

McKinsey
& Company

Social Responsibility Report 2018

Creating change that matters



Welcome to our Social Responsibility Report

In this report, we share stories of the things we are doing, beyond our client work, to make a difference in society and describe the ways we are working to strengthen our own responsible practices.

We have organized these stories into four sections, reflecting the challenges the world faces and the opportunities we have to make a difference.

In this report

Our social responsibility

“Our firm has always sought to make a difference on the issues that matter.”



Foreword by Kevin Sneader

The need for business, government, and social-sector organizations to work together to tackle the world’s most pressing societal challenges has never been clearer. Protecting our planet, enabling meaningful work in our communities, and creating inclusive societies that honor our diversity are fundamental.

Our firm has always sought to make a difference on the issues that matter—above and beyond our client work. This report contains many examples that bring this long-standing practice to life. You will read about how our people are giving back to our communities, how we have founded and supported non-profits to tackle top global issues, and the steps we are taking to become more environmentally sustainable and socially responsible in the way we do what we do every day of the week.

Last year, as part of this, we became a participant in the UN Global Compact. This report serves as our first Communication on Progress, and through it we reaffirm our continuing commitment to its principles.

Yet for all that we have done, there is growing recognition that our commitment to social impact can and must be even deeper.

Indeed, across all our client work, we have an opportunity to help the world’s leading institutions shape their impact on society. For more than 90 years, our firm’s mission has been to create “distinctive, lasting, and substantial improvements in performance” for our clients. Today it is clearer than ever that we need to work with our clients to consider the full impact of our work together, not just on their performance, but on society as a whole.

With this in mind, we have embarked on a journey to engage 30,000-plus colleagues in a conversation about our firm’s “purpose.” What has already emerged is a sense that what motivates us is a commitment to make the world a better place—one client, colleague, and community at a time.

The stories in this report are a reminder of how that purpose is already being realized. Hopefully, they also demonstrate why we are so proud and so willing to contribute our time, effort, and skills to an array of causes across the 130 cities in which we operate. In doing so, we also give meaning to the belief that “what we do matters.” And never has that been more true or more necessary.

Kevin Sneader
Global Managing Partner
McKinsey & Company

Creating change that matters



“We believe we have an opportunity, and a responsibility, to use our knowledge and our capabilities to help address the world’s most pressing challenges.”



Introduction

McKinsey has a long-standing commitment to social responsibility. In this report, we share stories of the things we are doing, beyond our client work, to make a difference in society.

We’re working to increase economic opportunity by building skills and enabling work; to advance gender equality, in the workplace and in society more broadly; and to build a world that is more environmentally sustainable.

Through our research, we seek to generate new thinking and to identify practical solutions, providing a fact base for diverse stakeholders to galvanize action.

Teams of consultants, designers, and data scientists offer pro bono service to help non-profits develop strategies and increase their impact. Firm members also volunteer and serve on the boards of non-profits, bringing insights from our work to strengthen their governance and help them grow.

Generation and McKinsey.org, non-profits that we founded and support, allow us to share our expertise through innovative partnerships and help create solutions that can scale up quickly to tackle global challenges.

We are also committed to running our firm responsibly. We prioritize issues that are most material to our firm and our work. These include diversity and inclusion, environmental sustainability, ethics, data privacy and security, and supplier sustainability and diversity.

In this report, we are pleased to be able to share stories and updates from 2018. We also recognize that we are on a journey. Our people, across our firm, are driving efforts to strengthen every aspect of our social responsibility. We look forward to continuing to report on our progress.

600+

non-profits supported through pro bono service, board membership, and volunteering

25,000

graduates of Generation, the non-profit we founded to tackle youth unemployment

0

net carbon emissions

Supporting sustainable development

The 17 Sustainable Development Goals (SDGs), adopted by United Nations Member States in 2015, capture an important vision of how we can build a better world. The comprehensive goals include ending poverty, reducing inequality, and improving health and education. They also address environmental challenges, such as tackling climate change and preserving natural environments.

The SDGs also provide a framework for how companies can think about their social and environmental impact as they seek to make a positive contribution to improving the state of the world. Taken together, the institutions we serve—across the private, public, and social sectors—touch all of the 17 goals.



SDGs and social responsibility

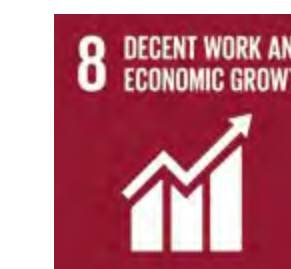
While our work with our clients enables us to support their efforts to further many of the SDGs, our social responsibility efforts seek to advance a subset of them.

The SDGs we focus on reflect areas where we see an opportunity to make a difference on these critical issues by deploying our capabilities and expertise, through pro bono work, board service, and volunteering with non-profits and through our research.

These are gender equality (SDG 5), decent work and economic growth (SDG 8), responsible consumption and production (SDG 12), and partnerships for the goals (SDG 17).



SDG 5:
Gender equality



SDG 8:
Decent work and economic growth



SDG 12:
Responsible consumption and production



SDG 17:
Partnerships for the goals

Helping clients have social impact

As a global management consulting firm, we help organizations across the private, public, and social sectors make lasting improvements to their performance and realize their most important goals.

Every one of our clients has an impact on society, whether it is through their products or services, their workforce, or their supply chain. Through our work with our clients, we can help them shape their environmental and social impact.

Our public- and social-sector clients are directly addressing societal challenges. We also help clients across sectors to address environmental sustainability.

This report, however, focuses on our efforts outside of client work to give back to our communities through pro bono work, volunteering, and board service with non-profits.

Serving those who serve society

Our Public Sector Practice supports governments to improve their productivity, the delivery and implementation of vital services, and the outcomes of their programs to better the lives of citizens and foster economic growth.

Our Social Sector Practice works with donors, non-profits, and non-governmental organizations to develop and implement large-scale solutions to persistent challenges in areas such as education, public health, and economic development.



Working with clients to embed sustainability

McKinsey's Sustainability Practice leads research on energy transitions, resource-productive operations, the circular economy, and the future of mobility. Putting this research into action, we help companies accelerate the transition to a low-carbon and sustainable-growth economy by eliminating waste, accelerating innovation, helping clients scale, and focusing capital investments on sustainability opportunities.

People

People enable us to invest our expertise, time, and resources directly in our communities to advance employment and skills as well as gender equality—challenges that have profound impacts on individuals' lives.

Our people are central to everything we do. We are committed to building a diverse firm, fostering an inclusive culture, and supporting our people in an unrivaled environment.

In this section



Building skills and enabling work

Work is vital. It enables people to build fulfilling, independent lives. Contributing to society in a meaningful way is intrinsically linked to health and happiness. For businesses, the availability of a skilled workforce is critical. For governments, the detrimental impact of unemployment, both direct and indirect, can be huge.

We have done considerable research; provided pro bono and volunteer support for a range of organizations; and also founded Generation, an independent non-profit tackling unemployment, which has become the largest global program, by annual volume, in training and placing unemployed youth in jobs.



Supporting the SDGs



SDG 8: Decent work and economic growth

Targets addressed for SDG 8

- Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value-added and labor-intensive sectors
- By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- By 2020, substantially reduce the proportion of youth not in employment, education, or training

Shaping the future of work

McKinsey Global Institute (MGI), the business and economics research arm of McKinsey, launched its Future of Work research series in 2017. In its seminal report, *A future that works: Automation, employment, and productivity*, MGI estimated the pace and extent of workplace automation and its potential economic impact.

In follow-up reports, MGI has assessed the number and types of jobs that might be lost and gained under different scenarios and the impact on workers, including shifting workforce skills and the reskilling challenge.

Since 2017, MGI has published more than 50 reports on the future of work, going beyond macro trends to implications for specific geographies, sectors, and demographics, including women and minorities.

MGI's insights help frame and open up debates, bring new thinking, and identify potential interventions on major societal issues. Armed with the facts, we hope leaders around the world will be equipped to make better decisions and build a future of work that works for everyone.



55%

increase in demand for technological skills by 2030

375m

workers may need to switch occupational categories by 2030, up to 14 percent of the global workforce

\$14.6tn

in wages comes from activities that are already technically automatable

Career-launching jobs for young people

Our research estimated that 75 million young people were unemployed around the world, even as 40 percent of employers could not fill entry-level vacancies. Inspired by this finding, we founded Generation in 2014.

An independent non-profit, Generation has a two-sided mission: to help young people build sustainable careers and to provide employers with the talent they need. At the end of 2018, Generation was working with employers, governments, foundations, and other non-profits in nine countries (and counting). It is already the largest global program, by annual volume, that trains and places youth into jobs.

In the past five years, McKinsey has committed \$70 million to Generation, in the form of both financial and human resources. Today, Generation is a 280-person organization; McKinsey donates the time of an additional 20 to 25 consultants.



In countries where Generation is active, for example, McKinsey helps connect Generation to community and employer partners. In 2017, McKinsey received the Fundación SERES Award, which honors businesses in Spain whose actions improve society.

Generation

Generation's approach

Employers are identified before the program starts, so participants can be connected to work right after graduating. In addition to teaching technical skills, the program works with the young people to foster the behaviors and mind-sets that contribute to workplace success.

Generation continually collects and analyzes participant, employer, and program data. This allows it to identify problems early, to improve the program in real time, and to prove to both young people and employers that Generation delivers a positive return on investment.



