Reporting

About this report

McKinsey & Company's 2021 Environmental, Social, and Governance (ESG) Report (the Report) details our commitments, programs, and performance on ESG priorities. All information reflects McKinsey & Company's worldwide operations, covering calendar year 2021, unless otherwise noted.

The Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. It includes our disclosure against World Economic Forum International Business Council's (WEF IBC) Stakeholder Capitalism metrics, and serves as our fourth Communication on Progress to the UN Global Compact (UNGC) and its Ten Principles. For the first time this year, we are also reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Our Greenhouse Gas (GHG) Emissions inventory and renewable energy use data were independently verified by Temple.

Disclaimer: The analyses and conclusions contained in this report refer to the period of the calendar 2021 and to information and data available to McKinsey and do not purport to contain or incorporate all the information. Although its content reflects McKinsey's current expectations regarding future events, the analyses and conclusions contained in this report are based on various assumptions, being based upon factors and events subject to uncertainty. Statements of expectation, forecasts, and projections relate to such future events and are based on assumptions that may not remain valid for the whole of the relevant period. Future results could be materially different from any forecast contained in the analyses. The analyses contained herein were undertaken by McKinsey as of the dates noted herein. McKinsey undertakes no obligation to revise or update any such analyses or any forward-looking statements.

GRI Content Index

This report has been developed in accordance with Global Reporting Initiative (GRI) Standards: Core option. GRI Standards promote transparency and comparability of disclosures about a business' environment, economic, and social impacts.

Disclosure number	Description	McKinsey response
GRI 102: General Disclosures 2016		
Organization Profile		
102-1	Name of the organization	McKinsey & Company
102-2	Activities, brands, products, and services	**Overview/About McKinsey** **About Us**
102-3	Location of headquarters	**Overview/About McKinsey**
102-4	Location of operations	**Overview/About McKinsey** **Our Offices**
102-5	Ownership and legal form	**Overview/About McKinsey**
102-6	Markets served	**Overview/About McKinsey** **Industries**
102-7	Scale of the organization	**Overview/About McKinsey** **About Us**
102-8	Information on employees and other workers	**Our people/Diversity, equity, and inclusion**
102-9	Supply chain	**Overview/How we create value**
102-10	Significant changes to the organization and its supply chain	No significant changes in 2021.

Disclosure number	Description	McKinsey response
102-11	Precautionary Principle or approach	**Environmental Statement**
102-12	External initiatives	Highlighted throughout the report. **Our commitment to environmental sustainability**
102-13	Membership of associations	Highlighted throughout the report. **Our commitment to environmental sustainability**
Strategy		
102-14	Statement from senior decision-maker	**Overview/Message from our global managing partner**
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	**Overview/About McKinsey** **Code of Professional Conduct** **Participant page, UN Global Compact**
102-17	Mechanisms for advice and concerns about ethics	**Our firm/Ethics and values** **Code of Professional Conduct**
Governance		
102-18	Governance structure	**Overview/Our ESG approach**
102-19	Delegating authority	**Overview/Our ESG framework**

GRI Content Index

Disclosure number	Description	McKinsey response
102-20	Executive-level responsibility for economic, environmental, and social topics	**Overview/Our ESG framework**
102-21	Consulting stakeholders on economic, environmental, and social topics	**Overview/Stakeholder engagement**
Stakeholder Engagement		
102-40	List of stakeholder groups	**Overview/Stakeholder engagement**
102-41	Collective bargaining agreements	This information is not tracked globally as most McKinsey colleagues are not covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	**Overview/Stakeholder engagement**
102-43	Approach to stakeholder engagement	**Overview/Stakeholder engagement**
102-44	Key topics and concerns raised	**Overview/Stakeholder engagement** **Overview/Materiality assessment**

