

FTI CONSULTING REPORT



# FTI Consulting Communication on Progress

FTI Consulting's Communication on Progress to the United Nations Global Compact covering 2020-2021

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## Statement of Continued Support by the President & Chief Executive Officer

September 15, 2021

To our stakeholders,

As you know, the last year has presented enormous challenges for individuals and organizations around the world. I am extremely proud of the dedication and resilience my colleagues have shown, and continue to show in the face of those challenges, keeping each other safe, supporting our clients and teams in unprecedented ways and ensuring we make a positive impact in the communities in which we do business.

Over the last year, FTI Consulting has continued to demonstrate our support of the Ten Principles of the United Nations Global Compact, in many ways. The global pandemic, widespread social unrest and climate issues have over the last 18 months driven a substantially enhanced focus on environmental, social and governance (“ESG”) issues and underscored once again the criticality of the Ten Principles of the United Nations Global Compact. FTI Consulting has used this period and the diverse expertise of our people to focus on supporting these goals directly and through our work with clients and on behalf of our communities:

- For our **people**, that meant enhancing our focus and commitment to flexible work schedules, expanding our employee assistance programs, committing to not taking short-term headcount actions in the face of the COVID-19 pandemic and turbocharging our diversity, inclusion & belonging programs.
- For our **clients**, our impact was broad and tangible. These efforts included advising companies facing liquidity issues due to the impact of the pandemic on their industry, working with the Office of the Mayor of the City of New York to help source, vet and distribute over USD\$300 million worth of life-saving personal protective equipment, and supporting numerous vaccine producers with attaining regulatory approvals of their COVID-19 vaccine within countries and across continents.
- For our **communities**, our pro bono services helped organizations persevere through the pandemic and fight for justice for those who often are not given a voice. My colleagues provided pro bono services to organizations serving those most devastated by the pandemic, including the Humanitarian Aid Relief Trust and UK National Health Service. At the same time, our people continued to be called upon to serve underrepresented parties in the courtroom. Most recently, we assisted in the federal civil rights lawsuit filed by the Trustee of the family of George P. Floyd, Jr.

FTI Consulting supports the Principles through a multi-faceted approach, with a particular focus on the Sustainable Development Goals in which we are best positioned to make an impact: Good Health and Well-being, Quality Education, Gender Equality, Decent Work & Economic Growth, Reduced Inequalities, Peace, Justice and Strong Institutions and Climate Action. Detailed throughout this report are the policies, programs and initiatives our people have put in place to demonstrate how we are working to make a positive impact for all of our stakeholders.

There is, of course, much more work to do — FTI Consulting and our people are uniquely positioned to further the Principles through our various commitments and programs, as well as through the work we do each day for our clients to address their, and often society’s, greatest challenges and opportunities. We look forward to further accelerating the pace of change, both within our firm and across the world more broadly.

Today, I am honored to present FTI Consulting's inaugural Communication on Progress Report. I am incredibly proud of the progress made and am inspired by the collective achievements of my more than 6,400 colleagues across the globe. I would like to thank all of my colleagues for bringing their unwavering support – and, just as important, their relentless passion to build on this initial progress and drive continued change each and every day.

Respectfully,

***Steven H. Gunby***

*President & Chief Executive Officer, FTI Consulting*

## UN Global Compact Principles + FTI Consulting Impact

The table below highlights or provides reference to the appropriate material to show actions taken by FTI Consulting to support the **UN Global Compact Principles**.