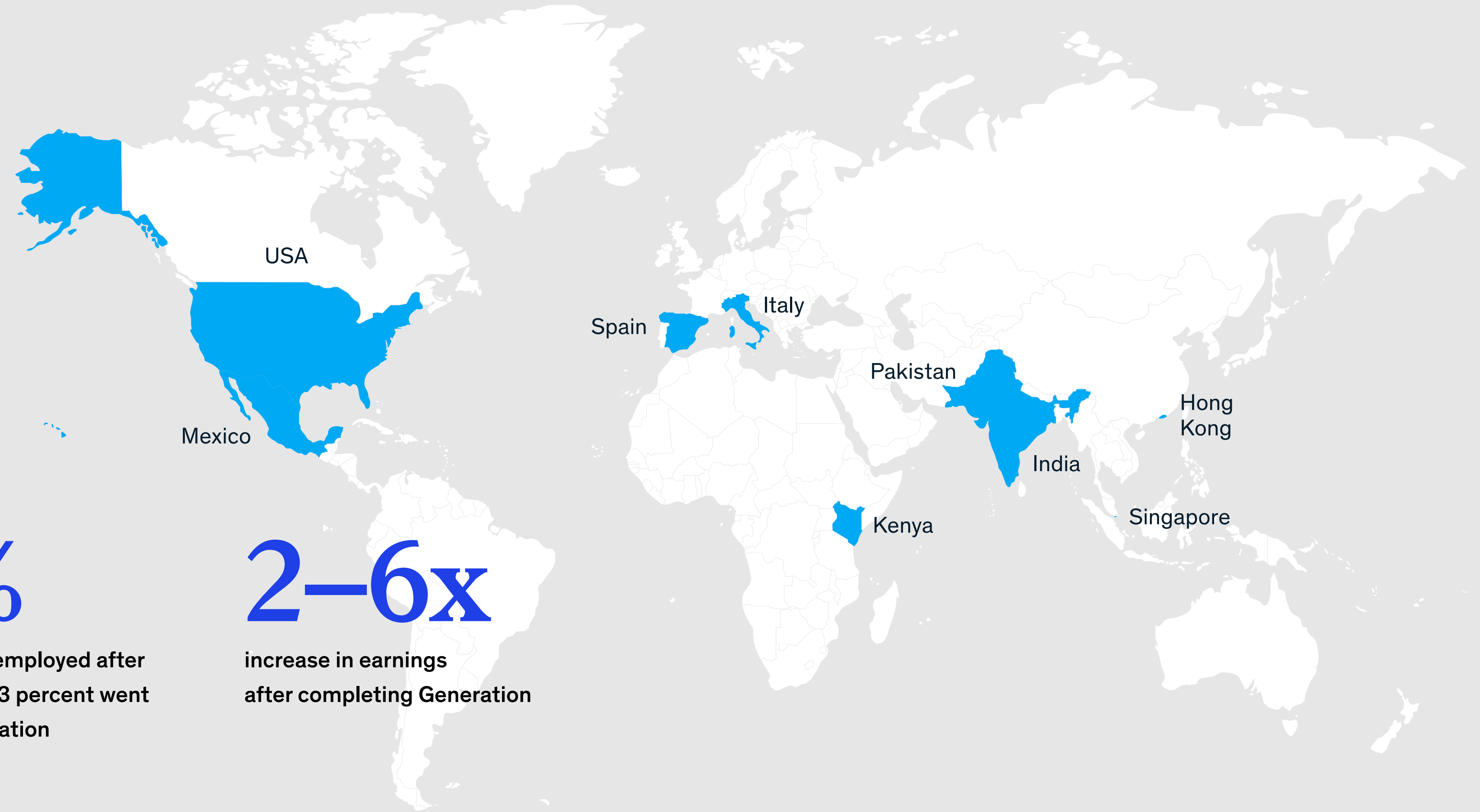
WISE Award

In 2018, Generation won a WISE Award for innovation in global education.



Generation around the world

As of December 2018



Generation

25,000

graduates in 25 different fields across financial, health, manufacturing, retail, and technology sectors

66%

of graduates still employed after one year; another 3 percent went on to further education

2–6x

increase in earnings after completing Generation

81%

placed in jobs within 90 days of program completion

2,650+

employer partners; 84 percent said Generation graduates outperform their peers on productivity, retention, and speed to promotion

\$100m

combined earnings of graduates to date

90

cities, across 9 countries, with Generation programs

Scaling in Kenya

In 2015, less than a year after opening an office in Nairobi, McKinsey colleagues helped make Kenya one of Generation's launch locations. By the end of 2018, the program had also attracted the support of the US and Swedish aid agencies, and Safaricom, a Kenya-based telecom and communications company.

Kenya is by far the largest Generation program; it accounts for almost half of all graduates, in 38 locations around the country. Generation Kenya offers training and job placement in banking, financial sales, sewing machine operation, restaurant services, retail, and distribution. Today, between 10 percent and 15 percent of all insurance sales roles in the country are filled by Generation graduates.

The organization is also working with government-run technical and vocational education and training programs, embedding Generation's approach into existing workforce-development programs.

Generation



“Generation graduates know how to identify a customer, approach that customer, and bring them closer. They are also helping to bring Prudential into new markets.”

Julius Mulera
Manager, Prudential Insurance, Kenya



12,000

graduates

87%

placed in jobs

72%

remain employed a year
after placement into a job

Advancing women in Spain

Generation began in Spain in 2015, as one of its first five locations. Youth unemployment, a long-time problem, was more than 40 percent (it is now about 33 percent).

Employment in digital industries, however, was growing. Generation saw an opportunity to train participants from non-traditional backgrounds for these jobs. It started with digital marketing and has added programs in Java web development and robotic process automation (RPA).

Traditionally, only those with STEM (science, technology, engineering, and math) backgrounds were considered qualified for such jobs.

Generation training has proved that the pool is much deeper. More than 60 percent of Generation graduates entering these fields have a liberal arts degree. The seven-week RPA program,

for example, helps participants from a range of non-STEM backgrounds, including teaching and tourism, get up to speed quickly. Additionally, 25 percent of graduates have a vocational credential but are now entering jobs employers previously believed required a university degree. One side effect has been opening the door to technology careers to more women, who are less likely to have STEM qualifications.

7%

of all digital-marketing vacancies in Spain are filled by Generation graduates

46%

of graduates from Java developer program are women, compared to national industry average of 20 percent women graduates

Generation



“If I could have dreamed up the best-case scenario, this would have topped it. What we earn now is a dignified salary that allows us to dream.”

Isabel
Generation Spain RPA program graduate



Developing young leaders

Across the world, McKinsey colleagues deliver leadership training and mentorship programs for high school students, undergraduates, and young professionals to help build future leaders for their countries.



Saudi Arabia: Qimam Fellowship

In 2018, McKinsey and one of our alumni, Annas Abedin, created the Qimam Fellowship, an intensive 12-day training program that includes one-on-one mentoring sessions with senior leaders. The goal: to identify the next generation of leaders, among Saudi university students, and to nurture that talent to help shape a resilient future for Saudi Arabia. The program is supported by 25 multinational and national organizations and more than 100 leading executives.

13,000

applications for fellowship in 2018

50

Qimam fellows in first cohort

“Qimam is a powerful combination of a leadership program and counseling sessions with senior industry leaders. We are thankful for the executives who took the time to sit with us and give us advice, which we can apply practically today.”

Mayada
Qimam Fellow



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Developing young leaders

Malaysia: Youth Leadership Academy

McKinsey colleagues established the Youth Leadership Academy in 2009 to help Malaysian university students develop the skills to become effective national leaders.

Over 12 weeks, participants attend intensive capability-building sessions in communications and problem solving, led by McKinsey coaches. They undertake innovative social entrepreneurship projects, with mentorship and coaching from leaders from both public and private institutions. Many of these projects continue to have social impact long after the program ends.



370

graduates now young leaders in business, government, and education

50+

social entrepreneurship projects

Indonesia: Young Leaders for Indonesia

Established in 2008, Young Leaders for Indonesia (YLI) selects top Indonesian students to participate in a six-month program to develop leadership and professional skills.

YLI includes three leadership forums, McKinsey-led learning in problem solving, a personal project addressing a social issue, and a team internship program with a partner organization. Students learn from guest speakers and receive coaching from experienced leaders.

838

high-performing undergraduates have taken part in YLI

“YLI is a life-changing experience that empowers students to be future leaders through nurturing mentorship, constructive modules, and valuable networking opportunities.”

Juan O. Daniel
YLI participant and chemical engineering student at University of Indonesia

Singapore: Young Social Entrepreneurs

Launched in 2010, the Singapore International Foundation (SIF) Young Social Entrepreneurs (YSE) program inspires, equips, and enables youth to start or scale up social enterprises in Singapore and beyond.

McKinsey works with SIF to mentor YSE teams. The mentors help the young entrepreneurs evolve and refine their business models for the final pitch competition for seed funding.

1,000+

alumni in YSE network

80%

of winning social enterprises remain in business today

Creating jobs in South Africa

Tirelo

In addition to our efforts to build skills and equip future young leaders, we also work to help create jobs, particularly in economies where unemployment is high and employment opportunities are limited.

In South Africa, in 2018, McKinsey launched the Tirelo program (Tirelo means “service”), with the goal of helping to address the country’s unemployment challenge. Two of its components are Meleza, which helps drive growth and job creation in the companies most likely to hire unskilled unemployed workers, and Thola, an online sales platform to expand the reach and sales of small suppliers to help them grow and create more jobs.



“Not only is Thola using technology in a practical way to give market access to the ordinary entrepreneur, but it also takes our being, our culture, to the world, contributing toward human connectedness.”

Xoliswa Kakana
ICT-Works (local technology partner for Thola)

Growing SMEs to create jobs

The Meleza Growth Accelerator assists fast-growth small- and medium-size enterprises (SMEs) in creating jobs by expanding in high-potential sectors. McKinsey provides on-the-ground support and runs scale-up academies for these SMEs. To date, it has worked with 21 SMEs to create 1,400 jobs. By the end of 2020, its goal is to support 230 SMEs to produce another 9,500 jobs.

Enabling small suppliers

In partnership with a local tech business, we founded the non-profit Thola Africa (which means “Find Africa”), to create an e-commerce website to help small, community-based suppliers grow their business through access to a global online sales channel. All proceeds from the Thola platform go to support and grow the participating businesses. In its first year, Thola hopes to offer more than 150 products, serve more than 1,000 customers, and help suppliers create 100 new jobs.

Advancing gender equality

Gender inequalities remain entrenched in every society. The disproportionate share of domestic and caregiving responsibilities means women are often unable to access the work they would like. In many corporations and other organizations, including at McKinsey, women are underrepresented in some positions, particularly in leadership.

Through more than ten years of research, we have established a compelling evidence base that makes the case for gender equality. Through our global reach, we share our insights and convene partnerships with decision makers who have the power to make real change. Through our pro bono work with social-sector organizations, we address economic empowerment and the challenges adolescent girls and young women face in accessing education.



Supporting the SDGs



SDG 5: Gender equality

Targets addressed for SDG 5

- Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic, and public life
- Enhance the use of enabling technology—in particular, information and communications technology—to promote the empowerment of women