Disclosure number	Description	McKinsey response
Reporting Practice		
102-45	Entities included in the consolidated financial statements	**Reporting/About this report**
102-46	Defining report content and topic Boundaries	**Overview/Materiality assessment** **Reporting/About this report**
102-47	List of material topics	**Overview/Materiality assessment**
102-48	Restatements of information	No restatements of information for 2021.
102-49	Changes in reporting	**Reporting/About this report**
102-50	Reporting period	**Reporting/About this report**
102-51	Date of most recent report	**Reporting/About this report**
102-52	Reporting cycle	**Reporting/About this report**
102-53	Contact point for questions regarding the report	**social_responsibility@mckinsey.com**
102-54	Claims of reporting in accordance with the GRI Standards	**Reporting/About this report**
102-55	GRI content index	GRI Content Index
102-56	External assurance	**Reporting/Independent assurance statement**

GRI Content Index

Disclosure number	Description	McKinsey response
Topic-Specific Standards		
GRI 201: Economic Performance 2016		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Overview/About McKinsey
201-2	Financial implications and other risks and opportunities due to climate change	Reporting/TCFD Index
GRI 205: Anti-Corruption 2016		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Our firm/Ethics and values Code of Professional Conduct Supplier Code of Conduct
205-2	Communication and training about anti-corruption policies and procedures	Our firm/Ethics and values Our firm/Sustainable procurement
GRI 302: Energy 2016		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Our firm/Climate change and emissions Environmental Statement
302-1	Energy consumption within the organization	Our firm/Climate change and emissions
GRI 303: Water & Effluents 2018		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Our firm/Sustainable workplaces
303-1	Interactions with water as a shared resource	Our firm/Sustainable workplaces
GRI 305: Emissions 2016		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Our firm/Climate change and emissions Reporting/TCFD Index
305-1	Direct (Scope 1) GHG emissions	Our firm/Climate change and emissions Reporting/Independent assurance statement
305-2	Energy indirect (Scope 2) GHG emissions	Our firm/Climate change and emissions Reporting/Independent assurance statement
305-3	Other indirect (Scope 3) GHG emissions	Our firm/Climate change and emissions Reporting/Independent assurance statement
305-4	GHG emissions intensity	Our firm/Climate change and emissions Reporting/Independent assurance statement
305-5	Reduction of GHG emissions	Our firm/Climate change and emissions Reporting/Independent assurance statement

GRI Content Index

Disclosure number	Description	McKinsey response
GRI 306: Waste 2020		
103-1, 103-2, 103-3	Management approach	**Overview/Materiality assessment** **Our firm/Sustainable workplaces**
306-2	Management of significant waste-related impacts	**Our firm/Sustainable workplaces**
GRI 308: Supplier Environmental Assessment 2016		
103-1, 103-2, 103-3	Management approach	**Overview/Materiality assessment** **Our firm/Sustainable procurement** **Supplier Code of Conduct**
308-1	New suppliers that were screened using environmental criteria	**Our firm/Sustainable procurement**
GRI 401: Employment 2016		
103-1, 103-2, 103-3	Management approach	**Overview/Materiality assessment** **Our people**
401-1	New employee hires and employee turnover	**Our people/Diversity, equity, and inclusion**
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	**Our people/Caring for our colleagues**

Disclosure number	Description	McKinsey response
GRI 403: Occupational Health and Safety 2018		
103-1, 103-2, 103-3	Management approach	**Overview/Materiality assessment** **Our people/Caring for our colleagues**
403-1	Occupational health and safety management system	**Our people/Caring for our colleagues**
403-6	Promotion of worker health	**Our people/Caring for our colleagues**
GRI 404: Training and Education 2016		
103-1, 103-2, 103-3	Management approach	**Overview/Materiality assessment** **Our people/Development**
404-1	Average hours of training per year per employee	**Our people/Development**
404-2	Programs for upgrading employee skills and transition assistance programs	**Our people/Development**
404-3	Percentage of employees receiving regular performance and career development reviews	**Our people/Development**

