

**Conciliation Agreement
Between the
U.S. Department of Labor
Office of Federal Contract Compliance Programs
and
McKinsey & Company, Inc.
United States
3 World Trade Center
175 Greenwich Street, Fl. 60-64
New York, NY 10007**

I. Preliminary Statement

The Office of Federal Contract Compliance Programs (OFCCP) evaluated McKinsey & Company, Inc. United States (hereinafter "McKinsey") located at 3 World Trade Center, 175 Greenwich Street, Fl. 60-64, New York, NY 10007 beginning on November 20, 2020. OFCCP found that McKinsey failed to comply with Executive Order 11246, as amended (E.O. 11246), and the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended, 38 U.S.C. § 4212 (VEVRAA) and their respective implementing regulations at 41 C.F.R. Sections 60-1 through 60-4, 60-300, and 60-741.

OFCCP notified McKinsey of the specific violation(s) and the corrective action(s) required in a Notice of Violation (NOV) issued on December 22, 2022.

In the interest of resolving the violations without engaging in further legal proceedings and in exchange for sufficient consideration described in this document, OFCCP and McKinsey enter into this Conciliation Agreement (Agreement) and its attachments, and the parties agree to all the terms therein.

II. General Terms and Conditions

1. In exchange for McKinsey's fulfillment of all its obligations in this Agreement, OFCCP will not institute administrative or judicial enforcement proceedings under E.O. 11246 and VEVRAA based on the violations alleged in the NOV. However, OFCCP retains the right to initiate legal proceedings to enforce this Agreement if McKinsey violates any provision of this Agreement, as set forth in Paragraph 10, below. Nothing in this Agreement precludes OFCCP from initiating enforcement proceedings based on future compliance evaluations or complaint investigations.
2. OFCCP may review McKinsey's compliance with this Agreement. As part of this review, OFCCP may require written reports, inspect the premises, interview witnesses, and examine and copy documents. McKinsey will permit access to its premises during normal business hours for these purposes and will provide OFCCP with all hard copy or electronic reports and documents OFCCP requests, including those specified in this Agreement.

3. Nothing in this Agreement relieves McKinsey of its obligation to fully comply with the requirements of E.O. 11246, Section 503, VEVRAA, their implementing regulations, or other applicable laws requiring nondiscrimination or equal employment opportunity through affirmative action.
4. McKinsey agrees that it will not retaliate against any potential or actual beneficiary of this Agreement or against any person who files a complaint, who has provided information or assistance, or who participates in any manner in any proceeding in this matter.
5. The parties understand the terms of this Agreement and enter into it voluntarily.
6. This Agreement constitutes the entire Agreement and represents the complete and final understanding of the parties. This Agreement contains all of the terms binding the parties and it supersedes all prior written and oral negotiations and agreements. Any modifications or amendments to this Agreement must be agreed upon in writing and signed by all parties. If an administrative error is found, OFCCP will work in good faith with all parties to make the corrections.
7. This Agreement becomes effective on the day it is signed by the District Director of the New Jersey District Office (Effective Date).
8. If one or more provisions of this Agreement is deemed unlawful or unenforceable, the remaining provisions will remain in full force and effect.
9. This Agreement will expire sixty (60) days after McKinsey submits its final progress report required in Section IV, below, unless OFCCP notifies McKinsey in writing before the expiration date that McKinsey has failed to fulfill all of its obligations under the Agreement. In this instance, the Agreement is automatically extended until the date that OFCCP determines that McKinsey has met all of its obligations under the Agreement.
10. If McKinsey violates this Agreement:
 - a. The procedures at 41 C.F.R. §60-1.34 and 41 C.F.R. §60-300.63 will govern:
 - i. OFCCP will send McKinsey a written notice stating the alleged violation(s) and summarizing any supporting evidence.
 - ii. McKinsey shall have fifteen (15) days from receipt of the notice to respond, except in those cases in which such a delay would result in irreparable injury to the employment rights of affected employees or applicants.
 - iii. If McKinsey is unable to demonstrate that it has not violated the Agreement, or if OFCCP alleges irreparable injury, enforcement proceedings may be initiated immediately without issuing a show cause notice or proceeding through any other requirement.