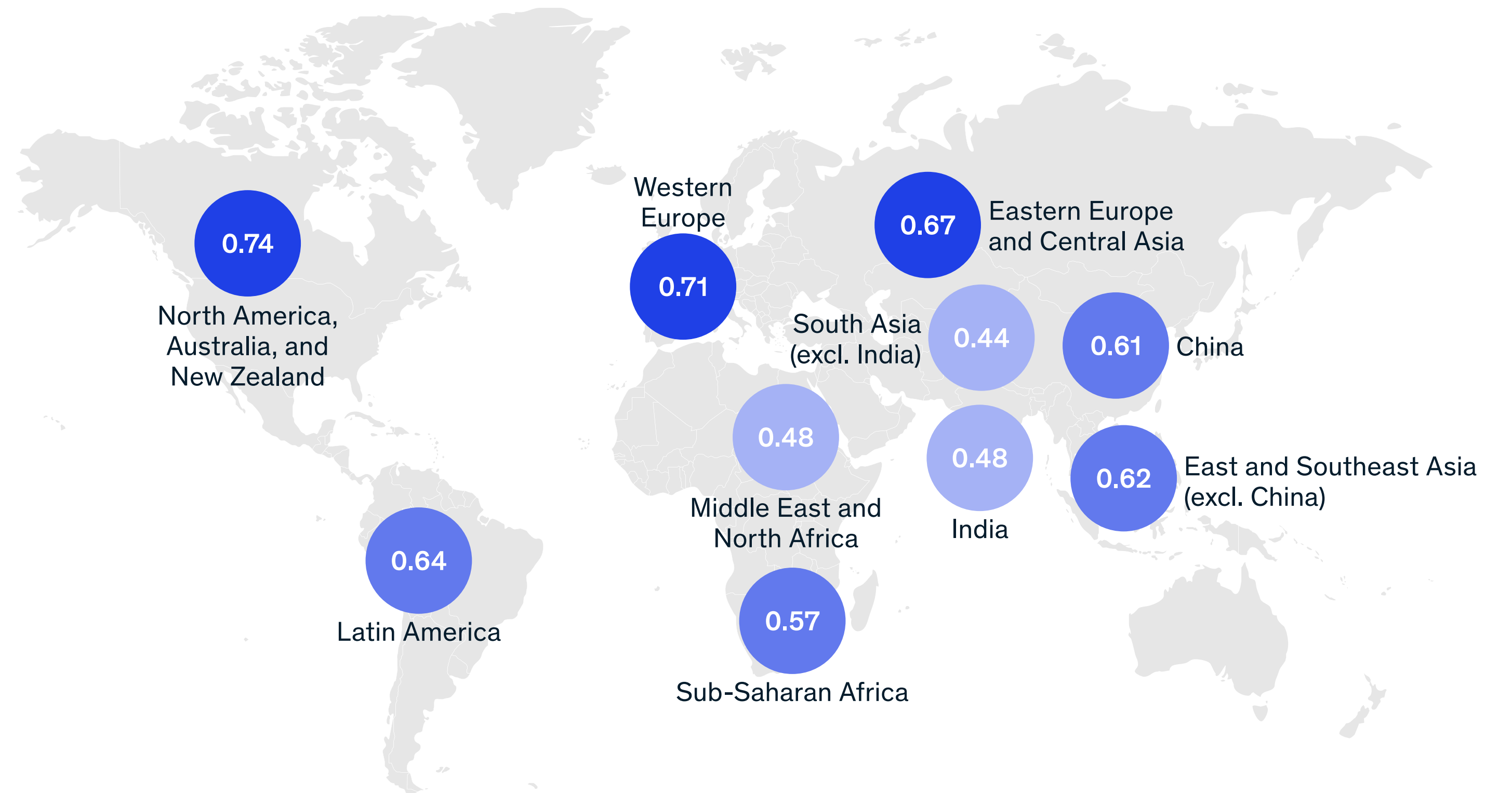
Building the economic case for gender equality

In 2015, the McKinsey Global Institute (MGI) published its first *Power of Parity* research, which linked gender equality in society and gender equality in work. It concluded that closing the gender gap could add \$12 trillion to global GDP by 2025 in a “best-in-region” scenario in which all countries match the progress toward gender parity of the fastest-improving country in their region.

MGI identified 75 best practices—such as financial incentives and support; technology and infrastructure; the creation of economic opportunity; capability building; advocacy and shaping attitudes; and laws, policies, and regulations—and detailed how the private sector could contribute, both within their organizations and through coalitions with others.

McKinsey has presented the *Power of Parity* research at more than 100 events, disseminated the findings through mass and social media, and advised leaders and organizations internationally.

MGI’s Gender Parity Score (1.00 = gender parity)



\$12tn

could be added in 2025 if all countries matched their best-in-region country in progress toward gender parity

95

countries studied by MGI, covering 93 percent of the world’s women

240m

workers could be added through higher women participation

Helping companies to promote women in the workplace

Since 2015, our annual *Women in the Workplace* report has given US companies and employees the information they need to advance women and improve gender diversity. Conducted in partnership with LeanIn.org, 462 companies employing almost 20 million people have participated in the survey.

In 2018, *Women in the Workplace* researchers surveyed more than 64,000 employees on their workplace experiences and interviewed women of different races and ethnicities and LGBTQ+ women in more depth.

“As things stand, the number of women in management will increase by just one percentage point over the next ten years. By hiring and promoting women and men to manager at equal rates, we could get close to parity over the same ten years.”

Women in the Workplace, 2018

The study has found that, on average, women remain underrepresented at every stage of the talent pipeline among the companies surveyed. In 2018, at the entry level, women accounted for 48 percent of employees, and then the percentage fell at every step in the career ladder—to 38 percent at the manager level and 22 percent at the C-suite.

We have identified trends and best practices to help companies turn good intentions into action, including setting goals and tracking progress, using tools to reduce bias and requiring diverse candidate slates, holding leaders at all levels accountable, creating clear guidelines for collegial and respectful behavior, hiring women as cohorts to reduce isolation, and giving employees the flexibility to fit work into their lives.

In addition to publishing the research, we deliver company-level insights to all participating companies, often leading to robust follow-up analyses and conversations with senior leaders to help these companies improve their diversity strategies.

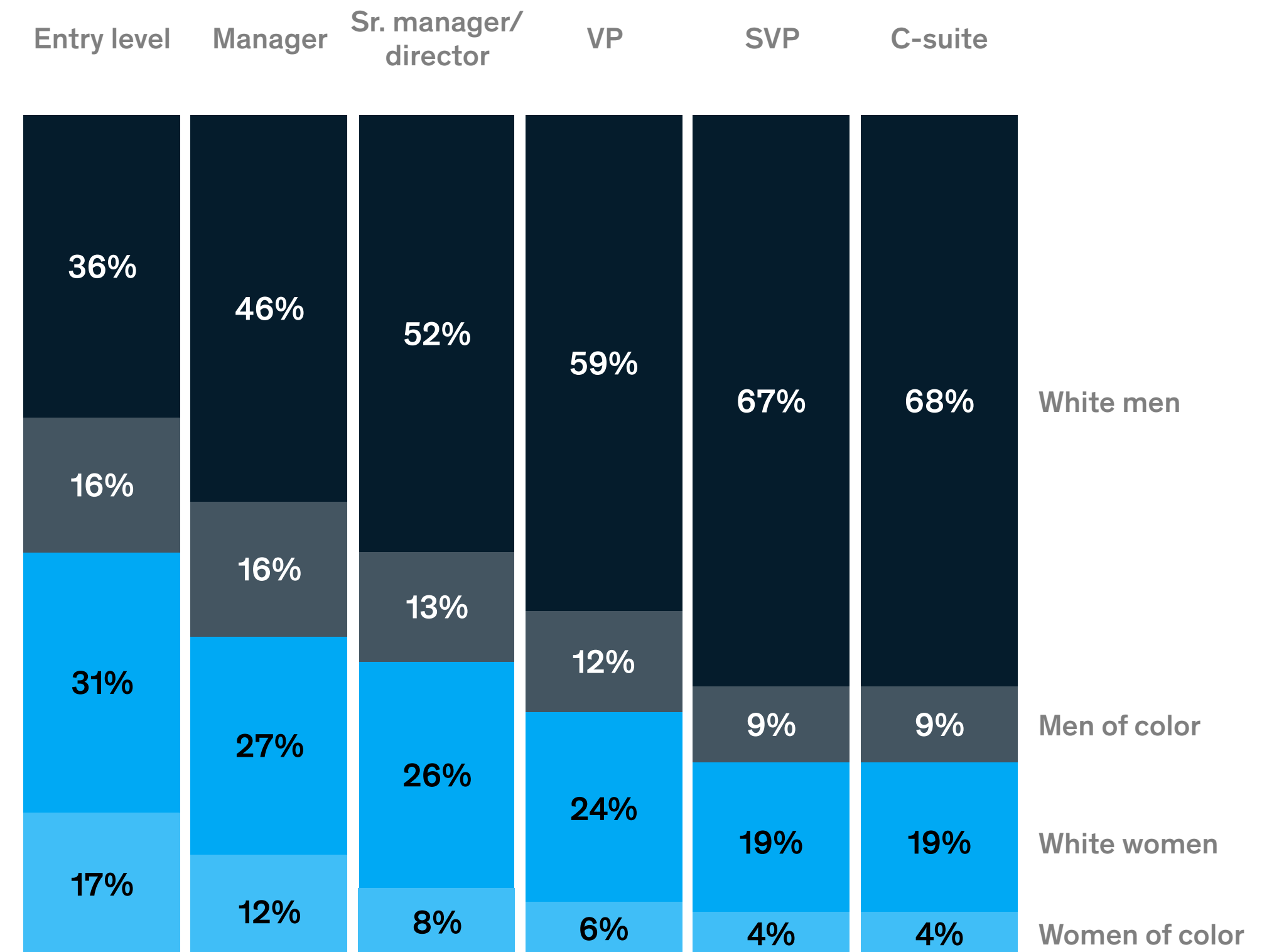
64,000

employees surveyed in 2018

279

companies, representing 13 million employees, completed the survey in 2018

Representation in US companies by gender and race, 2018



Note: Figures may not sum to 100%, because of rounding.

Mobilizing action to advance female leadership

Germany: Chefsache

McKinsey is a founding member of Germany's Chefsache (literally "boss matters"). Started in 2015 with Chancellor Angela Merkel as its official sponsor, Chefsache is a network of leaders from German industry, science, media, and the public and social sectors who are making gender equality a priority.

In Germany, women hold just 11 percent of senior management positions, and men outnumber women 11 to 1 on the boards of the top 200 German companies. The members of Chefsache believe that advancing women is fundamental to the well-being of society and important to German competitiveness.

Chefsache is recognized on both a German and international level for promoting innovative ideas, including on modern leadership culture and the design of effective flexible working models.

A dedicated McKinsey team in Germany continues to support Chefsache's efforts to share best practices and experiences and educate leaders through conferences, studies, reports, and articles on the benefits of a better gender balance.



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Mobilizing action to advance female leadership

Italy: Valore D

Valore D (which means “Value Women”) was founded by a group of 12 companies, including McKinsey, to promote gender balance and inclusive cultures in Italian businesses and across the country. Since its launch in 2009, Valore D has grown to more than 200 member companies, representing two million employees and total revenues of \$8.4 billion.

In addition to offering dedicated learning and mentoring programs, Valore D provides a forum for companies to exchange best practices with one another and to work together to push women leadership to the top of the CEO agenda.

Valore D’s learning programs include “In the Boardroom,” a unique executive training program to help prepare women for board membership. More than 50 percent of managers who participated in Valore D learning and mentoring programs had a career advancement within 18 months.

McKinsey colleagues continue to support Valore D as mentors; by developing capability-building programs, such as the “C-Level School” to support women in the C-suite; and by serving on its board.



Australia: Male Champions of Change

Male Champions of Change (MCC) was launched in 2010 to encourage male business leaders in Australia to address gender inequality in the workforce. Two former managing partners of McKinsey’s Australia office are members of the MCC Founding Group and the current managing partner has been a strategic adviser to MCC since its formation.



Today, MCC has more than 200 members from all over the country, covering more than 750,000 employees, in corporations, government, military, academia, and sport. It informs research and shares best practices to promote gender diversity. Its leaders have spoken at hundreds of business forums, locally and internationally, addressing subjects such as returning to work, flexible work patterns, everyday sexism, and backlash against gender-equality strategies.