GRI Content Index

Disclosure number	Description	McKinsey response
GRI 405: Diversity and Equal Opportunity 2016		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Our people/Diversity, equity, and inclusion
405-1	Diversity of governance bodies and employees	Our people/Diversity, equity, and inclusion
GRI 412: Human Rights Assessment 2016		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Our firm/Human rights Human rights statement
412-2	Employee training on human rights policies or procedures	Our firm/Human rights
GRI 413: Local Communities 2016		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Our firm/Giving back to communities
413-1	Operations with local community engagement, impact assessments, and development programs	Our firm/Giving back to communities

Disclosure number	Description	McKinsey response
GRI 414: Supplier Social Assessment 2016		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Our firm/Sustainable procurement Supplier Code of Conduct
414-1	New suppliers that were screened using social criteria	Our firm/Sustainable procurement
GRI 418: Customer Privacy 2016		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Our firm/Data privacy and information security Code of Professional Conduct Supplier Code of Conduct
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Our firm/Data privacy and information security

GRI Content Index

Disclosure number	Description	McKinsey response
McKinsey-specific material topics		
Client selection		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Our firm/Working with clients
Enabling clients' social and environmental impact		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Our clients
ESG standards		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Overview/Our ESG framework
Research and insights		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Our insights

Disclosure number	Description	McKinsey response
Responsible innovation		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Our clients
Public stance on social issues		
103-1, 103-2, 103-3	Management approach	Overview/Materiality assessment Overview/Our ESG framework

WEF IBC Index

McKinsey has signed on to the Stakeholder Capitalism Metrics defined by the World Economic Forum's International Business Council (WEF IBC). These Metrics are designed to encourage comparable disclosures related to governance, planet, people, and prosperity.

Theme	Core metric	McKinsey response
Principles of Governance		
Governing purpose	1. Setting purpose	**Overview/About McKinsey**
Quality of governing body	2. Governance body composition	**Overview/Our ESG approach** **Our people/Diversity, equity, and inclusion**
Stakeholder engagement	3. Material issues impacting stakeholders	**Overview/Stakeholder engagement** **Overview/Materiality assessment**
Ethical behaviour	4. Anti-corruption	**Our firm/Ethics and values** **Code of Professional Conduct**
	5. Protected ethics advice and reporting mechanisms	**Our firm/Ethics and values**
Risk and opportunity oversight	6. Integrating risk and opportunity into business process	**Our firm/Ethics and values** **Reporting/TCFD Index**
Planet		
Climate change	7. Greenhouse gas (GHG) emissions	**Our firm/Climate change and emissions**
	8. TCFD implementation	**Reporting/TCFD Index**
Nature loss	9. Land use and ecological sensitivity	We recognize the importance of nature and biodiversity conservation. While we believe McKinsey's direct impact on land use and biodiversity is limited due to the nature of our services (that is, offices located primarily in urban areas), we are committed to understanding and minimizing any potential impacts. Over the course of the next year, we will conduct an assessment to better understand the impact of our offices on nature and develop a plan for managing it, including measurable targets, commensurate with our impact and type of industry. While this work is under way, we will continue contributing to structural solutions related to nature and biodiversity through our research and insights and client work.
Freshwater availability	10. Water consumption and withdrawal in water-stressed areas	**Our firm/Sustainable workplaces**

WEF IBC Index

Theme	Core metric	McKinsey response
People		
Dignity and equality	11. Diversity and inclusion	**Our people/Diversity, equity, and inclusion**
	12. Pay equality	**Our people/Caring for our colleagues**
	13. Wage level	**Our people/Caring for our colleagues**
	14. Risk for incidents of child, forced or compulsory labor	**Our firm/Human rights**
Health and wellbeing	15. Health and safety	**Our people/Caring for our colleagues**
Skills for the future	16. Training provided	**Our people/Development**
Prosperity		
Employment and wealth generation	17. Absolute number and rate of employment	**Our people/Diversity, equity, and inclusion**
	18. Economic contribution	**Overview/About McKinsey**
	19. Financial investment contribution	As a private firm, this metric is not relevant for McKinsey.
Innovation of better products and services	20. Total R&D expenses	**Our people/Development**
Community and social vitality	21. Total tax paid	As a private firm, we do not extensively report financial information.