UN Global Compact Topic and Principle	FTI Consulting’s Impact Policies, Procedures and Outcomes
<p><b><u>Human Rights</u></b></p> <p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p><b>Principle 2:</b> Make sure that they are not complicit in human rights abuses.</p>	<p>All FTI Consulting employees abide by and sign the Company’s <a href="#">Code of Ethics and Business Conduct</a>. The Code outlines our commitment to professional responsibility and professional excellence. Our Code of Ethics and Business Conduct is a guide for making sound decisions in complex situations. It provides information, support and resources to help us act ethically and comply with the laws and regulations that affect our business. Human rights are a key component of our Code of Ethics and Business Conduct. The Code clearly outlines FTI Consulting’s commitment to upholding individual human rights and opposing modern slavery in all forms, including zero tolerance for child or forced labor and human trafficking practices.</p> <p>These commitments are further detailed in our <a href="#">Human Rights Policy</a> and our <a href="#">Modern Slavery Statement (UK)</a>. As part of our commitment to our global community, FTI Consulting upholds individual human rights across our global operations. For example, this means that we provide reasonable working hours and fair wages for those who work on our behalf. FTI Consulting does not discriminate against others on the basis of race, color, gender, age, sexual orientation or identity, national origin, ethnicity, religion, marital status, pregnancy, physical or mental disability, or veteran status. Additionally, FTI Consulting is committed to protecting the rights of minority groups and women.</p> <p>As noted above, FTI Consulting has a zero-tolerance policy for the use of modern slavery in all forms, including child or forced labor and human trafficking practices, and the Company maintains internal accountability standards and procedures for employees and contractors failing to meet company standards regarding slavery and trafficking. Additionally, our <a href="#">Vendor Code of Conduct states that</a> we will not knowingly do business with subcontractors, vendors or other partners who violate the practices outlined in our Human Rights Policy.</p> <p>FTI Consulting also encourages employees to report violations or any potential violations observed. This is an important dimension of accountability for the Company. FTI Consulting protects employees who provide reports through the FTI Consulting Integrity Helpline or to the Company’s Chief Risk and Compliance Officer and members of the Board of Directors, as detailed in our <a href="#">Policy on Reporting Concerns and Non-Retaliation</a>.</p>

In FTI Consulting’s 2021 [Human Capital Report](#), we detail our efforts in corporate citizenship, diversity, inclusion & belonging, and/or client and pro bono engagements to combat human rights violations in addition to funds raised for organizations with the goal of protecting human rights. An example includes our pro bono work with the Humanitarian Aid Relief Trust in which our professionals are conducting research to establish the impact of COVID-19 on the economies and medical infrastructure of persecuted communities based in isolated regions. Since this engagement began, FTI Consulting has contributed more than 250 hours of pro bono services. The engagement is ongoing, and we hope our research will ultimately be used to rally international support for these communities in dire need.

Other pro bono engagements range from combating human rights violations to evaluating the economic and social impacts of COVID-19 on communities in need.

**Labour**

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

**Principle 4:** The elimination of all forms of forced and compulsory labour.

**Principle 5:** The effective abolition of child labour.

**Principle 6:** The elimination of discrimination in respect of employment and occupation.

All FTI Consulting employees abide by and sign our [Code of Ethics and Business Conduct](#), which details our commitment to adopt and adhere to the United Nations Global Compact Principles. The Code underlines our dedication to professional responsibility and professional excellence. The “Respect for Our Colleagues” section of our Code of Ethics and Business Conduct covers a series of critical topics, including diversity, equal opportunity and nondiscrimination, harassment, workplace relationships and human rights.

FTI Consulting’s corporate values are reflected throughout the Code of Ethics and Business Conduct and provide a guide for how we operate on a daily basis. At FTI Consulting, regardless of business segment, level or location, we have similar expectations and aspirations for ourselves and others, and we have been able to capture that spirit through the articulation of our common values, which spell out the words “I CARE” and emphasize two points:

“I” implies that living the values is a personal exercise — one for which each of us has responsibility.

“CARE” implies both concern for the well-being of the organization and also ownership — that having our organization thrive matters to each of us.

**Integrity**

I act with integrity.

**Creativity**

I am committed to continuous improvement.

**Achievement**

I am committed to quality and am accountable for results.

**Respect**

I welcome diversity and differences of opinion.

### **Empathy**

I support others.

As an example of our commitment to eliminating discrimination in respect to employment, FTI Consulting was retained by counsel for a leading social media technology company to provide consulting services in a class action suit alleging discrimination in promotion. FTI Consulting experts conducted tremendous, data-backed due diligence to support a fair and accurate resolution. Our people used statistical techniques to evaluate the alleged adverse impact and analyzed several different metrics, including selection rate, promotion rate and time to promotion. Additionally, FTI Consulting reviewed human resources data and identified discovery data responsive to the plaintiffs' request. After doing so, the claims put forth by plaintiffs' expert were disproved.

