practice	4.29	4.53	4.86	4.76	4.55
Program Management Practice	5.00	4.25	3.75	5.00	4.67
Stormwater Practice	4.64	4.74	4.78	4.76	4.79
Transportation - Highways Practice	N/A	N/A	N/A	4.50	4.67
Transportation - Roadways Practice	4.80	4.75	4.78	4.90	4.52
Urban Planning and Design Practice	4.56	4.64	4.69	4.87	4.69
W & WW Planning Practice	4.90	4.85	4.86	4.96	4.70
Water Resource Design Practice	4.81	4.85	4.86	4.67	4.70
Water Resource Planning Practice	4.75	5.00	4.83	5.00	4.75
WWW Treatment Practice	4.71	4.94	4.80	5.00	4.84
WWW Utilities/Transmission Practice	4.77	4.84	4.75	4.90	4.58

Figure L Q3.1 Project Survey - Communication and Understanding Needs

L Q3.1 Project Survey - Communication and Understanding Needs

CMV Activity Type	2019	2020	2021	2022	2023
Client Visit (Phone Call or In Person)	864	560	1093	907	902
Executive Client Visit	5	15	25	5	18
Conference	238	32	141	237	321
Other Client Interactions	95	94	77	67	84
FNI Internal Account/Zipper/Opportunity Plan Meetings	51	236	212	269	268
Grand Total	1253	1237	1548	1485	1593

Figure L Q3.2 Leadership Communication with Clients

L Q3.2 Leadership Communication with Clients

Award Name	Award Sponsor
2019	
Award of Merit	ENR Texas and Louisiana
Engineering Excellence Silver Award	ACEC of Texas
Project Achievement Award for Public Works Category C	CMAA North TX Chapter
2020	
Engineering Excellence Gold Award Building Systems	ACEC of Texas
Engineering Excellence Gold Award Studies and Research	ACEC of Texas
APWA Texas Project of the Year	APWA Texas Chapter
National Planning Achievement Gold Award for Implementation	APA
Comprehensive Planning Award	APA Texas Chapter
Gold Award for Transportation Planning	APA Texas Chapter
Project of the Year	APWA Texas Chapter
Texas Gold Medal	ACEC
Public Works Project of the Year	APWA Texas Chapter
Project of the Year (4 awards for FNI/Clients)	APWA Texas Chapter
2021	
National Recognition Award Studies and Research (2 awards)	ACEC
Project of the Year	APWA Texas Chapter
Project of the Year	APWA - Texas Chapter
Engineering Excellence Honor Award	ACEC North Carolina
Engineering Excellence Awards	ACEC Georgia
National Recognition Award	ACEC
APWA Texas Project of the Year	APWA National
2022	
Engineering Excellence National Recognition Awards (4 Awards)	ACEC
Innovative Water Projects for Large Population	NAFSMA
Comprehensive Planning Award	APA Texas
Public Outreach Award Gold	APA Texas Chapter
Engineering Excellence Awards (9 Awards)	ACEC of Texas
Award of Merit	ENR Southeast
Engineering Excellence Grand Award	ACEC National
Innovation in Sustainable Engineering Award	ASCE
Project of the Year	APWA Texas Chapter
Engineering Excellence Awards	ACEC Texas
Project of the Year	APWA Texas Chapter
2023	
Engineering Excellence National Recognition Award (6 Awards)	ACEC
Innovative Water Projects for Large Population	NAFSMA
Engineering Excellence Gold Award	ACEC of Texas
Best Marketing Plan or Campaign	TAMIO
Engineering Excellence Gold Award	ACEC of Texas
Project of the Year	APWA Texas
Ron B. Sieger Biosolids Management Award	WEA of Texas
Texas Quality Asphalt Pavement Award	Asphalt Pavement Association / Texas DOT
Project of the Year	APWA Texas Chapter
Bob Derrington Reclamation Award	AWWA Texas Chapter
Excellence in Concrete Pavement Gold Award	ACPA OK/AR Chapter
Best Project (3 Awards)	ENR Texas and Louisiana
2024	
Engineering Excellence Award Winner	ACEC of NC
Best of the Best National Award	ENR
Engineering Excellence National Honor Award	ACEC
TX Outstanding Civil Engineering Achievement Award	ASCE – Texas Section

Figure L. Q3.3 Sample Awards and Recognition - Full List AOS

L Q3.3 Awards and Recognition

4 - What are your results for leadership and governance accountability (e.g., internal and external audits and assessments, certifications, and accreditations)?**Note:** Comparisons are not expected for this question.

The FNI Board of Directors is comprised of 9 voting members, all shareholders and 2 outside advisory directors committed to the organization's Mission and Vision. The Board's involvement in executing systematic governance approaches has resulted in excellent results. As a privately held firm, FNI is not required to have an external audit, however it has elected to use this governance approach for almost 50 years. As shown in **(L Q4.1)**, for the past 5 years, FNI has had 0 audit adjustments and has never had a material finding in an external audit. As shown in **(L Q4.2)**, systematic compliance processes have resulted in exemplary performance in measures of Compliance, Regulation, and Ethics.

FNI utilizes Senior Advisors (SA) on projects to internally assess projects through a Quality Control review process. These reviews and the time spent by SAs guarantee time allocation for quality, ensuring projects meet stringent standards, reflecting FNI's commitment to project integrity **(L Q4.3)**.

Audit Adjusts (\$)	2019	2020	2021	2022	2023
FNI	\$0	\$0	\$0	\$0	\$0
Figure L Q4.1 Audit Adjustments					

L Q4.1 Audit Adjustments

Compliance, Regulatory, Ethics	Freese and Nichols, Inc. Leadership and Governance Accountability								
	Process	Required/Voluntary	Measure	Goal	2019	2020	2021	2022	2023
	IRS Tax Filings	Required	Findings	0	0	0	0	0	0
	OSHA Reporting	Required	Findings	0	0	0	0	0	0
	Professional Engineering Licensure	Required	% Compliant	100%	100%	100%	100%	100%	100%
	State Business Licensure	Required	% Compliant	100%	100%	100%	100%	100%	100%
	New Employee Background Checks	Required	% Compliant	100%	100%	100%	100%	100%	100%
	Affirmative Action Plan	Required	Findings	0	0	0	0	0	0
	E-Verify	Required	% Compliant	100%	100%	100%	100%	100%	100%
	Annual Ethics Training for Engineers & Accountants	Required	% Compliant	100%	100%	100%	100%	100%	100%
Figure L Q4.2 Leadership and Governance Accountability									

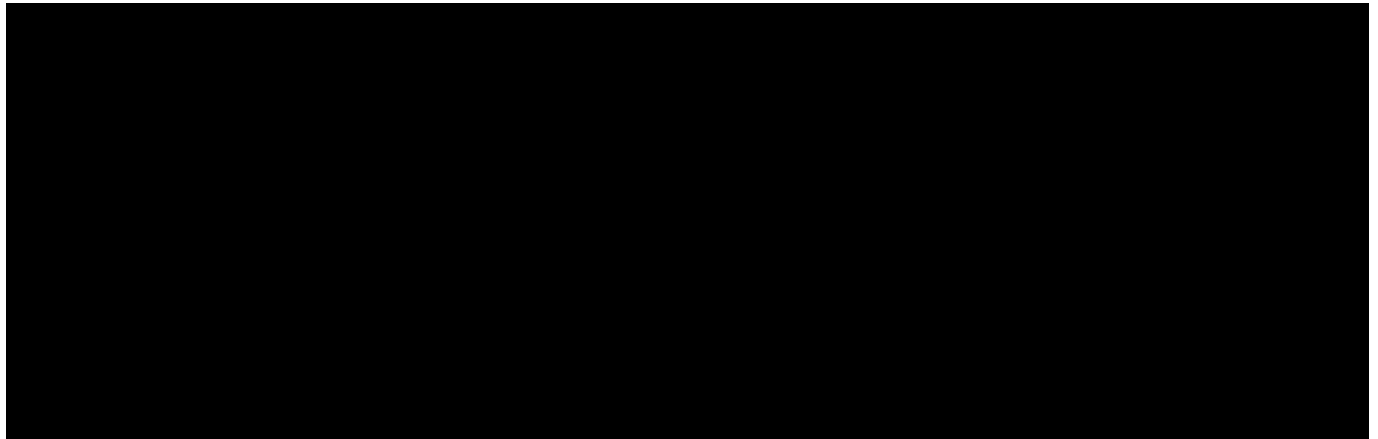
L Q4.2 Leadership and Governance Accountability

Quality/Senior Advisor Hours	2019	2020	2021	2022	2023
QA/SA Hours as % Project Total Hours	2.0%	1.7%	2.2%	2.9%	3.2%
QC % Hours	N/A	N/A	2.4%	2.7%	2.8%
Quality Control Reviews Completed	2019	2020	2021	2022	2023
	85.3%	72.7%	88.3%	97.2%	85.3%
Figure L Q4.3 Quality and Senior Advisor Reviews					

L Q4.3 Quality and Senior Advisor Reviews

5 - What are your results for grievances and complaints, including those related to safety, the Equal Employment Opportunity Commission (EEOC), and ethics?

The Executive team at FNI has developed and deployed systematic processes to capture, resolve, and address systemic causes of grievances and complaints. We promptly address all ethical concerns, grievances, complaints, compliance issues, and risk management concerns. This approach has resulted in minimal findings as shown in **(L Q5.1)**. To prevent issues from ever arising, FNI senior leaders ensure annual training is completed on ethical behavior for Engineers and Accountants **(L Q4.2)**, underlying FNI's dedication to fostering a culture of integrity and accountability. The **LEADS Value of Act with Integrity** is evidenced by staff consistently rating leader's actions align with values at or near the top quartile, supporting FNI's commitment **(L Q2.1)** to maintaining ethical business practices. FNI has recorded 0 whistleblower results and minimal EEOC outcomes over the past 5 years, reflecting its robust ethical culture and proactive risk management strategies **(L Q5.2)**.



L Q5.1 EEOC and DOJ Filings

Whistleblower Issues	2019	2020	2021	2022	2023
FNI	0	0	0	0	0
Figure L Q5.2 Whistleblower Results					

L Q5.2 Whistleblower Results

Strategy

Note: Comparisons not expected for the results in this section.

1 - Briefly describe and/or depict your key processes used in strategic planning, including development, resource allocation, and execution.

FNI embarked on a journey in the mid-1990s, catalyzed by an unprofitable year, igniting a commitment to operational excellence. The Strategic Planning Process (SPP) (**S Q1.1**), became a pivotal tool to align objectives and bolster decision-making through data-driven insights. Conducted on a 3-year rolling cycle, the SPP undergoes annual updates to reflect evolving challenges and opportunities. External scans and internal assessments, (**S Q1.2**), inform strategic imperatives, ensuring alignment with future demands. Key stakeholders, including the Board of Directors, Shareholders, and Executive Team, actively participate, fostering comprehensive input. The SPP is developed and deployed through a systematic process to 1) assess and review, 2) plan and gather input, 3) set strategic objectives, goals, and actions, 4) cascade and deploy, integrate and evaluate. Strategic opportunities are sought through industry engagement and market scans, driving actionable goals. This process integrates risk elements, addresses short and long-term challenges and includes iterative learning cycles to ensure desired outcomes and maintain organizational agility and resilience.

Group retreats refine goals, informing Annual Operating Plans (AOPs), with feedback fostering ownership. Resources to execute the plan are allocated in annual budgeting, with groups developing budgets addressing operations, revenue, and staffing. This workforce planning enables leaders to align budgets with goals, ensuring strategic focus.

The CEO and senior leaders deploy the Strategic Plan, (**S Q1.3**), to FNI offices with annual rollout presentations and mid-year updates. Champions for each action drive implementation. Execution of Strategic Plan goals aligned with AOPs are tracked through a stoplight system in SPEaKS. Performance measures, including KFI are tracked via a Balanced Scorecard (BS), ensuring organizational alignment. Quarterly data analysis prompts action plan modification for agility and success.



2024 Strategic Planning Timeline

(Year One of Planning Process)

C = Core Planning Team

SPC = Strategic Planning Committee

SPSC = Strategic Planning Steering Committee

B = Board of Directors

SH = Shareholders

E = Employees

EXEC = Executive Team

LEAD = Leadership Team

PL = Practice Leaders

DM/ADM = Division/Ast Division Managers

GM = Group Managers

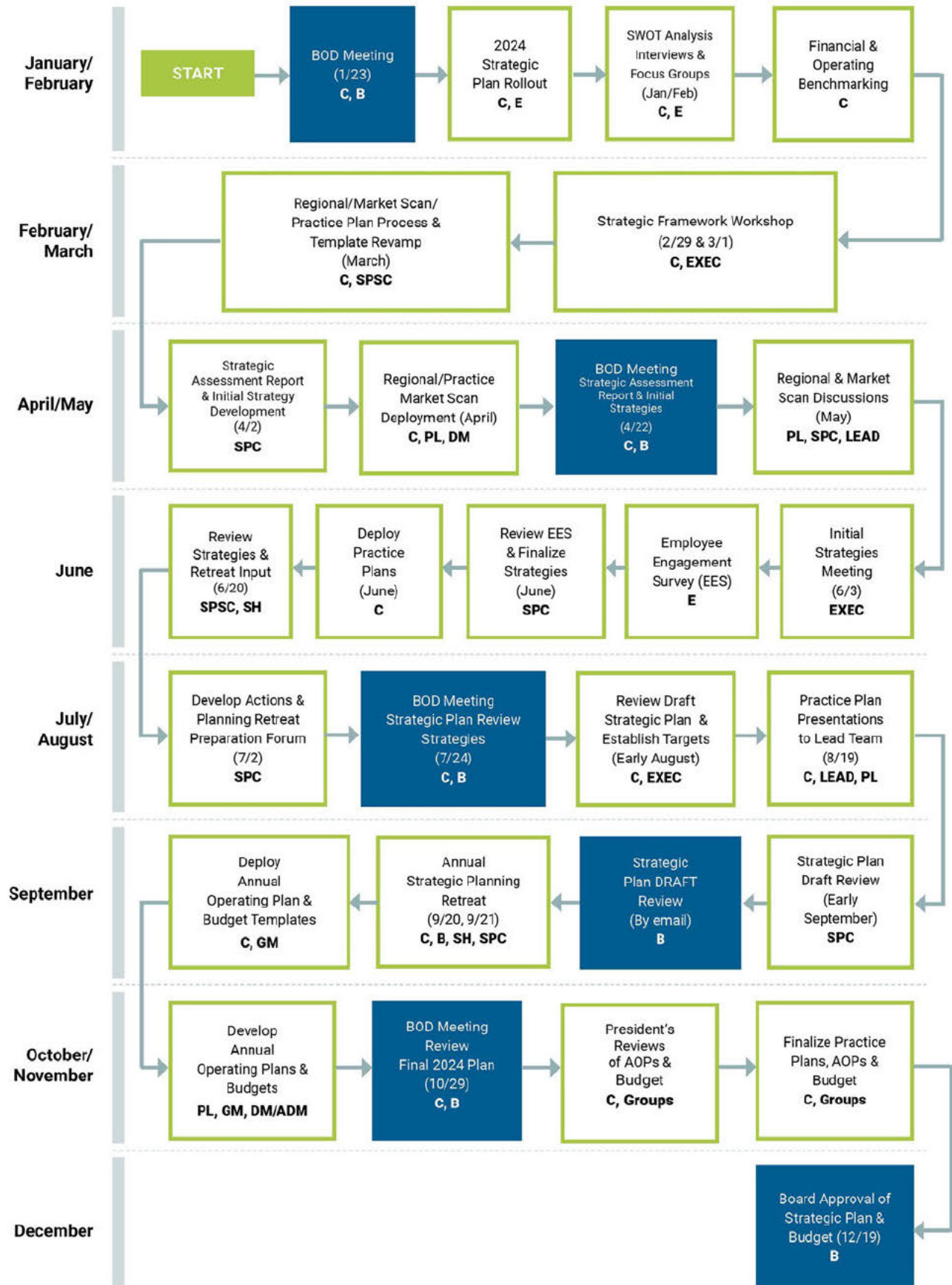


Figure S Q1.1 Strategic Planning Process and Timeline

FNI Strategic Plan Inputs



Figure S Q1.2 Strategic Plan Inputs



S Q1.2 Strategic Plan Inputs



MAKE YOUR MARK 2024 STRATEGIC PLAN

Strategies Measures of Success Letters Actions Bold: Key Focus Indicators

People

1.1 Retain our incredible staff

- ▲ Employee Engagement Survey overall rating: 81.5%
- ▲ % voluntary turnover: <9%
- ▲ # of internal promotions
- ▲ # of inline promotions
- ▲ # of internal transfers
- a. Implement recommendations from 2023 compensation study and complete annual benchmarking, train managers to communicate our message and educate their staff.
- b. Create an engaging employee value proposition to package and communicate our unique culture.
- c. Develop a calibration/leveling process to consistently reward for performance.
- d. Develop and implement a process for manager selection and include those approved in the Introduction to Leadership Class.
- e. Pilot a program for prexies, project type, and geographic rotation.
- f. Create a roadmap for advancement including mentoring and linkage to IOPs.
- g. Implement recommendations from BIM/CAD rapid improvement event to improve retention and productivity.

1.2 Recruit the best talent to serve our clients

- ▲ % current to budgeted staff
- ▲ # of candidates sourced outside of HR
- a. Build upon our internship program as a source for new employees.
- b. Create a university liaison program with select universities.
- c. Develop best practices for identifying, recruiting and closing the deal with critical hires and create training around this.

1.3 Ensure our Mission, Vision and Values (LEADS) drive our actions

- ▲ Culture survey score
- ▲ % of employees with >8 community service hours logged
- ▲ # of Envision Sustainability Professionals by region
- a. Implement recommendations from rapid improvement event focused on deployment of Mission, Vision (and Vision Story) and Values.
- b. Incorporate FNI Leadership Excellence into training and hiring.
- c. Position FNI as a firm known for authentic corporate social responsibility.
- d. Develop and execute a plan to improve behavioral interviewing including culture evaluation.
- e. Evaluate Baldridge culture mapping opportunity to sustain our culture.

1.4 Understand and deliver on our clients' needs

- ▲ Client Engagement Survey rating: N/A
- ▲ # of strategic and key account plans created/updated
- a. Implement recommendations from rapid improvement event around client relationship development including training around our Hedgehog Concept.
- b. Utilize results from Client Engagement Survey rapid improvement event to focus on opportunities for improvement.

Opportunity

2.1 Invest to serve our local government markets

- ▲ Net bookings by practice and division: \$250M
- ▲ Contracted labor multiplier
- ▲ Net bookings from FLOW
- ▲ Technology solution metric - TBD
- a. Develop and execute a strategy for integrated planning, including project delivery and marketing.
- b. Capitalize on FLOW to expand our services across all practices.
- c. Develop and execute a strategy to grow Program Management and Construction Management & Inspection (CM&I) for our local government markets across all regions.
- d. Execute plan to capture RF&A related work in the W/WW Treatment and Environmental Practices.
- e. Develop and execute a strategy around technology solutions for our clients: Asset Management, BIM/CAD, GIS and AI.

2.2 Grow with federal and state funded initiatives

- ▲ Net bookings from federal, state and DOT
- a. Refine and implement strategy for winning DOT work in Texas, Oklahoma and North Carolina, including design, CE&I, and bridges.
- b. Grow our federal portfolio with strategic USACE Districts NRCS and FEMA programs.
- c. Develop a comprehensive multi-practice and multi-region funding strategy.
- d. Build upon our state flood plans to win FLOW work.

2.3 Grow geographies through practice expansion

- ▲ Regional bookings by practice
- ▲ Net bookings from Resiliency/Climate Adaptation and Coastal Resiliency
- ▲ Sales and marketing costs as % of net revenue
- a. Build on our success in Florida through expanded services and staffing (W/WW Planning, Stormwater, Environmental, Coastal Resiliency, Treatment, and Transmission and Utilities).
- b. Expand our Central Plains Region services with W/WW Planning, Environmental and Stormwater.
- c. Build upon the investments in Southeast US and Central Plains regions for W/WW Treatment and the support needed for backlog.
- d. Define our desired market and develop and execute a plan that grows our Resiliency/Climate Adaptation business along with our Coastal Resiliency business.
- e. Build a business in Northwest Arkansas and Colorado with an initial focus on W/WW Planning, Utilities, Treatment, and Stormwater.

2.4 Win larger projects with strategic and key accounts

- ▲ Net bookings from strategic and key accounts: \$200M
- ▲ # bookings for large (>\$1M annual) projects and Water Resource Design projects
- ▲ % pursuit wins for design-build
- ▲ # of key pursuits by region
- a. Expand "key pursuit" program focusing on strategic and key accounts in all regions.
- b. Create a strategy and plan to develop a recognized expertise in practice remediation.
- c. Refine and execute our design-build strategy.
- d. Create a marketing and PR plan to strengthen and position the firm's "national expertise" in multiple practices.

Performance

3.1 Increase our efficiency in resourcing and delivering our work

- ▲ Projects overbudget as a % of net revenue: <5.5%
- ▲ Actual labor multiplier: 3.16
- ▲ Utilization: 57.7%
- ▲ % utilization of top 5% of labor
- ▲ Months of backlog
- ▲ % of effort to complete (ETC) scheduled in eResource
- a. Implement practice-driven workload coordination process to drive project staffing and execution efficiency, balance talent acquisition needs, increase employee engagement, spur new opportunities, inform Go/No Go decisions, and promote technical development.
- b. Implement BST 10, with a focus on project management.
- c. Utilize pilot of National Technical Leader role to identify process improvements, resource utilization, and technology to drive project delivery efficiency quality and consistency.
- d. Develop and execute a plan to obtain more value-driven fees.

3.2 Ensure organizational structure/staffing and technology support our vision for growth

- ▲ Overhead rate
- ▲ Corporate expense ratio
- ▲ Actual labor multiplier for federal, DOT, design-build, and coastal
- a. Evaluate emerging markets (federal, DOT, design-build, and coastal) for structure, staffing, and delivery and adjust if needed.
- b. Assess overall organization and make changes that support alignment of regional operations and practice activities driving growth, national expertise and consistency.
- c. Work with our consultant on a project delivery technology assessment with industry benchmarking and develop a plan to address gaps.
- d. Develop an intentional transition plan for leaders in advance of retirement.

3.3 Strengthen quality, excellence and innovation

- ▲ Top Box 5 project satisfaction: 4.7
- ▲ Net promoter score
- ▲ # of Innovation Award submissions
- a. Pilot new Technical Organization with Transmission and Utilities and Stormwater in 2024.
- b. Build a culture of innovation to recognize staff actions associated with "Be a Pioneer."
- c. Renew focus on our Baldridge/CI culture through development of an enterprise process model, a revamped Cidea program, engagement of employees at all levels, and an application process.

21.3%
2024 Growth Goal

12.5%
2024 Profit Goal

Figure S Q1.3 2024 Strategic Plan

S Q1.3 2024 Strategic Plan

2 - What are your results for accomplishment of your action plans?

Percent of pursuit wins demonstrates success of execution of key FNI action plans (**S Q2.1**). This result reflects favorable trends accomplished through process discipline demonstrating a 65% improvement over the past 5 years. Because of inconsistencies in how win rates are calculated and the fact that 97% of firms in our industry are privately held and do not willingly share information, reliable industry benchmarking data is unavailable.

Over 90% of FNI's BS results consistently perform at 90% or above (**S Q2.2**). This achievement underscores the organization's exceptional execution of strategic objectives and KFI's, reflecting robust alignment among FNI goals and actions at all levels. Surpassing the 90% threshold demonstrates FNI's unwavering commitment to continuous improvement and excellence in performance management practices. Figure (**S Q2.3**) reflects strong performance in two other key action plans, number of Key Account Plans Created/Updated and number of Internal Promotions.

Year End	Total Pursuits	Wins	Losses	Pending	Win % (Excluding Pending)
2023 Adjusted	529	233	223	73	51%
2023 Original	530	209	197	124	51%
2022 Adjusted	478	230	238	10	49%
2022 Original	528	205	190	133	52%
2021 Adjusted	541	227	310	4	42%
2021 Original	582	197	233	152	46%
2020 Adjusted	558	192	35	1	34%
2020 Original	616	170	277	169	38%
2019 Adjusted	559	171	388	0	31%
2019 Original	602	169	301	132	36%

Figure S Q2.1 Win Rate

S Q2.1 Win Rate

Balanced Scorecard Results

% of Balanced Scorecard Results - 90% or More of Goal

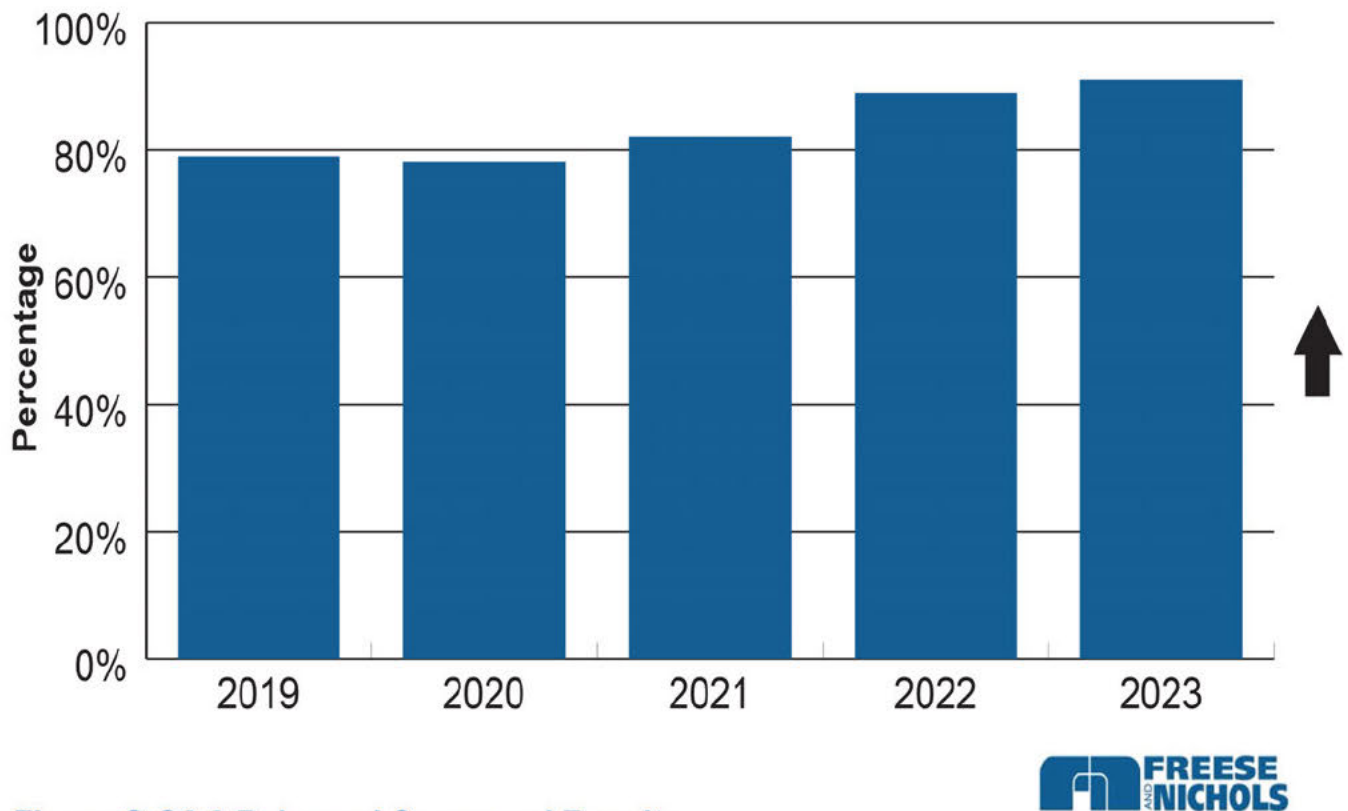


Figure S Q2.2 Balanced Scorecard Results

S Q2.2 Balanced Scorecard Results

People - Understand and Deliver on our Client's Needs										
Measure	2019 FNI	2019 Goal	2020 FNI	2020 Goal	2021 FNI	2021 Goal	2022 FNI	2022 Goal	2023 FNI	2023 Goal
# of Strategic and Key Account Plans Created/Updated ↑	76	50	68	50	79	70	106	75	142	80
People - Retain and Recruit our Talent										
Measure	2019 FNI	2019 Goal	2020 FNI	2020 Goal	2021 FNI	2021 Goal	2022 FNI	2022 Goal	2023 FNI	2023 Goal
# Internal Promotions ↑	N/A	N/A	N/A	N/A	N/A	N/A	43	10	47	20
							Meeting or Exceeding Goal			
Figure S Q2.3 Key Accounts Updated, Internal Promotions										

S Q2.3 Key Accounts Updated, Internal Promotions

3 - What are your results for the impact of your organizational strategy?

Note: These are the results demonstrating the impact of accomplishing your strategic goals and/or objectives.

FNI's commitment to operational excellence, integral to supporting the Mission of **"Innovative Approaches, Practical Results, Outstanding Service,"** positions it as the firm of choice. Strategic Plan (SP) results, spanning various dimensions, underpin this commitment. Notably, a 46% revenue increase over 5 years (**S Q3.1**) showcases sustained growth and alignment with strategic objectives. Furthermore, exceeding goals across 7 measures for 5 consecutive years demonstrates extraordinary performance (**S Q3.2**). FNI's strategic focus on winning larger projects with strategic accounts has led to a remarkable revenue surge, driven by 256 bookings of large (>\$1M) projects (**S Q3.3**) over the last 5 years. These achievements underscore FNI's relentless pursuit of SP execution and its unwavering dedication to delivering innovative solutions and exceptional service, embodying its Mission and Vision. Benchmarking is unavailable due to lack of public reported data among privately held firms.

Net Revenue (TX vs Other Regions)	2019	2020	2021	2022	2023
North TX	\$76,187,058	\$78,377,920	\$81,651,819	\$87,548,207	\$94,356,056
Central TX	\$32,343,296	\$39,101,930	\$43,357,652	\$48,596,710	\$54,182,202
Western Gulf Coast	\$33,738,882	\$38,844,204	\$35,267,355	\$38,652,864	\$42,038,231
Central Plains	\$4,595,979	\$5,781,228	\$6,904,362	\$7,526,090	\$12,363,267
Southest US (GA & NC)	\$7,090,454	\$9,434,915	\$12,753,811	\$16,216,790	\$19,253,379
Florida	-	\$103,461	\$1,267,555	\$2,060,228	\$3,291,923
TOTAL	\$153,955,669	\$171,643,657	\$181,202,554	\$200,600,888	\$225,485,059
Figure S Q3.1 Net Revenue					

S Q3.1 Net Revenue

Opportunity - Invest to Serve our Local Gov't Markets										
Measure	2019 FNI	2019 Goal	2020 FNI	2020 Goal	2021 FNI	2021 Goal	2022 FNI	2022 Goal	2023 FNI	2023 Goal
Net Bookings by Practice and Client Region (\$M) ↑	\$178.8	\$160.0	\$207.2	\$177.0	\$255.0	\$185.0	\$281.3	\$207.8	\$313.7	\$225.2
Net Bookings from FLOW (\$M) ↑	\$45.0	\$25.0	\$55.1	\$35.0	\$62.9	\$60.0	\$95.4	\$66.0	\$132.3	\$75.0
Opportunity - Grow Practices Through Geographic Expansion										
Measure	2019 FNI	2019 Goal	2020 FNI	2020 Goal	2021 FNI	2021 Goal	2022 FNI	2022 Goal	2023 FNI	2023 Goal
Net Bookings - South Central (\$M) ↑	\$121.92	\$102.74	\$131.66	\$110.71	\$164.48	\$111.46	\$171.03	\$125.11	\$189.8	\$134.78
Net Bookings - Gulf Coast (\$M) ↑	\$29.51	\$31.22	\$33.30	\$36.88	\$51.53	\$40.54	\$49.79	\$42.03	\$61.1	\$48.95
Net Bookings - Southeast (\$M) ↑	\$15.38	\$8.1	\$22.25	\$10.52	\$19.99	\$11.67	\$32.11	\$16.42	\$25.4	\$20.42
Net Bookings - Central Plains (\$M) ↑	\$7.4	\$5.96	\$10.55	\$6.96	\$12.05	\$6.48	\$16.33	\$10.0	\$27.4	\$15.69
Performance - Strengthen Quality, Excellence and Innovation										
Measure	2019 FNI	2019 Goal	2020 FNI	2020 Goal	2021 FNI	2021 Goal	2022 FNI	2022 Goal	2023 FNI	2023 Goal
KFI: Top Box Project Satisfaction ↑	4.7	4.7	4.8	4.7	4.7	4.7	4.8	4.7	4.7	4.7
							Meeting or Exceeding Goal			
Figure S Q3.2 Invest, Grow, and Strengthen										

S Q3.2 Invest, Grow, and Strengthen

Opportunity - Win Larger Projects with Strategic and Key Accounts										
Measure	2019 FNI	2019 Goal	2020 FNI	2020 Goal	2021 FNI	2021 Goal	2022 FNI	2022 Goal	2023 FNI	2023 Goal
KFI: Net Bookings from Strategic and Key Accounts (\$M) ↑	\$90.2	\$113.1	\$105.4	\$125.9	\$208.4	\$151.5	\$229.8	\$169.0	\$257.2	\$180.0
# of Bookings for Large Projects ↑	32	30	41	44	56	50	50	55	77	60
% Pursuit Wins for Design Build ↑	N/A	N/A	N/A	N/A	N/A	N/A	83%	33%	40%	35%
							Meeting or Exceeding Goal			
Figure S Q3.3 Win Large Projects										

S Q3.3 Win Large Projects

4 - What are your results for achievement of workforce plans, including capability and capacity for strategically important positions?

FNI adeptly addresses the strategic challenge of talent acquisition, evidenced by robust employee growth (**S Q4.1**). Leveraging its intern program strategically, FNI enhances talent recruitment to better serve clients. Notably, strategic identification of key positions and recruitment plans led to a 47% rise in production and strategic hires over 5 years (**S Q4.2**).

The labor multiplier, a crucial metric (**S Q4.3**), assesses labor utilization's profitability. It gauges revenue generated per unit of labor cost, highlighting operational efficiency and pricing strategies' effectiveness. A higher multiplier signals optimal labor resource use and greater profitability, while a lower one may indicate areas for improvement. Strategic monitoring of this key metric enables FNI to continuously optimize workforce management and pricing strategies, aligning with its goal of maximizing profitability and operational excellence.

Employee Count	2019	2020	2021	2022	2023
North TX	503	505	498	502	516
Central TX	163	178	185	205	232
Western Gulf Coast	117	143	154	155	171
Central Plains	30	34	38	47	73
Southest US (GA & NC)	60	70	75	96	121
Florida	0	0	14	21	28
TOTAL	873	930	964	1026	1141
Figure S Q4.1 Workforce Growth					

S Q4.1 Workforce Growth

# Interns/Production Hires/Strategic Hires	2019	2020	2021	2022	2023
Interns	47	37	50	60	80
Production	168	112	137	207	235
Strategic	2	7	8	8	5
TOTAL HIRES	217	156	195	275	320
Figure S Q4.2 Production and Strategic Hires					

S Q4.2 Production and Strategic Hires

Performance - Ensure Org Structure/Staffing Supports Vision for Growth										
Measure	2019 FNI	2019 Goal	2020 FNI	2020 Goal	2021 FNI	2021 Goal	2022 FNI	2022 Goal	2023 FNI	2023 Goal
Labor Multiplier - Coastal ↑	N/A	N/A	3.10	3.0	2.90	2.9	3.0	2.90	3.09	3.10
Labor Multiplier - Design Build ↑	N/A	N/A	N/A	N/A	3.34	2.90	3.72	3.10	3.92	3.20
% Pursuit Wins for Design Build ↑	N/A	N/A	N/A	N/A	N/A	N/A	83%	33%	40%	35%
							Meeting or Exceeding Goal			
Figure S Q4.3 Labor Multiplier										

S Q4.3 Labor Multiplier

Operations

1 - Briefly describe and/or depict your key processes used for the following:

1. design and delivery of your products and services,
2. supply network management, and
3. innovation management.