TCFD Index

The Task Force for Climate-related Financial Disclosures (TCFD) recommendations are designed to help companies disclose information about the risks and opportunities presented by climate change. Developed around four core elements—governance, strategy, risk management, and metrics and targets—the recommendations support communication about how a company is responding to change and the resilience of its strategies. This year marks the first time McKinsey is reporting in line with TCFD recommendations.

Disclosure recommendation	Disclosure
Governance	
a) Describe the board's oversight of climate-related risks and opportunities	The Risk, Audit, and Governance Committee (RAGC) of our Shareholders Council, which is equivalent to other companies' board of directors, has ultimate oversight of the firm's environmental sustainability matters, including climate-related issues. Its remit includes reviewing and guiding the firm's ESG strategy, annual budgets, setting performance objectives, and monitoring and overseeing progress against climate-related goals. For example, in 2021, RAGC approved the firm's science-based targets (SBTs) to reduce our GHG emissions in line with a 1.5 degree Celsius pathway and our commitment to reach net-zero climate impact by 2030. McKinsey has a designated senior partner responsible for leading our ESG and Global Social Responsibility efforts, including all of the firm's efforts toward environmental sustainability and climate-related risks and opportunities. This individual provides periodic updates to the RAGC.
b) Describe management's role in assessing and managing climate-related risks and opportunities	The Director of Acting Responsibly is responsible for measuring our GHG footprint annually, analyzing the results and assessing opportunities to reduce further our GHG footprint, elevating these opportunities to the relevant leaders within the firm, implementing these opportunities throughout the firm, or working with relevant cells (geographic offices, industries, functional practices, and growth platforms) to implement them, ensuring that our targets/commitments/progress are in line with latest climate science, and proactively identifying and addressing any risks related to climate change/environmental sustainability that will impact the firm. This individual reports into the senior partner leading ESG and Global Social Responsibility efforts. In 2021, RAGC approved additional governing bodies to our ESG oversight structure, spanning across an ESG Council, represented by senior firm functional, regional, and client service leaders. The ESG Council defines our ESG priorities, sets our strategy, and monitors progress, and is supported by the ESG Working Group and ESG Next-Generation Group to help operationalize the strategy and embed ESG initiatives across the firm. Additionally, local managing partners are responsible for leading each geographic location to achieve our global commitments and strategy. Within each of our offices, the local managing partner has responsibility for the environmental footprint and climate impact of the office's operations, and for ensuring that the office contributes toward achieving the firm's SBTs.

TCFD Index

Disclosure recommendation	Disclosure
Strategy	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	McKinsey considers climate-related risks and opportunities across short- (0–1 years), medium- (1–3 years), and long-term (3–8 years) horizons as part of our business strategy, covering three areas: our internal operations, our client service, and our knowledge work. As we continue to refine our approach to identifying and assessing these risks and opportunities, we will take into account further long-term horizons (for example, until 2050). **Risks** Climate risk assessment is integrated into multi-disciplinary, firmwide risk management processes. As we assess these risks, we continue to evolve our capabilities and are developing a comprehensive physical and transition risk assessment involving all relevant stakeholders within the firm, including our client service lines, to further inform our risk processes. We continue to identify and monitor climate-related risks to ensure no major disruptions to our operating model. The risks we identified include: **Transition risks** • **Legal and regulatory risk:** As a global firm, we operate in 65+ countries, most of which have climate change laws or policies. We monitor current and emerging policy, regulatory, and legal risks, to understand how McKinsey may be affected. • **Technology risk:** McKinsey considers technology part of our environmental footprint strategy, particularly in relation to how it can be used to reduce GHG emissions. As a service-based firm, IT is also paramount to our core operations and is therefore considered as part of business-as-usual risk assessments. • **Reputation risk:** McKinsey's reputation in this field is built on our client work, as well as the large body of often publicly available research and tools on climate change issues. Maintaining this reputation helps to support the opportunities for our practice across a number of areas, particularly for our sustainability-focused client service platform McKinsey Sustainability. **Physical risks** • **Weather events and shifts in climate patterns:** As a global firm operating in 65+ countries, McKinsey is located in areas that may be exposed to acute physical risks related to climate change, such as extreme weather events, hurricanes, cyclones, floods, and temperature extremes, as well as chronic risks such as sea-level rise and heat stress. As part of our business continuity planning and firm security programs, we consider both acute and chronic climate risks to our offices and operations, IT networks, and colleague safety.