MCC members commit to listen and learn from each other, set targets for the representation of women in their organizations, and report progress through annual reports—68 percent of MCC members have achieved or improved gender balance in key management personnel since the first MCC report.

“We’ve learned that driving impact on gender equality requires a systemwide approach. Innovative actions led or supported by MCCs over the past eight years are now the norm among those wishing to capitalize on the benefits of diversity.”

Elizabeth Broderick
Former Sex Discrimination Commissioner in Australia and founder of MCC

Addressing the gender gap in computer science



Girls Who Code

While jobs in computing are continuing to increase, fewer than one in five computer-science college graduates in the United States is a woman. In the workforce, the gender gap is widening, with the number of women computer scientists dropping from 37 percent in 1995 to 24 percent in 2017.

Girls Who Code (GWC) is a non-profit organization founded in 2012 to close the gender gap in technology and provide girls with the skills and resources to access 21st-century opportunities.

Since 2015, McKinsey has supported GWC on a pro bono basis, helping to build its strategic plan and identify opportunities to increase its reach, such as implementing programs for younger girls and expanding the program to new geographic areas. This has included a focus on reaching historically underrepresented girls, including young women who are Black or Latina or come from low-income backgrounds.

Today, GWC has introduced new programs, including after-school clubs for third to fifth graders and a summer immersion program, and expanded to Canada, India, and the United Kingdom. It has served more than 185,000 girls, and GWC alumni go on to major in computer science and related fields at 15 times the US national average.

Enabling girls to get education

Malala Fund

More than 130 million girls worldwide are not in school, and the problem is particularly acute in conflict zones, poverty-stricken regions, and countries with legal or cultural barriers to girls' education. Malala Fund was set up in 2013 by Malala Yousafzai—the target of an assassination attempt by the Taliban in response to her public campaign for girls' education—and her father to work toward a world where all girls have access to 12 years of safe, quality education.

A McKinsey team helped Malala Fund to map the global education landscape and develop ideas for its activities. It also helped craft the foundation's early strategy and an operational plan. McKinsey colleagues Dominic Barton, former global managing partner, and Lynn Taliento serve on Malala Fund's board.

In its first five years, Malala Fund helped deliver increased funding and policy reform in support of girls' education. This included persuading the international community to formally adopt the



expectation that all children receive education for 12 years and playing a pivotal role in the \$2.9 billion commitment to girls' education at the 2018 G7 Summit in Charlevoix.

Malala Fund's signature initiative, the Gulmakai Network, invests in the work of educators and activists in countries where girls face the greatest challenges to education. It also invests in training girl advocates around the world and highlights the stories of young activists through its popular digital publication, "Assembly."

“Malala Fund's first five years helped bring girls' education to the desks of leaders around the world. I believe we can see every girl in school in my lifetime—and every year we're moving forward in pursuit of that goal.”

Malala Yousafzai

Fostering diversity and inclusion

We know from our own research—and from our experience—the power that diverse teams can have. Inclusive teams that harness diverse perspectives deliver better results. That is why, at McKinsey, diversity and inclusion are not just moral imperatives—they are strategic priorities.

We are dedicated to creating equal opportunities for everyone, and we encourage diversity in all forms, including age, gender, sexual orientation, gender identity, disability, and socioeconomic background.

It is in everyone's interest—both clients and colleagues—to have role models of all kinds and to create an environment where everyone feels able to bring their best and full self to work, every day.

Awards and recognition



Working Mother

Top 10 in best companies for moms every year since 2015

Best companies for dads (2018)



NAFE

Recognized seven times since 2002 by National Association for Female Executives Top Companies for Executive Women in the United States



The Times (of London)

Top 50 Employers for Women (2019)



Human Rights Campaign Foundation

Best Places to Work for LGBT Equality—perfect score in Corporate Equality Index every year since 2006



Vault

Top consulting firm for Diversity & Inclusion in 2018 and 2019

All In

Women at McKinsey

Launched in 2014, our All In program seeks to help the firm achieve our aspirations for the hiring and advancement of women.

Through our policies and practices, we strive to enable women at McKinsey to balance a full life with an exceptional career. We have introduced best-in-class flexibility and parental-leave programs, inclusive leadership and unconscious-bias training, and a global initiative to ensure women are well sponsored.

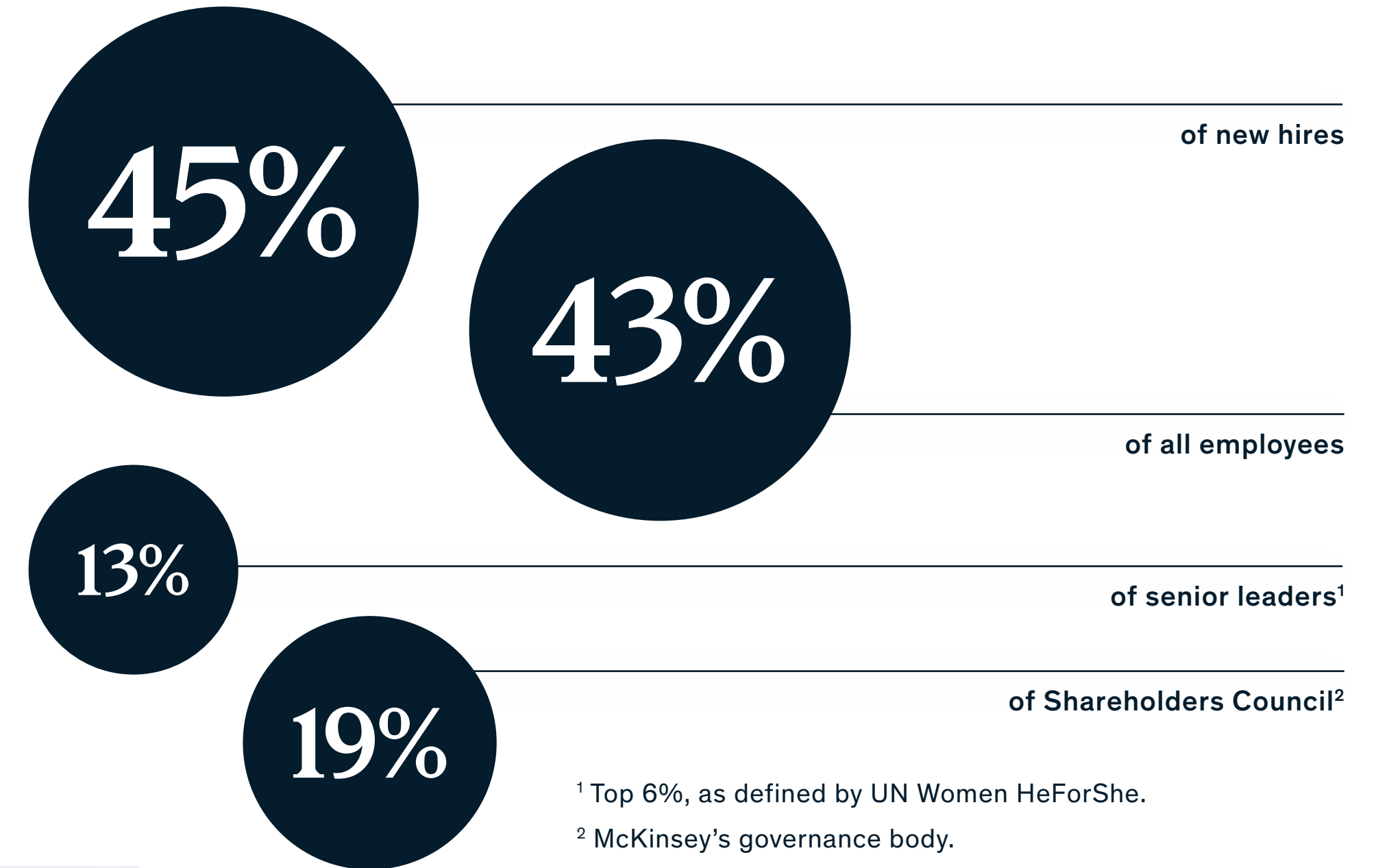
We also have global programs to recruit female candidates. Participants in our Next-Generation Women Leaders events, started in 2012, explore the importance of women in leadership and refine their own leadership skills. Our Next-Generation Women Leaders Award offers recipients a scholarship toward the cost of college tuition or other professional-development activity and mentorship from McKinsey consultants.

We have seen progress in representation of women at all levels of our firm. Since 2014, the representation of women in our global recruiting has increased from 38 percent to 45 percent; in some offices, women account for the majority of new hires. Female consultants today are less likely to leave than they were in the past, and in many of our offices, the attrition of women is lower than that of men. The number of female partners has risen 80 percent in three years.

We recognize that we have more to do—women make up just 13 percent of senior leadership roles, for example—but we are committed to our aspiration that women be well represented at all levels and have an exceptional experience at McKinsey.



Representation of women at McKinsey, 2018



¹ Top 6%, as defined by UN Women HeForShe.

² McKinsey's governance body.

Organizations we partner with to advance gender parity



Recruiting diverse talent

To promote diversity in gender, ethnicity, socioeconomic background, and sexual orientation, we look for different ways to reach people who might otherwise not consider McKinsey.

In the United States, our dedicated recruiting programs have increased the representation of Black and Hispanic individuals in our graduate recruitment.

In our Freshman Diversity Leadership Academy, Black and Hispanic college freshmen from all over the United States build their leadership, communication, and team problem-solving skills and learn more about McKinsey and management consulting.

We recruit at historically Black colleges and universities (HBCUs) in the United States. In 2018, we saw the highest number of applicants we have ever received for undergraduate roles from HBCUs.

Last year, McKinsey piloted a leadership program for LGBTQ+ college students in New York, and we are looking to expand the program to other offices. In addition, McKinsey has expanded its work with the North America LGBTQ+ partnership ROMBA (Reaching Out MBA) to other regions.



35%

increase over two years in North America in new hires who identify as LGBTQ+, Black, or Hispanic

10%

of 2019 undergraduate recruits in North America identify as LGBTQ+

Promoting inclusion

We promote affinity and community groups to foster connection, mentorship, and professional development, including GLAM (for LGBTQ+ colleagues); the McKinsey Black Network; Access McKinsey (for colleagues with disabilities); Parents of Special Children; and US networks for Hispanic colleagues and Asian and Asian-American professionals.

We invest heavily in learning and development across McKinsey, including tailored leadership-skills training and professional-development courses for colleagues from underrepresented groups.

We embed principles of inclusion into all our leadership-development and learning programs from day one. Our performance-review and promotion processes also recognize qualities of inclusive leadership. We have also implemented a global set of best practices around sponsorship.

Since mid-2017, about 3,000 colleagues have participated in Conscious Inclusion workshops, which help colleagues with using inclusive language, understanding different perspectives, confronting biases, and learning how to contribute

to an inclusive environment. We anticipate this number will increase rapidly as new Conscious Inclusion trainings are rolled out across the firm in 2019.