Going beyond the Code of Ethics and Business Conduct, FTI Consulting has implemented targeted and more in-depth policies on specific issues such as our [Human Rights Policy](#) and our [Modern Slavery Statement \(UK\)](#). These documents address our explicit position: a zero-tolerance policy for the use of modern slavery in all forms, including child or forced labor and human trafficking. Following these policies is of the utmost importance for FTI Consulting, which is why the Company encourages employees to report any concerns and prevents retaliation through our [Policy on Reporting Concerns and Non-Retaliation](#). Additionally, employees of FTI Consulting are highly encouraged to report suspected third-party malpractice immediately and to contact FTI Consulting's Chief Risk and Compliance Officer for further guidance.

FTI Consulting's commitment to supporting the principles on labor extends beyond our own company to our suppliers. Our [Vendor Code of Conduct](#) details the expectation of our vendors to implement and abide by the same, or similar, standards. FTI Consulting vendors must not discriminate against employees or others, must not tolerate harassment in any form and must uphold individual human rights in all their operations.

As a professional services firm, our success depends upon our ability to provide definitive expertise to our clients, which can be achieved only if we foster a culture of diversity, inclusion and belonging in which everyone can be themselves at work. FTI Consulting's approach to fostering a culture of inclusion is detailed in our [Diversity, Inclusion & Belonging](#) initiative. FTI Consulting's Diversity, Inclusion & Belonging efforts extend globally through a multi-faceted approach focused on attracting, developing and retaining diverse talent. This includes programs and strategies aimed at hiring, retaining and developing top female talent at all levels of the firm, as well as talent from underrepresented minority populations.

In support of equality in the workplace, FTI Consulting has committed to hold our employees accountable to the following Pact for FTI Consulting:

- **Leadership & Culture:** No member of FTI Consulting’s Executive Committee will appear on a panel at a public event that does not have diverse representation.
- **Equity & Retention:** The Company will conduct an annual audit of pay, promotions and performance ratings across gender and race.
- **Hiring & Recruiting:** The Company will increase by 5% the pool of qualified female and diverse candidates by 2023 and extend offers to at least the same or higher percentage of female and diverse candidates.

FTI Consulting professionals at all levels are empowered to make a difference through our Diversity, Inclusion & Belonging programs and initiatives, such as our Diversity Ambassador Program and the FTI Women’s Initiative:

- **Diversity Ambassador Program:** Our Diversity Ambassador Program is sponsored by a global network of passionate employee ambassadors who celebrate diversity, inclusion and belonging through initiatives such as diversity-focused panel series with industry peers, heritage celebrations, community outreach via volunteering and pro bono services.
- **FTI Women’s Initiative (“FTI WIN”):** Our global women’s initiative, FTI WIN, offers career training, professional development, mentorship, networking and community outreach opportunities across the globe to empower our female professionals to reach their highest potential and develop best-in-class leadership capabilities. FTI WIN also offers the Future Leaders Internship Program (formerly, WINternship), a six-week program tailored to women beginning their second year at a university. Originally, this program was targeted at female candidates, but in 2020, the Company rebranded to the Future Leaders Internship Program and doubled its size by extending it to include both gender and racial diversity. This program provides female and underrepresented students an opportunity early in their college career to build their network and gain technical experience, personalized coaching and professional development opportunities from dedicated experts in their field of interest.

In 2020, FTI Consulting also launched several programs and forums with our professionals, clients and other external stakeholders to foster active and important discussions around Diversity, Inclusion & Belonging:

- **Global Voices, Insights and Perspectives:** Through partnering with external and like-minded organizations and professionals, FTI Consulting is working to broaden the conversation around diversity and inclusion by offering our

stakeholders the opportunity to engage in dialogues on a multitude of diversity and inclusion topics ranging from gender to race and ethnicity.