TCFD Index

Disclosure recommendation	Disclosure
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term (cont.)	**Opportunities** McKinsey identified climate-related opportunities that may have an impact on the firm in the medium term. Specifically, we identified: • Development of new platforms for client service and research: Sustainability is among the top priorities on our clients' agendas. McKinsey Sustainability is the firm's client service platform with the goal of helping all industry sectors transform to get to net zero by 2050, and to cut carbon emissions by half by 2030. As an advisory firm, McKinsey has the opportunity to provide consulting advice to clients through McKinsey Sustainability on climate-related topics, including, for example: • managing the transition to a low-carbon, sustainable growth economy • adapting to climate change • capturing emerging opportunities in energy, water, waste, and land use • harnessing the potential of clean technologies to create smarter systems, new jobs, and competitive advantage • capitalizing on evolving shifts in urban mobility • capturing benefits of circular economy Our recent acquisitions of Vivid Economics, Planetrics, and Material Economics brings new experts, analytics, and capabilities to assess climate risk, develop sustainable strategies, navigate economic shifts, and create value through sustainable transformations.

TCFD Index

Disclosure recommendation	Disclosure
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	**Risks** We continue to identify and monitor climate-related risks and have not yet identified any with the potential to have an immediate disruption to overall firm operations. As an advisory firm, our "assets" are not physical locations in the traditional sense but our proprietary knowledge and reputation, and people. Given the limited physical assets, the physical hazard impact of climate change on the firm is likely low. Similarly, at this time transition risks identified, including current and emerging regulation, reputational, technology, and market risks, are unlikely to present substantive impact to the firm. We recognize changes in climate could lead to possible shifts in the geographies or industries in which we serve clients today, which could have an impact on our overall business strategy, and we are continually monitoring these potential risks. Although the impacts to our direct footprint and operations are likely low, we take a proactive approach to risk management by implementing programs to mitigate some risks, such as security and safety risks, including those related to climate events, as well as measuring, addressing, and publicly reporting our carbon footprint. In addition, we continue to enhance our climate risk identification and assessment capabilities, including more advanced scenario analysis. **Opportunities** Climate-related opportunities influence our business strategy in relation to: • our **client service**, that is, developing **McKinsey Sustainability**, our sustainability-focused client service platform • our **investment in research and development (R&D)** through a **dedicated internal research function** developing cutting-edge knowledge to support McKinsey Sustainability • our **internal operations** such as procurement, that is, developing a **responsible procurement strategy** for engagement with suppliers to improve the environmental and social impact of the goods and services they offer, and **Environmental Sustainability strategy**—that is, our commitments to achieve our near-term science-based targets These opportunities are considered in financial planning and have not been deemed to have a substantive financial or strategic impact on the firm in the short term.