- iv. In the event of a breach of this Agreement by McKinsey, OFCCP may elect to proceed to a hearing on the entire case and seek full make-whole relief, and not be limited to the terms in the Agreement.
 - b. McKinsey may be subject to the sanctions set forth in Section 209 of the Executive Order, 41 C.F.R. §60-1.27 or 41 C.F.R. §60-300.66, and/or other appropriate relief for violating this Agreement.
- 11. McKinsey does not admit any violation of the Executive Order, Section 503 or VEVRAA, nor has there been an adjudication on the merits regarding any such violation.
- 12. OFCCP may seek enforcement of this Agreement itself and is not required to present proof of any underlying violations resolved by this Agreement.
- 13. The parties understand and agree that nothing in this Agreement is binding on other governmental departments or agencies other than the United States Department of Labor.
- 14. Each party shall bear its own fees and expenses with respect to this matter.
- 15. This Agreement is limited to the facts of this case. Neither this Agreement, nor any part of the negotiations that occurred in connection with this Agreement, shall constitute admissible evidence with respect to any OFCCP policy, practice or position in any lawsuit, legal proceeding, administrative proceeding, compliance evaluation, or audit, except for legal or administrative proceedings concerning the enforcement or interpretation of this specific Agreement.
- 16. All references to "days" in this Agreement are calendar days. If any deadline for an obligation scheduled to be performed under this Agreement falls on a weekend or a federal holiday, that deadline will be extended to the next business day.

III. Technical Violations and Remedies

- 1. **Violation:** During the period January 1, 2019 through December 31, 2019, McKinsey failed to implement an applicant tracking system for hires in accordance with the requirements at 41 CFR §60-3.4 and 41 CFR §60-3.15. Specifically, McKinsey failed to collect race and gender information on applicants in certain job groups such as Job Groups 20 CSP AP I-AP, SENIOR EXPERT I, 20 CSP AP II-AP, SENIOR EXPERT II, 51 CLER ADM and 52 CLER SEC where McKinsey had hiring opportunities.

Remedy: McKinsey shall implement an updated and refined applicant tracking system for hires that will allow McKinsey to analyze its pool of applicants for:

- a) Affirmative action purposes to monitor whether the process is yielding an adequate pool of qualified minority and female applicants; and
- b) Nondiscrimination purposes to monitor for disparate treatment or unlawful adverse impact in the selection process.

2. **Violation:** During the period January 1, 2019, through June 30, 2020, McKinsey failed to immediately list all employment openings with either the state workforce agency job bank or a local employment service delivery system (ESDS) serving the location where the openings occurred in violation of 41 CFR §60-300.5(a)2-6. Specifically, during the period January 1, 2019, through December 31, 2019, McKinsey failed to list all employment openings for the Human Resources Intern and Duplicating Operator positions with either the state workforce agency job bank or a local ESDS. Additionally, during the period of January 1, 2020, through June 30, 2020, McKinsey failed to list all employment openings specifically for the Specialist Professional positions with either the state workforce agency job bank or a local ESDS serving the location where the openings occurred in violation of 41 CFR §60-300.5(a)2-6.

Remedy: McKinsey will list all employment openings as they occur with an appropriate ESDS (either the state workforce agency job bank or a local ESDS) where the openings occur, in a manner and format that will allow the ESDS to provide priority referrals of protected veterans to McKinsey, as required by 41 CFR §60-300.5(a)2-6. With its initial listing, and as subsequently needed to update the information, McKinsey will also advise the employment service delivery system that it is a federal contractor that desires priority referrals of protected veterans for job openings at all locations within the state, and provide the ESDS with the name and address of each of its hiring locations within the state and the contact information for the contractor official responsible for hiring at each location, in accordance with 41 CFR §60-300.5(a)4. Should any of the information in the disclosures change since it was last reported to the ESDS, McKinsey will provide updated information simultaneously with its next job listing.

At a minimum, McKinsey will list on an ongoing basis, all appropriate employment openings with the following office:

Division of Employment and Workforce Opportunities
Attn: Russell Oliver, Director of Employment & Workforce Solutions
W. Averell Harriman State Office
Campus Building 12, Room 428
Albany, NY 12240
Telephone: (518) 457-9000
Website: www.ny.gov/services

IV. OFCCP Monitoring Period

1. **Recordkeeping.** McKinsey agrees to retain all records relevant to the violation(s) cited in Section III above and the reports submitted in compliance with Paragraph 2, below. These records include underlying data and information such as Human Resources Information System (HRIS) and payroll data, job applications and personnel records, and any other records or data used to generate the required reports. McKinsey will retain the records until this Agreement expires or for the time period consistent with regulatory requirements, whichever is later.
2. **McKinsey Reports.**

McKinsey agrees to furnish OFCCP with the following report during the Monitoring Period. The report will contain the documentation specified according to the following schedule:

- a. Progress Report 1: The report shall be due March 31, 2024, and will cover the period beginning March 1, 2023, through February 28, 2024.