FNI delivers projects through our Project Lifecycle Process (**O Q1.1**). Our Technical Excellence Program (TEP) teams and leadership develop discipline-specific processes and standards, references, QC checklists, and training (**O Q1.2**). Our PM Steering Committee creates disciplined adherence to project management approaches through robust Quality Assurance (QA) and Quality Control (QC) processes (**O Q1.3**). FNI manages its suppliers using a qualifications-based process to ensure compliance with technical needs, client experience, and contract requirements. In-person interviews ensure compatibility and ongoing engagement on projects foster strong relationships. Project Managers share supplier requirements and ensure alignment with needs. We review and select partners and subconsultants during the opportunity phase of our business development process. Once in the project delivery phase, we evaluate subconsultants during the QA/QC process.

Our firms Mission: **Innovative Approaches**, Practical Results, Outstanding Service emphasizes how important innovation is to our firm. Innovation is evaluated throughout the project, starting at the opportunity phase of our Project Lifecycle, and included in project kickoff meeting discussions with clients. Input from technical leadership and Senior Advisors help guide the process. Market scans and project-level initiatives also fuel innovation. Innovation is acknowledged through quarterly and annual awards; winners receive cash prizes and recognition via internal/external channels.

Our R&D program encourages all employees to think innovatively by allocating funds to bring their ideas to life. Originating in 2012 as an employee suggestion, we have invested \$281,264 for R&D initiatives, ranging from energy-saving desalination techniques to tools that predict erosion rates. Our Lead Technical Professionals (LTPs) oversee the program, successful projects are shared as best practices, and unsuccessful ones are evaluated for lessons learned.

Project Lifecycle Summary Flowchart

A summary of the Freese and Nichols project lifecycle with interactive links to aid project managers in accessing frequently used tools.

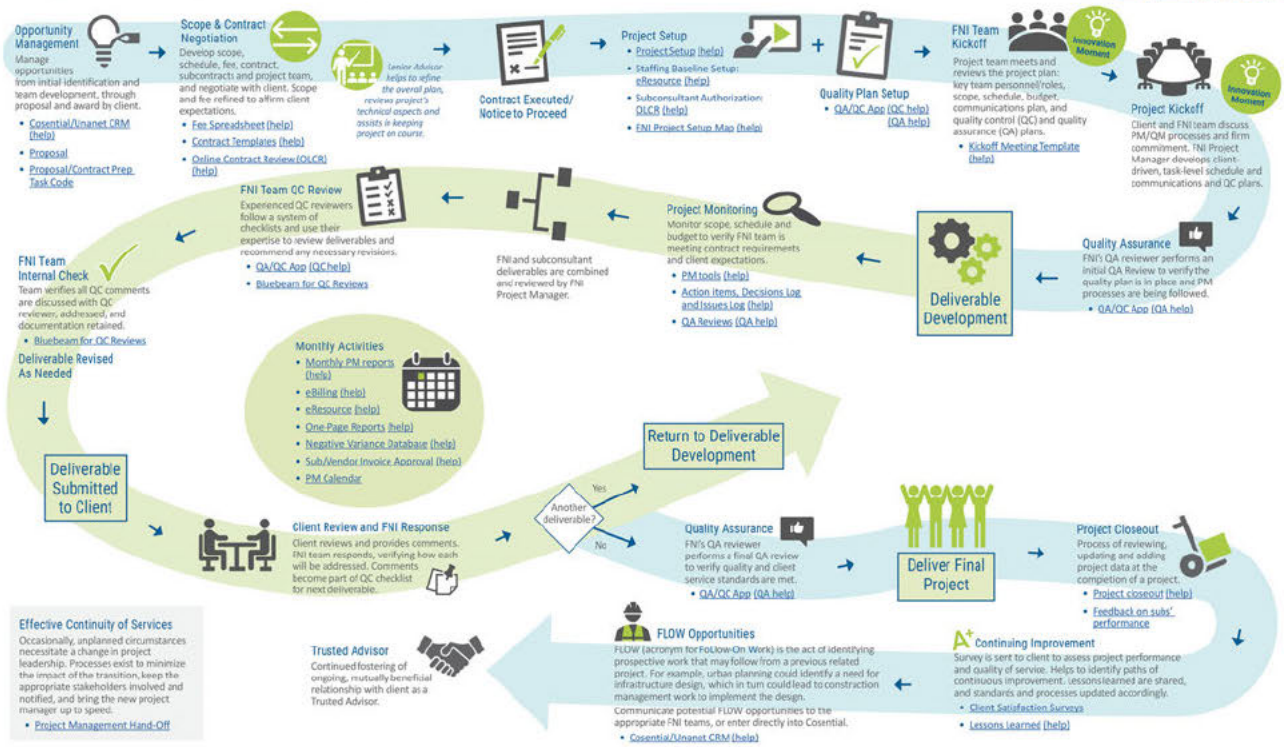


Figure O Q1.1 Project Lifecycle Summary Flowchart

O Q1.1 Project Lifecycle Summary Flowchart

Technical Excellence Planning Process

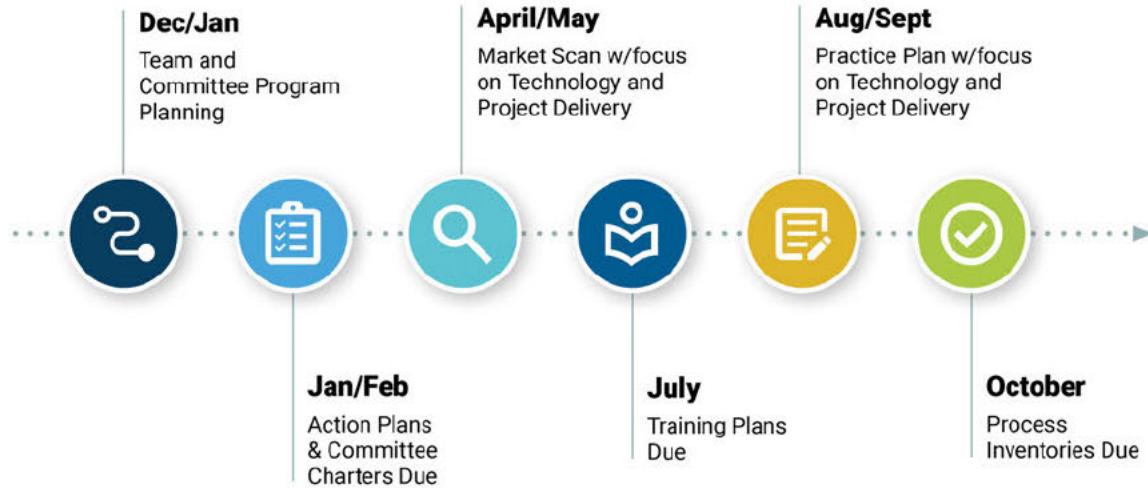


Figure O Q1.2 Technical Excellence Planning Process



O Q1.2 Technical Excellence Planning Process

Project and Quality Management Processes



The “D” in FNI’s LEADS values stands for “Deliver Quality.” This value is foundational to our company culture and informs our comprehensive approach to Project Management (PM) and Quality Management (QM). Multiple components work together to foster a culture of excellence and elevate our overall quality of service. This focus extends beyond a specific project and reinforces our efforts to build trusted-advisor relationships with our clients.

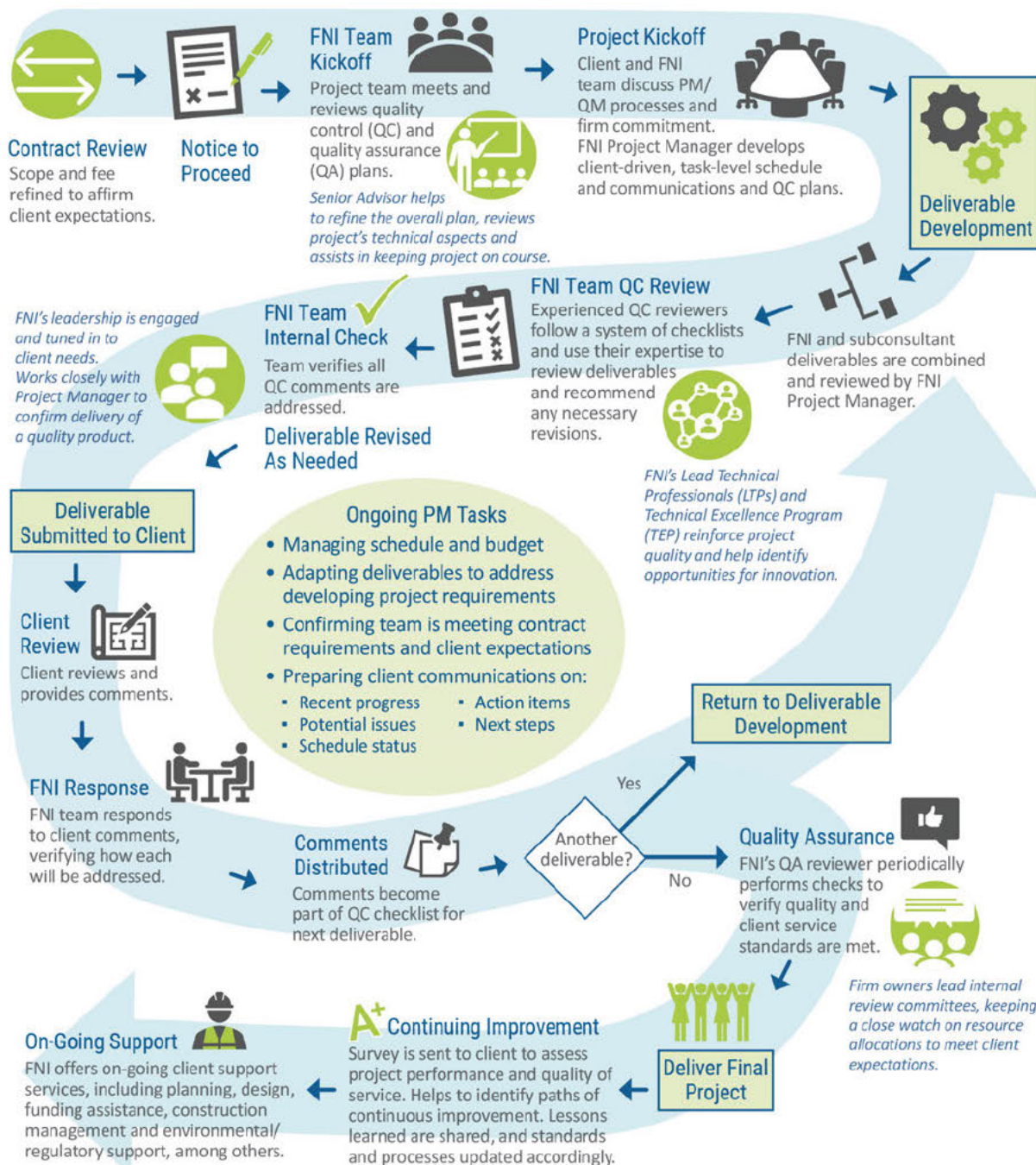


Figure O Q1.3 Quality Assurance, Quality Control Process

O Q1.3 Quality Assurance, Quality Control Process

2 - What are your results for the effectiveness and efficiency of your key processes?

FNI's strategic focus on efficiency encompasses resource optimization, talent acquisition, and project delivery enhancements. We maintain a healthy backlog (**O Q2.1**) reflecting the total amount of work that we have contracted to

clients but not yet delivered. While a high backlog suggests robust demand, FNI maintains a balanced approach to prevent delays and manage client expectations effectively (**O Q3.1**). Rigorous contract review across operations, accounting, legal, compliance, and risk domains ensures legal compliance, risk mitigation, and financial safeguarding (**O Q2.2**). Additionally, customer satisfaction levels remain exceptionally high, reflecting FNI's commitment to meeting and exceeding client expectations (**O Q2.3**). This holistic approach underscores FNI's dedication to our vision of becoming the **Firm of Choice** through operational excellence and client-centricity.

Performance - Increase our Efficiency in Resourcing and Delivering our Work										
Measure	2019 FNI	2019 Goal	2020 FNI	2020 Goal	2021 FNI	2021 Goal	2022 FNI	2022 Goal	2023 FNI	2023 Goal
KFI: Utilization ↑	57.0%	56.7%	58.4%	56.7%	56.7%	57.3%	58.4%	57.2%	57.4%	57.8%
% Utilization of Top 5% of Labor ↑	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	30.9%	27.7%
Months of Backlog ↑	13.0	13.0	12.0	13.0	14.4	13.0	17.2	14.0	17.8	14.0
People - Retain and Recruit our Talent										
Measure	2019 FNI	2019 Goal	2020 FNI	2020 Goal	2021 FNI	2021 Goal	2022 FNI	2022 Goal	2023 FNI	2023 Goal
Cycle Time to Fill - Production (in Days) ↓	50	50	80	100	99	90	58	90	98	90
Cycle Time to Fill - Strategic (in Days) ↓	221	100	93	190	85	170	90	150	113	150
							Meeting or Exceeding Goal			
Figure O Q2-1 Efficiency in Resourcing and Cycle Time to Fill People										

O Q2.1 Efficiency in Resourcing and Cycle Time to Fill People

% Contracts Reviewed OLCR	2019	2020	2021	2022	2023
Count of Contracts	1,364	1,438	1,746	1,831	1,927
% Not Reviewed	3.7%	1.0%	1.0%	0.7%	0.4%
Count of Subconsultant Contracts	1,088	1,125	1,253	1,391	1,488
Figure O Q2.2 Contracts Reviewed					

O Q2.2 Contracts Reviewed

Delivering Innovative Solutions (Creative Approach before 2023)	2019	2020	2021	2022	2023
Overall	4.58	4.70	4.64	4.80	4.18
Construction Management Practice	3.75	4.50	4.80	4.33	4.25
Environmental Practice	4.50	4.69	4.67	4.57	3.85
Facilities Practice	4.43	4.17	4.69	4.81	4.18
Program Management Practice	4.50	4.57	4.00	5.00	5.00
Stormwater Practice	4.55	4.65	4.67	4.79	4.25
Transportation - Highways Practice	N/A	N/A	N/A	4.50	4.67
Transportation - Roadways Practice	4.60	4.63	4.56	4.90	4.14
Urban Planning and Design Practice	4.56	4.71	4.56	4.93	4.38
W & WW Planning Practice	4.78	4.81	4.76	4.85	4.64
Water Resource Design Practice	4.80	4.74	4.63	4.65	3.83
Water Resource Planning Practice	4.75	4.83	5.00	5.00	3.50
WWW Treatment Practice	4.86	4.89	4.90	4.80	4.40
WWW Utilities/Transmission Practice	4.52	4.77	4.52	4.86	4.22
Ability to Adapt to Changes Throughout the Project	2019	2020	2021	2022	2023
Overall	4.79	4.81	4.82	4.88	4.60
Construction Management Practice	4.50	4.86	4.71	4.50	4.58
Environmental Practice	4.63	4.86	5.00	5.00	4.56
Facilities Practice	4.71	4.43	4.85	4.81	4.55
Program Management Practice	5.00	4.38	4.25	5.00	5.00
Stormwater Practice	4.73	4.89	4.94	4.76	4.79
Transportation - Highways Practice	N/A	N/A	N/A	4.50	5.00
Transportation - Roadways Practice	4.90	4.88	4.81	4.95	4.62
Urban Planning and Design Practice	4.56	4.79	4.73	5.00	4.85
W & WW Planning Practice	5.00	4.84	4.96	4.93	4.70
Water Resource Design Practice	4.87	4.87	4.79	4.85	4.40
Water Resource Planning Practice	5.00	5.00	5.00	4.86	5.00
WWW Treatment Practice	4.71	4.83	4.90	4.83	4.56
WWW Utilities/Transmission Practice	4.80	4.78	4.71	4.97	4.56
Design or Study Alternatives Discussed	2019	2020	2021	2022	2023
Overall	4.66	4.74	4.71	4.76	N/A
Construction Management Practice	3.75	4.50	4.50	4.33	N/A
Environmental Practice	4.50	4.85	4.80	4.20	N/A
Facilities Practice	4.43	4.08	4.92	4.76	N/A
Program Management Practice	5.00	4.83	3.67	5.00	N/A
Stormwater Practice	4.40	4.57	4.80	4.71	N/A
Transportation - Highways Practice	N/A	N/A	N/A	4.50	N/A
Transportation - Roadways Practice	4.50	4.80	4.73	4.72	N/A
Urban Planning and Design Practice	4.67	4.69	4.57	4.93	N/A
W & WW Planning Practice	4.89	4.90	4.79	4.85	N/A
Water Resource Design Practice	4.93	4.83	4.73	4.53	5.00
Water Resource Planning Practice	5.00	4.80	5.00	4.86	N/A
WWW Treatment Practice	5.00	4.89	5.00	4.90	N/A
WWW Utilities/Transmission Practice	4.66	4.86	4.50	4.89	N/A

Figure O Q2.3 Project Survey - Innovation and Agility

O Q2.3 Project Survey - Innovation and Agility

3 - What are your results for the performance of your key products, services, and/or programs?

FNI's key products and services, detailed in (OP Q1.1), are further segmented in these results to represent diverse client needs across practices. Customer requirements (OP Q5.3) emphasize efficient project management and adherence to schedules. Remarkably high Likert scale ratings signify exceptional satisfaction with these aspects (O Q3.1). Additionally,

FNI excels in delivering key requirements of quality outputs and demonstrating technical proficiency, aligning with its mission of **Innovative Approaches, Practical Results, and Outstanding Service (O Q3.2)**. To further enhance performance, FNI established a stretch goal of [REDACTED] for projects exceeding budget as a percentage of net revenue, a milestone achieved in 2022 and 2023 through enhanced workload coordination processes driven by practice-specific strategies (**O Q3.3**).

Managing Overall Project Costs (Adhere to Budget before 2023)	2019	2020	2021	2022	2023
Overall	4.70	4.81	4.74	4.79	4.51
Construction Management Practice	3.75	4.67	4.57	4.50	4.42
Environmental Practice	4.75	4.94	4.67	5.00	4.82
Facilities Practice	4.29	4.53	4.79	4.65	4.09
Program Management Practice	5.00	4.50	4.50	5.00	5.00
Stormwater Practice	4.73	4.86	4.78	4.80	4.67
Transportation - Highways Practice	N/A	N/A	N/A	4.00	4.67
Transportation - Roadways Practice	4.80	4.80	4.67	4.80	4.38
Urban Planning and Design Practice	4.63	4.77	4.60	4.93	4.77
W & WW Planning Practice	4.90	4.88	4.93	4.81	4.64
Water Resource Design Practice	4.75	4.92	4.75	4.67	4.38
Water Resource Planning Practice	5.00	4.67	5.00	5.00	5.00
WWW Treatment Practice	4.71	4.89	4.80	4.83	4.64
WWW Utilities/Transmission Practice	4.72	4.72	4.65	4.84	4.20
Schedule Performance Meets Your Needs (Adhere to Budget Schedule Before 2023)	2019	2020	2021	2022	2023
Overall	4.58	4.68	4.64	4.74	4.62
Construction Management Practice	4.00	4.83	4.71	4.60	4.50
Environmental Practice	4.50	4.94	4.67	4.88	4.65
Facilities Practice	4.43	4.53	4.43	4.82	4.73
Program Management Practice	5.00	4.00	4.25	5.00	5.00
Stormwater Practice	4.64	4.55	4.72	4.48	4.83
Transportation - Highways Practice	N/A	N/A	N/A	4.50	5.00
Transportation - Roadways Practice	4.50	4.75	4.74	4.80	4.55
Urban Planning and Design Practice	4.56	4.62	4.63	4.93	4.77
W & WW Planning Practice	4.50	4.52	4.79	4.67	4.64
Water Resource Design Practice	4.50	4.80	4.46	4.75	4.57
Water Resource Planning Practice	4.75	4.83	4.83	4.71	5.00
WWW Treatment Practice	5.00	4.89	4.70	4.75	4.76
WWW Utilities/Transmission Practice	4.66	4.81	4.57	4.84	4.38
Figure O Q3.1 Project Survey - Cost and Schedule					

O Q3.1 Project Survey - Cost and Schedule

Technical Proficiency	2019	2020	2021	2022	2023
Overall	4.81	4.83	4.83	4.91	4.76
Construction Management Practice	4.50	4.57	4.71	4.67	4.83
Environmental Practice	4.71	4.94	5.00	5.00	4.85
Facilities Practice	4.86	4.33	4.93	4.82	4.73
Program Management Practice	5.00	4.71	4.50	5.00	5.00
Stormwater Practice	4.73	4.84	4.89	4.92	4.67
Transportation - Highways Practice	N/A	N/A	N/A	4.50	5.00
Transportation - Roadways Practice	4.70	4.88	4.70	4.95	4.59
Urban Planning and Design Practice	4.44	4.86	4.75	5.00	4.77
W & WW Planning Practice	5.00	4.94	4.97	4.93	4.79
Water Resource Design Practice	4.94	4.88	4.86	4.81	4.81
Water Resource Planning Practice	5.00	4.83	5.00	5.00	5.00
WWW Treatment Practice	5.00	4.89	5.00	4.92	4.92
WWW Utilities/Transmission Practice	4.83	4.81	4.67	4.93	4.62
Quality of Deliverables	2019	2020	2021	2022	2023
Overall	N/A	N/A	N/A	N/A	4.61
Construction Management Practice	N/A	N/A	N/A	N/A	4.25
Environmental Practice	N/A	N/A	N/A	N/A	4.68
Facilities Practice	N/A	N/A	N/A	N/A	4.82
Program Management Practice	N/A	N/A	N/A	N/A	4.67
Stormwater Practice	N/A	N/A	N/A	N/A	4.33
Transportation - Highways Practice	N/A	N/A	N/A	N/A	4.67
Transportation - Roadways Practice	N/A	N/A	N/A	N/A	4.52
Urban Planning and Design Practice	N/A	N/A	N/A	N/A	4.62
W & WW Planning Practice	N/A	N/A	N/A	N/A	4.79
Water Resource Design Practice	N/A	N/A	N/A	N/A	4.64
Water Resource Planning Practice	N/A	N/A	N/A	N/A	5.00
WWW Treatment Practice	N/A	N/A	N/A	N/A	4.84
WWW Utilities/Transmission Practice	N/A	N/A	N/A	N/A	4.51
Figure O Q3.2 Project Survey - Proficiency and Quality					

O Q3.2 Project Survey - Proficiency and Quality

Projects Over Budget

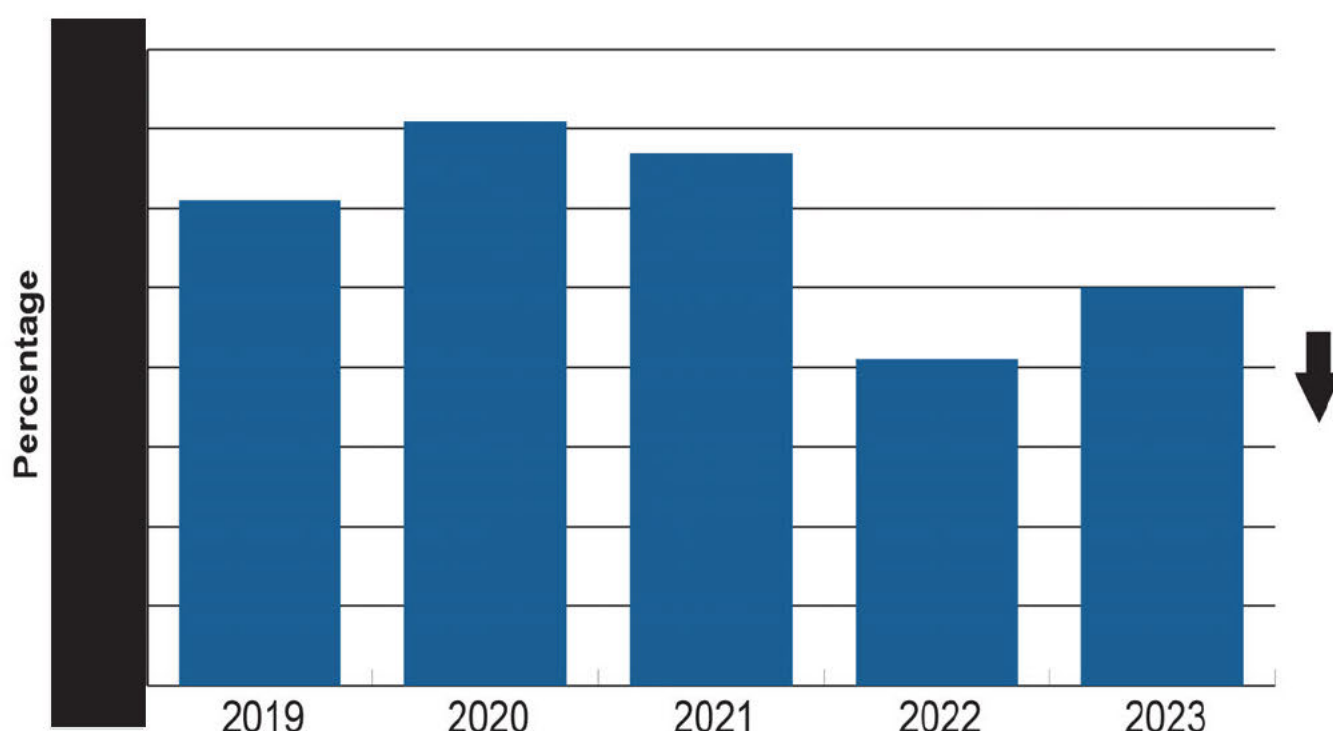


Figure O Q3.3 Projects Over Budget

O Q3.3 Projects Over Budget

4 - What are the results for the performance of key components of your supply network (e.g., on-time delivery, availability of critical materials, quality)?

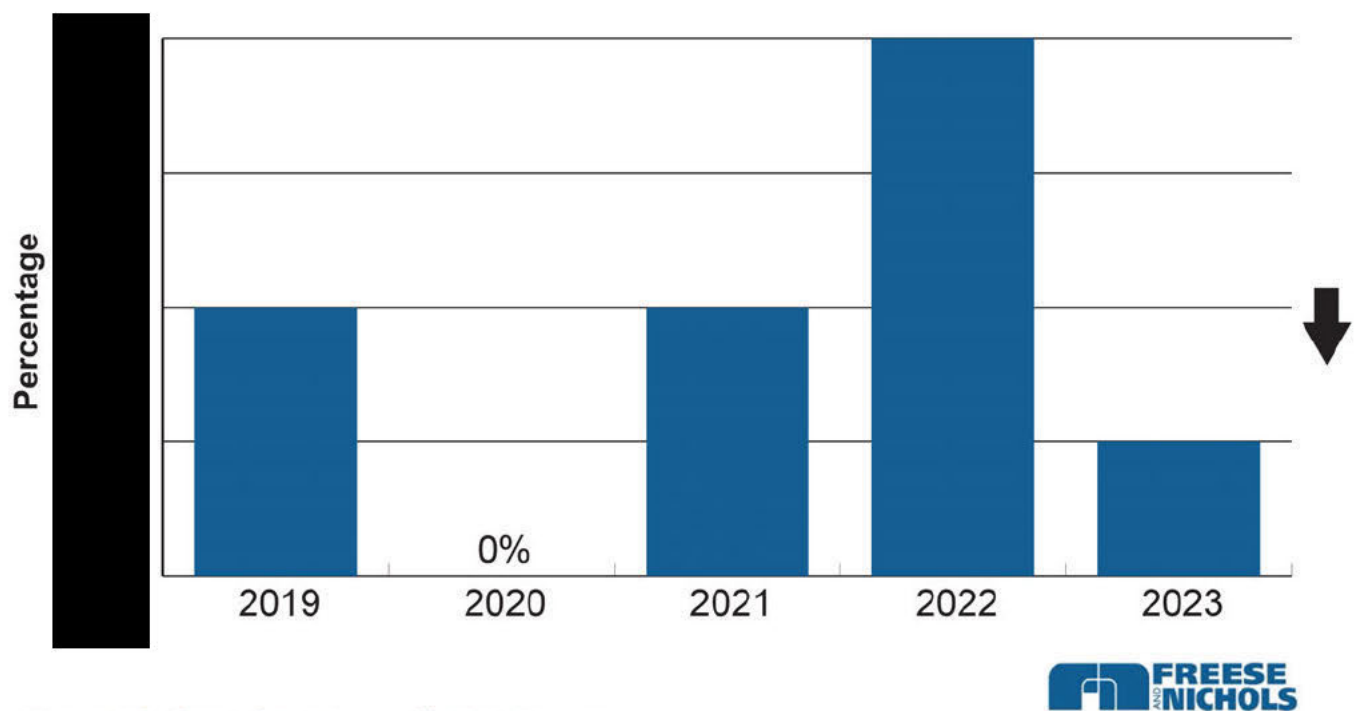
By effectively managing overhead rates, corporate expenses, and sales and marketing costs as a percentage of total revenue, FNI can monitor our overhead suppliers and partners to ensure they are fulfilling their requirements and providing value for price. FNI has consistently surpassed strategic targets over the past four years, achieving or exceeding 100% success rate (**O Q4.1**).

Monitoring claims as a percentage of net revenue (**O Q4.2**) serves as a critical performance gauge, shedding light on potential areas of concern such as product quality control or supplier performance in timely delivery. While no specific benchmark exists, FNI has maintained minimal claims relative to overall revenue, reflecting its commitment to excellence. Furthermore, client satisfaction remains high, with (**O Q4.3**) illustrating favorable feedback from clients on cost-saving initiatives, a testament to FNI's dedication to meeting client needs and expectations.



O Q4.1 Overhead and Expense

Claims as % of Net Revenue



O Q4.2 Claims as a % of Net Revenue

Cost Saving Ideas Offered	2019	2020	2021	2022	2023
Overall	4.51	4.62	4.56	4.63	N/A
Construction Management Practice	3.75	4.60	4.50	4.25	N/A
Environmental Practice	4.20	4.50	4.75	4.50	N/A
Facilities Practice	4.00	4.00	4.60	4.63	N/A
Program Management Practice	5.00	4.40	3.67	5.00	N/A
Stormwater Practice	4.55	4.55	4.54	4.48	N/A
Transportation - Highways Practice	N/A	N/A	N/A	4.00	N/A
Transportation - Roadways Practice	4.44	4.54	4.52	4.72	N/A
Urban Planning and Design Practice	4.33	4.58	4.69	4.77	N/A
W & WW Planning Practice	4.75	4.73	4.61	4.71	N/A
Water Resource Design Practice	4.57	4.85	4.59	4.20	5.00
Water Resource Planning Practice	5.00	4.75	4.80	4.80	N/A
WWW Treatment Practice	4.57	4.78	4.86	4.75	N/A
WWW Utilities/Transmission Practice	4.69	4.68	4.42	4.85	N/A
Figure O Q4.3 Project Survey - Cost Savings					

O Q4.3 Project Survey - Cost Savings

5 - What are your results for cybersecurity effectiveness, including intrusion attempts versus incidents?

Amidst escalating cybersecurity threats, FNI remains committed to safeguarding client data and protecting our network. Recognizing the human element's role in security breaches, we train all staff to detect and report anomalies, emphasizing proactive threat mitigation. Collaborating with FNI, KnowBe4 conducts phishing simulations and targeted education sessions. Despite deteriorating industry trends, FNI consistently exceeds best practices, demonstrating resilience and robust security protocols (**O Q5.1**). Partnering with Artic Wolf in 2022, we now have 24x7 monitoring, detection, and response, enhancing our cybersecurity risk management. Their comprehensive network security coverage score integrates assessments, with FNI consistently surpassing industry averages. Achieving flawless scores in 2023's last three quarters highlights FNI's commitment to executing the strategy of *technology supporting our vision for growth* (**O Q5.2**).

Phish Prone % - All Company

Benchmark is from KnowBe4

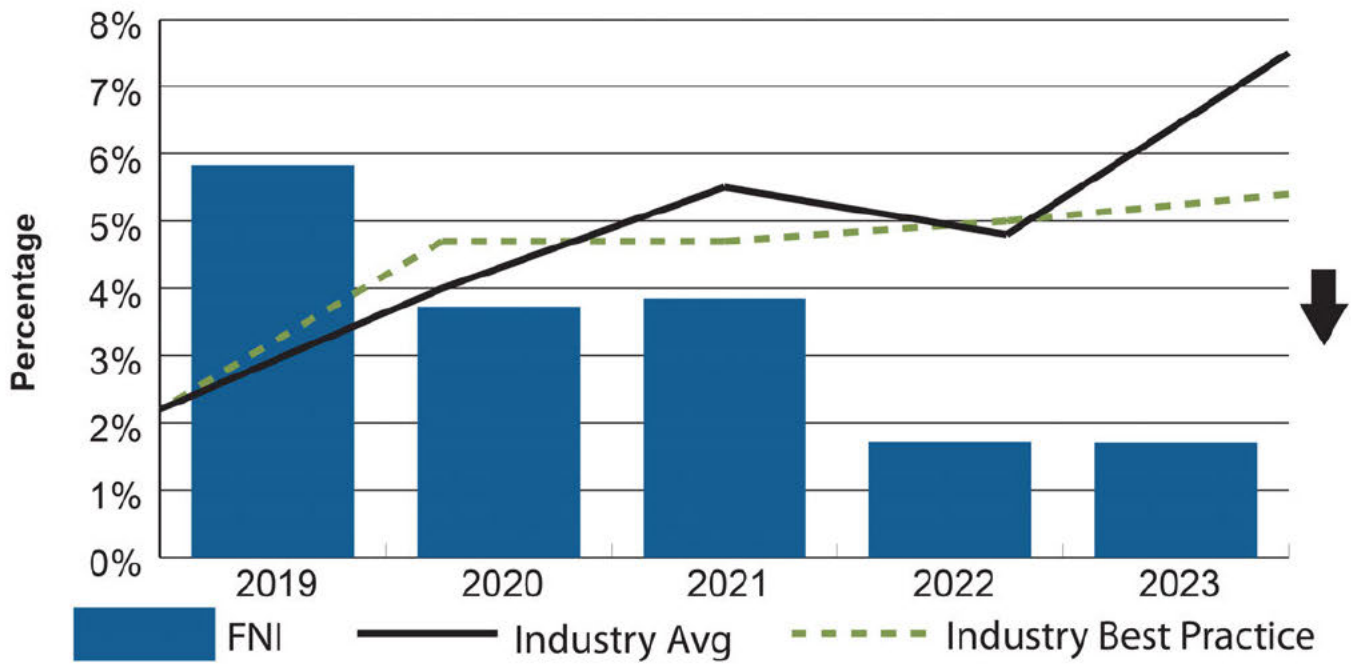


Figure O Q5.1 Phish Prone %

O Q5.1 Phish Prone %

Year	Quarter	Coverage Score	Observations	Investigations	Reported Incidents	Incident - Low	Incident - Medium	Incident - High
2023	Q4	100	18,900,000,000	328	102	8	0	0
2023	Q3	100	19,700,000,000	722	173	6	0	0
2023	Q2	100	18,000,000,000	1,320	269	5	0	0
2023	Q1	85	17,000,000,000	478	393	8	0	0
2022	Q4	75	15,500,000,000	574	326	3	0	0
2022	Q3	90	15,000,000,000	1,070	642	4	0	0
2022	Q2	75	11,400,000,000	746	392	10	0	0
2022	Q1	85	4,730,000,000	40	30	6	0	0
Artic Wolf Avg		83.3						
O Q5.2 Cybersecurity Risk								

O Q5.2 Cybersecurity Risk

Operational Continuity

1 - Briefly describe and/or depict your key processes used for the following:

1. risk management,
2. continuity of operations, and
3. emergency preparedness.