TCFD Index

Disclosure recommendation	Disclosure
c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario	As part of our strategic planning processes, we seek to understand how different climate scenarios impact McKinsey's business risks and opportunities. To inform our business strategy, we model emission reduction pathways under various climate scenarios while also considering the firm's growth trajectory, the impact of the global pandemic, trends in our activity drivers and associated emissions, clients' and colleagues' expectations, and the evolution of working models and business technology. Following the analysis, we are taking action to strengthen the resilience of our strategy, to be better prepared and positioned for evolving climate-related risks and opportunities. For example, we have set our goals for Scope 1, 2, and 3 emissions reductions in line with the Science Based Targets initiative's (SBTi) methodology for reductions required to align with the Paris Agreement's 1.5 degree Celsius pathway. Across all scopes, we are working to reduce our emissions, including by increasing our use of renewable electricity and electric vehicles, reducing business travel, and supporting sustainable aviation fuels (SAFs). In line with these commitments, we are making shifts to our business strategy and operating model to improve our resilience, including to the ways in which we serve our clients, such as introducing hybrid and remote alternative ways of working, and promoting more sustainable travel options. Over time, we will continue to regularly assess the resilience of our strategy against evolving risks and opportunities, and continue to strengthen our approach. We will also work to identify realistic management approaches and develop action plans under the different climate scenarios to embed responses into business-as-usual activity.
Risk Management	
a) Describe the organization's processes for identifying and assessing climate-related risks	McKinsey considers climate-related risks and opportunities as part of its environmental footprint strategy, covering three areas: internal operations, client service, and knowledge work. Climate risk identification and assessment is integrated into firmwide enterprise risk management, and outputs are taken into consideration as the firm defines business continuity and operational resilience requirements and actions. Risk and opportunity identification is embedded within the firm's "cells" (geographic offices, industries, functional practices, and growth platforms), which are most similar to the traditional meaning of "assets" within an organization. Specifically, the local managing partners are responsible for identifying and evaluating risks arising from the operations of their local offices (with support from the broader firm), including climate-related risks, which they do through local operating committees and management teams.

TCFD Index

Disclosure recommendation	Disclosure
b) Describe the organization's processes for managing climate-related risks	We prioritize management of our climate-related risks and opportunities based on their materiality to McKinsey at a firmwide level and at an organizational cluster level. Factors considered to determine the materiality and priority include legal and regulatory compliance, our clients' and societal expectations, the impact on our talent strategy, potential to catalyze environmental impact, financial risk (for example, whether climate change has an impact on the value of our assets or reputation), and physical risk to our assets and operations. For risks to our own operations, this is informed by rigorous annual measurement and third-party verification of our emissions. As an example of adaptation for physical risks today, we have a monitoring program to identify extreme weather/other risks, and proactively reach out to local offices to ensure that they are aware of impending extreme weather events and taking steps to communicate with colleagues. This monitoring continues to improve over time, but has been reliably in place for a number of years. Examples of other preparations include documented guidance for extreme weather, scenario training for local security coordinators and leadership, as well as reviews of our physical premises to ensure they are consistent with firm standards.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	We continually seek ways to better identify, analyze, and mitigate risk. Central to our approach is our risk framework, which provides the insight, integration, and technology we need to anticipate and proactively address risks. We routinely and systematically undertake risk assessments, which include climate where relevant. These reviews incorporate diverse qualitative and quantitative inputs as well as external benchmarks to produce a comprehensive view of risk. They also inform the integration of risk mitigation work across McKinsey. In addition, we continue to enhance our climate risk identification and assessment capabilities, including more advanced scenario analysis. Our collective risk management functions—which include Enterprise Risk Management and specialist risk areas—are overseen by McKinsey's Chief Risk Officer.

TCFD Index

Disclosure recommendation	Disclosure
Metrics and Targets	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	McKinsey provides annual updates on climate-related metrics, including Scope 1, 2, and 3 GHG emissions, emissions intensity (market-based GHG emissions per capita), and energy and electricity use, including renewable electricity use, in our annual Environmental, Social, and Governance Report. For a historical view on metrics and description of GHG accounting methodology, please see the **Environmental sustainability** section of this report.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Please see the **Environmental sustainability** section of this report for our GHG emissions reporting.
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	McKinsey has committed to reducing its emissions to achieve net-zero climate impact by 2030. As a critical milestone on that journey, we have set SBTs that have been validated by the SBTi in line with a 1.5 degree Celsius pathway. From a 2019 baseline, by 2025, we aim to: • reduce our Scope 1 and 2 GHG emissions by 25 percent, mainly through electrifying our fleet, transitioning to renewable electricity, and making our global office space more sustainable • reduce our Scope 3 GHG emissions from internal and client-related travel per colleague by 30 percent, mostly through hybrid working models and sustainable aviation fuels As a firm, we can and need to go beyond to meet our 2030 commitment.