Pursuant to Remedy 1:

- a. Narrative discussion of the implementation of McKinsey's applicant tracking system, to include a description of the system and the training on the system. Additionally, provide the below data for Job Groups 20 CSP AP I-AP, SENIOR EXPERT I, 20 CSP AP II-AP, SENIOR EXPERT II, 51 CLER ADM and 52 CLER SEC:
 - i. The total number of applicants and hires for each job title or job group during the reporting period.
 - ii. For each job title or job group, the breakdown by applicable race, gender and ethnic group of applicants and hires.
 - iii. For each job title or job group, the results of McKinsey's analysis as to whether its total selection process has adverse impact as defined in 41 CFR § 60-3.4D on those members of groups set forth in subparagraph b, above.
 - iv. For each job title or job group, where adverse impact is indicated, the qualifications that McKinsey used, if any, and the stage at which McKinsey used the qualification(s), as a screening device.
 - v. For each case where the total selection process has an adverse impact, as defined in 41 CFR § 60-3.4D, the results of McKinsey's evaluation of the individual components of the selection process for adverse impact.
 - vi. The actions taken by McKinsey, where action is appropriate, after determining that any component of the selection process has an adverse impact on members of groups set forth in subparagraph b, above.

Pursuant to Remedy 2:

- a. Documentation of McKinsey's listing of all job openings, as defined by 41 CFR §60-300.5(a) 2 through 6, with the local the state workforce agency job bank or a local ESDS where the openings occur; along with a report on the number of referrals/responses and the number of hires, and to the extent known, the number of Vietnam Era and other veterans covered under OFCCP's regulations.

McKinsey will submit the progress report to:

U.S. Department of Labor
Office of Federal Contract Compliance Programs
Diamond Head Building
200 Sheffield Street, Suite 102
Mountainside, NJ 07092
Attn: Compliance Officer (b) (6), (b) (7)(C)
E-mail addresses at (b) (6), (b) (7)(C)@dol.gov and (b) (6), (b) (7)(C)@dol.gov

McKinsey and OFCCP have a common interest in the information being provided in the reports pursuant to this Agreement. To the extent any of the reports McKinsey provides in accordance with this Agreement are trade secrets, commercial, and/or financial in nature, and customarily kept private or closely held, and that McKinsey believes should remain confidential under Exemption 4 of the Freedom of Information Act (FOIA) in the event of a FOIA request, McKinsey will provide such reports to OFCCP marked as "Confidential". In the event of a FOIA request, OFCCP will promptly notify McKinsey of the FOIA request and provide McKinsey an opportunity to object to disclosure. OFCCP will withhold disclosure of such reports to the maximum extent allowable by law.

3. **Close of Monitoring Period and Termination of Agreement.** This Agreement shall remain in effect until the monitoring period is completed. The monitoring period will close once OFCCP accepts McKinsey's final progress report as set forth in Section II, Paragraph 9 above. If OFCCP fails to notify McKinsey in writing within sixty (60) days of the date of the final progress report that McKinsey has not fulfilled all of its obligations under the Agreement, OFCCP will be deemed to have accepted the final report and the Monitoring Period and this Agreement will terminate. If OFCCP notifies McKinsey within the allotted time that it has not fulfilled all of its obligations, this Agreement is automatically extended until the date that OFCCP determines McKinsey has met all of its obligations under the Agreement.

V. SIGNATURES

The person signing this Agreement on behalf of McKinsey personally warrants that he or she is fully authorized to do so, that McKinsey has entered into this Agreement voluntarily and with full knowledge of its effect, and that execution of this Agreement is fully binding on McKinsey.

This Agreement is hereby executed by and between the Office of Federal Contract Compliance Programs and McKinsey & Company, Inc. United States, 3 World Trade Center, 175 Greenwich Street Fl. 60-64, New York, NY 10007.

(b) (6), (b) (7)(C)

Yael Taqqu
Senior Partner
McKinsey & Company, Inc. United States
New York, NY 100

DATE: 3/9/23

(b) (6), (b) (7)(C)

Joanne Karayiannidis
District Director
OFCCP – Northeast Region

DATE: March 16, 2023

(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

Compliance Officer
OFCCP – Northeast Region

DATE: April 6, 2023

(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

Compliance Officer
OFCCP – Northeast Region

DATE: 3/13/2023