- **Crucial Conversations:** This series is a bimonthly platform designed to build awareness of diversity, inclusion and belonging topics in order to impact FTI Consulting employees' future interactions with colleagues, clients and communities. "Hispanic Heritage Awareness" and "Perspectives of the Healthcare System in the Black Community" are two of the many events offered for FTI Consulting professionals to engage in open and transparent dialogues.

In 2021, FTI Consulting became a member of the Stonewall Global Diversity Champions program, one of the leading benchmarks for global LGBTQ+ workplace diversity and inclusion. This membership provides FTI Consulting with the tools necessary to take a strategic and structured approach to LGBTQ+ equality initiatives globally.

These programs and many other initiatives will help us reach the targets and goals we have set as a company to hold ourselves accountable, including:

- Reaching **165 female Senior Managing Directors by 2025**, an increase of 65% compared with 2020.
- Reaching **120 underrepresented Senior Managing Directors by 2025**, representing a more than doubling of underrepresented Senior Managing Directors compared with 2020.
- Committing to a **50/50 balanced hiring target** at the campus and graduate, Consultant and Senior Consultant levels.

In FTI Consulting's 2021 [Human Capital Report](#), we detail our efforts in corporate citizenship, diversity, inclusion & belonging, and/or client and pro bono engagements to increase awareness of racial discrimination in addition to raising funds for organizations fighting for social and racial justice. An example includes our pro bono work for The Estate of George P. Floyd, Jr., in which our professionals analyzed market evidence, including commentary from credit agencies, and concluded that the city of Minneapolis had the ability to pay a settlement well in excess of a typical wrongful death payment. On March 12, 2021, the parties reached a USD\$27 million settlement. Counsel for Mr. Floyd's family said that the settlement was "the largest pretrial settlement ever for a civil rights claim." A portion of the settlement amount will be used to benefit the neighborhood where Mr. Floyd was killed.

**Talent Development:** Our professionals deliver unmatched solutions for our clients, and we provide continuing education opportunities to help our people evolve their skills through on-the-job development; virtual instructor-led, in-person and self-

paced e-learning training; and a dedication to engaged coaching. Our employees are guided through a comprehensive performance support life cycle complete with project reviews, 360° feedback and coaching, all designed to support their career progression. Select accomplishments in 2020 include:

- **96%** of employees participated in talent development training programs, up from 83% in 2019.
- **895** professionals were selected for and completed leadership training programs.
- Employees logged **74,678** total training hours, more than double the amount in 2019.
- Over **1,000** professionals were promoted, a record number.

Other highlights from our Diversity, Inclusion & Belonging programs in 2020 include:

- Engaging nearly 500 professionals in **Engaging to Make a Difference Forums**, a series of transparent and open small group discussions hosted by members of our Executive Committee that address ways we can accelerate diversity and inclusion within the firm and use our collective expertise to make a difference in the world more broadly.
- Introducing our **action plan to expand the firm’s Diversity, Inclusion & Belonging initiatives**.
- Building out **leadership accountability** for the firm’s Diversity, Inclusion & Belonging goals by integrating discussions on diverse representation and equity into the quarterly strategy reviews led by our President and Chief Executive Officer, as well as our business segment leaders.
- Realizing the firmwide goal of **100 female Senior Managing Directors** in 2020, an increase of 15% compared with 2019.
- Achieving a **50/50 gender balance in university and graduate hiring** in 2020; **15% of university and graduate hires** represented underrepresented minorities.
- Increasing hiring of **Black professionals** by **43%** in the United States and **70%** in the United Kingdom in 2020 compared with 2019.
- Increasing hiring of **Asian professionals** by **36%** in the United States in 2020 compared with 2019.