Our policies also encourage inclusion. Where legally permissible, our benefits policy allows same-sex domestic partners to join our benefits plan. In countries that apply discriminating tax treatment to domestic-partner benefits coverage, McKinsey employees receive tax assistance to redress any disparity. Where available, McKinsey's benefit plans cover gender-reassignment surgery, medical counseling, and hormonal therapy.



Black Economic Forum

McKinsey Black Network, one of our affinity networks, conceived the idea behind the first Black Economic Forum, which we hosted in partnership with the Executive Leadership Council and Beta Iota Boulé, to address the inequities facing the Black workforce, strengthen the earning potential of families, and improve philanthropic support within communities.

The Alliance

GLAM is a vibrant global network of more than 800 LGBTQ+ colleagues with a community of supporting “allies” in excess of 4,000. Extending its efforts beyond McKinsey, in 2018 it convened The Alliance, which brought together more than 115 private-, public-, and social-sector LGBTQ+ leaders from 19 countries to discuss the inclusion and diversity agenda not just on a personal level and in their organizations but also in work and society more broadly.

Reconciliation in Australia

In Australia, Aboriginal and Torres Strait Islander people, who comprise 3 percent of the country's population, experience an unemployment rate three times as high as the general population. They also face hardships in obtaining career training and funding for starting and expanding businesses.

McKinsey's offices in Australia worked with Reconciliation Australia to create a Reconciliation Action Plan to support the country's ongoing process of reconciliation and economic empowerment to combat these inequalities.

We supported First Australians Capital, an organization that assists in capacity building and funding for Indigenous businesses, to expand the organization's ability to coach Indigenous business owners and fund their companies. We also helped them develop Black Ops, a shared-services function that offers human resources, legal, accounting, finance, and other services that many Indigenous business owners struggle to access.

As part of our efforts to foster diversity and inclusion, our colleagues in Australia have the

ongoing opportunity, through cultural awareness training, to learn about Indigenous culture, history, and personal stories and the challenges Indigenous people face. We have also established an internship program for Indigenous students, with our first Indigenous intern and scholarship winner joining us later in 2019.

McKinsey is working to ensure the inclusion of Aboriginal and Torres Strait Islander-owned businesses in our procurement process. We have negotiated several contracts with Indigenous suppliers and aim to meet our target of 3 percent of addressable spending by 2020.



“First Australians Capital was a very new start-up organization with a huge mission and limited resources. The McKinsey team worked alongside us and helped shape and refine our strategy and execution plan so our small team of five could work with more than 200 businesses in a sustainable and scalable way to build economic independence in our community.”

Jocelyn King
↑ CEO, First Australians Capital

Supporting our people

As part of our commitment to building a diverse firm and fostering an inclusive culture, we strive to support our people.

My Experience

McKinsey's My Experience program is designed to support employees holistically—mind, body, and purpose—so that they can bring their whole selves to work every day. Happier and healthier people not only perform better but also feel supported and are able to enjoy a better work-life balance.

The My Experience program covers topics related to health and wellness, including exercise, nutrition, sleep, mindfulness, work-life balance, and life coaching. Initiatives that offices have introduced include holding regular exercise classes in the office, changing to healthier food options in the cafeteria, offering a mindfulness retreat, and inviting experts to present tips on getting more and better sleep.



Parents at McKinsey

We want to support our people as they start and raise families, to help them balance their personal and professional responsibilities.

We offer a variety of flexibility and parental-leave programs. Take Time gives consultants the option to take an extra five to ten weeks off between projects. Pace enables consultants to stay in their current role longer, thus reducing the pressure to fulfill requirements for their next role. There are also part-time programs and opportunities for short- or long-term rotations.

Generous and flexible leave benefits are available for birth, non-birth, and adoptive parents; coaching and support is provided by a dedicated mothers' network; and a "phase back" option helps employees transition back to work after parental leave.

Planet

The world faces a critical moment in tackling the challenges of climate change, environmental pollution, and responsible use of resources. Our planet supports our lives and our work. We all have a role to play in protecting it for future generations.

We recognize our responsibility to operate sustainably, and we seek to use our assets to support others who are working to improve the environment.

In this section



Supporting sustainable development

The effects of global warming and climate change, including the increased frequency of extreme weather events, along with other environmental challenges such as urban air pollution, waste management, and plastics in our oceans are threatening communities, and ecosystems, across the world. Disadvantaged populations are often the worst affected.

We believe economic growth and environmental sustainability are compatible; economic growth is necessary to provide the capital and innovation necessary for long-term sustainability, and, likewise, long-term economic growth depends on a healthy environment.

Over the past decade, we have sought to develop an evidence base and set of analytical tools to enable sound decision making about sustainable development. We have also put this research into action, through pro bono support of environmental non-profits and, most recently, through the work of McKinsey.org.



Supporting the SDGs



SDG 12: Responsible consumption and production

Targets addressed for SDG 12

- By 2030, achieve the sustainable management and efficient use of natural resources
- By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse

Shaping the debate on sustainability

For more than ten years, McKinsey's research has provided a fact base on emissions-reduction opportunities and their associated costs and investment needs. Our global greenhouse gas-abatement cost curves remain an iconic touchstone for a fact-based framing of the opportunities and challenges ahead. Today, our research is focused on four themes—energy transitions, resource-productive operations, the circular economy, and the future of mobility.

Our research on the benefits of a circular economy demonstrates how businesses can improve the management of resources, design products to eliminate waste, and maximize the recycling of products, components, and materials in use. One 2018 report found that recycled plastics could offer the chemicals industry a profit pool of as much as \$55 billion a year worldwide by 2030.

We also help companies and governments navigate technological and regulatory disruptions driving energy transitions. During a three-year

knowledge partnership with the World Economic Forum, McKinsey analyzed the performance of 114 countries' energy systems and their readiness for a transition to a lower-carbon future. Our insights on renewable technologies help companies develop scalable solutions in areas such as wind, solar, energy storage, and carbon capture, sequestration, and use.

The McKinsey Center on the Future of Mobility has developed detailed forecasts on electric-vehicle adoption, ride sharing, connected vehicles, and autonomous operations and the environmental impacts for the major changes underway. A 2019 report indicated that seamless urban mobility systems—in which boundaries among private, shared, and public transport would be blurred—could be cleaner, more convenient, and more efficient than the status quo, reducing travel times by 10 percent and lowering greenhouse gas emissions by up to 85 percent.



Rethinking the recycling challenge

The world generates 3.5 million tons of solid waste every day, a figure that has increased ten times over the last century and is growing rapidly. Cities are struggling with overflowing landfills and inadequate waste services.

Organic waste is a major source of methane, a greenhouse gas 28 times more potent than carbon dioxide. Plastics wreak havoc on ocean wildlife and release toxic chemicals into the atmosphere when burned.

McKinsey.org—an independent non-profit founded by McKinsey & Company—is developing new solutions to build recycling systems that will put all waste to productive use for the benefit of communities and the environment.

Its Rethinking Recycling approach encompasses the whole waste stream. On the supply side, it is working to improve the quantity and quality of recycled material. On the demand side, McKinsey.org is bringing together groups of manufacturers to find ways to stabilize markets for recycled materials and thus unlock investment.

McKinsey.org has launched Rethinking Recycling pilots in Bali, Indonesia, and Buenos Aires, Argentina, working in partnership with community groups, social enterprises, local and national governments, and consumer-goods companies that use plastic.

Its goal is to develop a scalable model, with demonstrated success that achieves near-100 percent capture of recyclable materials, sharing learnings and building momentum to scale nationally and globally.



[Watch McKinsey.org's pilot in Buenos Aires](#)



McKinsey.org
Partnering for social impact

“In its first five months, our pilot in Buenos Aires’ informal settlement, Barrio 31, has achieved a 25 percent recycling rate for dry recyclables, such as plastics, paper, and glass—higher than many US cities with decades-long histories of recycling.”

Shannon Bouton
Global Executive Director,
Sustainable Communities, McKinsey.org

Creating new national parks in Chile

In 2018, Chile added ten million acres—an area roughly the size of Switzerland—of new national parklands. The new acreage will serve as the cornerstone of the Route of Parks (or “Ruta”), a network of 17 national parks that will span 2,700 kilometers (1,700 miles) of scenic roads and waterways across the country’s pristine wilderness.

The expansion included a million acres donated by Tompkins Conservation. This US-based non-governmental organization, started more than 25

43,000

jobs could be created by the Route of Parks

\$270m

potential economic impact annually by 2030

years ago by Kristine Tompkins, former CEO of Patagonia, and Douglas Tompkins, the founder of North Face, works on issues related to conservation, rewilding, and biodiversity in Chile and Argentina.

McKinsey colleagues provided pro bono support to Tompkins Conservation to develop a business model and funding structure to ensure that the parks would both be economically sustainable and benefit the local communities along the Ruta. Our analysis estimated that, correctly implemented, nature-based tourism along the Ruta could create more than 43,000 jobs and \$270 million in economic impact a year by 2030.

In addition to the study, McKinsey provided ongoing pro bono support to help develop a long-term financing structure to ensure the conservation of the parks and the socioeconomic well-being of the 60 communities along the Ruta. We believe that engaged communities are more likely to become active stewards of the parks, thereby securing their long-term protection.

10m

acres of new national parkland in Chile

“With the help of the McKinsey team, we were able to demonstrate how nature-based tourism has the potential to provide economic and social benefits to the people living in the 60 communities along the Ruta, and help fund the parks for the long term.”

Kristine Tompkins
President, Tompkins Conservation



Photo courtesy of Tompkins Conservation

Managing our environmental footprint

McKinsey is committed to minimizing the impact our firm has on the environment. We seek to continually strengthen our environmental policies and practices.

We are making efforts to manage, and reduce, our global greenhouse gas (GHG) emissions, the largest component of our environmental footprint. We are also developing a global approach to managing our material footprint, building on waste and recycling initiatives underway in different offices.



2018 highlights

100%

carbon neutral

87%

renewable electricity

175+

environmental initiatives
led by Green Teams



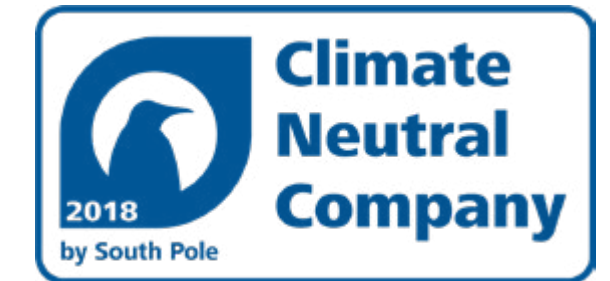
Reducing our emissions

Greenhouse gas (GHG) emissions are the largest component of our environmental footprint. However, our firm today is carbon neutral. We have achieved this by reducing emissions where we can and investing in carbon-reduction projects to offset the remainder.

We have set targets to reduce our Scope 1 and Scope 2 GHG emissions in line with the level of decarbonization required to limit the global temperature increase to no more than two degrees Celsius above pre-industrial levels.

We are exploring ways of reducing our travel, mostly air travel to and from our clients, which accounts for more than 80 percent of our emissions. New video-conferencing capabilities, for example, enable effective remote communication and collaboration.