UNGC Communication on Progress

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

McKinsey has been a participant to the United Nations Global Compact (UNGC) since 2018. We remain committed to the Ten Principles of the UNGC in the areas of human rights, labor, environment and anti-corruption. This Report serves as our fourth annual Communication on Progress.

UNGC Principles	McKinsey response
Human Rights	
1. Businesses should support and respect the protection of internationally proclaimed human rights. 2. Businesses should make sure that they are not complicit in human rights abuses.	Our firm/Human rights Human rights statement Code of Professional Conduct Supplier Code of Conduct
Labor	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. 4. Businesses should uphold the elimination of all forms of forced and compulsory labour. 5. Businesses should uphold the effective abolition of child labour. 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Our firm/Human rights Our firm/Sustainable procurement Our people/Diversity, equity, and inclusion Code of Professional Conduct Supplier Code of Conduct Human rights statement
Environment	
7. Businesses should support a precautionary approach to environmental challenges. 8. Businesses should undertake initiatives to promote greater environmental responsibility. 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	Our firm/Environmental sustainability Our firm/Sustainable procurement Our clients Our insights Environmental Statement Environmental sustainability
Anti-corruption	
10. Businesses should work against corruption in all its forms, including extortion and bribery.	Our firm/Ethics and values Code of Professional Conduct

Independent assurance statement

Greenhouse gas emissions and carbon credits verification

Temple verified McKinsey & Company's (McKinsey) greenhouse gas (GHG) footprint for the firm's global operations for the reporting period 1st January to 31st December 2021. The footprint was calculated by South Pole and McKinsey and covers all Scope 1, 2, and 3 emissions reported by McKinsey as material to its business. This includes emissions from company facilities, fugitive emissions and mobile combustion, office electricity and heating usage, and from business travel, purchased goods and services, transportation and freight, and waste generation. For Scope 3, the verification was restricted to covering only business air travel, which is the main source of emissions across the whole footprint.

Both the data within the footprint and the system used to produce the footprint (by South Pole) were assessed during the verification process. Verification was carried out in accordance with BS ISO 14064-3:2012 as a 'light touch' limited level of assurance, i.e., desk review of a representative proportion of the entire data record, against the GHG Protocol Corporate Standard.

The verification process included checking and assessing the following:

- Original data records against data reported in the footprint;
- Data conversion, calculations, emission factors and assumptions; and
- Quality assurance processes and maintenance of the system.

Temple verifiers found no evidence of material errors, omissions, or misstatements in McKinsey's GHG footprint nor are we aware of any material modifications that should be made. McKinsey's overall reported GHG footprint (183,217 tonnes CO_2e market-based and 199,550 tonnes CO_2e location-based) is therefore considered to be an accurate representation of the emissions associated with their global operations.

Temple subsequently verified the retirement of carbon credits made on behalf of McKinsey to offset the GHG emissions from its global operations in 2021 in accordance with The Carbon Neutral Protocol. All carbon credits been verified either under the Gold Standard for the Global Goals (VER credits) or under the Verified Carbon Standard (VCUs). McKinsey's overall reported carbon credit retirement of 183,867 tonnes CO_2e is considered sufficient to offset its 2021 GHG footprint in full (183,217 tonnes CO_2e market-based).

Table 1: Scope of GHG emissions

Scope	Verified total (tonnes CO_2e)	Percentage difference
Scope 1 (100% of total scope emissions verified)	12,191	0.0%
Scope 2 (100% of total scope emissions verified)	17,172	0.0%
Scope 3 (64% of total scope emissions verified)	111,398	0.0%

Dr Caitlin Taylor Consultant

Dr Xiangyu Sheng Director Air Quality & Climate change

Stephen Glenny Principal Consultant

temple

Creating sustainable futures