FTI Consulting’s overall employee engagement has been trending upward over the last several years, and, at the same time, our voluntary employee turnover has decreased:

- In 2020, our employee engagement survey found that 85% of employees indicated they are satisfied with their job and feel engaged, representing a

	<p>5% increase from 2019 and 16% improvement since we initiated the survey in 2014.</p> <ul style="list-style-type: none"> <li>■ In 2020, our voluntary employee turnover of 8% was at an all-time low. This compares with 11% in 2019 and 14% when we began tracking voluntary turnover in 2014.</li> </ul> <p>We attribute these findings to the way in which we have communicated results and created ongoing dialogue through employee-driven task forces, such as those mentioned above, to implement ideas for improvement.</p> <p>More details on FTI Consulting’s diversity, inclusion &amp; belonging journey, our talent development programs and other human capital initiatives can be found in our <a href="#">2021 Human Capital Report</a>.</p>
<p><b><u>Environment</u></b></p> <p><b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges.</p> <p><b>Principle 8:</b> Undertake initiatives to promote greater environmental responsibility.</p> <p><b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies.</p>	<p>FTI Consulting employees strive to act as environmental stewards when conducting business on the Company’s behalf, as detailed in our <a href="#">Code of Ethics and Business Conduct</a>, which all employees are required to review and sign.</p> <p>This commitment is further detailed in our <a href="#">Environmental Responsibility &amp; Climate Change Disclosure Policy</a>. FTI Consulting is committed to conducting business in an environmentally sound and resourceful manner. The Company complies fully with environmental legislation and officially approved codes of practice in each of the geographies in which we conduct business.</p> <p>FTI Consulting continuously seeks to promote environmental sustainability, to conserve and enhance natural resources, and to prevent environmental pollution. As a professional services firm with no manufacturing or product distribution activities, FTI Consulting’s environmental footprint is relatively small and is primarily driven by two factors: our business travel and leased office locations, which, respectively, represented 75% and 25% of our total greenhouse gas emissions in 2020. Nonetheless, FTI Consulting makes continued efforts to reduce our environmental impact through the implementation of our Environmental Plan, which sets out a range of objectives and specific targets in the areas of Climate Change Disclosure, Energy Consumption, Water Consumption, Waste, Real Estate Standards and Processes, and Travel.</p> <p>In addition to the above policies that apply to FTI Consulting and our employees, we expect our vendors to abide by the same, or similar, environmental standards. This expectation is detailed in our <a href="#">Vendor Code of Conduct</a>. FTI Consulting vendors must comply with all applicable environmental laws and regulations. They must also be committed to minimizing any environmental hazards, conserving and protecting natural resources, and managing the use of energy and other resources responsibly.</p>

In FTI Consulting's [Human Capital Report](#), we detail how we are minimizing our environmental impact and highlight our sustainability priorities and progress. Our general environmental objectives are detailed across six key areas of focus:

■ **Policies, Awareness & Communication Objectives**

- To implement policies and procedures that contribute to a reduction in FTI Consulting's carbon footprint.
- To increase awareness of environmental responsibilities among our stakeholders.
- To communicate our commitment to reducing our impact on the environment.

■ **Stakeholder Engagement Objectives**

- To promote sound environmental management policies and practices in the work of all our employees.
- To support interested parties, including employees, clients, shareholders and suppliers, on issues relating to FTI Consulting's Environmental Responsibility & Climate Change Disclosure Policy in the communities in which we do business.

■ **Waste Objectives**

- To minimize waste and pollution and to operate effective waste management procedures.
- To divert waste from landfills through reduction, reuse, recycling and composting of FTI Consulting's waste streams.

■ **Procurement Objectives**

- To promote purchasing, as far as practicable, of products and services that cause the least harm to the environment.
- To partner with vendors who are equally committed to reducing environmental impact.

■ **Real Estate Objectives**

- To implement environmentally sustainable designs and construction practices for new office buildouts.
- To reduce our energy consumption and operate our offices efficiently to minimize FTI Consulting's carbon footprint.
- To avoid use, wherever possible, of environmentally damaging substances, materials and processes.

■ **Transportation Objectives**

- To encourage modes of transport by employees and contractors that minimize environmental impact.
- To consider access to public transportation in the selection process for all office locations.

In 2021, FTI Consulting began disclosing to the CDP Questionnaire. We also are currently undergoing an internal analysis of the potential cost and associated resources needed to make a net zero commitment. We work diligently to set meaningful, authentic and achievable goals – including those that tie to our carbon footprint and environmental impact – to ensure we can remain aligned and committed to our promises. Although formal regulation and oversight are still developing country by country, FTI Consulting is taking responsibility for our environmental impact and is working to drive informed strategies and tangible plans before making external commitments.