We are also working with our suppliers to improve the environmental impact of the products and services we purchase. In our commercial conversations with airlines, for example, we make clear to them the importance we place on their actions to address emissions.



0

net carbon emissions (2018)

60%

emissions-reduction target by 2030 (Scopes 1 and 2 GHG emissions)

90%

emissions-reduction target by 2050 (Scopes 1 and 2 GHG emissions)

2018 greenhouse gas emissions

We rigorously monitor and independently verify our greenhouse gas (GHG) emissions, following the GHG Protocol and best practices, such as including radiative forcing in emission factors for air travel. In 2018, our total GHG emissions were 787,000 tCO₂e (market-based). The largest source of emissions was air travel, which accounted for 83 percent of our emissions, followed by hotel accommodation.

Despite the growth of our firm in 2018, we saw no significant increase in our firm's emissions. This reflects the fact that our emissions from purchased electricity decreased as we transitioned to purchasing renewable electricity.

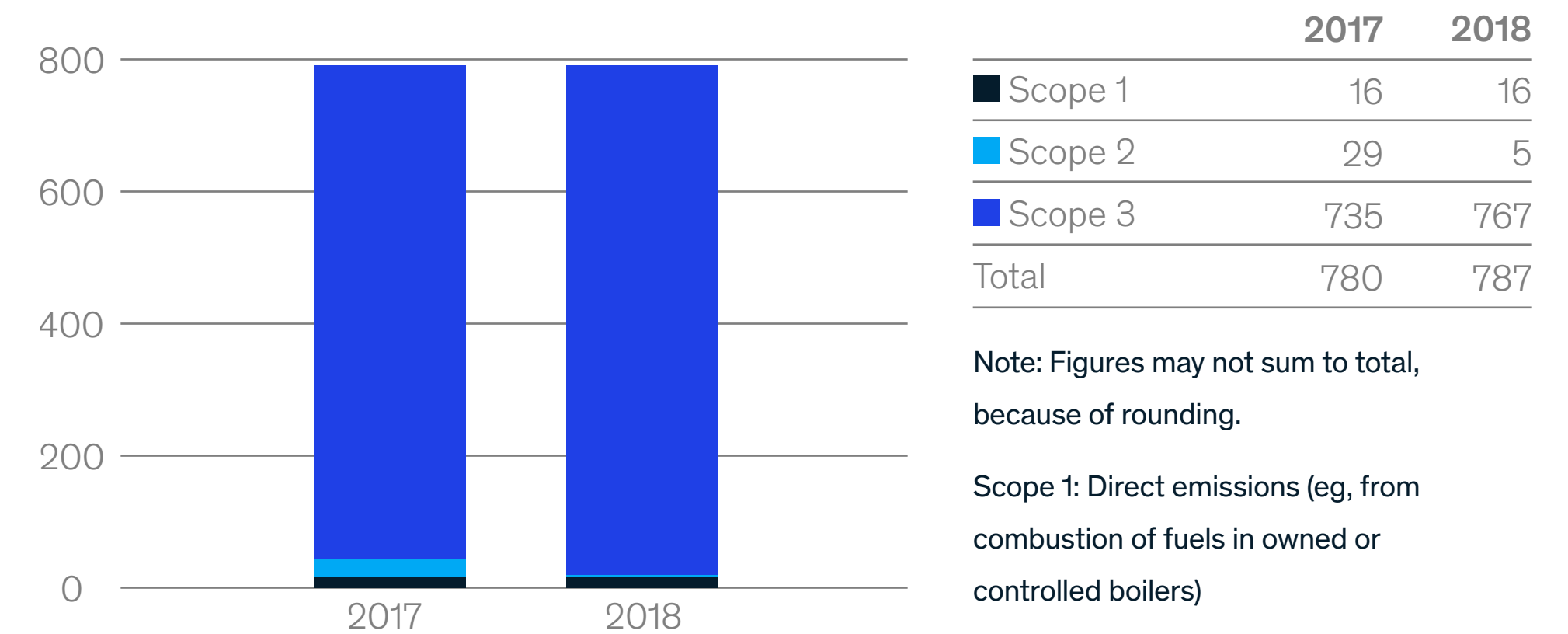
Our emissions per capita decreased 11 percent, from 29.5 tCO₂e per capita in 2017 to 26.4 tCO₂e per capita in 2018.

11%

decrease in emissions per capita (2018 vs 2017)



Market-based GHG emissions by Scope (thousand tCO₂e)



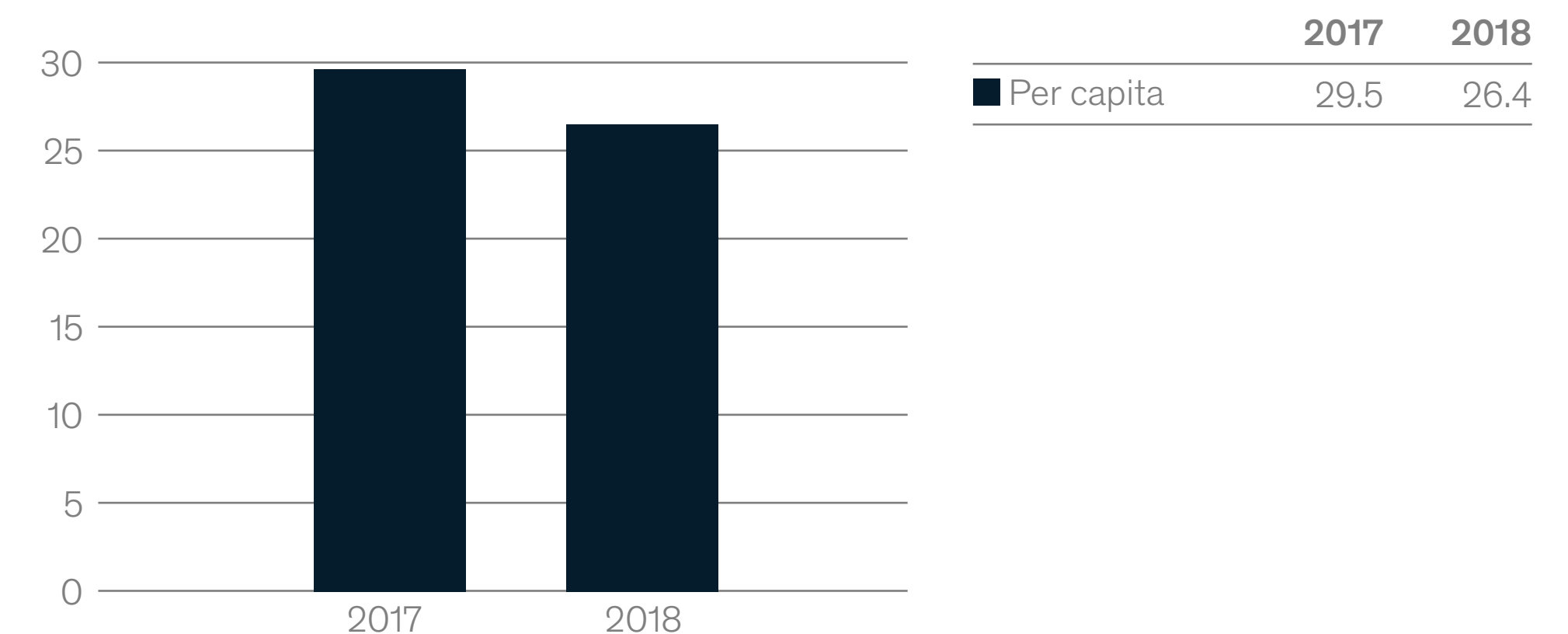
Note: Figures may not sum to total, because of rounding.

Scope 1: Direct emissions (eg, from combustion of fuels in owned or controlled boilers)

Scope 2: Indirect emissions from the generation of purchased electricity, heat, or steam

Scope 3: Other indirect emissions (eg, business travel, purchased goods)

Market-based GHG emissions per capita (tCO₂e)



Transitioning to renewable electricity

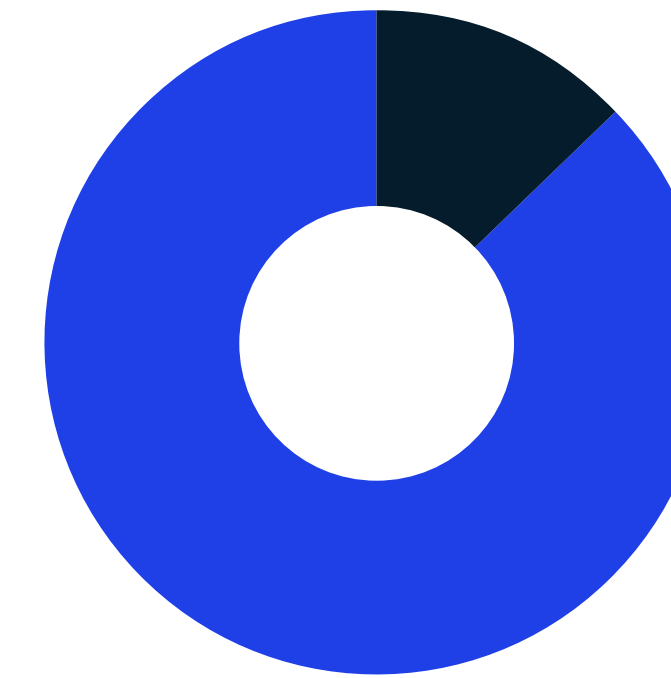
RE 100

In 2018, McKinsey became the first global consultancy to join RE100, a coalition of organizations committed to using 100 percent renewable electricity. We have committed to purchasing 100 percent renewable electricity by 2025; we are now at 87 percent.

We do this by sourcing renewable electricity directly from our providers where we can and working with our landlords in offices where we do not have a direct relationship with the utility company. Where this is not possible, we purchase energy attribute certificates, such as renewable-energy certificates (RECs), equal to our consumption in those markets, to send a demand signal and to support the development of renewable energy.

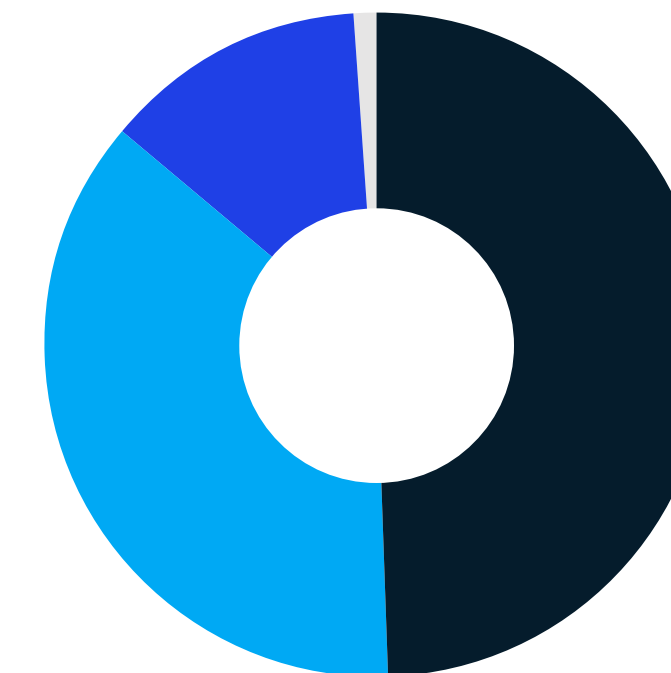


Renewable electricity, 2018



Non-renewable	13%
Renewable	87%

Renewable electricity mix, 2018



Wind	50%
Hydro	37%
Solar	13%
Biomass	1%

Note: Figures may not sum to total, because of rounding.