FNI prioritizes operational continuity through systematic processes, multi-tiered committees, proactive reviews, and senior leadership engagement. Robust continuity measures and emergency preparedness protocols, including staff training and communication tools are in place. Risk management is enabled through a risk focus in each Board agenda, a Project Risk Management Committee, a Risk Management Team, and Senior Advisors on projects, ensuring layered oversight **OC Q1.1**. Activities such as online contract reviews **OC Q1.2**, risk reports, and satisfaction surveys support risk mitigation. Senior leadership drives quality assurance and systematic vetting of senior hires help embed risk management in our organizational culture. Robust training programs encourage staff to engage with the Risk Manager, demonstrating an accessible risk management infrastructure.

Strategies like geographic diversification and distributed leadership, minimize regional disruption risks. A mobile-capable workforce and remote access systems showcase our resilience and adaptability. Contingency and backup systems, alongside cloud technology adoption help secure our operations. Transition planning and restricted contract signing authorities further enable business stability amidst leadership transitions. At the project level, our handoff process mitigates disruption by involving stakeholders and giving new Project Managers necessary information.

Emergency preparedness **OC Q1.3** includes targeted disaster recovery plans and response teams, with emergency and specific evacuation protocols for each office. Our employee notification app and a systematic issue-reporting method bolster emergency response. Selected leaders in every office undergo crisis response training that goes beyond workplace emergencies and covers project failures, employee misconduct and other reputational crises. Annual tabletop exercises teach our regional leaders how to apply our response process to various crisis scenarios.

Risk Management Processes

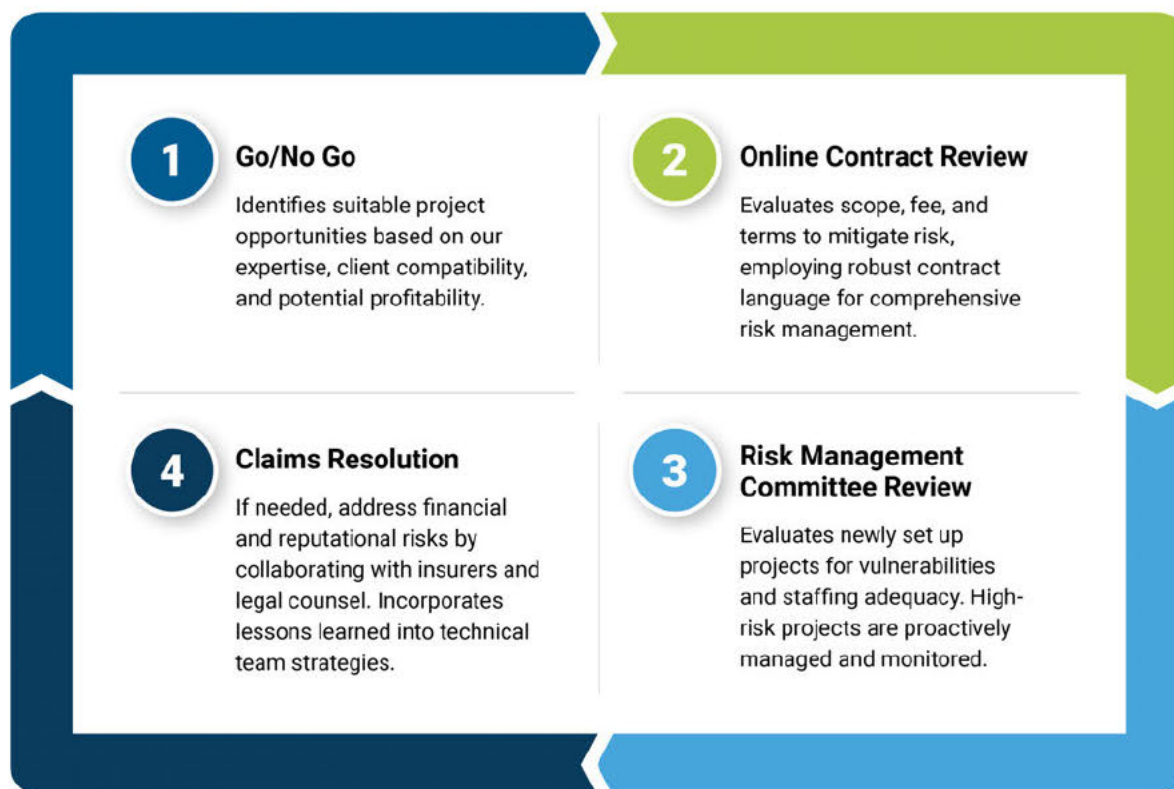


Figure OC Q1.1 Risk Management Process



OC Q1.1 Risk Management Process

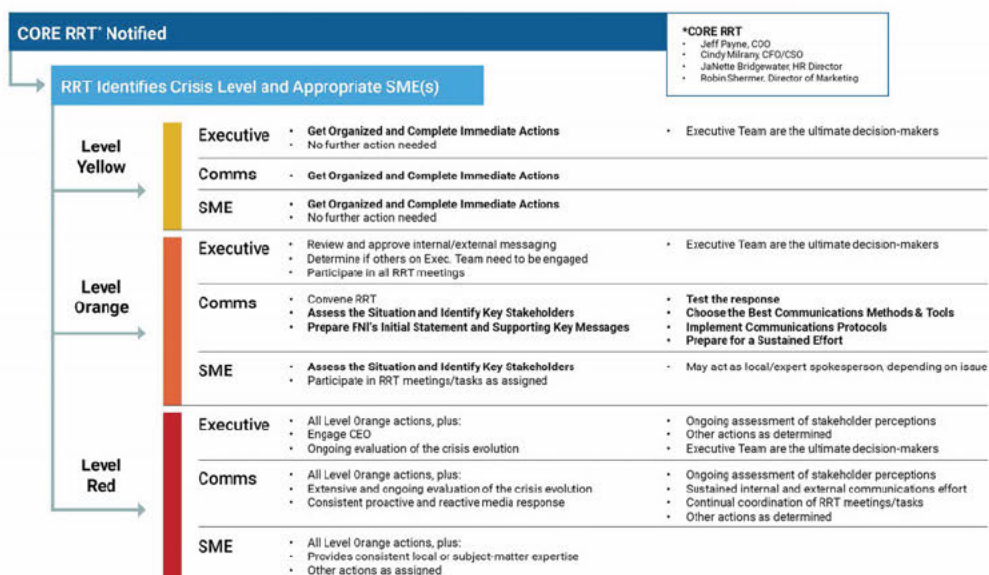
Online Contract Review (OLCR) Process



Figure OC Q1.2 On-line Contract Review Process



What happens when a crisis occurs?



More-detailed response guidelines follow.

OC Q1.3 Emergency Preparedness Response

OC Q1.3 Emergency Preparedness Response

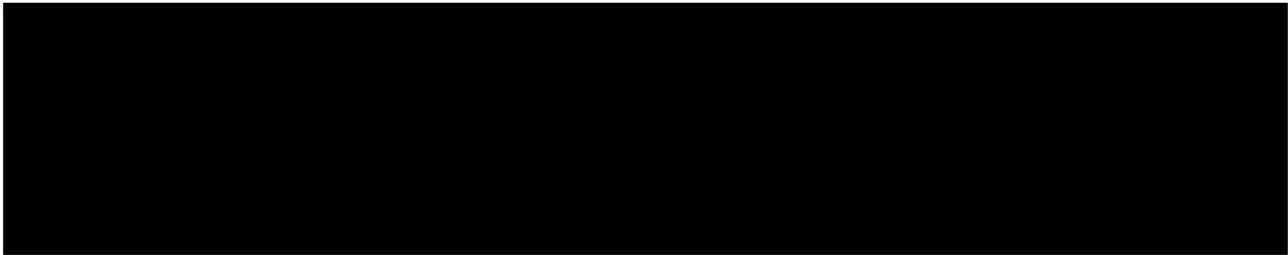
2 - What are the results for the effectiveness of your risk management plan, including the following:

1. number of risks identified versus number of risks mitigated,
2. cost of losses, and
3. cost savings of risks averted and risks mitigated?

Claims **OC Q2.1** are payments related to misrepresentation, missed deadlines, flawed designs, or breach of contract on our projects. Claims are accrued in the year made and possibly settled or paid in subsequent years. The analysis of costs associated with claims serves as a critical gauge of both risk management effectiveness and risk mitigation. FNI's low number and cost of claims show its commitment to quality assurance and effective project management. FNI has successfully closed claims and mitigated risks with significant savings **OC Q2.2**. Additionally, FNI tracks professional liability (insurance covering claims) gross rate **OC Q2.3**, to understand the impact to premium in cases where insurance pays. A gross rate of 0.35% to 0.50% is indicative of a favorable loss history, while rates at 0.75% suggest high claim activity. Vigilant monitoring of costs associated with losses and claims empowers FNI to safeguard assets, minimize liabilities, and fortify overall operational resilience.



OC Q2.1 Cost of Losses



OC Q2.2 Mitigated Risk

Professional Liability Gross Rate (per \$100)

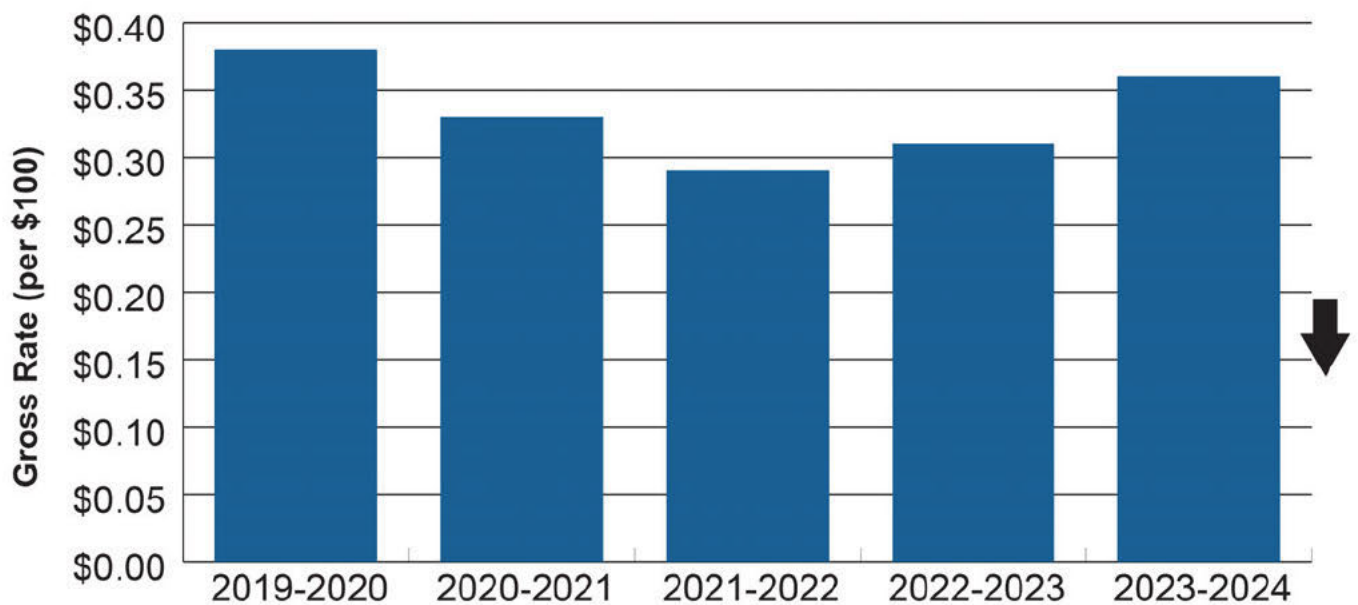


Figure OC Q2.3 Professional Liability Gross Rate (per \$100)

OC Q2.3 Professional Liability Gross Rate (per \$100)

3 - What are the results for the testing of your continuity of operations plan?

FNI possesses the capability to swiftly pivot to a remote work environment in the event of natural or man-made disasters. Consequently, the organization's primary operational vulnerability lies within its IT infrastructure. The uptime of IT

systems plays a pivotal role in gauging the effectiveness of FNI's continuity of operations plan (COOP). Sustained high uptime indicates successful management of disruptions and guarantees the availability of critical IT services (**OC Q3.1**). Proactive disaster preparedness and crisis management begin with robust policy design and ongoing monitoring, including penetration testing (**OC Q3.2**). By diligently monitoring IT uptime and penetration testing results, FNI can continually assess COOP resilience and fine-tune strategies to bolster operational continuity while minimizing disruptions.

IT Uptime

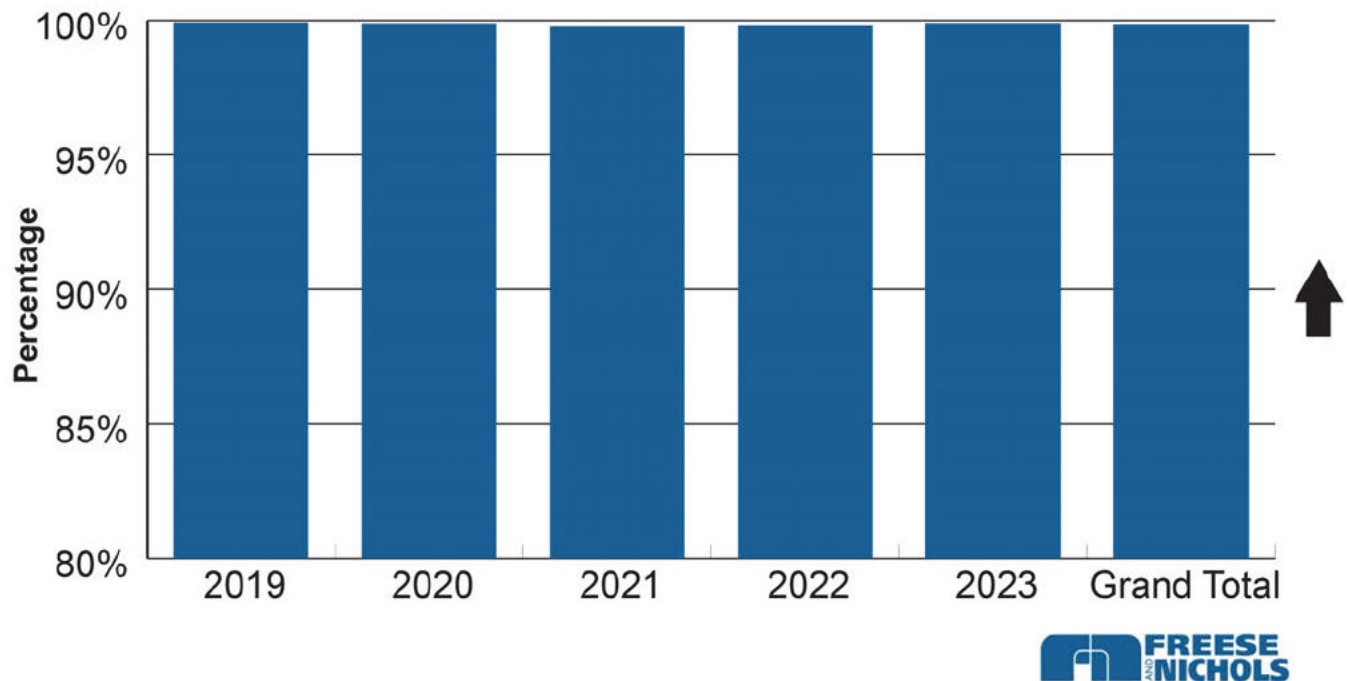


Figure OC Q3.1 IT Uptime

OC Q3.1 IT Uptime

Year Implemented	2019	2020	2021	2022	2023
Measure	Incident Response Policy	Disaster Recovery Policy		Crisis Management Policy	
Assessment/Engagement		Yes	X2	X2	X2
Incident Response Practice		X2	X2	X2	X2
Training	Yes	Yes	Yes	Yes	Yes
Policy Updates	Yes	Yes	Yes	Yes	Yes
System Security Plan Update		Yes	Yes	Yes	Yes
Penetration Test		Yes	Yes	Yes	Yes
Application Penetration Test					Yes
Risk Assessment		Yes	Yes	Yes	Yes
Monthly Security Review					Yes
Figure OC3.2 Operations Policy Progress					

OC Q3.2 Operations Policy Progress

4 - What are the results for the testing of your emergency preparedness plans (e.g., time to evacuate your facility, emergency response time, recovery time)?

Given that FNI does not own or control any buildings, emergency preparedness drills conducted by building owners are beyond its purview, limiting access to crucial data. However, recognizing the importance of proactive safety measures, FNI has taken the initiative to implement comprehensive emergency preparedness plans in coordination with building owners for each of its sites **(Q4.1)** and has conducted training on these plans with FNI employees.

Emergency Preparedness Plan Progress		
Office	Initial Contact	Plan Created
Atlanta	✓	✓
Austin	✓	✓
Harlingen	✓	
Charlotte	✓	
Corpus Christi	✓	
Dallas	✓	✓
Denton	✓	✓
Duluth	✓	✓
El Paso	✓	✓
Fort Worth	✓	✓
Frisco	✓	✓
Houston	✓	✓
Lubbock	✓	✓
Oklahoma City	✓	
Pearland	✓	✓
Raleigh	✓	✓
San Antonio	✓	✓
San Marcos	✓	✓
Tampa	✓	
Tulsa	✓	
Winston Salem	✓	
Figure OC Q4.1 Emergency Preparedness		

OC Q4.1 Emergency Preparedness

Workforce

Note: Results presented below should include discrete data for key workforce segments, where available.

1 - Briefly describe your key processes used for the following:

- 1. workforce engagement,**
- 2. workforce development and job skills training, and**
- 3. ensuring workplace health and safety.**

We use our **LEADS Values (OP Q2.2)** to guide how we engage and treat our employees. We engage and develop our workforce (**W Q1.1**) by providing challenging work that aligns with the staff's interests. We offer opportunities for skill development and mentorship, fostering a supportive and inclusive work culture, recognizing their contributions and achievements, providing clear pathways for career advancement, and soliciting their input and ideas for innovation and improvement within the firm. We evaluate workforce engagement through a systematic employee evaluation process conducted by a third party, Beyond Feedback, in our annual Employee Engagement Survey. We analyze the results by key workforce segments and use the feedback to drive improvement.

FNI implements a comprehensive approach to employee career development, utilizing performance evaluations, **Individual Development Plans (IDPs)**, career ladders, and mentoring. Career ladders outline paths in technical, management and business development fields, tailored to individual interests. Young technical staff gain diverse project exposure for career clarity. Managers support IDP creation, aligning with career ladder steps and define required training and experience. Our **Mentorship Program** aids in relationship building and career development for staff. Leadership potential is nurtured through specialized training and succession planning. FN University provides a variety of staff development opportunities as shown in (**W Q1.2**).

FNI promotes a safe and healthy workplace through multiple approaches (**W Q1.3**) including policies, security processes, disaster recovery protocols, crisis response plans, visitor check-ins, safety training, and office design. Our safety and security learnings align with a predominantly office work environment. We prioritize workplace health through our Wellness Program, hosting webinars, and providing 24/7 access to health resources.

Employee Engagement Approaches	
Workforce Input, Engagement and Teambuilding	• Involvement/participation in company committees: Continuous Improvement, Innovation, Sustainability, DEI and Employee Resource Groups, participation in distinct Rapid Improvement Events • CIdeas (Continuous Improvement Ideas): online program for employees to provide an idea • Principal lunch sessions, Technical Excellence Program meetings: share / learn best practices • Regional Business Development meetings: strategic discussion on client relationships and opportunities • Division Town Hall meetings • Employee appreciation events • Manager "Stay" conversations • Open concept offices • Break areas and game rooms to promote collaboration and staff interaction
Performance Management	• Cascaded goal setting aligned to group's Annual Operating Plans and FNI's overall Strategic Plan • Annual performance reviews • Published Career Paths, Annual Individual Development Plans (IDPs), Mentoring and Coaching • Succession planning • Defined job competencies
Reward and Recognition	• Performance-based salary increases, Competitive pay, Annual Team FN Bonus, Profit-sharing contributions to 401K • Star bonuses from CEO for extraordinary performance • Spot bonuses with a note from the CEO • Recognition for receiving professional licenses • Marvin C. Nichols Award for publishing papers or making presentations at conferences • James R. Nichols Award for service in the community • Robert L. Nichols Professional Service Award for outstanding service to professional organizations • Michael L. Nichols Award for Excellence in Client Service • Lee B. Freese Award for Excellence in Mentoring • Simon Freese Award for Innovation • Innovation quarterly awards called Horizon Awards • Service award bonuses and intranet recognition for milestone anniversaries • Top Box 5 project satisfaction recognition
Benefits and Policies	Career Support • Formal career development, FNU training classes, Tuition reimbursement up to \$15,000 • Paid professional association memberships, Licensing assistance - including exam fees and study materials, Continuing education for relicensing • Conference attendance costs paid; opportunities to present at conferences Work/Life Balance Programs • Alternate work schedules, Hybrid remote work policy, Flexible work hours, paid parental leave • Employee Assistance Program, PTO donation program • 8 paid holidays, 2 of which are floating, Paid Time Off based on years of service • Travel assistance, Cabins in New Mexico free for employee vacations • Family social events • Technology and partner discounts Financial Protection • 401(k) plan with FNI matching • Paid overtime for all employees (including exempt employees) except shareholders • Family medical leave, bereavement leave, jury duty leave, Military leave • Short-term medical leave and long-term disability • Flexible Spending Account for medical expenses and dependent care • Employer contribution to dependent care account • Life insurance, Accidental Death, and Dismemberment • 529 College savings payroll deduction • LegalShield attorney services and IDShield identity protection Pet Insurance Health and Wellness Programs • Medical insurance for employee and dependents • Health Savings Accounts including employer contribution • Health Reimbursement Account for employees on PPO plan (most of medical deductible is reimbursed each year) • Critical illness insurance • Prescription drug coverage • Vision and dental insurance • Healthcare advisory services, including provider selection and dispute resolution • LiveWell fitness reimbursement • Healthy Rewards discounts on health products and programs

Figure W Q1.1 Employee Engagement Approaches

W Q1.1 Employee Engagement Approaches

Employee Development Approaches	
New Employee Orientation	The one-day course is scheduled quarterly, and all new employees are brought to Fort Worth to attend in person. The course is taught by Organizational Development staff and top company executives. It addresses the history and culture of FNI, FNI's strategic plan, an overview of operations and business development, and our Baldrige journey
Onboarding	On the first day of employment, all employees attend a 2-hour onboarding webinar with HR. Group managers follow this by completing a leader checklist with the new employee during their first week. Additionally, the group managers add additional onboarding information pertinent to their specific area. This learning is supplemented by self-directed learning modules that the new employee completes based upon a new employee checklist.
FNI Mentorship Program	FNI's formal mentorship program matches senior staff with younger or less tenured employees to provide advice on career planning and development, understanding the FNI culture and values, and development of relationships.
Code of Conduct Training	HR reviews FNI's Code of Conduct with employees annually and then guides staff through 2-5 ethical scenarios asking/testing staff's understanding of which part of our Code the situation falls under.
Professional Ethics	This one-day course meets engineer's requirement for annual Ethics Training and is scheduled quarterly. The course is taught by members of our Organizational Development team.
Management and Leadership Skills	Courses include leadership, time management, team building, communications, coaching skills, etc. Leadership Development courses act as incentives for employees, with high performers being selected to participate.
Project Management and PM Certification	Project Management Certification is for project managers whose professional development could be enhanced with leadership skills training. Participants attend training classes over eight months with homework assignments to develop their skills. Many of the sessions are taught by FNI senior management or content experts within the firm. Participants are given new assignments or increased responsibilities following successful completion of the class. PM Certification is one outcome of participation.
Business Development Courses	Courses include client relationship development, Strategic and Key Account management, positioning best practices, pursuit strategies, presentation skills, and conference abstract development.
Professional and Personal Development	Courses include emotional intelligence, personal accountability, crucial conversations, Microsoft Office applications, building business relationships, effective communication, technical writing, and more. Other courses focused on soft skills for career development.
Other Development Programs	Employees have opportunities to develop professionally through multiple venues to accommodate their schedules and workloads. Examples of these venues include: FNU virtual courses taught in 1-hour increments, FNI micro-learning video courses, brown bags, Technical Excellence Program meetings, CI Lunches, PM Lunches, and Senior Advisor meetings. These additional methods help to understand the workforce's desired learning and development needs while developing staff to achieve organizational goals.
Figure W Q1.2 Employee Development Approaches	

W Q1.2 Employee Development Approaches

Focus	Example Offerings
Safety	• Safety Director and Coordinator • Safety Committee and Processes • Medical supply boxes • Safety training (Defensive driving, office fire evacuation ect.) • PPE at job sites • Safety reporting • Vehicle driver monitoring • Emergency evacuation plans for each office • AED machines • Employees whose work may require them to routinely visit hazardous sites attend an initial 40-hour hazardous material course with annual 8-hour refreshers. Safety training based on roles and responsibilities • Safety Spotlight articles published on intranet
Security	• Physical security procedures, including visitor procedures • Office emergency plans • Restricted access to facilities • Phishing training – online videos and webinars
Wellness	• Healthy snacks • Wellness webinars • Wellness rooms • Game rooms promote active lifestyle, encourage coworker engagement, reduce stress, etc. • Reimbursement for health club • Employee assistance program • Incentivized health screenings

Figure W Q1.3 Safety and Security Approaches

W Q1.3 Safety and Security Approaches

2 - What are your results for turnover, retention, and absenteeism?

Like most industries, workforce acquisition and retention present a strategic challenge. FNI has leveraged its core competency of **Family Culture**, knowing that a happy, engaged workforce plays a pivotal role in reducing turnover and enhancing retention. FNI exceeds all peer medians and has achieved top decile/quartile in 8 of the 15 data points (**W Q2.1**). Aligned with its vision to **Be the firm of Choice for clients and employees**, FNI assesses its success through staff retention metrics. Overall, an 88% employee retention rate (**W Q2.2**) positively reflects FNI's ability to attract, engage, and retain talent contributing to our stability, productivity, and long-term success. With 39% of all staff working at FNI for more than 5 years, the company leverages its strategic advantage of a healthy culture (**W Q2.3**). While absenteeism is not formally tracked, FNI offers generous PTO which allows the employees flexibility to manage their time effectively, including medical leave when necessary.

Measure	2019	2020	2021	2022	2023
FNI Total Turnover (↓ Better)	5.2%	8.9%	6.6%	10.0%	6.2%
Median Size/Primary	12.5%	11.8%	9.5%	13.0%	12.4%
Water/Wastewater Median	10.0%	10.8	7.0%	10.0%	9.1%
Southern US Median	N/A	N/A	8.5%	15.5%	14.0%
State/Municipal Median	N/A	N/A	N/A	17.0%	11.0%
Measure	2019	2020	2021	2022	2023
FNI Involuntary Turnover (↓ Better)	0.03%	1.5%	0.7%	1.0%	0.0%
Median Size/Primary	2.8%	4.0%	1.8%	1.4%	1.2%
Water/Wastewater Median	2.2%	3.5%	1.0%	1.0%	1.0%
Southern US Median	N/A	N/A	2.5%	1.0%	2.2%
State/Municipal Median	N/A	N/A	N/A	1.0%	0.0%
Measure	2019	2020	2021	2022	2023
FNI Voluntary Turnover (↓ Better)	4.9%	7.4%	4.9%	8.0%	6.0%
Median Size/Primary	9.0%	8.0%	7.9%	10.0%	9.7%
Water/Wastewater Median	7.6%	7.7%	4.0%	8.0%	7.8%
Southern US Median	N/A	N/A	6.0%	13.3%	10.0%
State/Municipal Median	N/A	N/A	N/A	13.0%	7.0%
Source of Benchmark - Environmental Financial Consulting Group			Top Quartile		Top Decile
Based on Data from 12 Months Prior to Survey Submission					
Figure W Q2.1 Turnover of Professional Staff					

W Q2.1 Turnover of Professional Staff

Tenure Retention	2019	2020	2021	2022	2023
<2 Years	89.59%	87.52%	88.87%	88.62%	90%
2-5 Years	83.64%	88.52%	81.11%	75.59%	84.16%
5-10 Years	92.79%	92.50%	88.93%	84.55%	83.37%
10-20 Years	90.96%	94.50%	92.85%	89.97%	92.86%
>20 Years	98.59%	93.47%	92.31%	86.56%	97.33%
Total	89.50%	90.23%	87.20%	84.31%	88.26%
Figure W Q2.2 Tenure - Retention					

W Q2.2 Tenure - Retention

% of Workforce by Tenure	2019	2020	2021	2022	2023
<2 Years	33.24%	28.79%	26.08%	31.11%	36.41%
2-5 Years	26.25%	31.31%	33.01%	28.19%	24.14%
5-10 Years	14.90%	14.96%	17.48%	17.03%	18.62%
10-20 Years	17.15%	16.34%	15.04%	16.14%	14.02%
>20 Years	8.47%	8.60%	8.39%	7.53%	6.82%
Total	100%	100%	100%	100%	100%
Figure W Q2.3 % of Workforce by Tenure					

W Q2.3 % of Workforce by Tenure

3 - What are your results for workforce satisfaction and dissatisfaction?

FNI utilizes a diverse array of approaches, including surveys, one-on-one interviews, focus groups, engagement metrics, and performance reviews, to gain comprehensive insights into workforce satisfaction and areas for improvement. Key satisfaction drivers identified by Beyond Feedback, such as manageable workload, meaningful work, and work schedule flexibility, consistently rank at the top decile/quartile performance levels (**W Q3.1 and W Q3.2**). Furthermore, compensation and benefits emerge as pivotal factors influencing employee engagement, with FNI achieving excellent results over the past 5 years, with 14 out of 15 bonus measures achieving top decile/quartile performance (**W Q3.3**).

Measure	FNI 2019 Score	FNI 2020 Score	FNI 2021 Score	FNI 2022 Score	FNI 2023 Score	2019 Industry Top 25%*	2020 Industry Top 10%	2021 Industry Top 10%	2022 Industry Top 10%	2023 Industry Top 10%	2023 Industry Top 25%
Competitive Benefits and Compensation	75.2	76.9	78	N/A	74.1	79	79.5	78	82.8	77.2	76.1
Female	75.2	76.7	76.7	70.2	72.3	Segmented Benchmarks Not Available					
Male	75.1	77.0	78.7	73.5	75.2						
Baby Boomer	N/A	N/A	81.6	78.6	79.4						
Gen X	N/A	N/A	77.9	74.9	77.8						
Gen Z	N/A	N/A	86.9	67.2	74.7						
Millennials	N/A	N/A	76.4	70.5	70.8						
Corporate	N/A	N/A	N/A	71.7	74.8						
Stormwater	N/A	N/A	N/A	68	76						
Water Resource Design	N/A	N/A	N/A	69.8	66						
Transportation	N/A	N/A	N/A	79.5	78.7						
W & WW Planning	N/A	N/A	N/A	75.3	74.9						
Program Management	N/A	N/A	N/A	67.5	76.7						
Water Resource Planning	N/A	N/A	N/A	72.1	76.6						
WWW Utilities/Transmission	N/A	N/A	N/A	68.3	73						
Construction	N/A	N/A	N/A	77.6	71.9						
Facilities	N/A	N/A	N/A	69	69.9						
WWW Treatment	N/A	N/A	N/A	76	72						
Environmental	N/A	N/A	N/A	70.1	77.6						
Urban Planning Design	N/A	N/A	N/A	76.8	86.5						
Asian	N/A	N/A	77.2	66.9	68.4						
Black	N/A	N/A	76.6	72.6	74.1						
Hispanic	N/A	N/A	77.7	73.8	71.9						
White	N/A	N/A	78.6	72.9	75.1						
Other	N/A	N/A	69.7	67.6	72.4						
Manageable Workload	N/A	N/A	75.4	74.2	77.2	N/A	N/A	75.4	73.2	76.8	66.3
Female	N/A	N/A	74.2	71.1	76.4	Segmented Benchmarks Not Available					
Male	N/A	N/A	76.1	75.7	77.8						
Baby Boomer	N/A	N/A	74.9	73.1	76.3						
Gen X	N/A	N/A	72.6	72.6	76.1						
Gen Z	N/A	N/A	83.6	77.5	82.5						
Millennials	N/A	N/A	76.1	74.8	76.2						
Corporate	N/A	N/A	N/A	73.6	78.7						
Stormwater	N/A	N/A	N/A	67.1	72						
Water Resource Design	N/A	N/A	N/A	72.6	71.5						
Transportation	N/A	N/A	N/A	82.2	82.3						
W & WW Planning	N/A	N/A	N/A	82.3	75.9						
Program Management	N/A	N/A	N/A	77.6	84						
Water Resource Planning	N/A	N/A	N/A	70.8	70						
WWW Utilities/Transmission	N/A	N/A	N/A	71.3	77.8						
Construction	N/A	N/A	N/A	82.9	81.1						
Facilities	N/A	N/A	N/A	72	75.5						
WWW Treatment	N/A	N/A	N/A	72.8	76.6						
Environmental	N/A	N/A	N/A	73	78.9						
Urban Planning Design	N/A	N/A	N/A	70.6	80.2						
Asian	N/A	N/A	85.4	77.7	75.2						
Black	N/A	N/A	72.2	63.9	81.5						
Hispanic	N/A	N/A	73.7	77	79.7						
White	N/A	N/A	75.3	74.1	76.6						
Other	N/A	N/A	75.4	72.1	77.6						
Meaningful Work	81.4	82.4	84.6	85.1	85.6	78	82.2	84.6	87.4	85.5	85.4
Due to space limitations - All Measures Full Segmentation AOS								*Top Decile Not Available			
Figure W Q3.1 Satisfaction											

W Q3.1 Satisfaction

Measure	FNI 2019 Score	FNI 2020 Score	FNI 2021 Score	FNI 2022 Score	FNI 2023 Score	2019 Industry Top 25% *	2020 Industry Top 10%	2021 Industry Top 10%	2022 Industry Top 10%	2023 Industry Top 10%	2023 Industry Top 25%
Organizational Diversity	N/A	N/A	72.3	72	75.2	N/A	N/A	N/A	79.6	N/A	N/A
Female	N/A	N/A	66.3	67.7	74.3	Segmented Benchmarks Not Available					
Male	N/A	N/A	78	75.8	76.3						
Baby Boomer	N/A	N/A	72	73.7	71.3						
Gen X	N/A	N/A	72.1	74.1	77.4						
Gen Z	N/A	N/A	69.2	71.8	75.9						
Millennials	N/A	N/A	73.1	70.8	74.4						
Corporate	N/A	N/A	N/A	71.9	74.7						
Stormwater	N/A	N/A	N/A	61.2	73.7						
Water Resource Design	N/A	N/A	N/A	73.4	76						
Transportation	N/A	N/A	N/A	82.9	81.3						
W & WW Planning	N/A	N/A	N/A	72.9	61.2						
Program Management	N/A	N/A	N/A	82.8	82.5						
Water Resource Planning	N/A	N/A	N/A	79.2	84.2						
WWW Utilities/Transmission	N/A	N/A	N/A	63.6	79.4						
Construction	N/A	N/A	N/A	72.8	64.8						
Facilities	N/A	N/A	N/A	78.4	69.2						
WWW Treatment	N/A	N/A	N/A	75.8	74.8						
Environmental	N/A	N/A	N/A	66.4	81.8						
Urban Planning Design	N/A	N/A	N/A	66.8	82.5						
Asian	N/A	N/A	74.3	71.1	74.4						
Black	N/A	N/A	70	54.2	64.5						
Hispanic	N/A	N/A	75	72.1	77.6						
White	N/A	N/A	71.4	74.6	76.1						
Other	N/A	N/A	82.9	79.3	81.8						
Organizational Growth	82.4	86.1	85.2	86.4	85.2	74.7	81.2	85.2	88.1	86.2	85.8
Female	84.2	86.6	83.3	84.3	84.3	Segmented Benchmarks Not Available					
Male	81.8	85.8	85.8	87.1	85.7						
Baby Boomer	N/A	N/A	85.4	85.6	88.7						
Gen X	N/A	N/A	85.3	88.5	87						
Gen Z	N/A	N/A	93.7	89.9	88.2						
Millennials	N/A	N/A	84.3	84.3	83						
Corporate	N/A	N/A	N/A	90.3	88						
Stormwater	N/A	N/A	N/A	78.5	81.7						
Water Resource Design	N/A	N/A	N/A	82.4	74.6						
Transportation	N/A	N/A	N/A	90.6	90.6						
W & WW Planning	N/A	N/A	N/A	89.7	89.2						
Program Management	N/A	N/A	N/A	88.2	92.5						
Water Resource Planning	N/A	N/A	N/A	80	88.6						
WWW Utilities/Transmission	N/A	N/A	N/A	84.2	85.1						
Construction	N/A	N/A	N/A	93	78.5						
Facilities	N/A	N/A	N/A	78.3	83.9						
WWW Treatment	N/A	N/A	N/A	83.4	88.8						
Environmental	N/A	N/A	N/A	89.4	80.4						
Urban Planning Design	N/A	N/A	N/A	85.6	69.7						
Asian	N/A	N/A	87.6	79.4	78						
Black	N/A	N/A	82.7	94.8	84.4						
Hispanic	N/A	N/A	81.9	86.7	85.2						
White	N/A	N/A	85.8	86.9	86.1						
Other	N/A	N/A	83.9	85.1	84						
Work Schedule Flexibility	87.3	83.2	86.1	86.1	88.7	N/A	82.3	86.1	86.0	88.9	87.4
Source of Benchmark - Beyond Feedback					*Top Decile Not Available				Top Quartile		Top Decile
Due to space limitations - All Measures Full Segmentation AOS											
Figure W Q3.2 WF Satisfaction											

W Q3.2 WF Satisfaction

Measure	2019	2020	2021	2022	2023
FNI Bonus as % of EBBT (↑ Better)	79.0%	86.6%	76.3%	78.8%	83.6%
Median Size/Primary	45.5%	30.5%	52.7%	35.0%	39.7%
Water/Wastewater Median	42.4%	51.5%	46.2%	38.7%	58.9%
Southern US Median	N/A	N/A	53.3%	24.3%	40.4%
State/Municipal Median	N/A	N/A	N/A	32.1%	35.3%
Measure	2019	2020	2021	2022	2023
FNI Bonuses as % of Net Revenue (↑ Better)	12.2%	14.0%	12.6%	13.1%	14.5%
Median Size/Primary	4.4%	4.1%	5.0%	3.95	4.1%
Water/Wastewater Median	5.5%	5.3%	7.7%	6.5%	7.4%
Southern US Median	N/A	N/A	7.5%	4.5%	4.0%
State/Municipal Median	N/A	N/A	N/A	2.6%	3.7%
Measure	2019	2020	2021	2022	2023
FNI % of Employees with Bonus >\$2K (↑ Better)	95.0%	90%	85%	98%	100%
Median Size/Primary	38.5%	48%	55%	57%	60%
Water/Wastewater Median	64.0%	46%	69%	70%	70%
Southern US Median	N/A	N/A	50%	83%	71%
State/Municipal Median	N/A	N/A	N/A	69%	64%
Source of Benchmark - Environmental Financial Consulting Group			Top Quartile		Top Decile
Figure W Q3.3 Compensation and Benefits					

W Q3.3 Compensation and Benefits

4 - What are your results for workforce engagement?