As a result of these multi-year efforts, FTI Consulting saw an **18% reduction** in global office square footage per employee from 2018 to 2020 and a **36% reduction** in total energy consumed (megawatt hours) from 2018 to 2020.

In 2020, our Scope 1 and 2 **emissions decreased 25.2%** compared with our 2018 baseline. Our 2020 Scope 3 **emissions from travel decreased 60.4%** compared with our 2018 baseline. The Company's emissions were lower partially as a result of a decline in employee office utilization and less business travel due to the ongoing COVID-19 pandemic and related restrictions. However, on a multi-year basis, FTI Consulting has decreased its emissions while increasing the number of employees, which led to a reduction in emissions intensity per employee from **7.05 MT CO<sub>2</sub>e** in 2018 to **6.53 MT CO<sub>2</sub>e** in 2019 and **2.59 MT CO<sub>2</sub>e** in 2020. For complete details on our environmental footprint for 2018, 2019 and 2020, as well as our methodology, please refer to our [Human Capital Report](#).

FTI Consulting also promotes environmental responsibility in our charitable efforts. For example, the Company supported the Australian Red Cross and WIRES Inc in response to the Australian bushfires through both fundraising campaigns and corporate donations, including sponsorship of rehabilitating koalas into the wild.

On an annual basis, FTI Consulting participates in Earth Day celebrations in which our professionals across the globe hold a series of initiatives to give back to their local communities and promote environmental sustainability through activities such as upcycling contests and local community waste collection, among many others.

Finally, FTI Consulting professionals across all segments and regions supported important education, conservation and climate action initiatives by making charitable donations to causes fighting for climate action.

Additional details regarding our processes and outcomes to date can be found in the "[Corporate Citizenship and Sustainability](#)" section of our 2021 Human Capital Report.

## **Anti-Corruption**

### ***Principle 10:***

Businesses should work against corruption in all its forms, including extortion and bribery.

All FTI Consulting employees abide by and sign our [Code of Ethics and Business Conduct](#). The Code covers employee responsibilities, confidential information, conflicts of interest, compliance with laws (including anti-corruption laws), respect for our stockholders, and the public's and employees' role in the community.

Our commitment to working against corruption is further explained in our [Anti-Corruption Policy](#). FTI Consulting's policy prohibits bribery in any form and outlines expected compliance with the letter and the spirit of anti-corruption laws in the United States and every other jurisdiction in which we do business. FTI Consulting's Anti-Corruption Policy demonstrates and reflects our commitment to the highest prevailing international anti-corruption standards.

As detailed within our [Policy on Inside Information and Insider Trading](#), FTI Consulting is also dedicated to upholding securities laws across all of our operating jurisdictions, both inside and outside the United States. These laws prohibit the buying or selling of securities using material, non-public information or passing such information along to others who buy or sell securities. The Policy details restrictions on trading in FTI Consulting securities, client securities, vendor securities and other non-FTI Consulting securities.

FTI Consulting strongly encourages employees to raise any questions or concerns promptly through multiple engagement channels detailed in our [Policy on Reporting Concerns and Non-Retaliation](#), including corruption concerns.

FTI Consulting takes its commitment to supporting the Principle on anti-corruption seriously and extends this commitment to our suppliers. Our [Vendor Code of Conduct](#) details the expectation of our vendors to implement and abide by the same, or similar, standards on anti-corruption. Vendors must comply with all applicable anti-corruption laws, antitrust laws, economic sanctions, money laundering prevention and more.

To help ensure that we are identifying and addressing relevant risk areas, the Company conducts regular risk assessments that are performed jointly by the Compliance and Internal Audit departments. Deep-dive risk assessments into topics such as anti-corruption and cybersecurity are undertaken as appropriate. Furthermore, FTI Consulting's third-party contractors must acknowledge both our Anti-Corruption Policy and our Vendor Code of Conduct, which address ethical and compliance expectations. We also require third-party contractors to undergo a background screening.