Investing in carbon-reduction projects

After a firmwide poll, we decided to focus our offset efforts on forestry and land use. These projects not only absorb carbon but also provide additional benefits, such as safeguarding wildlife habitats and providing new livelihoods for local communities. South Pole, a leading provider of decarbonization solutions, monitors the effectiveness of these projects.

Brazil Rainforest conservation

In Brazil, McKinsey has invested in Envira Amazonia. This project helps communities shift away from cattle ranching and subsistence farming—practices that have led to damaging forest cutting—and to other sources of income, such as planting acai, rubber, and other cash crops. The introduction of sustainable forest-management practices has helped to preserve local watersheds and improve water quality while controlling soil erosion. These practices are essential to protecting the habitat, which is home to an incredible array of wildlife—an estimated one to two million different species, including howler monkeys, freshwater dolphins, and macaws. The project has protected around 500,000 acres from logging.



China Solar cookstoves

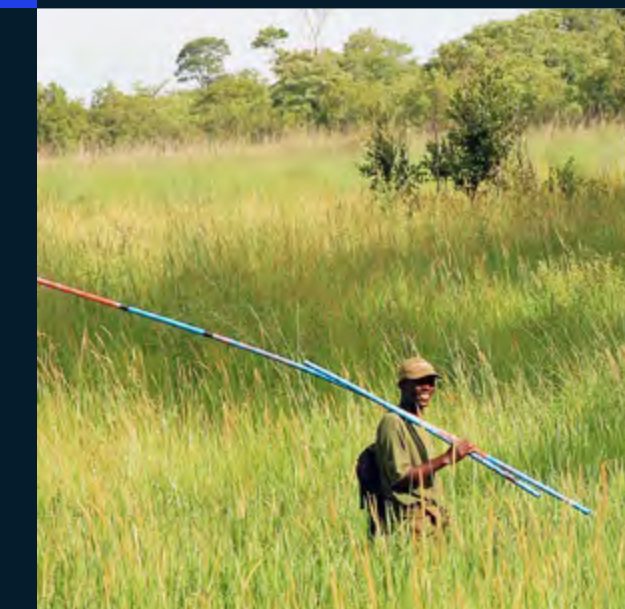
Colombia Permanent reforestation

India Domestic biogas

Rwanda Borehole rehabilitation

Thailand Wastewater treatment

Turkey Landfill gas capture



Zimbabwe Forest protection

The Kariba project area protects almost two million acres on the southern shores of Zimbabwe's Lake Kariba. Home to four national parks and eight safari reserves, the area forms a giant biodiversity corridor. Residents who previously cleared the lush rainforest to make a living are now pursuing sustainable farming, developing community gardens, cultivating fast-growing moringa trees as a cash crop, and beekeeping. The project also provides communities with infrastructure improvements such as roads, wells, and health clinics. Since 2011, the Kariba project has prevented more than 18 million tons of CO₂ from entering the atmosphere and helped 85,000 residents.

Making our offices greener

How we operate our offices has an environmental impact, through the resources they consume and the waste they generate. We strive to locate our offices in buildings with high environmental standards, such as Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification. We also work to make our offices more energy efficient, including through heating, ventilation, and air conditioning (HVAC) optimization and the use of insulation, sensors, and LED lighting.

Green Teams

Across nearly 70 of our offices, Green Teams are leading more than 175 environmental initiatives to reduce our footprint and build awareness about environmental sustainability.



Tampa

Florida, United States

The Tampa Service Center is sited in a building with no recycling program. In 2018, our Tampa Green Team introduced an initiative to recycle plastic bottles, aluminum and steel cans, glass, paper, and cardboard. They also launched a campaign to encourage colleagues to reduce, reuse, and recycle. They expect 85,000 aluminum cans, 38,000 paper coffee sleeves, and 9,000 plastic juice bottles will be diverted from landfill and recycled each year.

São Paulo

Brazil

In April 2017, the São Paulo office started implementing a series of energy-efficiency measures. These initiatives include upgrading the HVAC system, switching to LED lighting, and installing motion sensors in lesser-used areas. In one year, the office has seen a 28 percent reduction in energy consumption.

66

Green Teams

175+

environmental initiatives

Partnerships

McKinsey has offices in 130 cities, from Abu Dhabi to Zurich. These communities are home to our clients and their customers, to our own people and their families. We want them to be inclusive, sustainable, and prosperous places to live and to work. We believe we have an opportunity and a responsibility to deploy our resources, our people, and our capabilities to give back.

Our offices and our people work to support non-profits and build business-led partnerships for social impact in their communities.

By doing this, we're working to advance SDG 17, Partnerships for the goals, which is about organizations working together, across sectors, breaking down silos, to advance the global goals.

In this section



Supporting non-profits

Every year we work with more than 600 non-profits, organizations that are addressing some of the world's most pressing social challenges. Through pro bono service, board membership, and volunteering, we strive to bring insights from our work to strengthen their impact and help them grow.

Each McKinsey office forms its own partnerships, reflecting the issues that colleagues are passionate about and that matter locally.

600+

non-profits supported each year



Supporting the SDGs



SDG 17:
Partnerships for the goals

Targets addressed for SDG 17

- Enhance the global partnership for sustainable development, complemented by multistakeholder partnerships that mobilize and share knowledge, expertise, technology, and financial resources to support the achievement of the sustainable development goals in all countries, in particular developing countries
- Encourage and promote effective public, public-private, and civil-society partnerships, building on the experience and resourcing strategies of partnerships

Improving education for Syrian refugees

Lebanon

More than a million refugees have fled the Syrian conflict into Lebanon.

McKinsey's Middle East and London offices, determined to be part of the response to this humanitarian crisis, recognized that hundreds of thousands of children had been displaced and were receiving little or no schooling. Since 2015, they have worked with non-profits in Lebanon to provide education to these displaced children.

They have partnered with local non-profits Basmeh & Zeitooneh ("basmeh" means "smile" and "zeitooneh" means "olive") and Social Support Society to develop the School Improvement Program, which addresses teacher skill, school culture and management, and curriculum and assessment.

Following a successful pilot in 2016 at a primary school in Shatila refugee camp, the program has expanded to five more schools, reaching 3,200 children. The program is designed to be easily scalable, with light-touch central involvement and coordination, and aims to improve education outcomes for thousands of children as the methodology is rolled out to other schools.

Their work has also helped Basmeh & Zeitooneh to secure a grant of nearly \$3 million from international donors to establish and run a school in the Bekaa Valley that will serve 750 children who would otherwise not be in school.



Reforming foster care in the US

Foster America

There are nearly half a million children in foster care in the United States. Many move from placement to placement. Children who spend time in the system are more likely than those who don't to experience trauma, homelessness, sex trafficking, and imprisonment.

Foster America, a San Francisco-based non-profit, recruits, trains, and places professionals in the child-welfare sector through an 18-month fellowship program. Foster America fellows bring skills in data and technology, design and marketing, strategy and planning, and finance that are needed to address the child-welfare system's biggest problems in new ways. By providing skilled leaders to these agencies, Foster America aims to transform the lives of vulnerable children and families.

McKinsey has worked with Foster America since the early stages of its launch in 2016. We helped

founder Sherry Lachman and her team develop their initial business plan, design interview tools for fellowship candidates, create criteria for selecting agency partners, and build a strategy to achieve the financial sustainability that would enable it to expand its operations.

Foster America has now partnered with 20 agencies in 11 states and secured more than \$2.5 million in government contracts. The organization has placed 38 fellows to date and continues to receive more than 25 applications for every fellowship place, reflecting the demand from government partners and fellowship talent alike.



“The team at McKinsey played an essential role in the launch of Foster America. They helped build and test our program model. We now have a financial model that will help us grow to scale and support many more vulnerable kids and families across the country.”

↑ Sherry Lachman
Founder and CEO, Foster America

Helping London's formerly homeless secure work

Work Ready Program

More than 300,000 people are homeless in the United Kingdom, according to research by homelessness organizations. One charity reports that, while more than 75 percent of its clients want to work, only 10 percent are currently employed.

The Work Ready Program is meant to address that problem. Developed by Thames Reach, a non-profit that works to end homelessness in London, and McKinsey's London office, Work Ready provides support and skills development to help those who have experienced homelessness to gain employment.

The program focuses on building soft skills, such as confidence, communication, and teamwork, along with work-related training. It is delivered in partnership with businesses and public-sector employers, who support the program and whose employees volunteer to lead activities and trainings and act as mentors.



Since its creation in 2013, Thames Reach has run the program several times each year, with volunteers from different organizations, including more than 200 McKinsey employees. Of the more than 300 participants who have completed the program, 55 percent have secured employment or moved into education or training—more than double the success rate of the next-best comparable program.

“The Work Ready Program, which Thames Reach developed in partnership with McKinsey, has become an important part of how we support people into work. Its unique approach builds self-esteem and skills for those who have often given up hope of finding work.”