Overall employee engagement is formally assessed annually through Beyond Feedback Employee Engagement Surveys (**W Q4.1 and W Q4.2**), contributing to our reputation as a Great Place to Work. This survey facilitates robust segmentation, enhancing alignment and enabling in-depth analysis to identify areas for improvement. Results consistently show exceptional performance in aspects such as collaborative environment, connection to the mission, alignment of coworkers' actions with organizational values, and relationships with colleagues, with 15 out of 19 measures achieving top decile/quartile performance over the past 5 years. As with most organizations, during the pandemic, all employees transitioned to remote work. Today, approximately 50% of staff currently work remotely up to two days per week (**W Q4.3**).

Measure	FNI 2019 Score	FNI 2020 Score	FNI 2021 Score	FNI 2022 Score	FNI 2023 Score	2019 Industry Top 25%*	2020 Industry Top 10%	2021 Industry Top 10%	2022 Industry Top 10%	2023 Industry Top 10%	2023 Industry Top 25%	
Collaborative Environment	72.6	73.6	74.2	77.8	78.5	66.0	82.7	80.4	87.0	78.3	78.0	
Female	72.3	73.5	68.2	76.8	76	Segmented Benchmarks Not Available						
Male	72.7	73.7	76.5	78.3	79.5							
Baby Boomer	N/A	N/A	71.1	75	75.8							
Gen X	N/A	N/A	75	77.3	78							
Gen Z	N/A	N/A	84.7	77.9	82.6							
Millennials	N/A	N/A	73.9	80	79.2							
Corporate	N/A	N/A	N/A	80.1	79.4							
Stormwater	N/A	N/A	N/A	77	78.4							
Water Resource Design	N/A	N/A	N/A	72.4	76.7							
Transportation	N/A	N/A	N/A	76.7	83.6							
W & WW Planning	N/A	N/A	N/A	78.5	85.5							
Program Management	N/A	N/A	N/A	78	72							
Water Resource Planning	N/A	N/A	N/A	75.8	76.6							
WWW Utilities/Transmission	N/A	N/A	N/A	80.4	76.2							
Construction	N/A	N/A	N/A	84.9	70.3							
Facilities	N/A	N/A	N/A	74.8	77.8							
WWW Treatment	N/A	N/A	N/A	79.8	79.3							
Environmental	N/A	N/A	N/A	76.4	79.7							
Urban Planning Design	N/A	N/A	N/A	86	82.5							
Asian	N/A	N/A	70.1	78.1	78.5							
Black	N/A	N/A	76.4	78	77.3							
Hispanic	N/A	N/A	78.2	77.4	82.5							
White	N/A	N/A	73.5	77.9	78							
Other	N/A	N/A	77.3	76.6	76.4							
Connection to Mission	85.6	88.8	86.2	87.7	88.5	74.3	80.6	86.2	91.5	90.3	88.1	
Female	85.2	88.6	85.8	88.4	86.1	Segmented Benchmarks Not Available						
Male	85.9	88.8	86.4	87.5	89.8							
Baby Boomer	N/A	N/A	82.5	86.9	84.1							
Gen X	N/A	N/A	86.1	88.4	90.9							
Gen Z	N/A	N/A	86.6	91.5	86.9							
Millennials	N/A	N/A	88.6	86.9	88.9							
Corporate	N/A	N/A	N/A	90.3	88.8							
Stormwater	N/A	N/A	N/A	83.8	92.2							
Water Resource Design	N/A	N/A	N/A	80.5	83.7							
Transportation	N/A	N/A	N/A	88.4	92.5							
W & WW Planning	N/A	N/A	N/A	89	85							
Program Management	N/A	N/A	N/A	85.4	92.1							
Water Resource Planning	N/A	N/A	N/A	99.5	83.8							
WWW Utilities/Transmission	N/A	N/A	N/A	86.3	86.1							
Construction	N/A	N/A	N/A	90.2	89.9							
Facilities	N/A	N/A	N/A	80.5	82.8							
WWW Treatment	N/A	N/A	N/A	92.6	85							
Environmental	N/A	N/A	N/A	95	90.6							
Urban Planning Design	N/A	N/A	N/A	92.6	91.2							
Asian	N/A	N/A	83.3	88.3	75.1							
Black	N/A	N/A	88.8	92.3	87.6							
Hispanic	N/A	N/A	86.1	86.5	89.1							
White	N/A	N/A	85.9	88	89.5							
Other	N/A	N/A	91.9	82.3	94.9							
Source of Benchmark - Beyond Feedback						*Top Decile Not Available			Top Quartile			Top Decile
Figure W Q4.1 Engagement Environment and Mission												

W Q4.1 Engagement Environment and Mission.png

Measure	FNI 2019 Score	FNI 2020 Score	FNI 2021 Score	FNI 2022 Score	FNI 2023 Score	2019 Industry Top 25%*	2020 Industry Top 10%	2021 Industry Top 10%	2022 Industry Top 10%	2023 Industry Top 10%	2023 Industry Top 25%
Coworkers Actions Align with Values	83.6	83.41	83.8	84.5	85.3	83.6	83.4	83.8	84.9	86	84.9
Female	84.0	83.5	80.4	81.9	84.2	Segmented Benchmarks Not Available					
Male	83.4	83.4	85.4	86	86						
Baby Boomer	N/A	N/A	79.7	82.7	79.6						
Gen X	N/A	N/A	81.3	82.5	85.9						
Gen Z	N/A	N/A	92.9	92.2	91.7						
Millennials	N/A	N/A	86.9	85.6	85.8						
Corporate	N/A	N/A	N/A	82.4	86.4						
Stormwater	N/A	N/A	N/A	89.4	90.9						
Water Resource Design	N/A	N/A	N/A	82.4	88.9						
Transportation	N/A	N/A	N/A	85.5	87						
W & WW Planning	N/A	N/A	N/A	89.1	90.5						
Program Management	N/A	N/A	N/A	80.3	70.5						
Water Resource Planning	N/A	N/A	N/A	95	97						
WWW Utilities/Transmission	N/A	N/A	N/A	85.4	76						
Construction	N/A	N/A	N/A	88.6	81.4						
Facilities	N/A	N/A	N/A	77.5	80.7						
WWW Treatment	N/A	N/A	N/A	91.1	85.8						
Environmental	N/A	N/A	N/A	80.7	88.4						
Urban Planning Design	N/A	N/A	N/A	93.4	90.3						
Asian	N/A	N/A	81.8	81.8	75.9						
Black	N/A	N/A	69.2	75.6	91						
Hispanic	N/A	N/A	89.3	85.2	88.7						
White	N/A	N/A	84.1	85.4	85.6						
Other	N/A	N/A	83.9	81.2	78.3						
Relationship with Coworkers	87.3	88.3	88.6	89.5	90.9	84.2	83.2	88.6	91.3	90.4	89.7
Female	89.9	87.2	90	91.4	90.4	Segmented Benchmarks Not Available					
Male	86.0	88.9	87.9	88.5	91.2						
Baby Boomer	N/A	N/A	84.6	83.9	82.2						
Gen X	N/A	N/A	87.7	88	91.6						
Gen Z	N/A	N/A	92.7	92.6	95.3						
Millennials	N/A	N/A	90	91.8	91.3						
Corporate	N/A	N/A	N/A	88.8	88.9						
Stormwater	N/A	N/A	N/A	89.1	94.1						
Water Resource Design	N/A	N/A	N/A	87.5	90.7						
Transportation	N/A	N/A	N/A	89.6	95.4						
W & WW Planning	N/A	N/A	N/A	95.9	95.3						
Program Management	N/A	N/A	N/A	83.5	87.3						
Water Resource Planning	N/A	N/A	N/A	95.6	97.1						
WWW Utilities/Transmission	N/A	N/A	N/A	91.7	90.1						
Construction	N/A	N/A	N/A	86.6	81.1						
Facilities	N/A	N/A	N/A	87.1	89						
WWW Treatment	N/A	N/A	N/A	88.3	93						
Environmental	N/A	N/A	N/A	92.4	90						
Urban Planning Design	N/A	N/A	N/A	92.9	94.4						
Asian	N/A	N/A	88.8	88.4	87.1						
Black	N/A	N/A	91.9	89.9	91.1						
Hispanic	N/A	N/A	88.4	90.1	90.1						
White	N/A	N/A	88.6	89.5	91.5						
Other	N/A	N/A	86.4	87.3	87						
Source of Benchmark - Beyond Feedback							*Top Decile Not Available			Top Quartile	Top Decile
Figure W Q4.2 Engagement Alignment and Relationships											

W Q4.2 Engagement Alignment and Relationships

Measure	2019	2020	2021	2022	2023
Remote Work - FNI	N/A	N/A	N/A	N/A	50%
Size - Median	N/A	N/A	N/A	20%	21%
Water/Wastewater - Median	N/A	N/A	N/A	35%	38%
Southern US - Median	N/A	N/A	N/A	10%	40%
State/Municipal Median	N/A	N/A	N/A	50%	15%
Source of Benchmark - Environmental Financial Consulting Group			Top Quartile		Top Decile
% of Employees working remotely is substantially higher than all peer medians					
Figure W Q4.3 Remote Workers					

W Q4.3 Remote Workers

5 - What are your results for workforce and leadership development, including job skills training?

FNI demonstrates a steadfast commitment to nurturing its workforce through substantial investments in training and development initiatives. Over the past five years, 67% of measures related to advancement opportunities, continuous development, and performance recognition have consistently ranked in the top decile/quartile (**W Q5.1**), underscoring the organization's dedication to fostering employee growth. FNI strategically leverages its internship program to attract top talent, resulting in favorable recruitment outcomes (**W Q5.2**). Recognizing the need to maintain our core competency of **technical excellence** and strengthen our **Hedgehog Concept**, FNI prioritizes continuous education and workforce development as integral components of our strategic vision. **W Q5.3** reveals that FNI's investment in employee development surpasses the national average by more than double, reinforcing our unwavering dedication to the LEADS Value of **Learn Continuously**.

Measure	FNI 2019 Score	FNI 2020 Score	FNI 2021 Score	FNI 2022 Score	FNI 2023 Score	2019 Industry Top 25%*	2020 Industry Top 10%	2021 Industry Top 10%	2022 Industry Top 10%	2023 Industry Top 10%	2023 Industry Top 25%	
Advancement Opportunities	75.0	72.8	74.3	76.8	78.7	80.0	77.8	74.3	75.9	78.1	77.1	
Female	73.6	72.2	72.4	72.9	78.2	Segmented Benchmarks Not Available						
Male	75.6	73.1	75.2	78.6	79							
Baby Boomer	N/A	N/A	67.9	70.6	63.5							
Gen X	N/A	N/A	71.4	75.7	75.9							
Gen Z	N/A	N/A	88	83.4	84.1							
Millennials	N/A	N/A	75.2	76.6	79.9							
Corporate	N/A	N/A	N/A	70	77.1							
Stormwater	N/A	N/A	N/A	74.2	83							
Water Resource Design	N/A	N/A	N/A	74.8	75.8							
Transportation	N/A	N/A	N/A	83.9	83.2							
W & WW Planning	N/A	N/A	N/A	91.6	86.6							
Program Management	N/A	N/A	N/A	72.5	71.7							
Water Resource Planning	N/A	N/A	N/A	82.2	84.4							
WWW Utilities/Transmission	N/A	N/A	N/A	71.8	78.1							
Construction	N/A	N/A	N/A	83.9	69.3							
Facilities	N/A	N/A	N/A	72.7	76.6							
WWW Treatment	N/A	N/A	N/A	84	79.8							
Environmental	N/A	N/A	N/A	72.8	81.7							
Urban Planning Design	N/A	N/A	N/A	87.4	83.7							
Asian	N/A	N/A	82.9	75.4	76							
Black	N/A	N/A	71.8	65.1	74.8							
Hispanic	N/A	N/A	74	78.7	77.3							
White	N/A	N/A	73.6	78	79.6							
Other	N/A	N/A	81.8	69.8	75.7							
Continuous Development	84.0	82.8	81.2	82.2	84	76	79	81.2	86.5	83.5	82.7	
Female	84.8	83.5	81.2	83.7	85.4	Segmented Benchmarks Not Available						
Male	85.9	82.5	81.1	81.5	83.2							
Baby Boomer	N/A	N/A	75.6	76.8	76.7							
Gen X	N/A	N/A	78.5	80.2	82.6							
Gen Z	N/A	N/A	88	86.2	87.7							
Millennials	N/A	N/A	83.1	83.3	84.4							
Corporate	N/A	N/A	N/A	82.9	84.8							
Stormwater	N/A	N/A	N/A	82.7	88							
Water Resource Design	N/A	N/A	N/A	82	83.3							
Transportation	N/A	N/A	N/A	87.3	85.9							
W & WW Planning	N/A	N/A	N/A	87.5	85.3							
Program Management	N/A	N/A	N/A	72.9	76.1							
Water Resource Planning	N/A	N/A	N/A	87	80.8							
WWW Utilities/Transmission	N/A	N/A	N/A	76.2	83.1							
Construction	N/A	N/A	N/A	75.7	79.5							
Facilities	N/A	N/A	N/A	79.4	80.5							
WWW Treatment	N/A	N/A	N/A	87.7	84.9							
Environmental	N/A	N/A	N/A	91.5	87.3							
Urban Planning Design	N/A	N/A	N/A	88.7	91.5							
Asian	N/A	N/A	84.8	82.1	79.5							
Black	N/A	N/A	79.4	77.6	82							
Hispanic	N/A	N/A	78.8	83.3	84.7							
White	N/A	N/A	81.7	82.6	84.9							
Other	N/A	N/A	79.1	79.2	79.4							
Recognition for Performance	77.3	75.5	78.1	80	79.9	66.7	78.9	78.1	82.9	82.9	79.8	
Source of Benchmark - Beyond Feedback						*Top Decile Not Available				Top Quartile		Top Decile
Due to space limitations - All Measures Full Segmentation AOS												
Figure W Q5.1 Development												

W Q5.1 Development

Hiring Trends

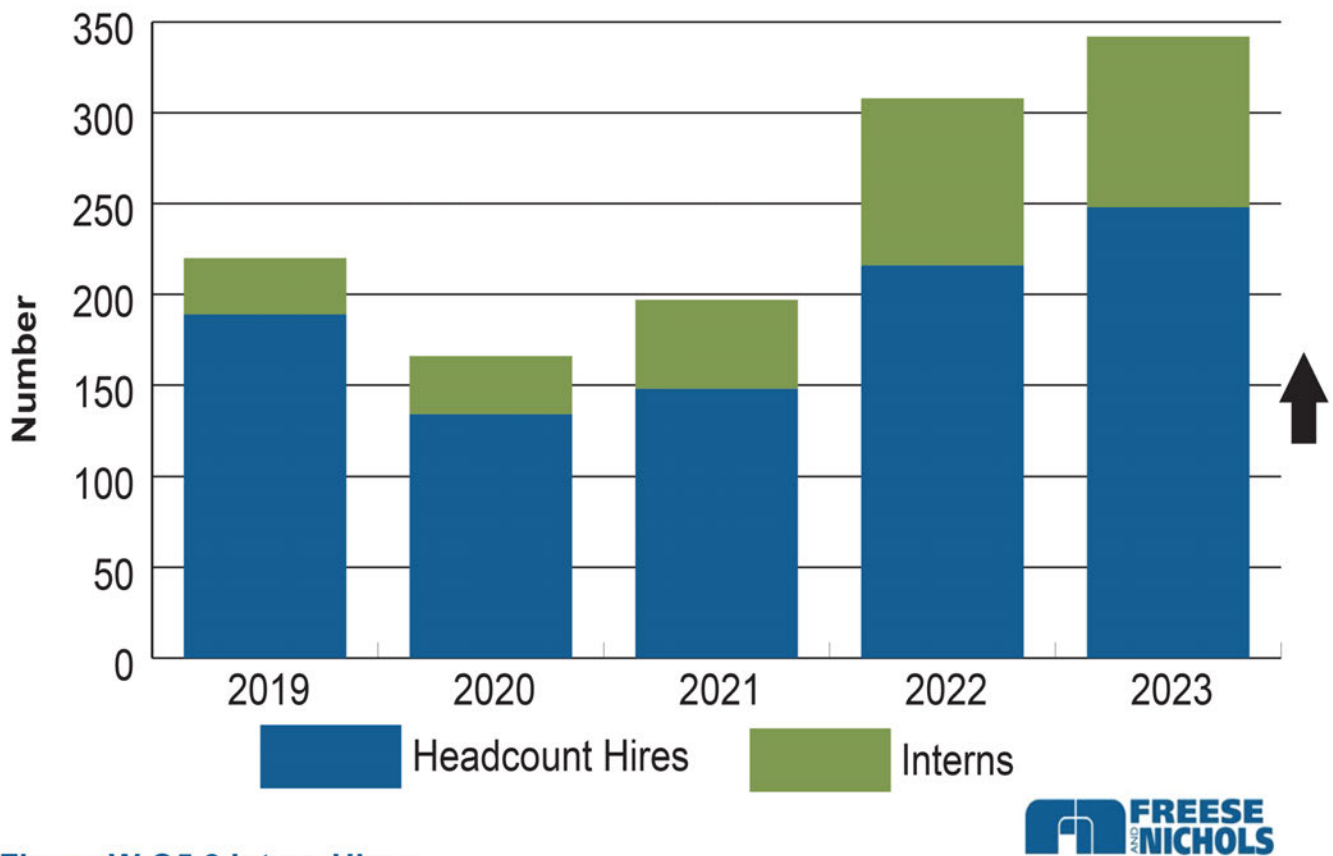


Figure W Q5.2 Intern Hires

W Q5.2 Intern Hires

Training per FTE

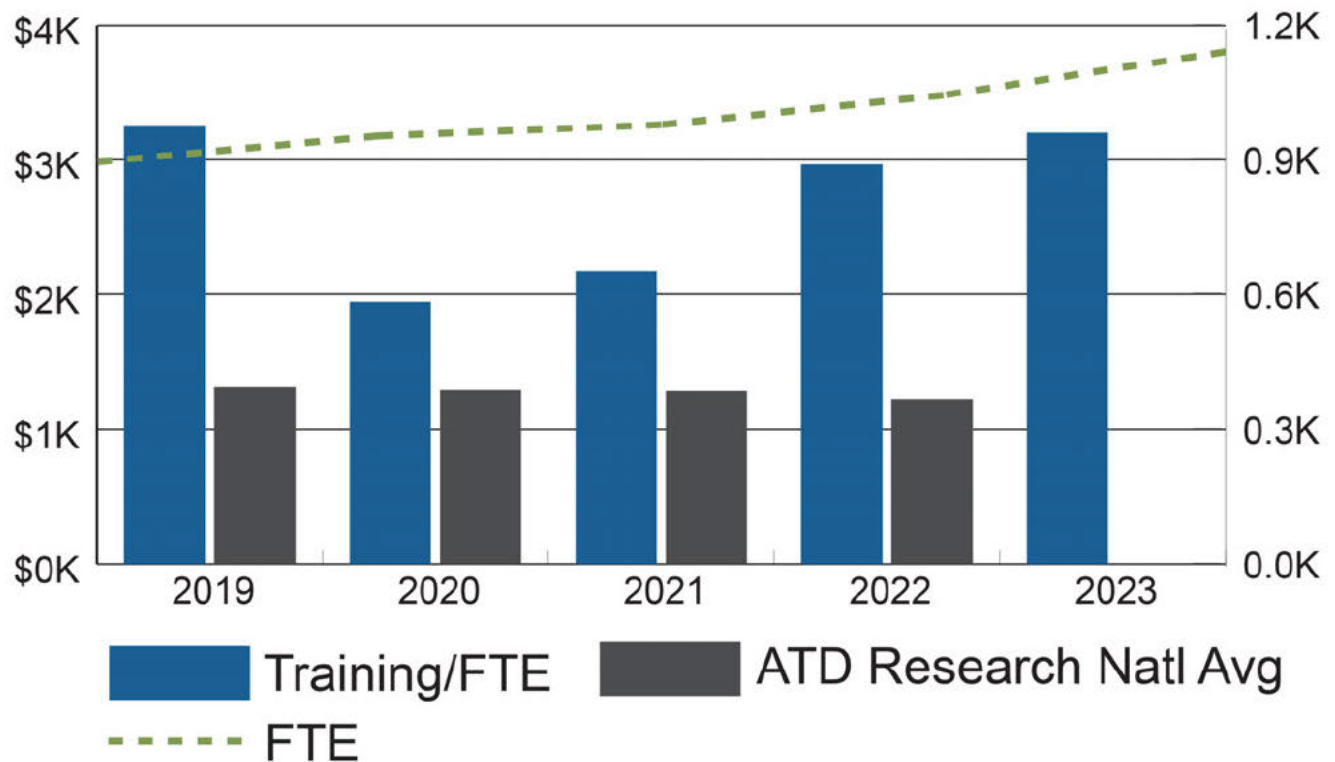


Figure W Q5.3 Training per FTE

W Q5.3 Training per FTE

6 - What are your results for significant safety-related incidents, including Occupational Safety and Health Administration (OSHA) reportable incidents?

A favorable trend in the worker's compensation modifier underscores FNI's success in prioritizing workplace safety and minimizing the occurrence and severity of work-related injuries or illnesses. Demonstrating performance that surpasses industry standards, FNI's performance reflects the efficacy of its safety protocols and injury prevention initiatives (**W Q6.1**). The total recordable incident rate provides further evidence of FNI's commitment to safety, measuring the number of work-related injuries or illnesses requiring medical treatment beyond first aid. FNI's exceptional rate attests to the establishment of a secure work environment with significantly reduced accidents and injuries (**W Q6.2**). Furthermore, FNI's OSHA recordable incidents remain exceedingly low, with no instances resulting in major loss such as life, limb, or blindness (**W Q6.3**).

EMR (Worker's Comp Modifier)

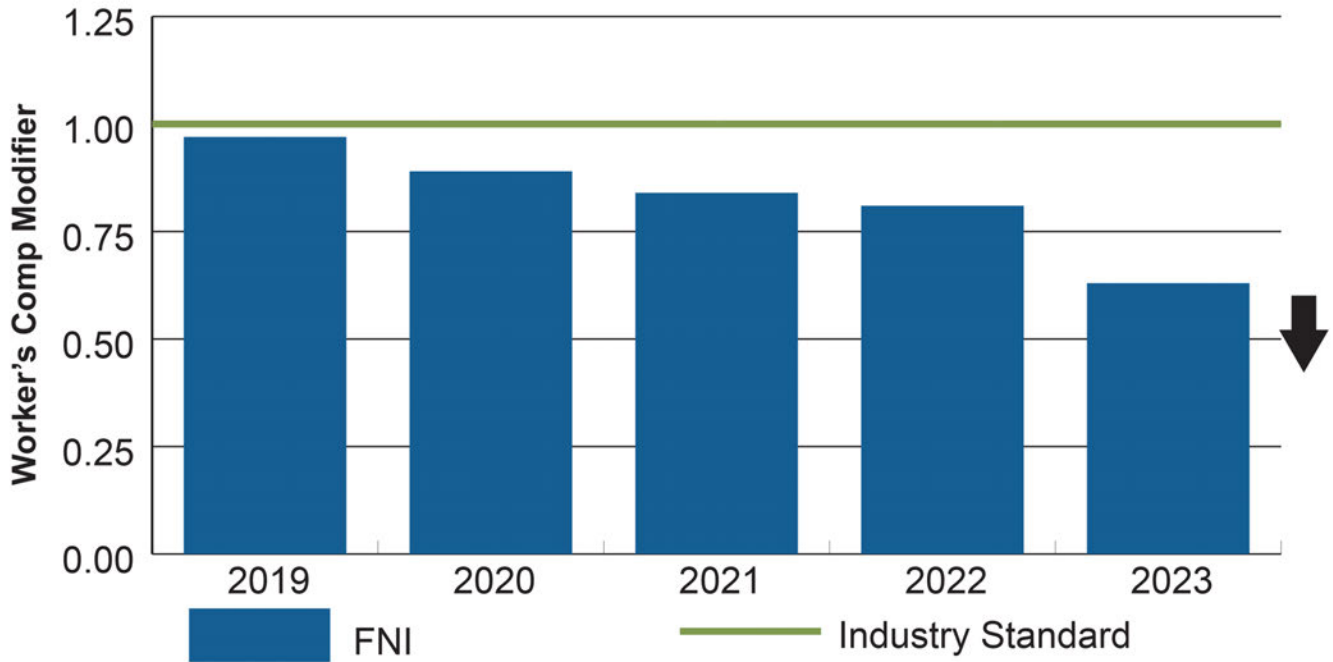


Figure W Q6.1 Worker's Comp Modifier

W Q6.1 Worker's Comp Modifier

Total Recordable Incident Rate

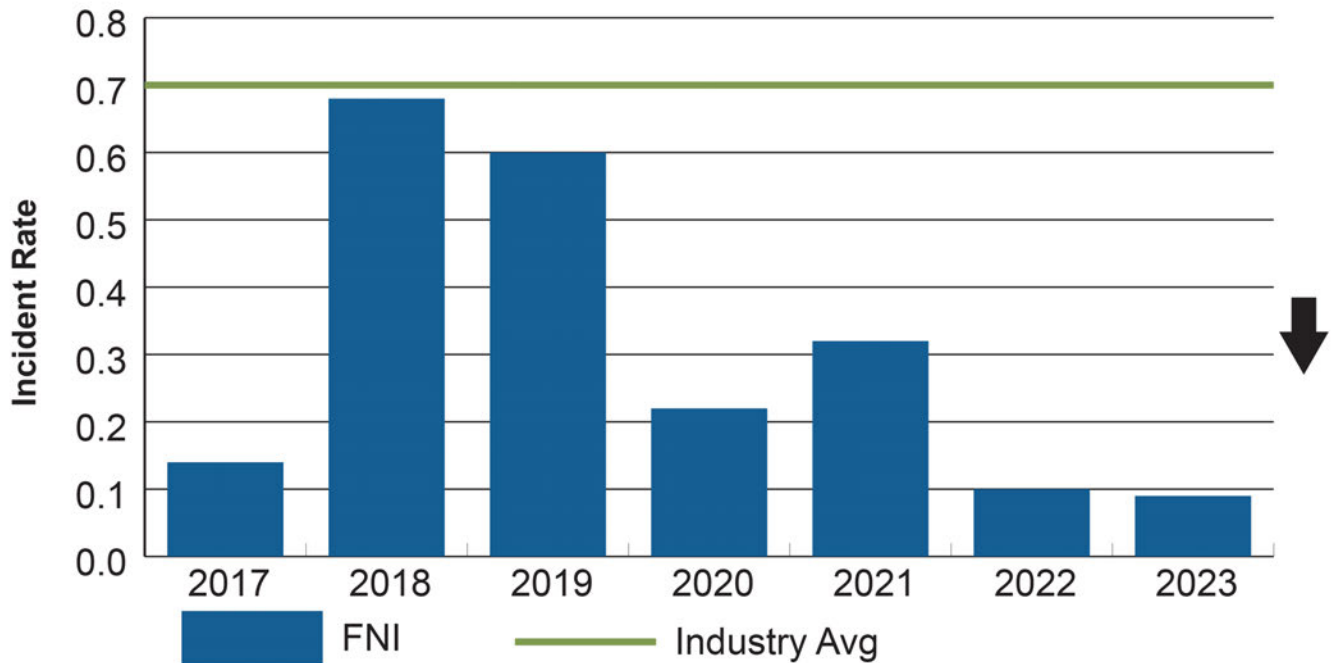


Figure W Q6.2 OSHA Recordable Incident Rate

W Q6.2 OSHA Recordable Incident Rate

Incidents Per Year

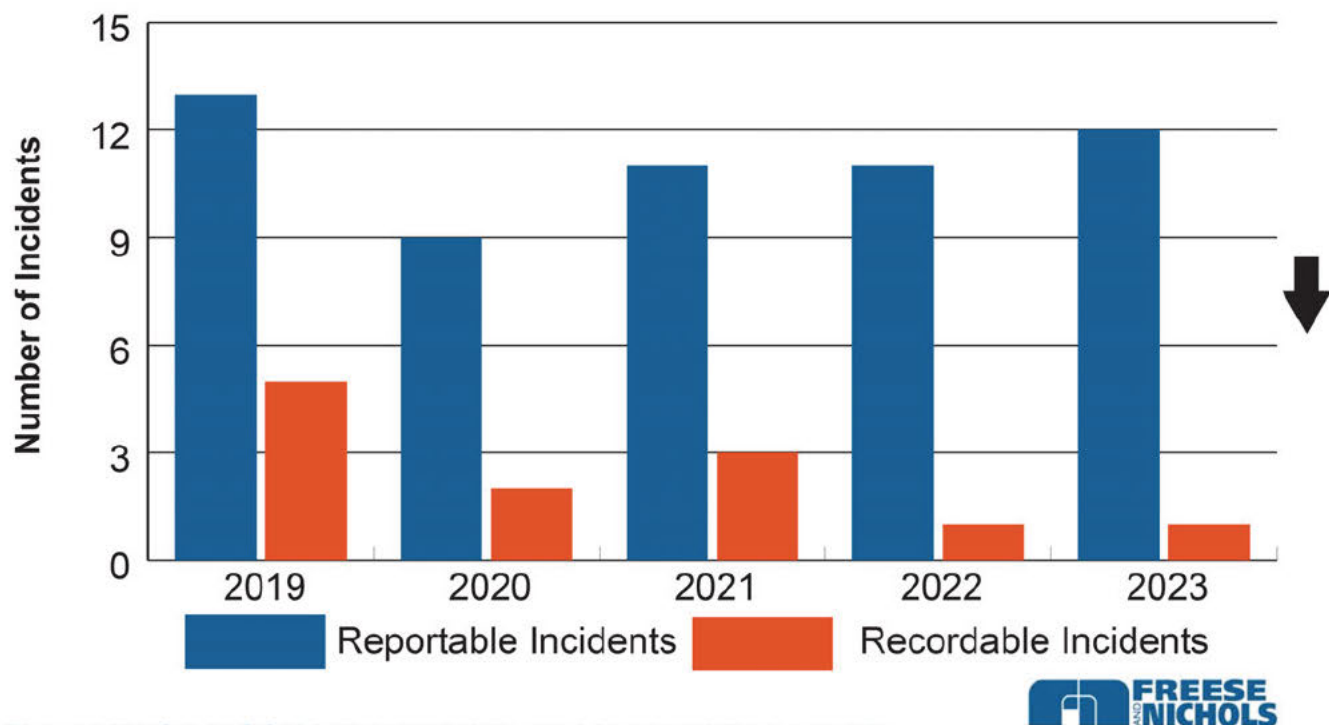


Figure W Q6.3 OSHA Recordable and Internal Reportable

W Q6.3 OSHA Recordable and Internal Reportable

7 - What are your results for additional indicators of workplace health and safety (e.g., results of safety audits, near-miss tracking)?

At FNI, workplace safety is a high priority with the most significant risks identified as falls, confined spaces, excavation, and trenching injuries. Comprehensive safety training is mandated for all work force members who will be working on job sites where these risks exist, and this proactive approach has resulted in zero safety incidents over the past five years (**W Q7.1**). Recognizing the integral link between employee health and well-being to maintaining a Family Culture, in 2022 FNI made the decision to transition insurance carriers to Blue Cross and Blue Shield which offered a more robust prevention and wellness program. FNI is exceeding the benchmark average for employee engagement in preventative care and screenings (**W Q7.2**) which will aid in the health and well-being of our workforce members.

Safety Training	2019	2020	2021	2022	2023
Fall Protection					
Training Compliance	100%	100%	100%	100%	100%
Safety Incidents	0	0	0	0	0
Confined Space					
Training Compliance	100%	100%	100%	100%	100%
Safety Incidents	0	0	0	0	0
Excavation and Trenching					
Training Compliance	100%	100%	100%	100%	100%
Safety Incidents	0	0	0	0	0

Figure W Q7.1 Effectiveness of Safety Training

W Q7.1 Effectiveness of Safety Training

Care	2022	2023	Benchmark
Annual Physical	45.6%	46.5%	39.3%
Well Infant Care	78.9%	89.1%	80.8%
Well Child (young)	70.2%	73.5%	70.4%
Well Child (school age)	60.9%	60.1%	51.9%
Screening	2022	2023	Benchmark %
Mammograms (Female 40+)	48%	60%	46%
Pap Smear (Female 18+)	38%	38%	28%
Cholesterol Check (Male and Female 50+)	65%	72%	61%
Cervical Cancer Screening	35.3%	34.2%	27.1%
Colorectal Cancer Screening	16.5%	14.7%	14.2%
<i>Source of Screening Benchmark - Blue Cross Blue Shield</i>			
Figure W Q7.2 Prevention and Wellness			

W Q7.2 Prevention and Wellness

Customers and Markets

1 - Briefly describe your key processes used for the following:

1. customer listening,
2. customer engagement, and
3. customer support.

At FNI, customer focus revolves around unwavering dedication to Client Service, encapsulated in our ***Hedgehog Concept: "Be the very best at Client Service, resulting in long-term, mutually beneficial relationships."*** Success of this commitment is evidenced by our 85% repeat customer rate, driven by our collaborative client engagement and consistent communication. Reliance on our Project Lifecycle Process (***O Q1.1***) underscores daily interactions with clients, offering vital support and engagement. Other ways we listen, engage and support are shown in ***CM Q1.1***.

Our extensive service range, spanning from planning to project commissioning, highlights emphasis on planning-related services and is supported by one of the largest full-time dedicated multi-discipline planning teams (>150 staff) of any firm our size. This focus helps our clients identify needs early, enhances overall project collaboration and accelerates the process of project implementation.

We assess engagement through our Project Satisfaction Survey (PSS), soliciting direct feedback on various aspects of service delivery to enhance performance and identify areas for improvement. Survey results help us assess our project performance, quality of service, need for follow-up, and identify areas for improvement.

Our Client Rep and Executive Client Visit processes facilitate active listening, while the Zipper Approach ***CM Q1.2*** ensures enduring relationships by matching staff with client counterparts, promoting continuity even amidst organizational changes. To cultivate client-centric behaviors among our staff, we documented the Client Relationship Roadmap in 2023, outlining four pillars: **Listen and Learn, Connect and Collaborate, Deliver and Delight, and Serve and Sustain** ***CM Q1.3***. This roadmap sets clear expectations for staff engagement and support, integrated into our Business Development training through sessions that share best practices, define roles and illustrate successful client interactions and pursuits.

Listen, Learn, Support	Description
Strategic and Key Accounts Program	To continue our dedication to Client Service and to ensure our most important clients receive the attention they deserve , we defined and identified strategic and key clients (accounts). For these clients, this program prioritizes staff time, resources and money in client relationship building and opportunity positioning and it focuses our collective business development energy.
Zipper Approach to Client Relationships	To provide a continuity of service throughout our client's organization, our Zipper Approach aims to have FNI staff build relationships with staff at all levels of the client's organization. To do this successfully, we match peer-to-peer relationships between our staff and the client.
Marketing Visits with Clients / Potential Clients	We engage our clients, listen to their needs, as well as provide support through our personal interactions , called Client Marketing Visits (CMVs). CMVs offer consistent and regular communication with our clients.
Emphasis on Planning Services	Our heavy focus on planning related services provides our clients a comprehensive approach to their Capital Improvement Programs (CIP) that has two huge benefits for FNI. First it facilitates a long-standing partnership with our clients as many projects take years to fully implement. Secondly it gives us early identification of project opportunities way ahead of our competition.
Executive Client Marketing Visits	Executive CMVs are face-to-face meetings between FNI's executive staff and our client's executive leaders. These provide another two-way feedback loop for our clients to interact with us, provide thoughts on our performance, resolve issues, and offer suggestions for improvement.
Client Eng. Surveys	Every 3 years, we collaborate with Beyond Feedback to survey 100 Strategic and Key Accounts. This client survey provides beneficial client input to help us continue to strengthen relationships with these loyal customers.
Client Project Kickoff Meeting	In this client meeting the FNI team reviews our Project Lifecycle Process and gains client input. We discuss our PM and QM processes and our firm commitment. Collaborating with the client, the FNI PM develops client-driven, task-level schedule as well as communications and QC plans.
Project Communications Plan	This is part of the Client Project Kickoff meeting and sets consistent, agreed-upon methods for project communication – both with the client and within the FNI team. The plan provides our clients with reliable channels they can expect and greatly supports maintaining good relationships with the client's staff.
Project One-Page Reports	This report keeps the client and project team informed of project status and upcoming activities, identifies outstanding issues or needs, and documents information or decisions to assist the project.
Project Issues / Decision Log	This tool is used throughout the life of a project to help FNI's PM document and track to-do items, significant decisions and issues that may affect the project's scope, schedule and budget.
Project Satisfaction Survey	Project satisfaction surveys are conducted at the mid-point for large projects, and at completion of all projects. This is a mainstay process for gaining client feedback during project delivery and contributes to our ability to provide ongoing quality solutions to our customers.
Local Meetings with the Public Or Government Entities	Our Client Reps, Account Directors, Practice Leaders and project staff routinely engage with and listen to clients by attending local public meetings : City Council meetings, City Board meetings, Town Halls, County Commissioner meetings, subcommittee meetings and the like. These meetings enable us to listen to specific needs, challenges, upcoming issues and projects.
Engagement in Professional Organizations	FNI is actively involved in many of the same professional organizations that our clients belong to. We leverage chapter programs, committee/board participation, fundraising events and volunteer activities as strategic avenues for relationship building.
Industry Conference / Speaking Opportunities	Attending conferences alongside clients presents opportunities to strengthen relationships. We focus on speaking engagements, preferably as co-presenters with clients. This positions both our clients and FNI as thought leaders and experts enhancing our reputation within the industry. Furthermore, these opportunities enable us to collaboratively showcase our expertise and innovation, deepening our support for our clients.
Industry Conference Client Events	During relevant industry conferences, FNI hosts networking events for our clients. This strategy capitalizes on the convenience of having clients gathered in a single location, allowing us to enhance our relationships in a more relaxed setting.
Client Pursuit Debriefs	This client feedback tool is conducted after we are informed whether we won or lost a project pursuit and helps to clarify the reason for the outcome as well as how FNI fared against the competition.
Community Involvement	As FNI hosts or supports volunteer opportunities in our communities, we invite our clients to participate alongside us, fostering a spirit of collaboration and mutual support. When our clients lead these initiatives, we join in, further solidifying our relationships.
Freese and Nichols University	FNI offers educational sessions , including brown-bag luncheons and virtual webinars, as a value-added service to our clients. These sessions are specifically tailored to the interests and needs of our clients' staff, offering Professional Development Hours (PDHs) to help them fulfill continuing education requirements.
Educational Communications	Through our website, social media channels, email newsletters and media placements, FNI provides our clients educational content, or "news you can use." Our subject matter experts share their expertise, ranging from advice for navigating federal regulatory changes to insights on new technologies for inspecting utility systems. These communications include ways for interested readers to contact the author for further assistance.
Interactive Digital Platforms	FNI targets content to invite our contacts and followers to interact with us on social platforms. This offers client staff an alternative form of communication.
Cosential CRM Database	This tool helps staff manage client information including client contacts, organization information, upcoming project opportunities, Account and Zipper plans, relevant Client Marketing Visit notes, or other client interactions.
CM Q1.1 Approaches to Listen, Learn, Engage and Support Clients	

CM Q1.1 Approaches to Listen, Learn, Engage and Support Clients

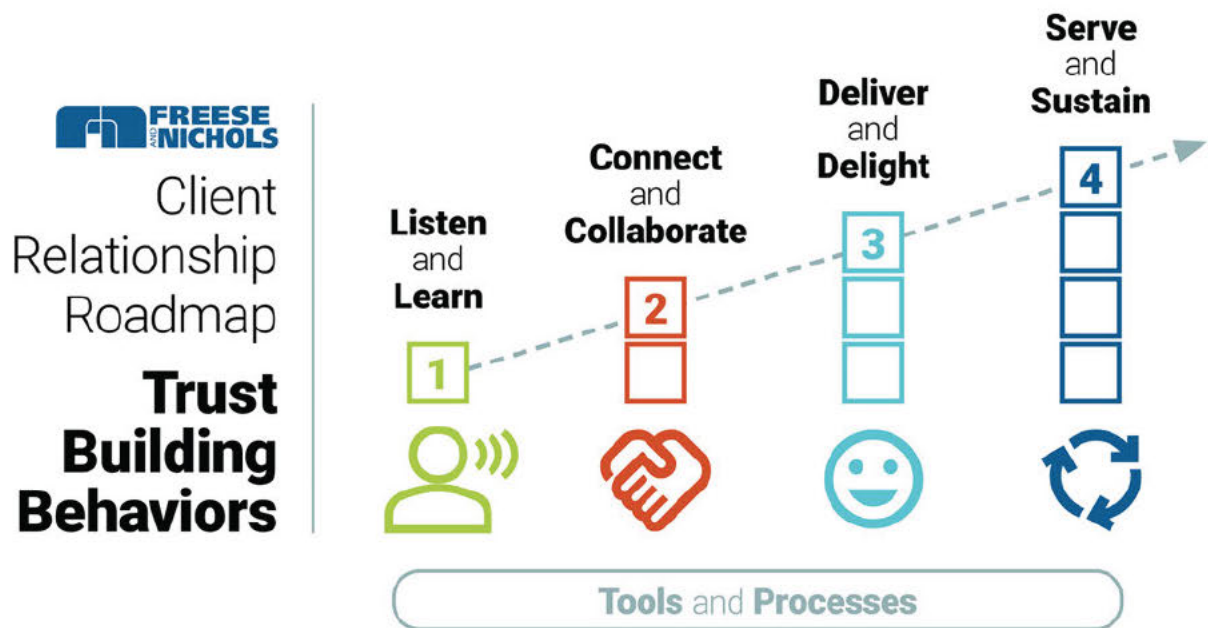
Zipper Approach to Relationship Building



Figure CM Q1.2 Zipper Approach



CM Q1.2 Zipper Approach



CM Q1.3 Client Development Roadmap

CM Q1.3 Client Development Roadmap

2 - What are your results for market size and market share, by business unit or product/service, as appropriate?

FNI consistently ranks among the top 50 design firms in Texas and Louisiana, as recognized by ENR. This ranking, determined by factors such as current year revenue and the largest project undertaken, highlights our sustained success and industry prominence (**CM Q2.1**). When a minority of clients contribute to most of the revenue (80%), it signals potential concentration risk, emphasizing the need for robust client retention strategies. Diversifying our client base is crucial to mitigate dependency and enhance resilience against market fluctuations (**CM Q2.2**). Moreover, our strategic focus on practice and geographic expansion has yielded exceptional results, surpassing expectations with a remarkable 46% increase in revenue in the past five years (**CM Q2.3**). This underscores our commitment to continuous growth and diversification, ensuring long-term sustainability and success.

Measure	2019	2020	2021	2022	2023
FNI Ranking	15	N/A	11	12	14
Competitor - Halff	16	14	13	11	8
Competitor - Garver	24	22	16	14	13
Competitor - BGE	18	17	14	9	12

Figure CM Q2.1 ENR Texas and Louisiana Regional Top Design Firm Ranking
(Also includes Arkansas, Mississippi, and Oklahoma)

CM Q2.1 ENR TX and LA Regional Top Design Firm Ranking

Client Concentration		
Year	Number of Clients Producing 80% of Revenue ↑	% of Revenue Produced by Top 5% of Clients ↓
2019	88	16%
2020	95	16%
2021	109	18%
2022	109	17%
2023	113	17%

Figure CM Q2.2 Client Concentration

CM Q2.2 Client Concentration

Net Revenue by Practice	2019	2020	2021	2022	2023
Energy Practice (No longer a practice)	\$3,391,245	\$3,304,490	\$3,354,225	\$3,084,050	\$115,813
Facilities Practice	\$6,887,110	\$5,843,223	\$5,690,816	\$5,196,993	\$6,660,309
Stormwater Practice	\$16,329,808	\$17,248,830	\$17,109,119	\$23,198,581	\$27,338,741
Transportation	\$14,181,889	\$16,615,599	\$18,514,419	\$21,124,938	\$21,616,409
Urban Planning & Design Practice	\$4,232,889	\$4,696,190	\$4,742,273	\$4,617,423	\$6,120,552
Infrastructure Subtotal	\$45,022,941	\$47,708,333	\$49,410,851	\$57,221,985	\$61,851,925
CMPM Practice	\$28,502,915	\$35,403,554	\$37,572,911	\$39,314,041	\$39,606,800
Environmental Practice	\$4,150,671	\$3,762,822	\$4,971,938	\$5,725,654	\$8,483,812
W & WW Planning Practice	\$8,233,072	\$10,230,020	\$11,491,133	\$10,628,325	\$12,998,153
Water Resources Design Practice	\$13,901,873	\$21,176,635	\$20,664,649	\$18,727,272	\$21,454,407
Water Resources Planning Practice	\$4,011,864	\$3,727,443	\$3,509,601	\$3,997,658	\$4,490,719
WWW Treatment Practice	\$15,034,278	\$17,567,777	\$17,623,226	\$20,512,004	\$24,810,659
WWW Utilities/Transmission Practice	\$35,099,073	\$32,067,073	\$35,959,077	\$44,473,950	\$51,789,109
Water/Environmental Subtotal	\$108,932,746	\$123,935,324	\$131,792,534	\$143,378,903	\$163,633,659
FNI Total	\$153,955,687	\$171,643,658	\$181,203,384	\$200,600,889	\$225,485,583
Net Revenue by Region	2019	2020	2021	2022	2023
North TX	\$76,187,076	\$78,377,920	\$81,652,649	\$87,548,207	\$94,356,581
Central TX	\$32,343,296	\$39,101,930	\$43,357,652	\$48,596,710	\$54,182,202
Western Gulf Coast	\$33,738,882	\$38,844,204	\$35,267,355	\$38,652,864	\$42,038,231
Central Plains	\$4,595,979	\$5,781,228	\$6,904,362	\$7,526,090	\$12,363,267
Southeast US (GA & NC)	\$7,090,454	\$9,434,915	\$12,753,811	\$16,216,790	\$19,253,379
Florida	-	\$103,461	\$1,267,555	\$2,060,228	\$3,291,923
FNI Total	\$153,955,687	\$171,643,658	\$181,203,384	\$200,600,889	\$225,485,583

Figure CM Q2.3 Revenue by Practice and Region

CM Q2.3 Revenue by Practice and Region

3 - What are your results for your customer loyalty, including likelihood to recommend your organization, by key customer segments?

Note: For health care organizations, as appropriate: Include your results for Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) or CAHPS scores.

FNI's exceptional reputation, as revealed by our first benchmarked client engagement survey, surpasses even the top quartile benchmarks (**CM Q3.1**). When over 80% of clients become repeat customers, driving nearly 97% of revenue, it underscores the company's remarkable client retention and loyalty. These data underscore enduring relationships founded on trust, satisfaction, and consistent value delivery that have led to high levels of Likelihood to Recommend (**CM Q3.2**). Such remarkable levels of repeat business not only reflect high customer satisfaction and loyalty but also affirm the

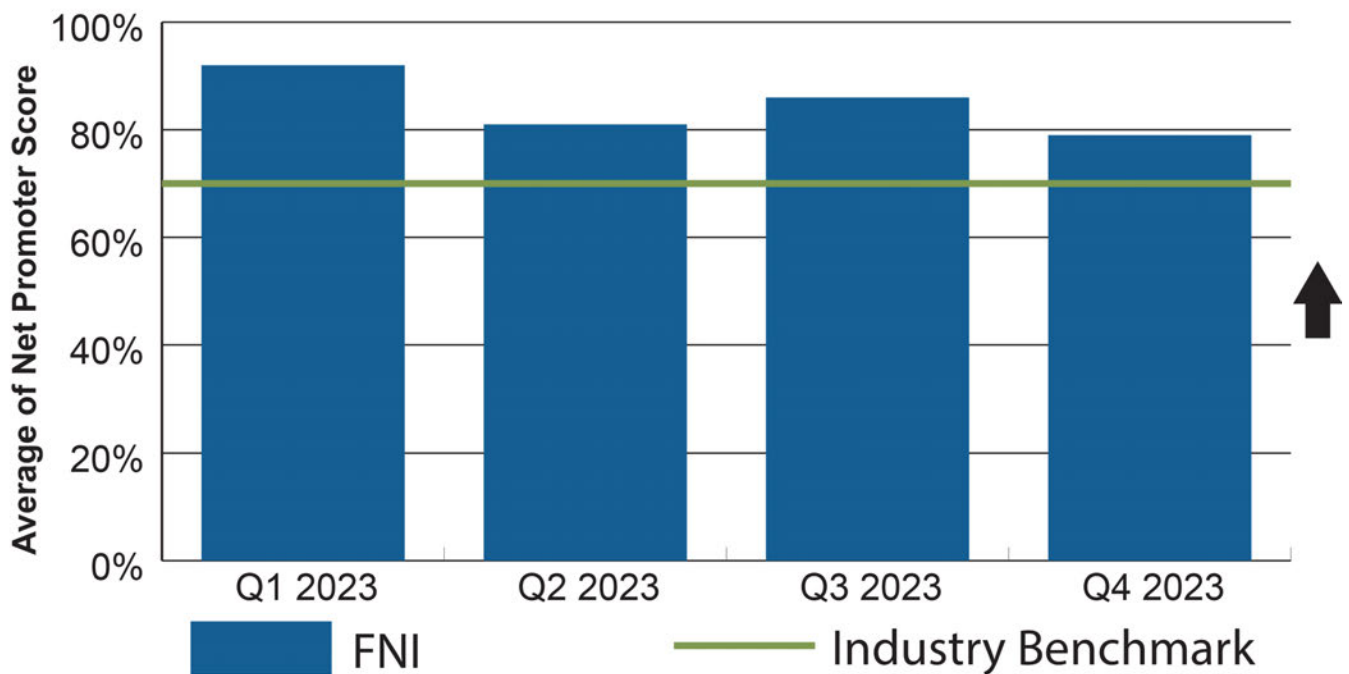
superior quality of products or services provided. In essence, a significant repeat client base driving the bulk of revenue serves as a testament to customer satisfaction, unwavering loyalty, and the company's enduring sustainability (**CM Q3.3**).

Measure	2022 FNI Score	2022 Top 25%	2022 Top 10%
Company Reputation - Ease of Doing Business	93.6	89.0	N/A
Company Reputation - Ethical	94.5	87.0	N/A
Company Reputation - Industry Leader	92.8	88.0	N/A
Company Reputation - Value for Price	87.0	85.0	N/A
Trusted Partner	93.3	86.0	N/A
Benchmark Source - Beyond Feedback			Top Quartile

Figure CM Q3.1 Company Reputation - Client Engagement Survey

CM Q3.1 Company Reputation - Client Engagement Survey

Net Promoter Score



Benchmark Source: Beyond Feedback
Net Promoter Score Tracking Began 2023

- Good: 20-39
- Excellent: 40-69
- World Class: 70 or higher



Figure CM Q3.2 Project Survey - Likelihood to Recommend

CM Q3.2 Project Survey - Likelihood to Recommend

Repeat Business	% Repeat Client (Count of Clients)	% Repeat Client (Revenue)	Unique Clients
2019	83.2%	97%	548
2020	81.9%	93.7%	586
2021	84.0%	97.4%	619
2022	86.9%	98.4%	642
2023	85.2%	97.6%	663

Figure CM Q3.3 Repeat Business - Loyalty

CM Q3.3 Repeat Business - Loyalty

4 - What are your results for customer complaints, by key customer segments, if available?

FNI's structured project meetings and real-time interactions aim to proactively resolve customer concerns before they escalate to complaints. This systematic approach is integral to fostering strong customer relations, meeting expectations, and minimizing complaints. For example, customer complaints may stem from perceived lack of responsiveness to an inquiry. Through meticulous data collection through our Project Survey and analysis of these data by practice, FNI identifies and addresses areas for improvement (**CM Q4.2**). To supplement the project surveys, FNI partnered with Beyond Feedback in 2022 to survey 100 key accounts. This yielded benchmark results for Voice of Customer (VOC). In this first survey FNI significantly outperformed top quartile benchmarks, demonstrating our commitment to customer service and excellence (**CM Q4.1**).

Measure	2022 FNI Score	2022 Top 25%	2022 Top 10%
Effective/Prompt Communication	91.1	85.0	N/A
Service Dates Meet Needs	90.1	83.0	N/A
Staff Responsiveness	90.6	89.0	N/A
<i>Benchmark Source - Beyond Feedback</i>			Top Quartile

Figure CM Q4.1 Effective Communication and Meeting Needs

CM Q4.1 Effective Communication and Meeting Needs

Responsiveness to Calls and Requests	2019	2020	2021	2022	2023
Overall	4.86	4.85	4.84	4.92	4.71
Construction Management Practice	4.50	4.86	4.43	4.83	4.58
Environmental Practice	5.00	5.00	5.00	5.00	4.74
Facilities Practice	5.00	4.73	4.93	4.88	4.82
Program Management Practice	5.00	4.63	5.00	5.00	5.00
Stormwater Practice	4.73	4.82	4.89	4.76	4.79
Transportation - Highways Practice	N/A	N/A	N/A	4.50	5.00
Transportation - Roadways Practice	4.90	5.00	4.81	5.00	4.72
Urban Planning and Design Practice	4.89	4.79	4.81	5.00	4.77
W & WW Planning Practice	4.70	4.70	4.97	4.96	4.70
Water Resource Design Practice	5.00	4.85	4.71	4.90	4.50
Water Resource Planning Practice	5.00	5.00	5.00	5.00	5.00
WWW Treatment Practice	5.00	4.83	4.90	4.83	4.88
WWW Utilities/Transmission Practice	4.80	5.00	4.82	4.97	4.71
Figure CM Q4.2 Project Survey - Responsiveness					

CM Q4.2 Project Survey - Responsiveness

5 - What are your results for customer satisfaction and dissatisfaction, by key customer segments?

FNI's strong emphasis on nurturing client relationships fosters a dynamic where clients feel comfortable reaching out directly to us if they encounter any dissatisfaction. Dissatisfaction is considered any result below 4 on the client project survey and follow up is completed. This is facilitated by the Client Rep relationship, which encourages proactive communication and engagement. Monitoring satisfaction at interim and final project stages, our Client Relationship Management System centralizes crucial client data, empowering staff to resolve issues in real time. Our Client Engagement Survey assesses vital customer requirements, including staff expertise and service quality, aligning with LEADS Value expectations of consistently providing innovative solutions (**CM Q5.1**). This comprehensive feedback loop ensures continuous improvement and exceeds customer expectations. This proactive approach allows for immediate intervention and adjustments, averting potential complaints (**CM Q5.2**).

Measure	2022 FNI Score	2022 Top 25%	2022 Top 10%
Accounting/Billing	92.5	86.0	N/A
Comprehensive Services	92.9	90.0	N/A
Innovative/Cost-saving Solutions	87.4	87.0	N/A
Service Delivery	90.7	88.0	N/A
Solutions with Sustainability	90.5	87.0	N/A
Staff Expertise	91.5	85.0	N/A
Benchmark Source - Beyond Feedback			Top Quartile
Figure CM Q5.1 Satisfaction with Customer Requirements			

CM Q5.1 Satisfaction with Customer Requirements

Project Satisfaction Survey	2019 Interim	2019 Final	2020 Interim	2020 Final	2021 Interim	2021 Final	2022 Interim	2022 Final	2023 Interim	2023 Final
Overall	4.69	4.70	4.74	4.77	4.63	4.79	4.81	4.82	4.6	4.71
Construction Management Practice	4.60	3.60	4.20	4.82	4.53	4.70	4.66	4.44	4.51	4.89
Environmental Practice	4.65	4.59	5.0	4.87	N/A	4.85	4.84	4.86	4.7	4.76
Facilities Practice	N/A	4.5	4.90	4.35	4.74	4.83	4.84	4.77	4.63	4.68
Program Management Practice	4.95	N/A	4.21	4.57	3.60	4.95	5.0	N/A	4.89	5.0
Stormwater Practice	4.73	4.5	4.76	4.72	4.84	4.76	4.72	4.69	4.79	4.75
Transportation-Highways Practice (New in 2023)	N/A	N/A	N/A	N/A	N/A	N/A	4.35	N/A	4.72	5.0
Transportation Roadways Practice	4.6	4.96	4.61	4.98	4.49	4.85	4.89	4.84	4.53	4.60
Urban Planning & Design Practice	4.35	4.82	4.75	4.65	4.54	4.74	4.9	4.95	4.68	4.66
W & WW Planning Practice	4.76	4.85	4.73	4.84	4.81	4.9	4.98	4.84	4.65	4.69
Water Resources Design Practice	4.70	4.86	4.56	4.92	4.86	4.64	4.65	4.75	4.46	4.69
Water Resources Planning Practice	4.89	5.0	4.64	5.0	5.0	4.92	4.90	4.9	4.89	5.0
WWW Treatment Practice	4.83	4.86	4.98	4.78	4.76	4.97	4.76	4.91	4.86	4.79
WWW Utilities Transmission Practice	4.70	4.74	4.87	4.69	4.44	4.75	4.87	4.93	4.44	4.65
Figure CM Q5.2 Project Survey - Satisfaction										

CM Q5.2 Project Survey - Satisfaction

Community Engagement

1 - Briefly describe your key processes for community engagement and societal contributions. Be sure to include your processes for the following:

- 1. listening and engaging with your key communities, and**
- 2. supporting your key communities.**

FNI is deeply engaged in the key communities where we live and work. By the nature of our work, the delivery of our services helps enhance quality of life for citizens. We help develop new water supply infrastructure, treat water to provide clean, safe potable drinking water, and reduce traffic congestion. We listen, engage, and support our communities as shown in **C Q1.1**.

We support key communities through multiple approaches **C Q1.2** and process **C Q1.3**. We listen and engage in professional communities through membership and leadership in professional organizations **OP Q8.1**. We encourage staff to participate by funding member dues and paying for conference attendance. Staff serve on national, regional, and local boards, serve on regional leadership committees, lead conferences, and chair fundraising events. For example, FNI has had three National Society of Professional Engineers Presidents – more than any single firm. We also encourage staff to give conference presentations and papers – sharing their knowledge with their peers. We support communities by funding an R&D Program to develop technical ideas into new designs, tools, products, or processes that benefit communities with the newest, effective solutions for improving public infrastructure. We also support key local businesses through our FNI Mentor-Protégé Program, by mentoring underutilized businesses to help develop or enhance their business operations. We engage and support local workforces via our University Internship Program for mentorship and future employment. We fund philanthropic efforts such as our annual United Way campaign and encourage employee volunteerism.

Through internal recognition programs, we encourage staff to give back to key communities: Robert L. Nichols Professional Service Award recognizes outstanding service to an individual's chosen field. James R. Nichols Community Service Award recognizes the employee who best exemplifies dedication and commitment to community service.

Key Community	Listen, Engage, and Support Activities
Professional Communities	• Participate in technical organizations; provide professional society leadership • Participate in chapter meetings and regional conferences • Co-present with clients at conferences, roundtables, webinars • Serve on national committees; help develop standards
Non-profit Organizations	• Attend community events, volunteer hours, serve as event chair • Participate and support of non-profit events • Serve on Boards or lead Committees • Collaborate on community assessments • Engage in joint advocacy efforts • Participate in municipal-led Leadership Programs
Local Businesses	• Participate in local Chamber of Commerce events • Meet one-on-one with key business associates • Explore partnership opportunities • Participate in Mentor-Protégé Programs supporting underutilized businesses
Education Institutions	• Host university internship program for mentorship and future employment of students • Serve on university advisory boards • Present to university and K-12 students • Support educational career fairs, events, and programs
Government Officials and Staff	• Meet one-on-one • Participate in public hearings and forums such as city council meetings, county commissioner's meetings • Collaborate on joint planning and decision-making, as their trusted advisor • Capture feedback through formal engagement process
Local Residents	• Hold project-related community meetings and town halls • Establish community advisory boards for client master planning efforts • Organize project focus groups, when needed • Use online platforms for broader outreach on master planning or urban planning efforts
Community Leaders	• Meet one-on-one • Participate in community leadership programs
Figure C Q1.1 Key Community Listening and Engagement Activities	

C Q1.1 Key Community Listening and Engagement Activities

Approach	Description
Participation / Leadership in organizations	Staff's involvement in professional organizations as members as well as service on committees, leadership roles help advance the water and transportation industries as well as the AEC and consulting industry. More detailed participation in multiple organizations shown in OP Q8.2 .
Presentations at conferences and programs (local, regional, national, international)	We serve our professions (the communities of water engineers, urban planners, construction managers and so on) by sharing our knowledge and serve as thought leaders. For example, we have delivered a Webinar series called "Delivering Capital Improvements with Limited Resources" and we presented a session on "Proactive Prevention" at the National Watershed and Stormwater Conference. • We train our staff on developing abstracts and giving presentations. • When presenting, our best practice is to co-present with clients as often as possible, which elevates them in front of their peers. When a public works official is a speaker at an esteemed conference, it builds confidence among the public that their city/water district/etc. is well-run. We have the same approach for submitting papers in industry publications – partnering with our clients as described above.
R&D Program	We contribute to our communities' future by funding an R&D program where we set aside money to develop technical and engineering ideas into new designs, products, tools or processes that benefit communities, our clients, and our company. Since launch in 2012, we have dedicated \$281,264 for research and development initiatives. For example, innovation projects have included: • Analysis for Waterbirds and Climate Change Model for the Texas Audubon Society • Desalination Plant Study to cut Energy Use by half for North Water Alamo Water Supply Corporation • Implementing R&D Funding with Rainfall Wrangler • Establishing Erosion Rates using Dendrogeomorphology • Electric Vehicle Fleet Charging Think Tank and Mock Design
Mentor-Protégé Program	FNI supports the development of local businesses in our industry by mentoring underutilized businesses (AEC firms) to help develop or enhance their business practices and successful operations. Some of these relationships are sponsored by our clients' formal programs, and others are organically grown through our ongoing relationships with protégé firms we choose directly. If partnering, our partnership starts by entering into an agreement that sets expectations for both parties. We set regular meetings to work with our protégés to develop a mentor-protégé plan. FNI organizes interactive sessions with Protégé leaders and staff to teach on topics such as HR, Baldrige, accounting, risk management, strategic planning, marketing and business development, leadership, and financial management. For example, FNI has participated for 11 years with the Houston Interagency Mentor Protégé Program. Protégé firms have included: • Brian Smith Construction Inspection, Inc. • TRW Engineers, Inc. • Gradient Group, LLC • Marsh Wagner Sowell Consulting Engineers
Internship Program	We support the workforce within our local communities by building relationships with the young people in our communities, providing them paid internship opportunities for mentoring and for future employment. We are interested in investing in future engineers, planners and other professionals in our industry and have offered an internship program for more than 30 years .
Philanthropy and Volunteerism	FNI has a systematic process for managing corporate giving (C Q1.3) to ensure discipline and alignment with our values. We provide sponsorships and encourage volunteer hours of non-profit events in the communities where we live and work. For example, we have provided financial support for 40+ years for United Way. Another example in the past 24 months our Freese and Nichols' Employee Resource Groups (ERGs) geared towards veterans (Next Mission) and women (WE) partnered with local communities to give time, money and resources to charitable organizations.
Participation and Leadership in Non-Profit / Community Organizations	FNI embodies community citizenship through speaking engagements, participation, and leadership roles in non-profit or community organizations. Our staff participates in Chamber of Commerce activities, city-sponsored Leadership Programs, local school boards, and local non-profit fundraising activities. Additionally, our various locations participate in community service projects throughout the year.
Figure C Q1.2 Approaches in Supporting Key Communities	

C Q1.2 Approaches in Supporting Key Communities

Corporate Giving Request Process



Figure C Q1.3 Corporate Giving Request for Funding Process



C Q1.3 Corporate Giving Request for Funding Process

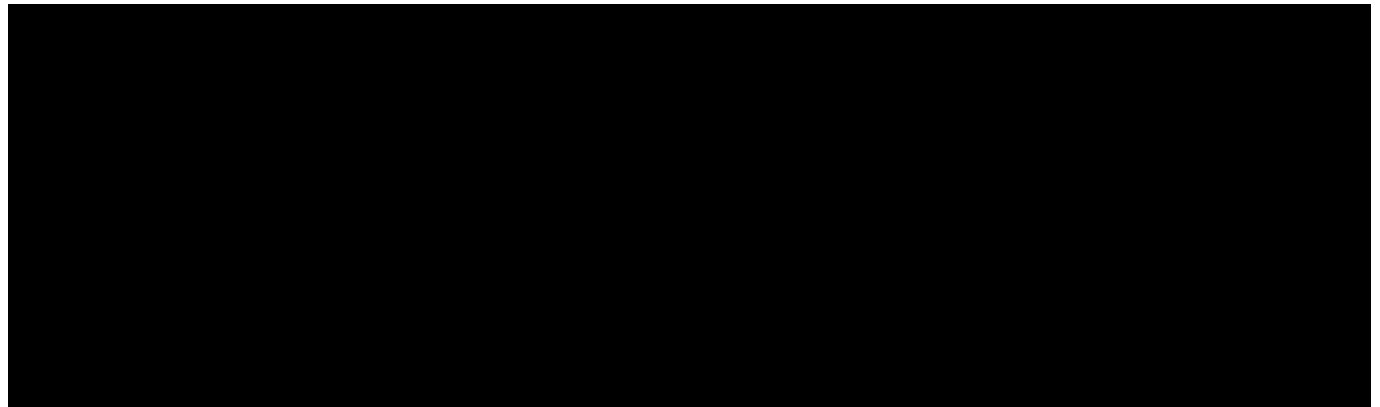
2 - What are your results for engaging and building relationships with your key communities? Be sure to include results for the following:

1. the number and type of engagements,
2. the frequency of each engagement type (how often the engagement happens), and
3. the length of time of engagements.

The very nature of FNI's work is to strengthen key communities where we design projects that will deliver a better quality of life for individuals and families. Additionally, we engage and build relationships with our communities through sponsorships and contributions as shown in (C Q2.1 and C Q2.2). Over the past five years, FNI has contributed more than \$1.7 million to professional communities and to the communities where our employees live and work. Figure (C Q2.3) demonstrates examples of our support of key communities that have been sustained over our long history with some relationships extending more than 40 years.

Measure	2019	2020*	2021*	2022	2023
Sponsorships * Impacted by COVID					
Community	\$67,388.95	\$101,360.00	\$89,886.57	\$72,465.09	\$127,857.11
Non Profit	\$67,388.95	\$14,150.00	\$7,450.00	\$22,063.00	\$25,850.00
Professional Org	\$82,539.78	\$49,405.00	\$42,535.00	\$157,925.96	\$154,885.94
Client	\$17,114.78	\$10,450.00	\$3,900.00	\$31,557.10	\$23,075.00
TOTAL	\$234,432.46	\$175,365.00	\$143,771.57	\$284,011.15	\$331,668.05
TOTAL Sponsorships 2019-2023	\$1,169,248.23				
Contributions (Tables, etc.) * Impacted by COVID					
Community	\$106,624.15	\$25,040.00	\$35,290.78	\$39,125.00	\$38,270.00
Non Profit	\$43,149.15	\$15,500.00	-	\$18,580.00	\$5,500.00
Professional Org	\$39,400.00	\$7,450.00	\$17,375.00	\$24,455.00	\$26,180.00
Client	\$10,750.00	-	\$5,200.00	\$7,600.00	\$2,480.00
TOTAL	\$199,923.30	\$47,990.00	\$57,856.78	\$89,760.00	\$72,430.00
TOTAL Contributions 2019-2023	\$467,969.08				
Total Sponsorships and Contributions	\$434,355.76	\$223,355.00	\$201,637.35	\$373,771.15	\$404,098.05
GRAND TOTAL Sponsorships/Contributions	\$1,637,217.31				
Figure C Q2.1 Philanthropic Support of Key Communities					

C Q2.1 Philanthropic Support of Key Communities



C Q2.2 Other Charitable Contributions (Not in C2.1)

Freese and Nichols, Inc. Community Events Examples (Detail list available onsite)										
Event	Length of Time Supported	Frequency	Region	Partner/ Collaborator	Description	Support (Days, Donations Raised, Other Donations)				
						2019	2020	2021	2022	2023
United Way	40+ Years	Annually	Company	Local United Way Agencies	Fundraiser with 100% matching of employee contributions					
Salvation Army Angel Tree	40+ Years	Annually	Multiple Regions	Salvation Army	Collects and donates Christmas gifts for "forgotten angels"					
Canstruction	20+ Years	Annually	South Central US	Tarrant Area Food Bank	Design & build an object from food cans. Cans will be donated to Food Bank after judging.					
Women's Center Wish List	25+ Years	Monthly	South Central US	Women's Center of Tarrant County	Fulfill Women's Center Wish List (Teddy Bears for Rape Crisis victims, notebooks and hard candy for counseling clients, etc.					
Company Funds Donated & Hours Volunteered	7 Years	Ongoing	Central Plains	Keep Oklahoma Beautiful	To empower Oklahoma citizens to preserve and enhance the state's natural beauty and ensure a healthy, sustainable environment					
Relevant benchmarks unavailable										
Figure C Q2.3 Community Events - Examples										

C Q2.3 Community Events - Examples

3 - What are your results for societal contributions?

Note: See below for some examples of societal contributions:

- reduced energy consumption
- use of renewable energy resources and recycled water
- reduction of your carbon footprint
- waste reduction and utilization
- alternative approaches to conserving resources (e.g., increased virtual meetings)
- global use of enlightened labor practices; and
- donations of goods or services to promote housing, community health, and food security.

In addition to monetary contributions, FNI leaders and employees give their time and talents through volunteerism. As shown in **(C Q3.1)** employees donate thousands of hours to worthy causes. Volunteer hours were significantly reduced during 2021 and 2022 because of shutdowns due to the Covid pandemic. FNI also contributes by mentoring small businesses in the communities where we work and live to enable the firms to grow and succeed, adding to the success of the families supported by these businesses **(C Q3.2)**. FNI does not own any of the buildings where our employees are in offices. Because of this, we do not have results for energy consumption, use of renewable energy resources, etc.

**2021 and 2022 impacted by COVID Closures*

Volunteer Hours

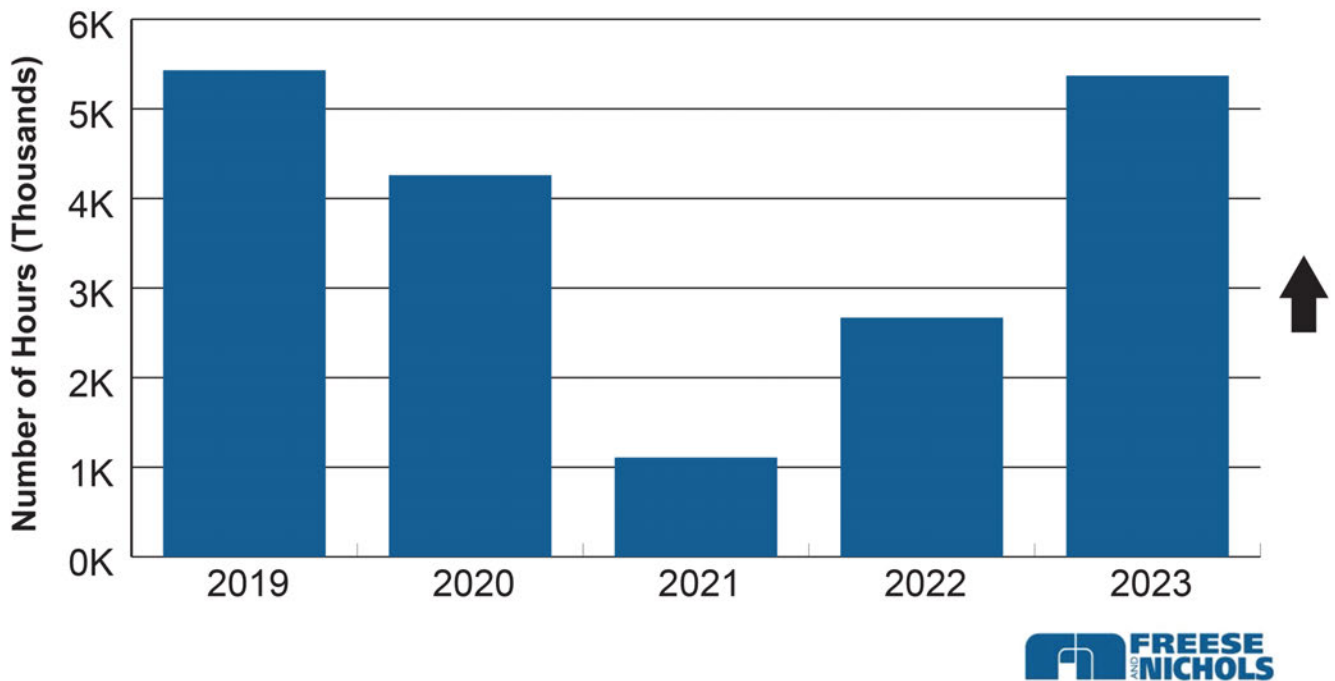


Figure C Q3.1 Volunteer Hours

C Q3.1 Volunteer Hours

Mentor Protégé Program

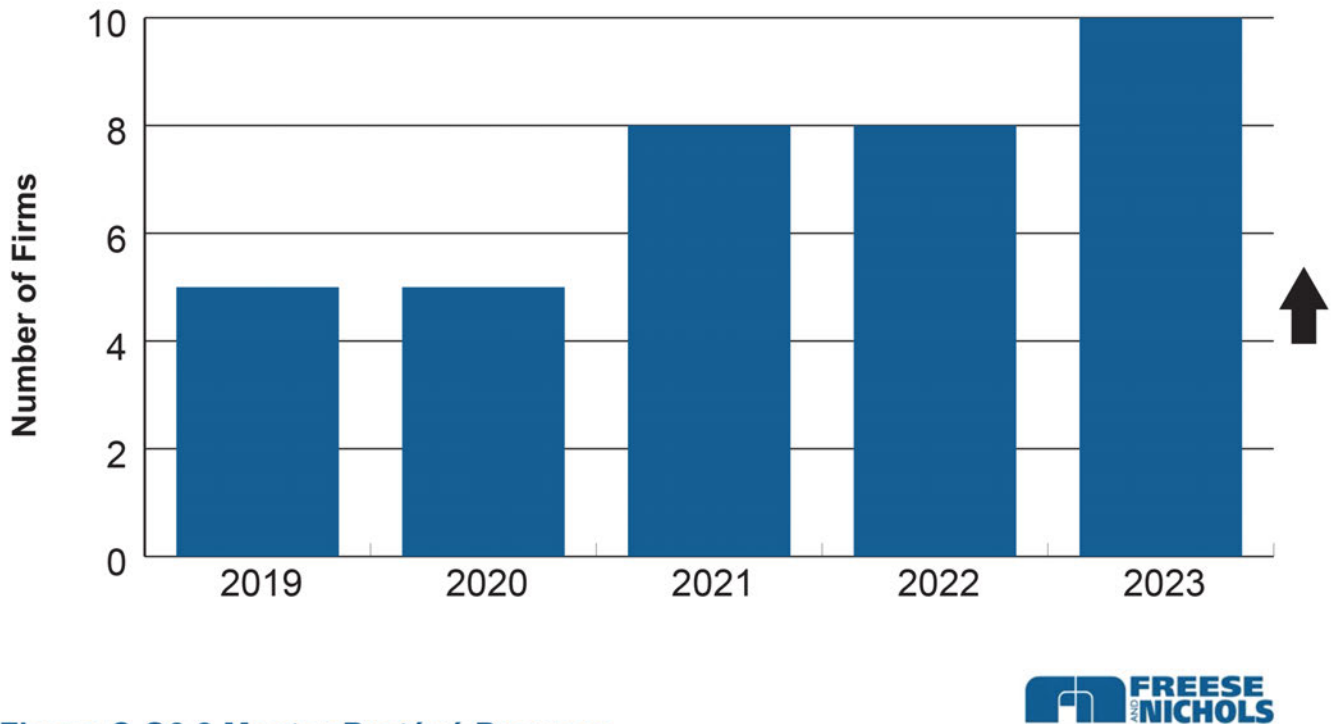


Figure C Q3.2 Mentor Protégé Program

C Q3.2 Mentor Protege Program

Finance

1 - Briefly describe your key processes used for managing your organization's finances to ensure the following:

1. financial viability, and
2. access to capital during disruptions.

Ensuring financial viability is foundational to FNI's longevity, achieved through systematic project management, disciplined budgeting **F Q1.1**, and robust financial controls refined over our 130-year history. We use our project and company budgeting to accurately forecast expenses and revenue. Efficient practices for accounts receivable and payable sustain a healthy cash flow, underpinning financial stability.

Rigorous financial analysis of Key Focus Indicators (KFIs) **F Q1.2** enables us to identify areas for improvement and cost optimization. KFIs are measures most critical to success and senior leaders review performance monthly. Groups and Divisions report KFIs quarterly during President's Reviews **F Q1.3** and present action plans to course correct underperforming KFIs.

Additionally, as a privately held firm, while not legally obligated, FNI has conducted annual external audits and for more than 40 years has never had a material finding showcasing transparency and bolstering trust in our financial management practices.

FNI prioritizes maintaining access to capital through strategic approaches. Diversifying funding sources and nurturing strong relationships with financial partners ensures resilience in turbulent times. In fact, FNI is the oldest customer of our primary bank in Fort Worth. Since 2010, we have reserved 11.5% of annual profits to provide growth and shareholder divestiture funding and all capital expenditures are funded from operating funds. We do maintain a line of credit to provide flexibility and liquidity during disruptions; however, we have only borrowed against the line of credit once during COVID as a precautionary measure. Proactive risk management strategies further safeguard access to capital, instilling confidence in partners and ensuring uninterrupted support for FNI's operations. These concerted efforts reflect FNI's commitment to sustaining financial viability and access to capital, anchoring our resilience amidst market uncertainties.

Budget Process

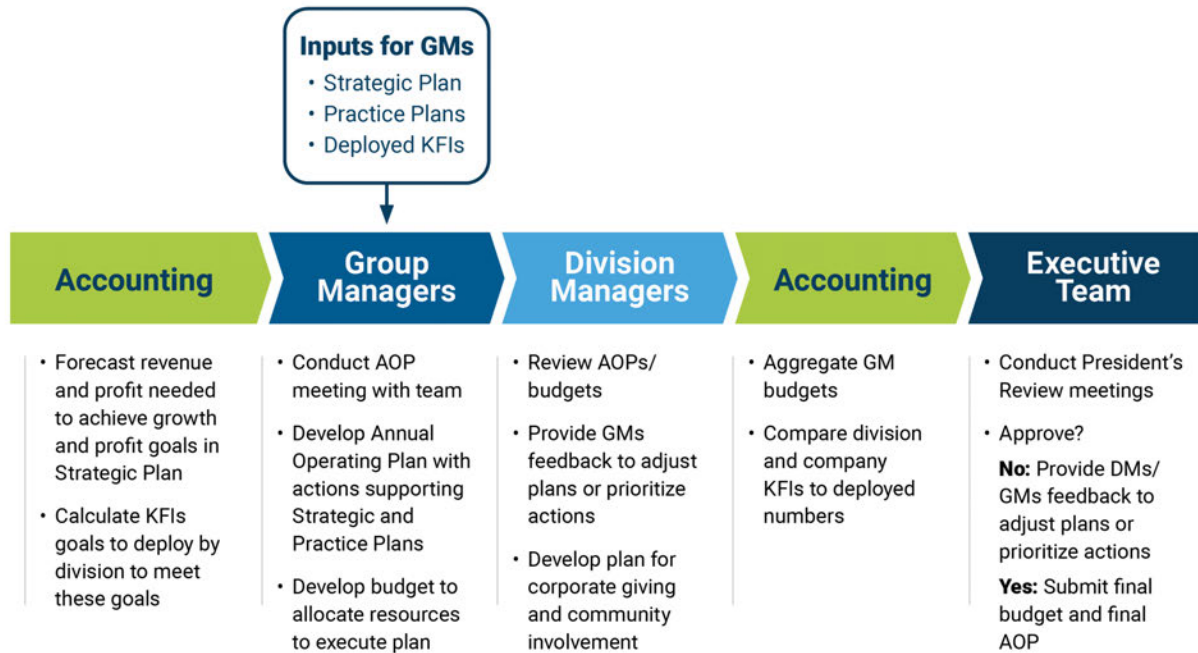


Figure F Q1.1 Budget Process



F Q1.1 Budget Process

KFI Snapshot

Year to date through November 2023

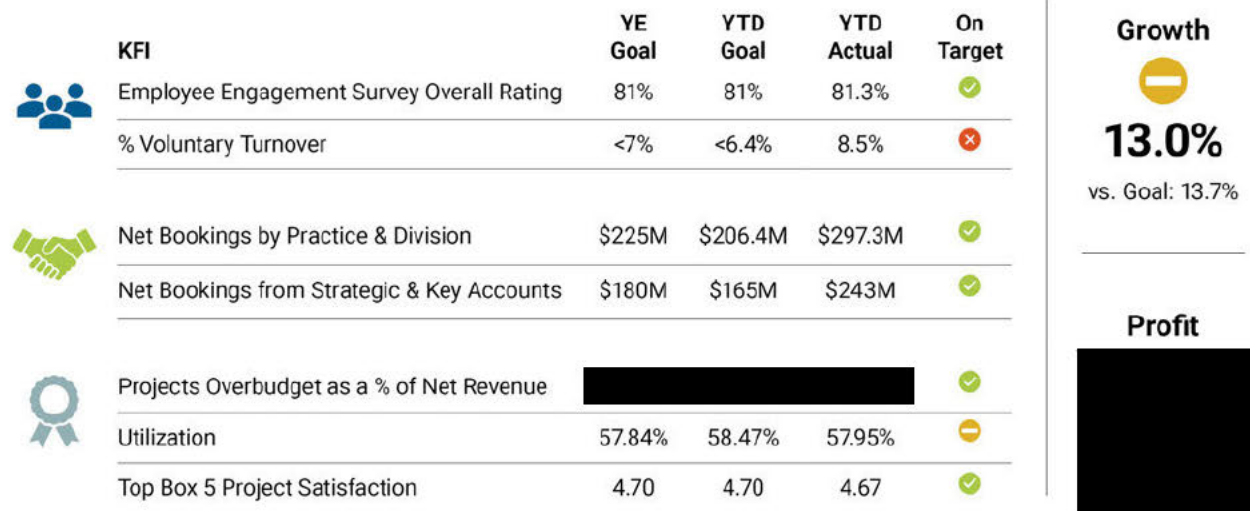


Figure F Q1.2 Key Focus Indicators Example



F Q1.2 Key Focus Indicators Example

President's Review Process (Quarterly)

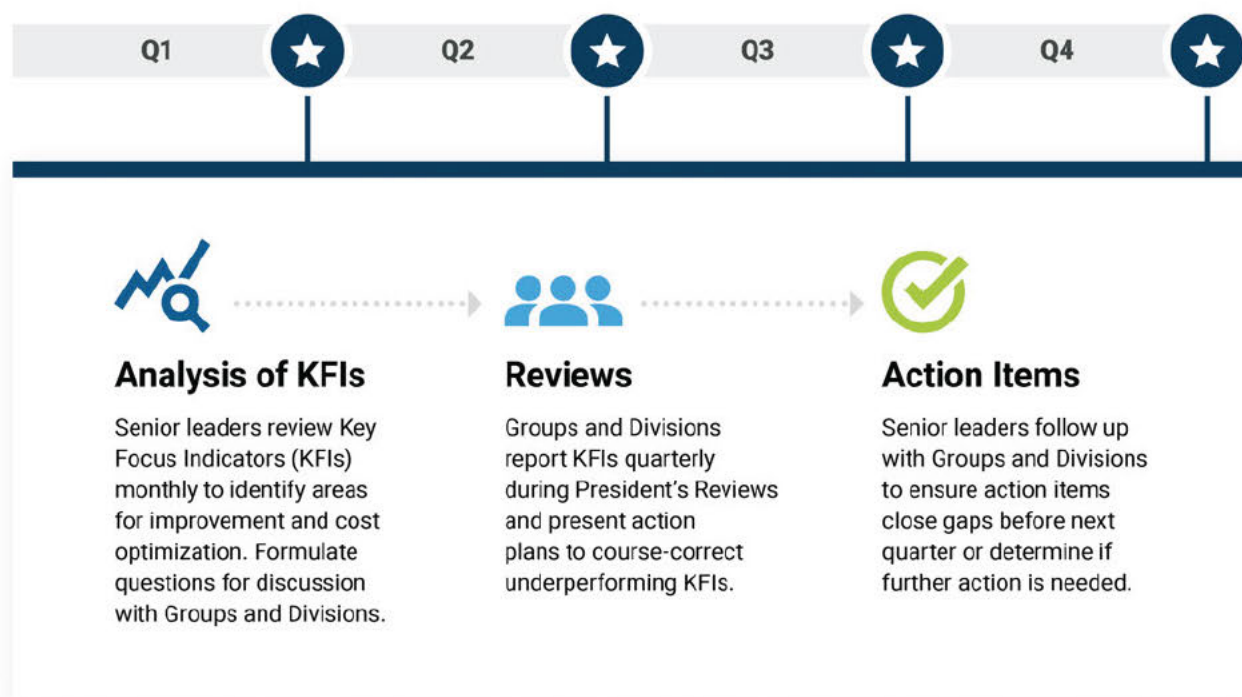


Figure F Q1.3 President's Review Process



F Q1.3 President's Review Process

2 - What are your results for financial viability (e.g., liquidity, days cash on hand/reserves, credit or bond rating)?

FNI's financial stability provides the firm a significant strategic advantage. Strong financial management has contributed to our 130 years of sustained success and our ability to successfully manage through economic fluctuations. Highlighted in **(F Q2.1), Liquidity, Cash Reserves and Working Capital**, our exceptional liquidity management results in top quartile/top decile rankings in the industry, fostering operational agility and financial resilience. Our extremely strong Balance Sheet, **(F Q2.2)**, demonstrates financial viability with top decile performance in all key measures resulting in our ability to meet short- and long-term obligations, navigate market dynamics, and seize growth opportunities. Diligent debt management and earnings analysis optimize our capital structure, mitigating financial risks. Impressive leverage ratios, including favorable debt-to-equity and interest coverage, underscore FNI's financial strength.

Measure	2019	2020	2021	2022	2023
FNI Cash/G. Rev (↑ Better)	9.9%	6.4%	8.2%	14.3%	15.6%
Size/Primary Median	4.1%	4.8%	9.9%	7.1%	5.0%
Water/Wastewater Median	4.5%	4.9%	6.1%	10.8%	5.6%
Measure	2019	2020	2021	2022	2023
FNI Billed A/R/ G. Rev (↓ Better)	13.7%	12.7%	12.8%	11.3%	12.5%
Size/Primary Median	18.0%	20.3%	19.6%	20.6%	17.7%
Water/Wastewater Median	17.6%	15.7%	19.2%	17.1%	20.5%
Measure	2019	2020	2021	2022	2023
FNI A/R – A/P (↓ Better)	N/A	10.1%	12.3%	4.8%	4.3%
Size/Primary Median	N/A	12.0%	7.9%	11.0%	11.0%
Water/Wastewater Median	N/A	11.9%	6.2%	6.7%	10.6%
Measure	2019	2020	2021	2022	2023
FNI Return on Working Capital (↑ Better)	N/A	131.7%	120.8%	278.6%	281.1%
Size/Primary Median	N/A	91.4%	146.6%	111.4%	73.2%
Water/Wastewater Median	N/A	106.1%	194.1%	175.0%	120.8%
* All peer benchmarking is from EFCG-Environmental Financial Consulting Group			Top Quartile		Top Decile
Figure F Q2.1 Liquidity, Cash Reserves, Working Capital					

F Q2.1 Liquidity, Cash Reserves, Working Capital

Measure	2019	2020	2021	2022	2023
FNI Debt/Equity (↓ Better)	0.03	0.00	0.0	0.01	0.04
Size/Primary Median	0.12	0.31	0.31	0.17	0.50
Water/Wastewater Median	0.30	0.29	0.17	0.21	0.15
Measure	2019	2020	2021	2022	2023
FNI Debt/Gross Rev. (↓ Better)	0.7%	0.00%	0.0%	0.03%	0.08%
Size/Primary Median	2.1%	5.6%	5.0%	7.2%	12.4%
Water/Wastewater Median	4.5%	4.2%	2.4%	5.9%	2.3%
Measure	2019	2020	2021	2022	2023
FNI Debt/Billed A/R (↓ Better)	5.3%	0.04%	0.03%	2.6%	6.3%
Size/Primary Median	13.1%	29.9%	21.3%	33.0%	57.1%
Water/Wastewater Median	28.2%	20.5%	15.5%	34.3%	15.1%
Measure	2019	2020	2021	2022	2023
FNI Years to Pay Down Debt (↓ Better)	0.10	No Data	0.0	0.04	0.11
Size/Primary Median	0.48	N/A	0.86	1.21	2.46
Water/Wastewater Median	0.67	N/A	0.32	0.58	0.36
Measure	2019	2020	2021	2022	2023
FNI Debt/EBITDA (↓ Better)	0.18	0.00	0.00	0.02	0.06
Size/Primary Median	0.49	0.50	0.48	0.55	1.05
Water/Wastewater Median	0.61	0.28	0.17	0.42	0.14
* All peer benchmarking is from EFCG-Environmental Financial Consulting Group			Top Quartile		Top Decile
Figure F Q2.2 Balance Sheet, Debt and AR					

F Q2.2 Balance Sheet, Debt and AR

3 - What are your results for financial performance (e.g., revenues, operating margin, performance to budget) by organization units, as appropriate?

FNI systematically establishes financial goals and deploys robust strong processes to monitor performance to budget and make prompt adjustments for optimal performance. As shown in **(F Q3.1) Performance to Budget, Profit** demonstrates strong performance in Net Revenue Growth and Company Profitability. We set aggressive goals and have successfully met or exceeded those in each of the past five years except 2021, when Covid significantly impacted both revenue and profitability. Another key financial measure is EBIBT Margin and **(F Q3.2)** highlight our continual outperformance compared to industry peers with top quartile/decile performance. Strong (top quartile/decile) **Revenue Growth (F Q3.3)** is shown by client and by office as well as practice and geography demonstrating strong financial performance in key segments of the organization. Our discipline around financial analysis, management, and execution has helped the organization grow and thrive for 130 years.

Performance to Budget, Profit

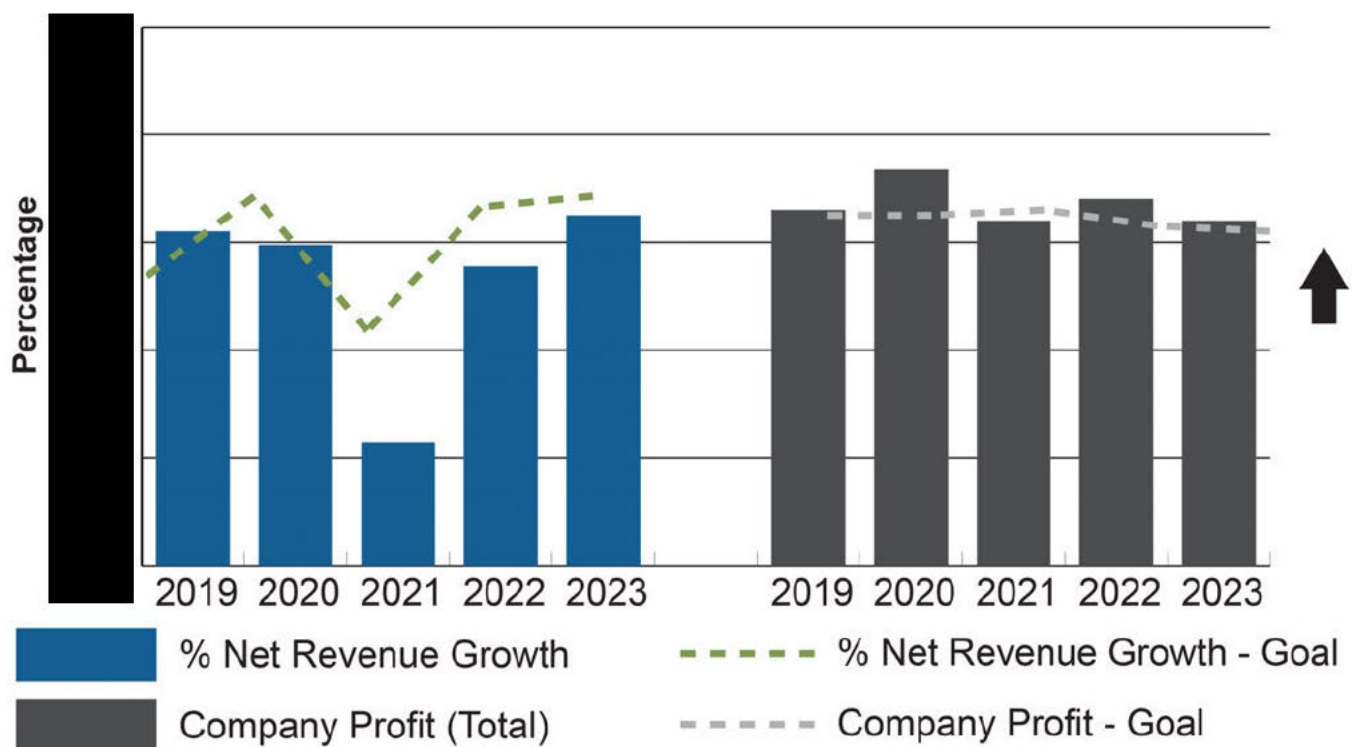
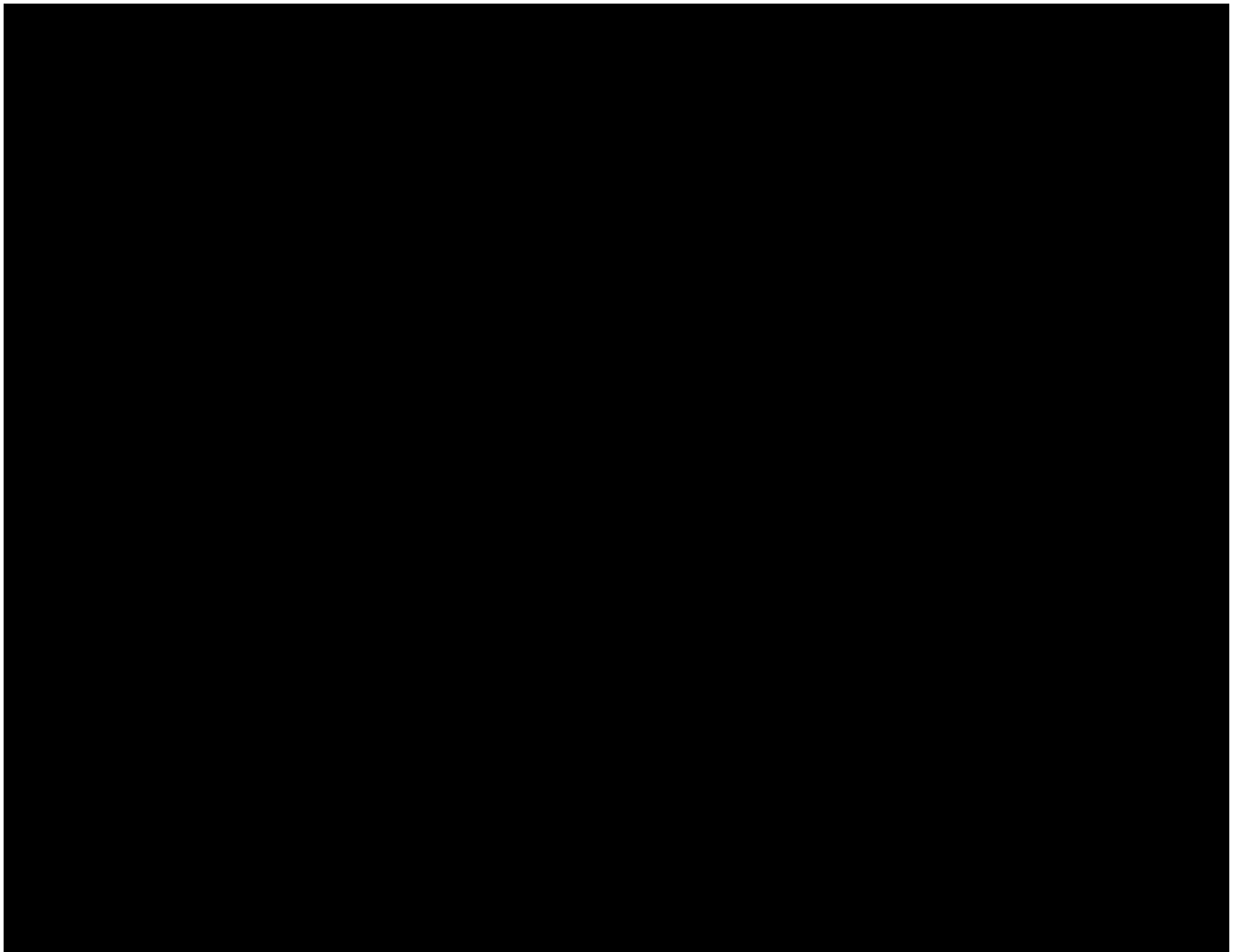


Figure F Q3.1 Performance to Budget, Profit

F Q3.1 Performance to Budget, Profit



F Q3.2 Earning Analysis Profit Margins

Measure	2019	2020	2021	2022	2023
FNI Total Revenue	153.96	171.64	181.20	200.60	225.49
Net Rev per client (\$K) ↑	244	267	291	292	416
Median Size/Primary	141	103	77	143	124
Water/Wastewater median	361	101	157	145	173
Southern US median	N/A	N/A	272	187	224
State/Municipal median	N/A	N/A	N/A	356	212
Measure	2019	2020	2021	2022	2023
Net Rev/Office (\$M)	7.17	6.92	7.0	8.50	7.83
Median Size/Primary	4.84	5.67	4.96	5.25	6.07
Water/Wastewater Median	4.64	5.45	N/A	5.51	5.87
Southern US Median	N/A	N/A	6.22	5.92	7.79
State/Municipal Median	N/A	N/A	N/A	10.25	5.36
NET REVENUE SEGMENTED BY PRACTICE AND LOCATION (\$M)					
Practices					
Energy	3.40	3.30	3.35	3.08	115K
Facilities	6.89	5.84	5.70	5.20	6.66
Stormwater	16.33	17.25	17.11	23.20	27.34
Transportation	14.18	16.62	18.51	21.13	21.62
Urban Planning & Design	4.23	4.70	4.74	4.62	6.12
Infrastructure	45.02	47.71	49.41	57.22	61.86
CMPM Practice	28.50	35.40	37.58	39.31	39.61
Environmental	4.15	3.76	4.97	5.73	8.48
W & WW Planning	8.23	10.23	11.49	10.63	13.0
Water Resource Design	13.90	21.18	20.66	18.73	21.45
Water Resource Planning	4.01	3.73	3.51	4.0	4.49
WWW Treatment	15.03	17.57	17.62	20.51	24.81
WWW Utilities/Transmission	35.1	32.07	36.0	44.47	51.79
Water/Environmental	108.93	123.94	131.79	143.38	163.63
Locations					
North TX	84.56	92.15	89.55	92.52	100.58
Central TX	29.52	34.21	37.48	43.28	47.75
Western Gulf Coast	28.61	30.82	33.00	38.49	42.07
Central Plains	3.91	4.89	6.35	7.35	11.07
Southeast US (GA & NC)	7.20	9.05	12.88	15.64	19.38
Florida	N/A	358K	1.53	2.32	3.53
Corporate	142K	168K	406K	1.04	1.10
* All peer benchmarking is from EFCG-Environmental Financial Consulting Group			Top Quartile		Top Decile
FNI is in the top quartile/decile across all peer groups for Net Revenue by office					
Figure F Q3.3 Revenue Growth					

F Q3.3 Revenue Growth

Glossary of Terms and Acronyms

1 - Provide brief definitions of terms and acronyms used in your responses to the criteria questions. The glossary should be pasted into the text box. Glossaries larger than 20000 characters will need to be uploaded as an image. A maximum of three images is permitted. If uploading an image of your glossary, please enter "n/a" in the text box to activate the image upload icon.

Note: Acceptable examples of a glossary entry are:

PES: Performance Evaluation System

SPP: strategic planning process

ACEC - American Council of Engineering Companies

ATD - Association of Talent Development

ADA - Americans with Disabilities Act

ADM - Assistant Division Manager

AEC - Architecture, Engineering and Construction Industry

AED - Automated External Defibrillator

AOP - Annual Operating Plan is a technical group operating plan.

AOS - Available on Site

APA - American Planning Association

ATD - Association for Talent Development

APM - Assistant Project Manager

APWA - American Public Works Association

ASCE - American Society of Civil Engineers

AWS - Alternative Work Schedule

AWWA - American Water Works Association

AR - Accounts Receivable

AP - Accounts Payable

BIM - Building Information Modeling

BS - Balanced Scorecard

BOD - Board of Directors

BT - Business Technology

CA - Contract Administrator

CAD - Computer-Aided Design

CBDO - Chief Business Development Officers oversee our practices, define our strategic and key accounts, and assist Divisions, Groups, and Practices with their sales strategy at the client and opportunity levels.

CEO - Chief Executive Officer provides strategic leadership for Freese and Nichols by working with the board of directors and the executive management team to establish the strategic direction for the company, including Mission, Vision, and Values.

CFO - Chief Financial Officer manages Freese and Nichols' finances, including financial planning, risk management, financial reporting, and data analysis.

CSO - Chief Strategy Officer is responsible for leading strategic planning and our Continuous Improvement (Baldrige) journey.

COO - Chief Operating Officer oversees our various Divisions through EVPs and is responsible for the execution, quality, efficiency and profitability of the projects we deliver to our clients.

COOP - Continuity of Operations Plan

CI - Continuous Improvement

CIdeas - Continuous Improvement Ideas is a program where employees are able to submit their ideas.

CIP - Capital Improvement Program

CMVs - Client Marketing Visits

CR - Client Representative

CRM - Client Relationship Management database tool (Cosential) that helps staff manage client information.

DEI - Diversity, Equity, Inclusion

Divisions - are a collection of operational Groups that execute and deliver our work. A mixture of geographies and practice organizes our divisions.

DMs - Division Managers report to the Regional Executive Vice Presidents and oversee Group Managers. They are responsible for a division's overall budget and KFI's, such as utilization, bookings, projects over budget, and employee engagement.

DOJ - US Department of Justice

DOT - Department of Transportation - (Oklahoma Department of Transportation ODOT, Texas Department of Transportation TxDOT)

EEOC - Equal Employment Opportunity Commission - Regulations to prohibit discrimination in the workplace.

EBIT - Earnings before interest, bonuses, and taxes

EBITDA - Earnings before interest, taxes, depreciation, and amortization

EES - Employee Engagement Survey

EFCG - Environmental Financial Consulting Group – a firm that consults in AEC industry and facilitates an industry survey.

EKR - Employee Key Requirements - these are identified based on the results from Beyond Feedback survey, which measures employees' key drivers of engagement.

EMR - Experience Modification Rating

ENR - Engineering News-Record is a industry publication that ranks firms in the Engineering Industry.

ENV SP - Envision Sustainability Professional is a designation that supports the Envision Framework —an increasingly important credential for any professional involved in civil infrastructure.

EPA Environmental Protection Agency - Most EPA regulations are implemented through TCEQ.

ERGs - Employee Resource Groups are employee-led groups that meet in their workplace based on shared characteristics or life experiences.

ESRI - Environmental Systems Research Institute, Inc. is a provider of GIS software.

ET - Executive Team consists of senior FNI leaders, including the CEO, COO, CFO, CBDO, Executive VPs of Operations, and HR Director.

EVPs - Executive Vice Presidents of Operations oversees our Divisions to meet our goals.

Executive CMVs - Executive Client Marketing Visits are face-to-face meetings between FNI's executive staff and our clients' executive leadership.

EEOC - US Equal Employment Opportunity Commission

FAR - Federal Acquisition Regulation. Regulations for working with Federal Government

FNI Shareholders/ Principals are Owners of FNI - must be actively employed with FNI.

FLOW - a term used to identify 'Follow On Work', examples would be designing projects after planning projects.

FNU - Freese and Nichols University

FWEA - Florida Water Environment Association

GAAP - Generally Accepted Accounting Practices

Gap Analysis- is an analysis that is completed related to measures which are not meeting target (gap between current performance and target performance).

GIS - Geographic Information System is a software that captures, stores and analyzes data related to geographic location.

GM - Group Managers also set the Annual Operating Plan of their Group, in alignment with our Strategic Plan and are responsible for executing AOP and meeting KFI's.

Groups - smaller operational teams of technical or corporate staff who execute and deliver the work that we do.

Hedgehog Concept - The one thing that a company can do better than all others. From Good to Great, 2001, Jim Collins.

HR - Human Resources

HUB - Historically Underutilized Business

IDP - Individual Development Plan – a career development plan that assists in reaching short- and long-term career objectives.

IT - Information Technology

KFIs - Key Focus Indicators are measures most critical to success and senior leaders review performance monthly.

LEADS - Freese and Nichols Values which is an acronym for **L**earn Continuously, **E**ngage as Family, **A**ct with Integrity, **D**eliver Quality, **S**erve Always

LEED - Leadership in Energy and Environmental Design. LEED is the world's most widely used green building rating system.

LT - Leadership Team is made up of FNI's Executive Team plus Chief Strategy Officer, Division Managers, Assistant Division Managers, and Corporate Group Managers.

LTP - Lead Technical Professionals that are senior technical staff members with expertise within their discipline, overseeing QA/QC programs within the TEP.

LS - FNI's Leadership Excellence System

M/W/DBE - Minority, Women and Disadvantaged Business Enterprise

MBNQA - Malcolm Baldrige National Quality Award

Mentor-Protégé Program - an internal program aimed to help small and disadvantaged-business protégés develop effective business practices and successful operations.

Labor Multiplier - Revenue minus project expenses divided by project salary.

Net Revenue - Revenue earned from FNI labor.

NAFSMA - National Association of Flood & Stormwater Management Agencies

TAMIO - Texas Association of Municipal Information Officers

NEPA - National Environmental Policy Act. Protects the environment.

NSPE - National Society of Professional Engineers

OD - Organizational Development

OLCR - Online Contract Review is an online process that evaluates the scope, fee and terms to mitigate risk, employing robust contract language for comprehensive risk management.

OSHA - Occupational Safety and Health Administration which monitors safety requirements for employees.

OT - Ownership Transition

PDCA - Plan-Do-Check-Act

PDH - Professional Development Hour

PE - Professional Engineer

PENC - Professional Engineers of North Carolina

Practices - Sales focus areas, comprising a mixture of markets and services. Practices do not have staff and do not execute work.

PL - Practice Leaders report to the Chief Business Development Officers. They oversee the direction of the practice from a sales perspective and are responsible for booking goals.

PM - Project Manager

PMCM - Program Management and Constuction Management

PMSC - PM Steering Committee

POCs - Point of Contacts

PPE - Personal Protective Equipment

PR - Presidents Review process is when the CEO, COO, CFO, EVP leaders review KFI's monthly and meet with Group and Division leaders quarterly to review and discuss plans to correct underperforming KFI's.

PSS - Project Satisfaction Surveys are conducted at the mid-point and at project completion to gain client feedback during project delivery contributing to our ability to identify project issues and provide ongoing quality solutions to our clients.

PTO - Paid Time Off

QA/QC - Quality Assurance/ Quality Control

QM - Quality Management

R&D Program - Research & Development Program was developed to encourage all employees to think innovatively by allocating funds to bring their ideas to life. Also known as R&D Funding.

Revenue - Gross revenue represents the effort earned from FNI labor and sub-consultants' work. Net revenue represents the effort from FNI labor alone. With large contracts, revenue will occur over several years.

RFP - Request for Proposal is the most common venue for governmental entities to ask for competitive proposals and usually contains detailed requirements for the project.

RRT - Rapid Response Team

SA - Senior Advisor is who provides technical expertise and oversee the Quality Assurance efforts on projects.

SAME - Society of American Military Engineers

SBA - Small Business Administration. Monitors FNI project's usage of minority and women-owned businesses

SME(s) - Subject Matter Experts

STEM - Science, Technology, Engineering, and Mathematics

SP - Strategic Plan

SPEaKS - An internal online tracking system that tracks the execution of Strategic Plan actions.

SPP - Strategic Plan Process is used to align objectives and bolster decision-making through data-driven insights.

Strategic and Key Accounts Program - This program defines and identifies our strategic and key accounts and prioritizes staff time, resources and money in client relationship building and opportunity positioning focusing on our collective business development strategy.

Subs - Another engineering, architectural, environmental science or survey firm that FNI contracts with to provide services.

Sustainable Design - Designs that provide for the needs of the present without detracting from the ability to fulfill future needs.

SWE - Society of Women Engineers

SWOT - Strengths, Weaknesses (Challenges), Opportunities, Threats

TA - Talent Acquisition

TCEQ - Texas Commission on Environmental Quality monitor and regulates air and water quality and safe management of waste.

TEP Technical Excellence Program – a internal program that works to continuously improve the level of technical quality in each company project.

Top Box 5 (TB5) - A program that recognizes project satisfaction surveys receiving all 5s on the survey questions.

USGBC - U.S. Green Building Council

W/WW (WWW) - Water/Wastewater - Technical Group or Practice

WD/RA - Water District/River Authority client type

WEAT - Water Environment Association of Texas

WEF - Water Environment Federation

Won But Not Authorized - WBNA is a project awarded to FNI, but we do not yet have a signed contract.

WTS - International Women in Transportation International

YE/YTD - Year End/Year-to-Date

VOC - Voice of the Customer is a process used to listen to your customers.

Zipper Approach - FNI uses this approach to provide continuity of service throughout our clients' organizations. Our approach aims to have FNI staff build relationships with staff at all levels of the clients organizations.

Baldrige Award Application - Site Visit Data

Application Submission Date: 04/11/2024 18:03 ET

Application Submitted By: Cindy Milrany

Leadership and Governance

How do the processes for leadership and governance described in your application reflect and address the evaluation factors below.

****Be sure to respond to *each* of the 6 evaluation factors.**

1. Systematic (describe how processes are regular and repeated)
2. Deployed to key stakeholders
3. Evaluated
4. Improved based on evaluation
5. Innovation (examples, if any)
6. Aligned with organizational needs, as described in the Organizational Profile, and integrated with related processes?

Systematic Processes:

At FNI, we set clear expectations for leaders through our comprehensive Leadership System (LS), which is deeply rooted in our LEADS values. These values are the core of our decision-making process and organizational accountability. By emphasizing people focus, we ensure that our leadership processes and the attributes align with our Mission to deliver flawless execution, uphold high standards, and maintain a strong focus on our Vision and Values. This results in a continuity of practice that supports our goal to remain an employee-owned firm, building an enduring legacy for future generations.

Our LEADS Values are more than just words; they are principles that guide our daily actions and long-term strategies. These values drive our commitment to excellence and our dedication to both our employees and clients. By integrating these values in every aspect of our operations, we ensure that our company remains focused on our vision and continues to build an enduring legacy.

Our governance processes are systematic and well-established. We maintain a Board charter and charters for all Board committees that align with our Articles of Incorporation and Bylaws, ensuring clarity and alignment of responsibilities. A calendar for Board and committee meetings outlines the topics to be covered, ensuring that all activities are in line with the charters and strategic objectives.

Deployment:

We deploy our Mission, Vision, and Values systematically to ensure they are embedded throughout the organization. Senior Leaders play a pivotal role in this deployment by exemplifying these foundational statements in their daily actions. They sponsor LEADS-related initiatives, engage with stakeholders, and serve as role models for the rest of the organization. Their commitment to LEADS values is evident through their involvement in projects, sharing of testimonials, encouragement of employees to live by these values, and communication with clients and the community. LEADS values are not only shared internally but also with key external stakeholders, including clients, suppliers, partners, and collaborators. This broad sharing ensures that everyone associated with FNI understands and appreciates our commitment to these values.

Our comprehensive Employee Engagement Survey, which includes a section dedicated to LEADS, consistently shows high scores across all regions and offices, reflecting the successful deployment of these values. The survey results demonstrate that employees at all levels understand and embrace the LEADS values, contributing to a cohesive and motivated

workforce. The Leadership System (LS) (OP Q3.1) was initially introduced to the Lead Team, Shareholders, and Group Managers (GMs) for feedback. Following their input, the Executive Team refined the system and developed a graphic representation, which was unveiled to all employees during a Continuous Improvement luncheon.

The LS was further disseminated through the 2024 Leadership Summit, a workshop for Shareholders built around some of the key leadership processes. This will be repeated later this year to cover the remaining processes. Senior leader communication is multifaceted and deeply integrated across the organization. From Shareholders to new employees, communication channels ensure that everyone is informed and aligned with our mission and values. This communication is vital for maintaining transparency and fostering a sense of unity and purpose. Ethical conduct is a cornerstone of our organization, reinforced through our LEADS values, particularly the "Act with Integrity" value. All employees undergo mandatory annual Code of Conduct training, ensuring that ethical standards are upheld consistently across the organization.

Evaluation and Improvement:

FNI is a learning organization and continuously evaluates and improves key processes. Over the years, we have conducted cycles of learning that have significantly enhanced our leadership and governance practices.

In the late 1990s, evaluation showed difficulty in meeting goals and holding GMs accountable. To address this, we instituted President's Reviews, where GMs present their Key Focus Indicator (KFI) results compared to goals and detail their plans to address all shortfalls. This practice has undergone numerous improvements over the years.

In 2015, we standardized analysis tools to increase consistency. When Brian Coltharp became CEO in 2017, we made these reviews even more systematic by defining specific questions for GMs to address and adding a debrief meeting to enhance accountability.

Every 3-5 years, we conduct a comprehensive evaluation and analysis of our strategic imperatives to ensure their continued relevance. This process engages the Strategic Planning Committee, Leadership Team, Shareholders, and Board of Directors. One of Brian's primary goals as CEO was to evaluate and update our guiding principles.

In 2019, after extensive input from multiple stakeholder groups and final approval by the Board, we transformed our guiding principles into the LEADS values. The North Star symbol was adopted to represent these values, providing a clear and memorable analogy for our employees. Most recently in 2024, we incorporated the LEADS values into our annual performance evaluation system, ensuring that all employees are assessed and rewarded based on their adherence to these values.

Senior leader communication has always been a priority, but feedback during the most recent CEO selection process indicated a need for improvement. Our current CEO responded by appointing a dedicated person in the Office of the President to focus on senior leader communication, in partnership with our marketing group. This led to the introduction of monthly CEO videos and the CEO Report to the Board, significantly enhancing transparency and engagement.

Historically, FNI has had strong leaders who ensured organizational sustainability and resilience. Our growth and geographic expansion prompted us to evaluate our ability to sustain our unique culture. Benchmarking with Baldrige recipients like Ritz Carleton, we learned the importance of a LS with defined processes and attributes. In 2023, we formalized expectations of leadership processes and attributes by developing and fully implementing our LS.

In 2022, based on a Board evaluation, we engaged an outside consultant to conduct a governance study. This systematic evaluation led to refined Board committees, a more strategic approach to Board meetings with an agenda template, and executive summaries for standing reports, allowing more time for strategic discussions. A standard process for shareholder self-nomination to the Board was also created, enhancing the Governance and Nominating Committee's selection process.

Innovation:

In the early 1990s, we developed an innovative ownership transition model, originally created by Price Waterhouse. We took this model in-house in the late 90s, refining it to better reflect our needs. About 10 years ago, we transformed this model into a more visual and comprehensive presentation, making it easier for shareholders to understand. This model remains innovative in our industry, where many firms face consolidation due to inadequate planning for ownership transition.

In 2010, we developed a proactive approach to fund future ownership transitions by setting aside [REDACTED] of profits. This initiative allowed us to establish a long-term investment fund, ensuring that we have the necessary resources to support ownership transition and maintain continuity of practice.

Over the past 25 years, we have gone through two CEO selection processes. This process was developed by our Board, implemented by a committee of the Board and facilitated by an outside consultant. The results of this process were very successful in both cases, and we have shared this best practice with a number of firms in our industry.

Integration:

Leadership and Governance at FNI are highly integrated across the eight excellence dimensions and our various geographies and practices. Our LS is embedded in all leadership training programs, introduced during new employee orientation, and used to guide new hire onboarding. It is currently being integrated into the criteria for selecting Principals and Associates, ensuring that our leadership development aligns with our strategic goals. The LS emphasizes People, integrating closely with both Workforce and Customer dimensions. The foundation of our LS is continuity of practice, a key component of our Vision Story.

The LEADS values have been integrated into all elements of the organization, becoming the basis for primary decision-making. Our values also guide our client relationships, ensuring that we build strong, lasting partnerships based on mutual respect and shared values. Innovation, part of our mission, is recognized through the Simon W. Freese Innovation Award, celebrating employees who demonstrate innovative thinking and contribute to our success. LEADS values are embedded in our performance evaluation process and employee goals, fostering a culture of excellence and accountability.

The President's Review process integrates performance reviews across all dimensions, ensuring that leadership performance is evaluated comprehensively. Our approach to succession planning is closely linked with Workforce development plans, ensuring that employees identified through the process are prepared for future leadership roles. This approach aligns with our LS, ensuring consistency and sustainability in our leadership development efforts.

By integrating leadership and governance across all dimensions, we ensure that FNI remains a cohesive, high-performing organization committed to excellence. Our approach to leadership development, governance, and continuous improvement enables us to navigate challenges and seize opportunities, building a resilient and enduring organization for future generations.

Strategy

Strategic Planning and Execution (including Workforce Planning)

How do the processes described in your application for strategic planning and execution (including workforce planning) reflect and address the following factors:

****Be sure to respond to *each* of the 6 evaluation factors.**

1. Systematic (describe how processes are regular and repeated)
2. Deployed to key stakeholders
3. Evaluated
4. Improved based on evaluation
5. Innovation (examples, if any)
6. Aligned with organizational needs, as described in the Organizational Profile, and integrated with related processes?

Systematic Processes:

At Freese and Nichols, we have maintained a robust Strategic Planning Process (SPP) for decades, which has significantly contributed to our long-term sustainability and resilience. This process involves developing and deploying our Strategic Plan (SP) using a combination of top-down and bottom-up approaches. Key participants in our strategic planning process include the Board of Directors, Executive Team, Strategic Planning Committee, Shareholders, Division and Group Managers, and Practice Leaders. Additionally, employees actively participate by contributing to group annual operating plans, working towards achieving individual goals, and providing input through real-time polling during strategic plan rollouts and mid-year updates. Suppliers, partners, collaborators, and clients are also engaged as appropriate in the development and implementation of our strategy.

In the SPP, all Practice Leaders are engaged in developing Market Scans (MS) and Practice Plans, which provide crucial inputs into the organizational SP. These leaders follow a standardized process and use the same templates, answer consistent questions, and gather feedback from functional areas across the company and regions to develop their MSs. From these MSs, we derive company-level growth strategies that are then deployed to Practice Leaders to ensure alignment with their Practice Plans. Additionally, Division and Group Managers capture input on regional issues and growth opportunities, which are ultimately reflected in their Annual Operating Plans (AOPs). All Group Managers use a consistent process and template to develop their AOPs, which are directly aligned with the Strategic Plan.

Our SPP captures a wide range of key inputs to develop a “data-informed” strategy. These inputs include the MSs, regional issues and growth opportunities, technology reports, industry and financial benchmarking, results from employee and client engagement surveys, performance on Key Focus Indicators (KFIs), shareholder feedback, and strategic planning retreat input.

During the SPP, we identify innovative strategic opportunities. Innovation, being a core part of our LEADS values, is often accomplished through our delivery of services to clients. To foster innovative thinking and ensure we take intelligent risks that meet our clients' needs, we leverage industry experts, participate in industry boards and professional organizations, network with innovation experts outside our industry, and attend off-site conferences focused on innovation.

Practice Leaders identify strategic growth opportunities as they conduct MSs and develop practice plans. When significant opportunities are identified during planning cycles, Practice Leaders develop and present a business case for their proposed opportunities, detailing potential return on investment, levels of risk, and strategic advantages. This enables the Executive Team and Strategic Planning Committee to determine which intelligent risks to pursue.

We continually review and adjust action plans to respond to changes in the environment or to capitalize on unexpected opportunities. Quarterly at Executive Team, leaders review Balanced Scorecard results, and if results are not meeting targets, action plans for getting back on target are developed.

Deployment:

Each September, a draft Strategic Plan is presented to Shareholders, Group Managers, Practice Leaders, and Account Directors at an off-site Planning Retreat. This session aims to gather feedback on the proposed strategies, actions, and measures, promoting ownership of the plan by those responsible for its implementation.

KFIs are established at the company level as part of the Strategic Planning process and are deployed to divisions and groups. A “catchball” process occurs as Group Managers develop their operating budgets in support of the Strategic Plan, Practice Plans, and their group’s improvement needs. KFI targets and operating budgets are finalized based on the results of this process.

The Board of Directors approves the strategic plan, and our marketing department creates a two-sided graphic representing our strategic objectives and goals for the upcoming year. Starting in the early 2000s, our CEO began presenting the Strategic Plan at each of our offices. The current CEO enhanced this connection by including the CSO and HR Director in these presentations and added Midyear Update presentations. As the number of offices has grown, these presentations are now in-person at one or more offices within each region, with remaining offices joining virtually. The location for in-person presentations rotates each year. In these sessions, senior leaders share the SP graphic with every employee, discuss the plan and actively gather questions, thoughts, and input through the use of interactive technology.

Evaluation and Improvement:

Strategic planning has been critical to FNI’s long-term success for decades. Simon Freese mentioned setting aside a day to plan for the next year in his 1930s diary. Over the years, the process has become much more structured and disciplined, especially since we embarked on our Baldrige journey in 1996. As our Strategic Planning process became more disciplined and our Baldrige journey matured, we recognized the need for employees to understand our Strategic Plan and see how their work contributes to organizational success. Our Strategic Plan document has evolved over the years based on feedback from our employees and our managers on how they can best understand the plan and relate it to their goals.

Each year, the first step in our planning process is a meeting with the Strategic Planning Committee, where we systematically evaluate the previous year’s process to identify “What Worked Well” and “Opportunities for Improvement.” Based on these evaluations, we modify the process.

In the early 2000s, we added a Market Scan to our Strategic Planning process to gather information about client needs, market performance, and industry trends. This process has been refined numerous times over the years, allowing us to identify growth opportunities, barriers, threats, and technology trends, which serve as inputs to the SPP. The Executive Team and Strategic Planning Committee review these growth opportunities to develop company-level growth strategies, significantly reducing blind spots in our planning.

In 2020, we engaged a strategic planning consultant with engineering industry experience to bring best practices to our process. Based on his evaluation and best practices knowledge we have made numerous improvements. These include revamping the Strategic Planning Committee with less senior level involvement and adding younger leaders, conducting comprehensive data trend analysis, and implementing a regional employee and focus group interview process to identify company-wide trends. We also introduced a Strategic Framework Workshop with our Executive Team to review Mission, Vision, and Values for relevance and establish consensus on growth goals and high-level strategies.

In 2021, as part of our SPP, we reviewed Strategic Imperatives. While we decided not to change our Mission, Vision, or LEADS Values, we recognized the need for our employees to better understand our Vision ***“To be the Firm of Choice for our Clients and Employees.”*** This led to the creation of our Vision Story, which includes eight components explaining what our Vision means.

In 2024, Practice Leaders systematically evaluated the value they derived from MSs and worked with the Strategic Planning Committee to revise the MS template. The revision added a risk analysis and increased focus on more strategic

inputs to planning.

Our annual Planning Retreat, which started in 1997, has evolved significantly and now includes over 125 participants. In this retreat we develop crucial concepts such as our Hedgehog Concept or roll out significant initiatives like our Vision Story. The retreat is evaluated and enhanced each year based on post-retreat survey results.

Innovation:

In 2023, despite our Balanced Scorecard results being over 90% on track, we were concerned that we were not executing our Strategic Plan actions as effectively as possible. To address this, we deployed the Strategic Performance Excellence and Knowledge System (SPEaKS) to track execution of our Strategic Plan action plans. This low code/no code system, developed by a consultant who has coached twelve national Baldrige recipients, incorporates best practices from these organizations. SPEaKS sends quarterly emails to action leads for status updates. The status reports are reviewed biannually at Board meetings and quarterly by the Executive Team, along with the Balanced Scorecard results. Based on positive response to tracking Strategic Plan actions in SPEaKS, we are piloting its use in 2024 with three GMs from our strategic planning committee to track execution of their Annual Operating Plans.

Integration:

Our strategic plan is highly aligned and integrated across divisions, practices, and groups (Figure S-1). Employee goals are linked to actions in AOPs, which are aligned with the Strategic Plan. AOPs are developed using input from group retreats and are integrated with annual operating and capital budgets. KFIs are designed to measure the degree to which FNI is successful in executing our strategy. Each Key Focus Area has 2 to 3 KFIs, which integrate measurements across Workforce, Customers and Markets, Operations, and Finance. Growth strategies, developed during the SPP based on customer and market intelligence, are deployed across practices and operational groups to achieve our KFIs. Our approach ensures that strategic goals are well communicated and that every employee understands their role in achieving these goals. This alignment fosters a cohesive and coordinated effort towards our strategic objectives, enhancing our ability to adapt and respond to changes in our business environment.

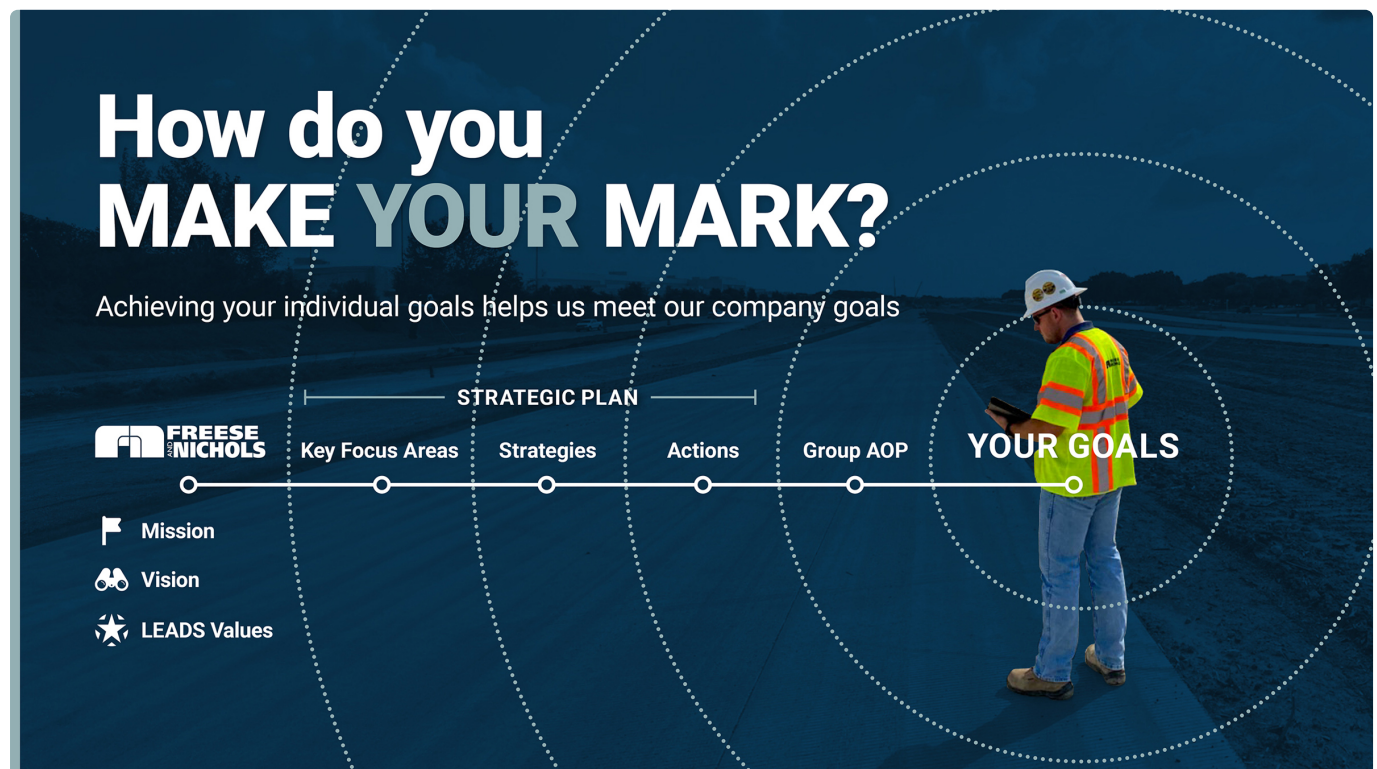


Figure S -1 Supplemental Documentation – Goal Cascade

Operations

Operations, Specifically Design and Delivery of Products/Services

How do the processes for the design and delivery of products and services described in your application reflect and address the following factors:

****Be sure to respond to *each* of the 6 evaluation factors.**

1. Systematic (describe how processes are regular and repeated)
2. Deployed to key stakeholders
3. Evaluated
4. Improved based on evaluation
5. Innovation (examples, if any)
6. Aligned with organizational needs, as described in the Organizational Profile, and integrated with related processes?

Systematic Processes:

Each Technical Excellence Program (TEP) team is entrusted with the design and implementation of processes and procedures pertinent to its technical discipline. These processes encompass the tasks executed by individual engineers, planners, or scientists, which culminate in the creation of project deliverables, including studies, plans, and designs. Every TEP team comprises representatives from each region and division within the company, ensuring a comprehensive approach to technical excellence. The TEP teams develop tools, checklists, and references aimed at reducing project time and enhancing the quality of project work. Recognizing the uniqueness of each project, procedures are meticulously designed and documented as discrete tasks, ready to be assembled as needed.

Each TEP team maintains a standard file location, categorized into standard documentation areas to streamline access:

- **Methodologies:** These encompass design standards (templates) utilized for commonly required design tasks. Copies of state and local design manuals are also included, outlining the governmental requirements for public structures to be designed.
- **Tools:** Instructions for using various software tools, such as Geographic Information Systems (GIS) or spreadsheet calculations, to determine the specifications of different design components.
- **References:** Citations of state and federal publications containing regulations and legislation pertinent to each discipline, along with lists of changes to these regulations and legislation.
- **Quality Control (QC) Checklists:** Procedure checklists employed by technical staff in their design work and by senior staff during QC reviews.
- **Senior Advisor List:** A directory of senior staff who are experts in various aspects of each discipline, available to provide guidance on project work. This list also serves to assign coaches to junior staff as part of their Individual Development Plans (IDPs).
- **Suggested Training:** Recommendations for technical seminars and conferences tailored to the technical staff at each grade level within each discipline. These lists aid in developing training plans for the technical staff's IDPs.

Deployment:

The Project Lifecycle Process (O Q1.1), which includes Quality Assurance (QA) and Quality Control (QC), is fully deployed to all employees involved in project delivery across all geographies. Deployment is facilitated through various training programs, including New Employee Orientation, and Assistant Project Manager and Project Manager Certification courses. Additionally, our Project Management Steering Committee (PMSC) hosts quarterly company-wide project management lunches, often focusing on individual components of these processes. These sessions are recorded and stored on the Project Intranet Page. The Project Lifecycle graphic, available on the intranet, contains hyperlinks to the relevant processes and tools utilized in project delivery.

The Technical Excellence Program (TEP) is similarly deployed to employees responsible for the technical aspects of projects across all Practices and geographies. Each Practice's TEP maintains a standardized location for their processes, checklists, references, spreadsheets, and other resources, ensuring ease of access. The project lifecycle process and TEP are reinforced through our QA process, wherein senior leaders conduct individual meetings with Project Managers to discuss project status and adherence to these processes and programs.

Evaluation and Improvement:

Formally documented in 2020, the Project Lifecycle Process was included on the intranet to centralize all essential information for project managers. Our PM Steering Committee, responsible for developing the intranet graphic, represents project managers across the company and works continuously to review and enhance our Project Lifecycle Processes.

We systematically evaluate our Project Lifecycle Processes by analyzing data trends (e.g., percentage of projects over budget, claims), CIdeas, and PM feedback. This systematic assessment has led to numerous improvements. For instance, we developed a standard fee spreadsheet incorporating dozens of enhancements, including links to employee rates and real-time financial metrics, aiding in project fee assembly.

In 2023, the PMSC and Technical Leaders collaboratively improved the Quality Management process. Following the successful implementation of the visual project lifecycle process, the focus shifted to the general quality management process. One significant enhancement was the creation of a "PM Tips and Tricks" section, where tips on commonly used software, processes, and project accounting are shared during the quarterly PM lunches.

The TEP, initiated in the early 2000s, continually evolves to reduce project delivery time and enhance quality. Every employee involved in project delivery is assigned to a TEP fitting their technical expertise. To refine TEP processes, a section was added to the Employee Engagement Survey for TEP participants to provide input on necessary updates and refinements. The TEP is crucial for sharing technical knowledge and ensuring consistency across geographically dispersed operations, driving the "National Expertise" aspect of our Vision Story. Notable process improvements include:

- **2015:** Establishing a lead technical professional position for each Practice to lead consistency efforts.
- **2017:** Implementing a technology liaison position for each Practice to address current and future technological needs.
- **2023:** Creating a Technical Organizational structure and appointing a Technical Excellence Director to lead, bridging all technical groups and focusing on national technical excellence.
- **2024:** Piloting the new Technical Organization structure for two Practices—Stormwater and Transmission and Utilities—including the creation and hiring of a National Technical Practice Leader for each.

Creating the Technical Standards Manager role: This role focuses on managing industry-, practice-, and company-specific standards, and refining the vetting, creation, and updating of processes with the NTLs/LTPs, TEP teams, and others.

Our QA/QC program has been integral to our long-term success, undergoing numerous evaluations and improvements. Our current online program requires a Quality Plan at the beginning of each project, detailing each deliverable to be QC'd (including subconsultant work) and the dates for all QA and QC meetings. QC reviews are recorded in the online system upon completion, and QA reviews cannot proceed until all scheduled QC reviews are complete. Metrics for overdue QA reviews are tracked and followed up on monthly.

Following a Lean Six Sigma project in 2018, the Senior Advisor role was created for experienced employees, mandated on all projects over \$100K. A metric, SA/QA hours as a percentage of total project hours, monitors the utilization of this role. We also track the percent time spent on QC. These metrics are used to communicate with the project Risk Committee about projects needing additional monitoring.

Innovation:

Innovation is vital for our long-term sustainability. The Horizon Award encourages innovation within our company. Applications for the award are submitted using a standardized form available on the intranet, and innovation highlights are shared during TEP Team meetings. An Innovation Strike Team, comprising a cross-section of the company, reviews applications for quarterly Horizon Awards as well as the recently renamed annual Simon Freese Innovation Award. Winning projects and teams are highlighted in intranet articles, videos, and external communications.

Innovation is closely linked with our R&D program, which allocates funds to develop new designs, products, tools, or processes that benefit communities, clients, and our company. Examples of innovation include,

- Analysis for Waterbirds and Climate Change Model for the Texas Audubon Society
- Desalination Plant study to halve energy use for North Walter Alamo Water Supply Corporation
- Implementing R&D funding for Rainfall Wrangler
- Establishing erosion rates using Dendrogeomorphology
- Electric vehicle fleet charging think tank and mock design

Completed R&D projects are presented to the Technical Leaders Committee, with results, improvements, and lessons learned disseminated to practices via TEP Teams. These projects are also presented to the Lead Team for awareness and key takeaways. A year after completion, projects are evaluated for overall success and ROI, with results shared with the Lead Team.

Integration:

The overarching Project Management program features a single intranet page (Dashboard) linking to all processes, training, and resource materials. These processes are taught through on-the-job training, assistant PM training, and PM Certification. They are also regularly discussed at quarterly PM lunches.

Project Lifecycle integration includes hyperlinks to various tools, forms, and processes, linking to finance through month-end project financial processes and monthly billing. There is also a customer link through project satisfaction surveys, conducted at project completion and at 50% completion for projects over \$50,000. This project satisfaction data informs strategy development.

The Technical Excellence Program is integrated with Workforce, providing a technical career track for employees preferring a technical focus over sales or management. The QA/QC program integrates with Operational Continuity, mitigating risks in project delivery. Process enhancements and technologies are integrated into project delivery via TEP Team updates to tools and standards, as well as corporate processes outside TEP Teams.

Operational Continuity

Operational Continuity, Specifically Continuity of Operations Planning

How do the processes for continuity of operations described in your application reflect and address the following factors:

****Be sure to respond to *each* of the 6 evaluation factors.**

1. Systematic (describe how processes are regular and repeated)
2. Deployed to key stakeholders
3. Evaluated
4. Improved based on evaluation
5. Innovation (examples, if any)
6. Aligned with organizational needs, as described in the Organizational Profile, and integrated with related processes?

Systematic Processes:

At FNI, we use numerous systematic approaches to ensure the continuity of operations, including strong financial management, comprehensive risk management (including project-specific risk management), and proactive emergency preparedness. These measures ensure the continued performance of mission-essential services during periods of disruption and emergencies, including major disasters and important minor events that can interrupt our operations.

We address a variety of risks including operational risks (including safety), financial risks, legal and compliance risks, and most importantly for FNI, project risks. We systematically evaluate risk considerations and address them in our project management processes, as determined by the Risk Management Committee. From proposal development to contracting to project delivery and closeout, our project teams focus on minimizing risk. Additionally, we consider risk at the Technical Excellence Program (TEP) level.

We take a systematic approach to ensuring financial viability to address risk and support business continuity through systematic processes and both long- and short-term investments. This is accomplished through systematic processes that include:

- **Operational Liquidity:** Ensuring sufficient cash flow for day-to-day operations.
- **Working Capital Management:** Optimizing receivables and payables.
- **Long-Term Goals:** Including 5-year plans for capital investments for growth and expansion.
- **Funding and Diversification of Investments:** Through our commitment of 11.5% of profit for funding as well as appropriate asset allocation.

We also leverage workforce flexibility to ensure operational continuity, delivering practical results and outstanding service. We focus on leadership development and succession planning to ensure organizational knowledge is preserved and ready-now candidates are available, ensuring quality and sustainability are never compromised.

We have systematic approaches in place to address remote work policies and cross-train employees for multiple roles, allowing for work sharing and managing daily operations. Because of these approaches, we were uniquely positioned when the world shut down in 2020 due to COVID-19.

Through systematic planning and addressing technology needs, when COVID hit, we only had five employees who were still using desktop computers. We had been using remote meeting technology for years and were able to transition our entire team to a remote workforce within days, unlike the weeks it took many of our competitors. Because of these systematic processes, we had no gap in delivering project work for our clients.

In addition to business continuity approaches designed to function during an emergency, our disaster recovery plan focuses on restoring operations when a disaster occurs. This plan is a critical step in safeguarding against possible

contingencies.

To ensure the supply network does not negatively impact our operations, we manage the network through the Accounting and Contracts group. We capitalize on relationships with key suppliers, partners, and collaborators to meet the needs of our clients. Our Project Managers play a key role in communicating expectations to suppliers and ensuring subconsultants are familiar with the master client agreement before signing subconsultant agreements.

We have systems, processes, and people in place to ensure the security and cybersecurity of sensitive or privileged information and key assets. Our Network and Security Administrator ensures all systems are protected, with 24/7 monitoring to prevent data breaches. We document all systems and processes through the BT group, following the National Institute of Standards and Technology (NIST) Cybersecurity Framework. This has helped us prevent major data breaches and maintain a strong cybersecurity posture. Key steps in our cybersecurity journey include restricting local administrative rights, expanding multifactor authentication, enforcing least privileged access, and managing removable media.

We maintain awareness of emerging security and cybersecurity threats through frequent assessments, testing controls, receiving newsletters and alerts, and using external experts. Our workforce and contractors are regularly educated and tested on security protocols, with mandatory training and monthly phishing tests. Employees who fail these tests must take additional training, and our phishing test failure rate has significantly dropped and is at best-in-class levels. Customers, suppliers, and partners are contractually obligated to follow our security protocols, with Project Managers carefully managing client data.

We adhere to a data governance policy that helps prioritize which systems to secure based on classifications such as public, internal, internal confidential, client, and client confidential. Each classification has specific rules for data use and storage. Despite only minor cybersecurity occurrences, we have a full documented plan in place to respond and recover from such events.

Deployment:

Our approaches for operational continuity are fully implemented across FNI and to our supply network as appropriate. We deploy our approaches for ensuring operational continuity through various methods. These include:

- **Technical Excellence Program:** Utilizing processes, QC checklists, and tools.
- **Risk Management System:** Including contract templates, online contract review, and a risk committee.
- **Safety Program:** Proudly maintaining an EMR (Worker's Comp Modifier) below 0.60. Office Evacuation Plans: Regular staff training.
- **Disaster Recovery Plans:** Response teams with emergency-specific protocols and Teams channel.
- **Quality Management System:** Including a QA/QC app for Quality Plan development and approval, QC and QA signoff.

Evaluation and Improvement:

As a learning organization, we proactively evaluate our systems, structures, and processes to identify opportunities for improvement. Examples include:

- **Technology Adoption:** Transitioning from desktops to laptops, centralized cloud storage, and optimized computing capacity.
 - **Pre-2008:** 100% desktop computers and desk phones.
 - **2010:** Began transitioning to a mobile workforce with laptop computers.
 - **2016:** Centralized cloud storage.
 - **2018:** Optimized modeling environment for computing capacity with large data volumes.
 - **2020:** Full deployment of cloud technology, leading to our most profitable year without federal revenue supplements.

- **Post-2020:** Continuous adaptation and integration of technologies for remote work and operational efficiency.
- **Disaster Recovery Plan:** Created post-COVID to provide organization, collaboration, and communication on how we handle disasters.
- **Crisis Communication Plan:** Standardized approach for external communication in a crisis.
- **Enhanced Cybersecurity:** Implementing robust measures, from initial gap analysis to ongoing remediation and certification efforts.
 - **2017:** NIST SP 800-53 gap analysis performed by CDW.
 - **2018:** Drafted first cybersecurity policies for the board.
 - **2020:** Cybersecurity Maturity Model Certification (CMMC) 1.0.
 - CMMC 1.0 gap analysis with Flank.
 - Developed first System Security Plan (SSP).
 - Gap remediation activities.
 - Developed new cybersecurity policies for the board.
 - **2021:** CMMC 1.0 suspended.
 - NIST SP 800-171 gap analysis with Flank.
 - Developed a new SSP.
 - Gap remediation activities.
 - Updated cybersecurity policies for the board.
 - **2022:** Remediation activities.
 - **2023:** CMMC 2.0 draft released.
 - Coalfire Federal CMMC 2.0 boundary engagement.
 - Gap remediation activities.
 - **2024:** CMMC 2.0. Coalfire Federal CMMC 2.0 gap analysis.
 - SSP migrated to FutureFeed.
 - Gap remediation activities.
 - **2025:** Seek CMMC Department of Defense certification.

Innovation:

While most organizations focus on cybersecurity, our approach is innovative compared to our industry. We base our work on the NIST Framework, aiming for CMMC certification with minimal negative impact on our employees as they deliver their work. Our systematic communication plan for this program provides the rationale for change and what employees can expect so that the actual change when implemented is not an issue. The training is designed to benefit both the organization and employees personally.

Another innovation is the risk profile that PMs complete when they enter a new project into the Online Contract Review. This risk profile generates a rating. Projects with a risk rating above a certain threshold go to the risk committee for review. Based on the type of risk, a specific risk mitigation plan is developed, and the implementation of that plan is tracked by the risk committee.

Integration:

Our approaches to ensuring operational continuity are fully integrated with our mission, vision, and LEAD values. These processes are integrated across key processes and multiple excellence dimensions.

For example, our adoption of laptops and centralized cloud storage ensures all team members interact fully with our systems and have access to key organizational knowledge, regardless of location. This technology adoption enhances security processes, with all data stored in cloud-based storage. By aligning our technologies with our work types and locations, we create a positive work environment and greater operational productivity.

Our emergency preparedness processes protect our employees and are integrated with the workforce dimension. These processes ensure the safety of our workforce, enable them to continue delivering on client projects, and provide an

extraordinary experience for our clients.

Risk management processes are integrated with the leadership and governance dimension to ensure compliance and strong fiscal management and controls. They are also integrated with the operations dimension as we address project risk. This holistic approach to operational continuity ensures we deliver projects efficiently and maintain a resilient, agile organization.

Workforce

Workforce, Specifically Workforce Engagement

How do the processes for workforce engagement described in your application reflect and address the following factors:

****Be sure to respond to *each* of the 6 evaluation factors.**

1. Systematic (describe how processes are regular and repeated)
2. Deployed to key stakeholders
3. Evaluated
4. Improved based on evaluation
5. Innovation (examples, if any)
6. Aligned with organizational needs, as described in the Organizational Profile, and integrated with related processes?

Systematic Processes:

At FNI our senior leaders foster a culture of high performance and engagement by clearly communicating performance expectations, providing challenging work, and encouraging effective communication. We communicate expectations through our FNI LEADS Values, strategic goals, and action plans. Challenging projects arise from our long-term client relationships, growth strategies, and the adoption of new technologies and services. This growth offers us numerous opportunities to expand our knowledge, take on new roles, and become multifaceted leaders within the firm. Embracing new technologies and services pushes us to continuously learn and apply new skills, keeping us at the forefront of our industry.

We promote effective communication through open-door policies and senior leaders' interaction with employees. We support daily work communications with a variety of technologies, enabling project members in different locations to collaborate effectively and seamlessly. Group and TEP meetings provide forums to address problems and issues, ensuring that everyone has a voice and contributes to solutions.

We encourage the sharing of skills, knowledge, and diverse ideas through our project management structure, employee training programs, and standing teams. Our project management structure allows us to work in groups with people of different technical expertise and experience levels, fostering a collaborative and inclusive environment. Standing teams, such as TEP teams, encourage us to share ideas and best practices, ensuring continuous improvement and innovation. These teams also provide a platform for cross-functional collaboration, enabling us to leverage the diverse skills and perspectives of our workforce to solve complex problems and drive the company forward.

We reinforce our culture through senior leadership communications, company-wide continuous improvement lunches, strategic planning meetings, division and group meetings, and via our intranet. We promote equity and inclusion through our hiring process, internal training and initiatives, and the DEI Committee, which works closely with HR to create and implement related activities and initiatives. We empower our workforce to take on new roles, share ideas for continuous improvement, and shape career paths through the Individual Development Plan (IDP) process. This empowerment is critical in fostering a sense of ownership and accountability among employees, driving them to actively contribute to our company's success.

At FNI, we believe in providing a work environment where we balance work and our personal life. Hedgehog Client Service is critical, so sometimes one week is more work-focused to meet client deadlines, and the next is more personal. We offer competitive PTO and holidays along with flexible work hours to support this balance. Our Cldea program provides a platform for suggesting enhancements to this flexibility, including initiatives like paid parental leave, floating holidays, and alternate work schedules (AWS). This program encourages employees to voice their ideas and contribute to the continuous improvement of our work-life balance policies, ensuring that we remain adaptable to changing needs and circumstances.

Historically, mentoring has been crucial to our long-term success. Built on a legacy established by our founders, mentors guided employees through their careers, fostering a sense of community and professional growth. As we grew, we recognized the need for a formal mentoring program. Every employee can now request a mentor via Workday. Through our Intranet, we offer a comprehensive toolkit for mentors and mentees, resources for choosing a mentor, and tips and tricks for successful mentoring. We value this program so much that we created the Lee Freese Mentoring Award to honor exceptional mentors.

Deployment:

We fully deploy our employee engagement processes to all workforce members and across all geographies. Deployment is facilitated through our robust intranet, our HRIS (Workday), and the My Perks app, ensuring that everyone has access to the necessary resources and support. These platforms provide easy access to information, streamline processes, and enhance communication, enabling us to maintain high engagement and productivity regardless of geographic location.

Evaluation and Improvement:

At Freese and Nichols, we systematically evaluate and improve our processes using various inputs and assessment tools such as employee engagement surveys, frequent interactions with leaders and team leaders, and the review and analysis of KFI's. This approach has led to numerous improvements in our workforce processes, including:

- In the late 1990s, we realized a need to better understand employees' needs and expectations. We implemented an internally generated Employee Satisfaction Survey. As we grew, we felt that we needed a better survey with more actionable feedback. In 2018, we evaluated this approach, conducted benchmarking and transitioned to an Engagement Survey (ES) administered by Beyond Feedback. The refined survey also provides valuable industry benchmarks and insights from Baldrige recipients.
- In 2022, we attempted formal succession planning using a Nine Box methodology. This approach didn't achieve the desired results. With career advancement being the top reason for employee departures, we hired a new Organizational Development leader in late 2023. Using a new HRIS, Workday, we identified opportunities to improve succession planning. Improvements included input from a broader audience and a calibration exercise at the division level.
- Analysis from our 2019 ES highlighted our benefits program as an area of opportunity. Concerns were raised about our health insurance carrier and the need for innovative benefits. HR conducted benchmarking, leading to benefit upgrades in 2020 and 2021, such as parental leave, Legal Shield and ID Shield services, pet insurance, and accident insurance. We tailored benefits selections to our diverse workforce's needs and kept benefits costs flat in 2022 and 2023 while improving plans along with workforce satisfaction.
- Based on evaluating 2021 compensation scores from the ES, we developed and shared a Pay Philosophy communication with the workforce. We regularly conduct compensation studies and adjust salaries to remain competitive. In 2023, based on ES feedback, turnover data, and competitor offerings, we increased pay by █ for shareholders and █ for all other employees, in addition to annual merit increases.
- A 2022 COL on innovation recognition resulted in supplementing the annual award with quarterly recognition. Our innovation award was renamed after Simon W. Freese, acknowledging his role as an innovator and inspiring us to continue his legacy.
- In 2023, we integrated LEADS values into performance evaluations and deployed the LEADS values calibration guide and weighting system. This integration ensures that our evaluations are aligned with our core values and organizational goals, providing a clear and consistent framework for assessing performance and development.
- After deploying the Leadership System (LS) in 2023, we identified numerous opportunities to integrate our workforce process with the refined LS. For example, we integrated the LS into all leader development and the 2024 Leadership Summit focused on LS processes. By aligning our workforce processes with the LS, we create a cohesive and strategic approach to leadership development and talent management.
- In 2023, we outsourced exit interviews to Beyond Feedback to obtain more actionable feedback from departing employees. We continued conducting one-on-one exit interviews and, in 2024, revised the process to conduct the survey first, followed by the live exit interview, resulting in higher participation and more comprehensive insights.

This revised process enables us to gather detailed and actionable feedback, allowing us to address underlying issues and improve our employee retention strategies.

- In 2023, our intern-to-full-time conversion rate fell below the NACE national average. We developed a process to increase conversion rates, including a schedule for managers, more feedback from interns, and earlier hiring offers. This improvement led to 2024 conversion rate above the national average, reflecting our commitment to developing and retaining top talent. By enhancing our internship program, we ensure a steady pipeline of qualified candidates who are well-prepared to contribute to our organization.
- Based on growth and ES feedback, our TEP program has evolved over time from a single TEP lead for each practice to creating a national technical organization structure. This strengthens our firmwide focus on quality while providing a new career path for employees.

Integration:

Our workforce processes are deeply integrated with other processes. Workforce Capability and Capacity planning aligns with strategic and budgeting processes. Hiring aligns with organizational needs based on our needs assessment. Employee Engagement Survey results integrate with strategy providing a key input to the strategic planning process. These results also provide a key input to Annual Operating Plans (AOPs).

LEADS values are fully integrated into all key processes and provide guidance for decision making. We encourage support for key communities through our LEADS value of Serve Always. We recruit and hire based on our LEADS values. LEADS values are a key consideration in nominating shareholders and associates.

This deep integration ensures that our workforce processes are not siloed but are part of a larger, cohesive system that aligns with our overall business objectives. By integrating our workforce processes with other key business processes, we create a more agile and responsive organization that delivers consistent high-performance results.

Customers and Markets

Customers and Markets, Specifically Customer Engagement

How do the processes for customer engagement described in your application reflect and address the following factors:

****Be sure to respond to *each* of the 6 evaluation factors.**

1. Systematic (describe how processes are regular and repeated)
2. Deployed to key stakeholders
3. Evaluated
4. Improved based on evaluation
5. Innovation (examples, if any)
6. Aligned with organizational needs, as described in the Organizational Profile, and integrated with related processes?

Systematic Processes:

We believe that key to our sustainability over the past 130 years has been our ability to build and sustain enduring relationships with our clients. This begins with our Hedgehog Concept and our Client Relationship Roadmap. Our commitment to delivering excellence is embodied in our Regional Approach paired with National Expertise. This strategy is bolstered by our regional Account Directors (AD) and Client Representatives (CR) who foster relationships at local and regional levels, while our National Practice Leaders (PL) extend business development and technical expertise across all regions. Our CRs and PMs emphasize active listening, supported by the Zipper Approach (CM Q1.2), ensuring enduring relationships through consistent staff-client interactions, even amidst organizational changes.

In 2023, we introduced the Client Relationship Roadmap to reinforce client-centric behaviors within our staff, detailing four core behaviors: Listen and Learn, Connect and Collaborate, Deliver and Delight, and Serve and Sustain (CM Q1.3). This roadmap sets clear expectations for staff engagement and support, integrating these principles into Business Development training sessions that highlight best practices, role definitions, and successful client interactions. This comprehensive approach ensures that every member of our team is equipped to build and sustain strong client relationships.

Our Practice Leaders engage with customers nationally through various channels, including technical conferences, where they present on relevant topics, client brown bag lunches on specific technical subjects, and service on national committees. These interactions further solidify our trusted client relationships. We validate this approach through our Executive Client visit process and senior leaders' one-on-one discussions with clients during technical and business interactions. These engagements provide valuable insights into our clients' needs and expectations, allowing us to tailor our services and approach accordingly.

Deployment:

Our Hedgehog Concept is deeply ingrained in FNI, embraced by both technical and corporate staff. This concept, which emphasizes focusing on what we can be the best at, what drives our economic engine, and what we are deeply passionate about, is integrated into all training programs, starting with New Employee Orientation. We train and assign ADs and CRs in each region, ensuring that they understand and embody our core values and strategic approach. We deploy booking goals by Practice and Region, ensuring alignment with our strategic objectives. These regional booking goals are established based on data from our CRM system (Cosential), which provides a comprehensive view of our client interactions and opportunities.

Evaluation and Improvement:

FNI systematically evaluates key processes to ensure their effectiveness and efficiency, ensuring continuous learning through Key Focus Indicators (KFIs) and systemic data reviews. This consistent evaluation has driven significant learning

and improvement:

- **Early 90s:** Transitioned from a principal in charge model to a client representative system in 1996 to sustain growth and service quality. This change allowed us to distribute the responsibility of client relationships across a broader team, ensuring that each client received the highest level of service.
- **Early 2000s:** Formalized client representative training to ensure role consistency as non-shareholder client reps were added. This training program has been regularly updated to incorporate best practices and new insights from our ongoing evaluations.
- **2008:** Implemented a CRM system to streamline the client proposal process by centralizing staff resumes and firm project descriptions.
- **2012:** Adopted Miller Heiman sales processes to introduce formal sales structure, tools, and terminology. This structured approach helped us standardize our sales processes and improve our overall effectiveness in business development.
- **2016:** Evaluated design-build impact, leading to the FLOW (Follow-on Work) concept, contributing significantly to bookings. This initiative has been instrumental in identifying and capitalizing on follow-on work opportunities, ensuring a steady stream of projects and revenue.
- **2017-18:** Updated sales processes and terminology to align with FNI's culture, creating custom training programs. These updates have made our sales processes more intuitive and accessible to all staff, fostering a deeper understanding and engagement across the organization.
- **2018:** Deployed additional CRM modules to track project opportunities, customer visits, and client debriefs, enhancing sales pipeline management. This comprehensive tracking system provides us with detailed insights into our business development activities and outcomes, enabling more informed decision-making.
- **2019:** Established Strategic and Key Account program to focus on key client relationships, targeting 80% of bookings from these clients. This program ensures that our most important clients receive the attention and resources they need to thrive, strengthening our long-term relationships.
- **2019:** Documented and formalized the Zipper Approach to prepare for client turnover, ensuring continuity in client relationships. This approach has proven effective in maintaining strong connections with our clients, even during periods of transition within their organizations.
- **2019:** Introduced annual sales training for staff on key business development processes, ensuring that our team is equipped with the latest skills and knowledge. This ongoing training program has been essential in maintaining our competitive edge in the market.
- **2021:** Created the Michael L. Nichols Client Service Award to recognize exceptional client relationship development. This award highlights the importance we place on client relationships and serves as a powerful motivator for our staff.
- **2022:** While we have surveyed clients at the project level for decades, we realized that we did not have a good understanding of satisfaction at the client level. In 2022, we conducted the first Client Engagement Survey with Beyond Feedback, achieving a top decile score of 91/100. This survey has provided us with valuable insights into our clients' perceptions and expectations, informing our ongoing efforts to enhance our service quality.
- **2023:** Integrated sales funnel data with resource reports for better workload planning, ensuring that we have the capacity to meet future demands. This integration has allowed us to more accurately forecast and manage our workload, optimizing our resources and improving our service delivery.
- **2023:** Refined the Project Satisfaction Survey to better align with the Client Engagement Survey, capture more actionable feedback and add a Net Promoter Score calculation, providing a more comprehensive view of client satisfaction. This refined survey has given us deeper insights into our clients' experiences and areas for improvement.
- **2023:** Documented the Client Relationship Roadmap to establish long-term relationship-building processes. This roadmap provides a clear framework for developing and sustaining client relationships, ensuring consistency and excellence across the organization.

Innovation:

Innovation is a cornerstone of our approach to customers and markets. We continually seek new methods and technologies to enhance our service delivery and client relationships. Examples of innovation include the development of our FLOW concept, which has significantly increased our bookings (\$135 million of our bookings in 2023 came from FLOW), and our Strategic and Key Account program, which focuses on nurturing our most important client relationships. Additionally, our Client Relationship Roadmap and the integration of sales funnel data with resource reports are innovative strategies that have improved our ability to manage and grow our business.

Integration:

Our client relationship processes are seamlessly integrated with the Leadership Dimension through our Mission **"Innovative Approaches, Practical Results, Outstanding Service"**, Vision **"To be the firm of choice for clients and employees"**, and LEADS Values **"Serve Always"**. These principles guide our interactions with clients and shape our strategic objectives. Additionally, these approaches are aligned with the Strategy Dimension via the People KFA and strategic actions focused on client service. This alignment ensures that our client relationship strategies are fully integrated into our overall business strategy.

Client relationship building is also integrated into our workforce processes through recruitment, education, and reward and recognition processes. Our recruitment efforts focus on attracting individuals who embody our values and are committed to building strong client relationships. Our education programs, including New Employee Orientation, PM Certification, and ongoing sales training, ensure that our staff are well-equipped to meet client needs. Our reward and recognition programs, such as the Michael L. Nichols Client Service Award, highlight the importance of client relationships and motivate our staff to excel in this area.

Finally, our customer and market processes are interwoven with the Operations Dimension across the project lifecycle (O Q1.1), resulting in long-term relationships. By integrating client relationship strategies into every stage of the project lifecycle, we ensure that our clients receive consistent, high-quality service from initial engagement through project completion and beyond. This comprehensive approach has been instrumental in building and maintaining the enduring relationships that are the foundation of our long-term success.

Marketing and Business Development Cycle

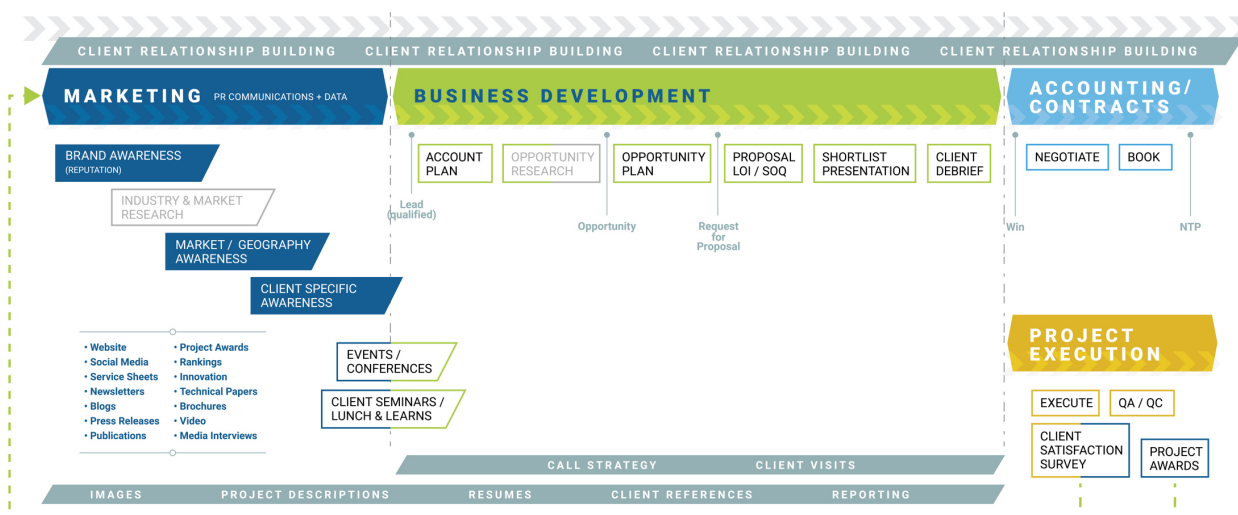


Figure CM -1 Supplemental Documentation - Marketing and Business Development Cycle

Community Engagement

How do the processes described in your application for engaging with your key communities reflect and address the following factors:

****Be sure to respond to *each* of the 6 evaluation factors.**

1. Systematic (describe how processes are regular and repeated)
2. Deployed to key stakeholders
3. Evaluated
4. Improved based on evaluation
5. Innovation (examples, if any)
6. Aligned with organizational needs, as described in the Organizational Profile, and integrated with related processes?

Systematic Processes:

FNI has been deeply engaged in key communities where we live and work, ensuring community support through processes that are defined, deployed, measured, and integrated. From the earliest days of the firm, leaders have strongly advocated that giving back to our communities is not only the right thing to do but our obligation. **"Serve Always,"** a LEADS value, emphasizes the importance of giving back to our profession by volunteering as leaders in our professional, technical, and industry groups. It also encompasses donating time and money to charitable organizations in the cities where we live and work.

Examples of processes supporting community engagement include:

- Active participation and leadership roles in professional organizations
- Providing thought leadership to enhance the engineering discipline and share best practices
- Conducting robust R&D programs to foster innovation
- Implementing a Mentor-Protégé program to support the growth of emerging professionals in minority, women-owned businesses, small or disadvantaged businesses
- Offering extensive internship opportunities to nurture future talent
- Engaging in philanthropy and volunteerism to support local communities
- Developing processes to promote sustainable practices in the planning and design of public infrastructure projects

Deployment:

Our community engagement approaches are fully deployed, ensuring all employees are involved and, in many cases, engaging our clients. Deployment to the workforce starts at New Employee Orientation (NEO), where we describe how projects positively impact the communities we serve. Employees are encouraged to be involved in professional organizations, with the company covering membership fees and often compensating their time. Processes are further deployed through the allocation of budget funds specifically set aside to support community engagement. As we expanded geographically, senior leaders ensured community engagement processes were effectively deployed in each new location. The "Serve Always" value focuses on our commitment to community engagement and the continuous implementation of these efforts throughout an employee's career at FNI.

Evaluation and Improvement:

For more than 40 years, FNI has supported the United Way (UW) through an annual employee campaign and a corporate match. As we expanded outside Texas in 2013, we evaluated corporate philanthropy and refined our UW efforts to ensure that money raised was invested into local UW organizations, along with our corporate match. This evaluation also highlighted a need to more systematically manage corporate giving. Based on this evaluation, we established a Funding Committee to handle requests from employees for charitable giving and sponsorships of professional and technical organizations to support STEM-related and other worthy activities.

As we continued to expand our footprint and evaluate our approaches, in 2023, we developed regional community engagement plans and budgets. These dollars were allocated to regional leaders, along with guidelines for developing their plans. The guidelines identified strategic focus areas aligned with our Corporate Social Responsibility Framework, which was approved by the FNI Board of Directors in 2022. The regional plans were presented to the Executive Team for review and approval at the end of 2023. Today, the Corporate Giving Committee (formerly Funding Committee) oversees regional budgets and addresses corporate giving requests at the company level.

Quarterly reports are made to our leadership team for awareness and coordination. In 2024, we formed a Corporate Social Responsibility Steering Committee, which oversees the Corporate Giving Committee and the Community Sustainability and Resiliency Committee (CSRC).

As our growth continued, we honored the legacy of our founders who created the culture that drives community engagement efforts today. In 2001, we created the initial internal awards program. Since then, we have recognized 25 employees with the James R. Nichols Community Service Award and 23 with the Robert Nichols Professional Service Award. Since 2004, we have also recognized 27 employees with the Lee Freese Mentoring Award. To improve the process in the mid-2000s, we formed committees of former award winners to review nominations and select each winner. Finally, in 2021, we added the Michael Nichols Client Service Award to recognize those who demonstrate outstanding service in internal or external client development.

Our support of small and minority businesses has evolved from informal relationships established over the past 40 years to active participation in several formal programs, including the City of Houston Diversity Program, the SBA, and the NTTA Road Program. We are currently mentoring 10 different firms through our program.

Historically, our internship program has included a special orientation meeting, presentations about our various practices, and visits to project sites. Through regular evaluations, we have made significant improvements in this program. With the continuing shortage of engineers, in 2021, our talent acquisition team increased intern hires by 45%.

They introduced best practices and benchmarking from the National Association of Colleges and Employers (NACE), including an annual compensation review. In 2022, we added a University Recruiting Coordinator, implemented a CRM and interview scheduling support to increase efficiency. We were awarded the Technology Excellence Award - Employer from NACE for this work. In 2022, we also simplified the interview process with virtual interviews, enhanced our pre-hire communication for interns, and began celebrating National Intern Day during the summer with office activities.

In 2023, we increased our hiring again by 32% and formalized and enhanced the internship program. We added professional development workshops presented by subject-matter experts and hiring managers on skills such as using LinkedIn and interviewing. We hosted a panel discussion with young professionals' employee resource group (ERG) and piloted a field day in one division. We had our inaugural College Shirt Day to celebrate National Intern Day and were honored to be named a Top 100 Internship Program by Yello and WayUp. This year, we continue to enhance the program by expanding field day to another division. We shifted our practice presentations from senior leaders to early career professionals and added additional workshops, providing recordings for reference. To help increase our conversion rate from intern to full-time hire, talent acquisition now conducts individual check-ins with interns, in addition to manager check-ins. With intentional focus, we increased our conversion rate from 42.6% in 2023 to 59.2% in 2024, surpassing the 52.7% benchmark according to NACE.

University Liaison Program - With increasing competition for civil and environmental engineering majors, we are implementing a university liaison program to focus on university relations, not just campus activity. We selected 13 schools for participation in the program based on relevance of the program, size and diversity of the talent pool, hiring trends, current and projected hiring needs, and proximity to office locations. Each school has an FNI employee liaison, equipped with a budget and a charge to develop relationships with the relevant people at the school in the college or department from which we hire. Their involvement may include sitting on a board, volunteering time, donating money, or sponsoring events or projects. Liaisons partner with our talent acquisition team to coordinate and track activities.

Innovation:

As our mission states, bringing innovation to our clients and projects is critical to our success. Our R&D Program, formally managed by our Technical Excellence Director, has grown significantly. We share the results of R&D projects internally through group meetings and TEP meetings. Externally, we share our technical innovations with our professional community through conference presentations, many of which are co-presented with clients at industry conferences, demonstrating leadership within their working groups.

Our sustainability efforts are largely related to our project work. We were early innovators in this area, pledging support as a charter member to the newly formed Institute for Sustainable Infrastructure (ISI) in 2010. ISI was developed by a group of industry organizations that recognized the need for collaboration to drive a focus on sustainable practices in the planning and design of public infrastructure. Several FNI staff were involved in the founding organizations and participated as thought leaders in ISI's early development. Since 2010, we have created our own sustainable practice education programs, which have grown from being a corporate initiative led by a small group to being institutionalized within our Practice and Technical Excellence organizational structures. Currently, FNI has 27 Envision ISI credentialed staff and 5 award-winning projects. More importantly, we are continually working to improve our planning and design processes to address resiliency concerns for future generations.

Integration:

Our approaches to community engagement are integrated with the Leadership dimension through our value of **"Serve Always."** These processes are also integrated with the Finance dimension, as our process allocates money in Group Managers' budgets for involvement in professional organizations, service on committees and in leadership roles, attendance and presentations at industry conferences. Additionally, these processes are integrated with the Workforce Dimension through employee development opportunities in professional and technical organization volunteer leadership roles and through presentations at conferences. Finally, our approaches are integrated with the Workforce Dimension through our internal recognition and award programs.

Finance

Financial Viability and Access to Capital During Disruptions

How do the processes described in your application for ensuring financial viability and access to capital during disruptions reflect and address the following factors:

****Be sure to respond to *each* of the 6 evaluation factors.**

1. Systematic (describe how processes are regular and repeated)
2. Deployed to key stakeholders
3. Evaluated
4. Improved based on evaluation
5. Innovation (examples, if any)
6. Aligned with organizational needs, as described in the Organizational Profile, and integrated with related processes?

Systematic Approach:

FNI's robust billing and collection processes ensure sufficient cash flow for our operations under normal conditions. For more than 30 years, we have successfully funded capital spending entirely from operations without resorting to borrowing. Projects are billed monthly in strict accordance with the client contract. An employee in our accounting department diligently follows up with clients on all delinquent accounts, ensuring our days outstanding have consistently been below average for over a decade and in the top quartile the past three years.

During unusual times, we have the capability to supplement operating cash with a [REDACTED] line of credit. Our longstanding relationship with this bank allows us the flexibility to increase this line of credit as needed, although we prefer not to incur additional fees unless absolutely necessary. Additionally, we maintain a long-term investment account, funded annually since 2010, which currently holds [REDACTED] and serves as an emergency financial reserve.

Our client base consists primarily of state and local government agencies, which tend to be more stable compared to private or developer clients. Through our strategic geographic expansion, we have effectively mitigated the risk associated with state economic downturns, enhancing our ability to proactively manage financial risk.

Our company's budgeting process is rigorous, and we apply a similar approach to fee development for projects. Our fee spreadsheet allows project managers to develop fees that appropriately reflect the risk and technical complexity of each project.

Our emphasis on organic growth has led to a slower yet steady and consistent expansion. This conservative economic approach has allowed us to onboard new employees effectively while preserving our company culture. Furthermore, we have crafted a clear acquisition strategy that supports growth through acquisitions aligned with our strategic focus on specific services or geographic areas.

Deployment:

At FNI, we have fully implemented comprehensive financial processes across our organization. We introduce these processes to our leaders through detailed budget templates, which we communicate and share simultaneously with the Annual Operating Plan (AOP) template. Each year, we meticulously update the AOP and budget guideline document to provide clear guidance to our group managers as they prepare their AOPs and operating budgets. During the Strategic Planning Process (SPP), we establish our organizational-level financial targets. We then use these targets to set Key Financial Indicator (KFI) goals for various groups, ensuring alignment with our overall organizational objectives. Through a collaborative catch ball process, we negotiate targets with groups to secure adequate resources for their AOPs, ensuring their success and meeting FNI's financial targets.

Our Group Managers (GMs) and Division Managers (DMs) have access to up-to-date financial data through various tools designed to help them monitor performance effectively. These tools update nightly, allowing managers to review data without waiting for monthly financial reports. For example, with our utilization KFI, managers can view the results each Tuesday after posting online timesheets on Monday. This real-time access to data empowers them to make timely adjustments throughout the month, rather than waiting until after the month-end financial close.

Evaluation and Improvement Learning:

As described in earlier sections, FNI is a learning organization. We regularly evaluate the effectiveness and efficiency of our financial processes based on data analysis, industry benchmarking, and what is going on in the external environment. Some examples of our improvements include:

- **Investment Strategy Enhancement:** Prior to 2004, we placed excess cash into savings accounts with our bank. In 2004, we began to look for alternatives and established an investment account with an investment advisory firm to capture greater earnings. In 2010, we made the strategic decision to start reserving [REDACTED] of annual profits in a long-term investment account, primarily used for ownership transition and growth. These funds can also be accessed to fund operations in a crisis.
- **Baldrige Journey and KFI Development:** 1995 was a significant year for FNI, as it was the first and only year in our 130-year history that FNI lost money. Employees received a blue umbrella instead of a financial bonus due to our poor financial performance. This experience prompted us to begin our Baldrige Journey in 1996. As we embarked on this journey, we recognized a significant opportunity to define, analyze, and use measures more effectively. This evaluation resulted in the development of Key Focus Indicators (KFIs), which are critical to our business success or in greatest need of improvement. We systematically evaluate our KFIs each year, capturing, analyzing, and using measures such as bookings, utilization, and projects over budget to guide our improvement efforts. We also add other measures based on the need for improvement, such as voluntary turnover during talent shortages, creating an agile measurement system that can respond to environmental or business changes.
- **Balanced Scorecard Implementation:** In 2015, to improve the execution of our Strategic Plan, we added a Balanced Scorecard aligned with our Plan to measure the success of our SP actions. The Balanced Scorecard is updated quarterly, analyzed, and reviewed by senior leadership, who define actions for any items that are not within 90% of target.
- **Enhanced Accounting Tools:** Around 2016, based on the variability of analysis presented at President's Reviews, we looked to our long-term accounting system vendor, BST, for help. BST had developed an Excel-based tool linked to our accounting data that updated nightly. This tool allowed us to develop standard tools for our users. Now, the PM/GM/DM toolkits all have the appropriate level data to be monitored during the month to track progress toward financial goals. The accounting team uses this same tool to produce the financial statements after we close the month. The financial statements can be updated by refreshing a few tables instead of spending hours updating the data.
- **Formalized Contingency Plan:** In 2021, due to our strong performance through COVID-19 and to ensure continued resilience, we formalized our contingency plan. This plan is updated quarterly and presented to the Executive Team. It includes utilization trends, future resource utilization graphs, the sales funnel, proposal workload, and months of backlog. Reviewing this information and looking for trends that could signal a downturn or slowdown helps us to be prepared for future disruptions. The plan also includes possible actions to take in the case of negative trends. Quicker access to accurate information allows us to respond swiftly to performance changes.
- **Resource Scheduling and Analytics:** With the constant discussion in the media about an impending recession, we again looked to BST for a resource scheduling tool. It took several years for successful implementation of this tool, but once it was fully deployed across the company, we used the analytics tools to develop workload graphs by divisions, groups, and practices. In a cycle of improvement in 2023, we combined the resource scheduling data with sales opportunities stored in our CRM, Cosential to view both current and future workload against staff capacity.
- **Incorporation of EFCG Benchmarks:** In a 2022 cycle of learning, we began incorporating EFCG benchmarks into target setting for the Balanced Scorecard. This provided a more robust process and valuable information to enable us to evaluate the relative "goodness" of our performance.

Innovation:

Because of our 130 years of successful results, FNI has been targeted by larger firms for acquisition. The primary reason that smaller firms sell, is that they have not adequately planned for ownership transition. Because we are committed to remaining independent our owners have put in place the systems, structures, and processes to accomplish this goal.

Our innovative ownership transition model ensures continuity for our organization by creating visibility into what it will take to transition stock ownership over the next 15 years without negatively impacting the performance of the firm and the rewards for our employees. Our proactive approach to fund future ownership transitions by setting aside [REDACTED] of profits has allowed us to establish a long-term investment fund, ensuring that we have the necessary resources to support ownership transition and maintain continuity of practice.

We designed our profit-sharing model to align employees' interests with our success. This approach not only motivates our team but also drives growth and innovation within the organization. By sharing profits, we collectively celebrate our achievements, and employees feel directly rewarded for their contributions. This alignment between personal success and company success fosters a collaborative and forward-thinking environment.

Integration:

Our financial processes are fully integrated with key processes across the organization with other Baldrige excellence dimensions. For example, financial information provides a key input into development of our goals and objectives for the future. During strategic planning we establish goals and targets to ensure we are able to achieve our future financial needs. Financial processes are integrated with the operations dimension through disciplined budgeting. We also integrate these processes into emergency preparedness to ensure financial resources are available to respond to any disruptions. The financial processes are also integrated with leadership and succession planning as the primary reason firms do not remain independent is because of failure to adequately plan for ownership transition.