Catherine Parsons
Director of Operations, Thames Reach



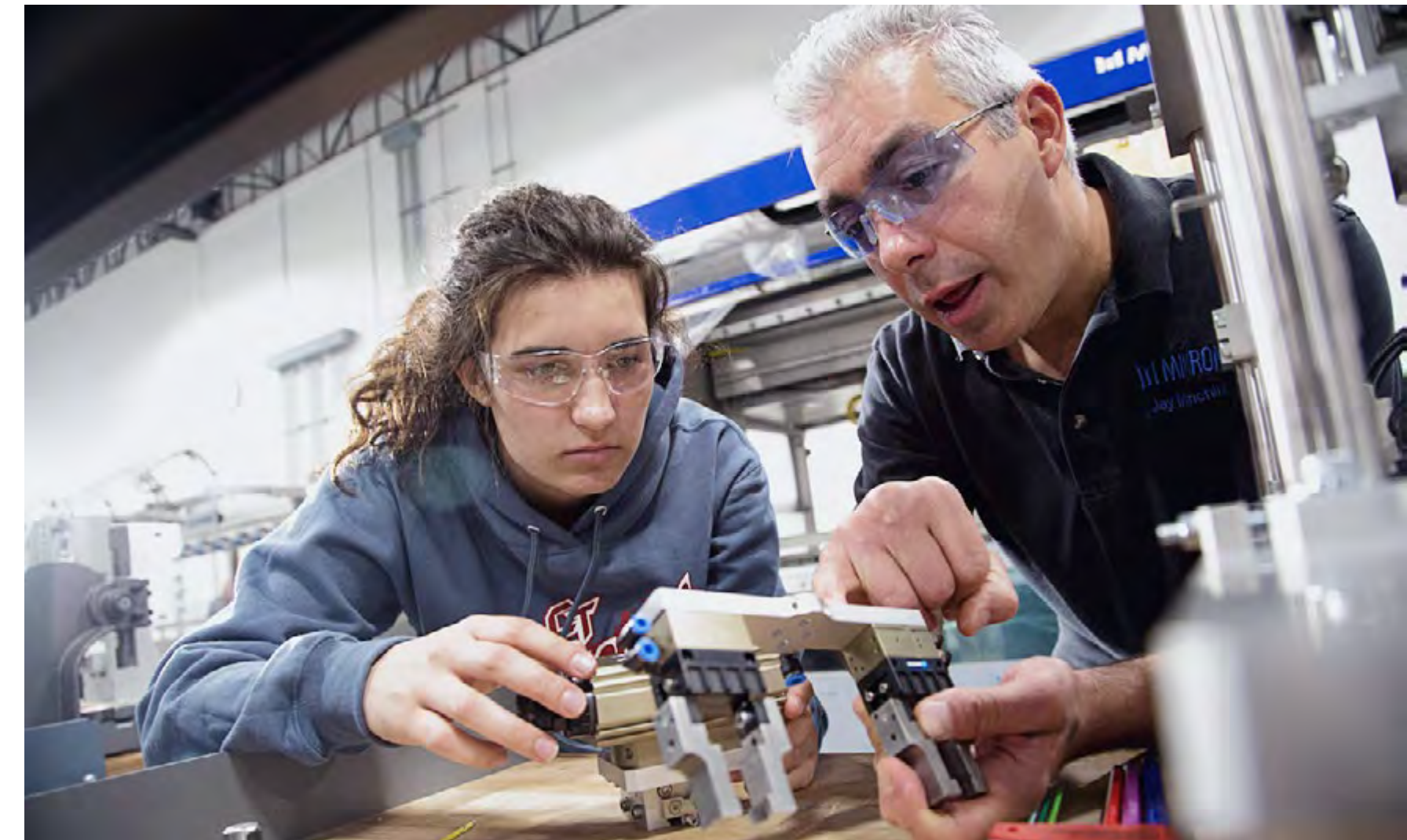
Preparing Colorado youth for college and careers

CareerWise Colorado

Non-profit CareerWise Colorado helps young people in the state to combine academic learning with on-the-job skill training through innovative modern apprenticeships. For businesses, this gives them a hands-on role in developing talent with the skills they need. For students, modern apprenticeship can be a pathway to further education or a career-launching job.

The three-year curriculum begins with high school juniors spending three days a week at school and one and a half to two days working for one of the program's partner businesses. After graduation, they can continue to work for the business and may pursue higher education in parallel.

A team from McKinsey's Denver office worked with CareerWise to develop a financial framework to help the non-profit increase its income and expand its apprenticeship program. This included using economic analysis to build a fact base to make the case to potential employer partners and donors and working with the board of directors to define CareerWise's growth strategy.



“CareerWise uses McKinsey & Company’s framework to attract partners and determine the proper way to coordinate our growth. It gives us a living planning and functional road map that McKinsey continually updates as we gather new insights in order to ensure all stakeholders are informed and on task.”

Ashley Carter
COO, CareerWise

Medical professionals for remote communities



“The McKinsey team has served as a strategic partner and trusted advisor, providing the expertise we needed to advance our vision and expand the impact of our work.”

Dr. Raj Panjabi
CEO, Last Mile Health

Last Mile Health

Around the world, one billion people lack access to healthcare because they live too far from a health facility. Last Mile Health works with governments to build networks of community health workers to provide primary healthcare to the world’s most remote villages.

The organization was founded in Liberia, where more than 1.2 million people live in hard-to-reach communities and often die needlessly from preventable diseases such as pneumonia, diarrhea, malaria, malnutrition, and complications from childbirth. It played an instrumental role following the 2014–16 Ebola outbreak in the country.

McKinsey has supported Last Mile Health’s CEO, Dr. Raj Panjabi, to operationalize his vision for the Community Health Academy, for which he was awarded a \$1 million grant as the recipient of the 2017 TED Prize.

The Academy harnesses the power of digital training tools to build the clinical skills of community health workers and the capacity of health system leaders to build higher-quality systems. A pro bono McKinsey team helped Last Mile Health’s leadership team develop its business plan for the Academy.

Learners from 160 countries have already registered for the Academy’s first leadership course with edX and HarvardX, and over half of Liberia’s national community health workforce has access to digital tools equipped with the Academy’s e-learning platform.

Last Mile Health remains dedicated to extending the reach of the health system to the most remote communities. To date, it has trained more than 3,000 community health workers and nurse supervisors across the world.

Improving learning in Indian schools

Two-fifths of the 250 million children worldwide who cannot read or write reside in India. With 260 million students currently enrolled in the K–12 school system, the Indian education population is large and has global significance, and the country today is mobilizing quickly to improve student outcomes.

McKinsey India supports two progressive non-profits in the education sector with their growth strategy.



Pratham

Pratham develops low-cost, community-driven solutions to improve the quality of learning and works with state governments to take them to scale. From its start in 1994 with a single preschool in Mumbai, its work has evolved into a national network reaching 58 million children and youth through literacy and vocational programs in 23 Indian states, establishing Pratham as one of the top non-governmental organizations dedicated to fostering universal literacy.

To support Pratham in its aspirations to double the number of children it reaches each year, McKinsey developed a five-year growth strategy for the organization. Firm members also serve on the board of the Pratham Education Foundation.

“The quality of education continues to remain a challenge in India. McKinsey has been a valuable partner for Pratham as we have grown and diversified to address how foundational skills can be acquired effectively and durably.”

Rukmini Banerji
CEO, Pratham

Peepul

Peepul is an education non-profit with the vision that every child should receive a high-quality education that enables them to reach their potential. Peepul is transforming the quality of education in government schools, through a focus on whole-school transformation, teacher capacity building, and strengthening systemwide accountability and governance mechanisms, currently impacting 35,000 students.

To propel Peepul’s growth, McKinsey developed a strategic plan and growth aspiration to help the organization realize its vision. We continue to provide ongoing support, including to support Peepul’s innovative work on district-level transformation of the education system. Firm members also serve on Peepul’s advisory board.

“We are fiercely ambitious about improving the quality of education in India’s government schools. McKinsey’s support helped us clarify our vision and growth aspiration as we work toward impacting half a million students by 2023 through 3,800 schools and 14,000 teachers.”

Kruti Bharucha
CEO, Peepul

Supporting business-led city partnerships

Effective partnerships can solve problems that no single institution can.

In many of the cities where we work, business leaders are working with local government to address local problems, such as infrastructure, education, job creation, and poverty reduction. McKinsey has actively supported many of these partnerships.

Responding to Mexico's earthquake

In the aftermath of the September 2017 earthquake that killed hundreds of people in Mexico City and surrounding areas, prominent business leaders formed Fideicomiso Fuerza México (FFM), which roughly translates as “Mexico Strong,” to spearhead reconstruction efforts.

Led by Mexico's Economic Coordination Council, a leading business group, they have collected more than \$23 million toward reconstruction efforts. FFM's founders wanted to make sure that the money committed was managed efficiently and transparently and that it brought the greatest possible benefit to the areas with the most need.

A McKinsey team in Mexico provided pro bono support to help FFM structure the effort. It designed an operating model that facilitated decision making and improved coordination and execution along key activities, while ensuring transparency by publishing details on its website.

Additional materials and labor donated by construction companies further increased the impact of reconstruction work, while FFM spent only 4 percent of its budget on administration.

According to FFM, more than 45,000 Mexicans have benefited directly from its work, which will be completed by January 2020. Today, FFM resources have constructed 5,200 houses, 17 schools, and 11 health clinics. They have also been used to rebuild four cultural heritage sites, four community centers, and four marketplaces.

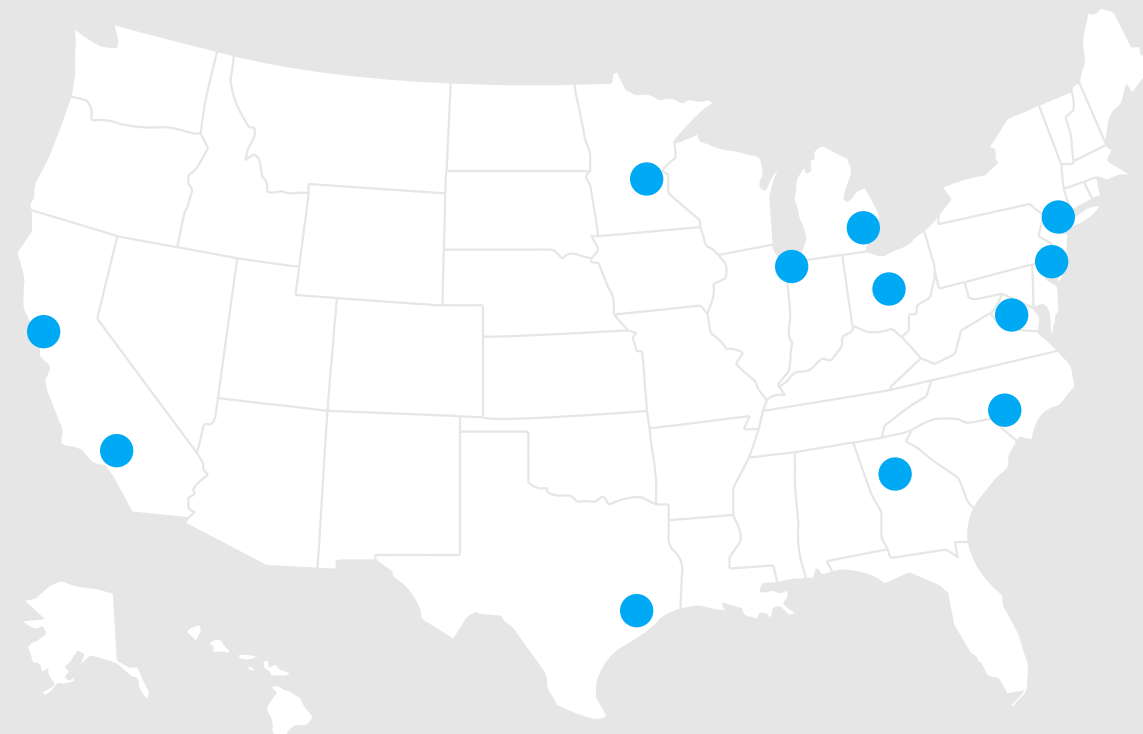


“In the face of emergency, solidarity paired with high standards of professionalism and transparency that instill confidence led us to achieve remarkable objectives to help those most in need.”

Juan Pablo Castañon
First President, Fideicomiso Fuerza México Trust

Civic partnerships in US cities

In cities across the United States, business leaders are adopting a new model of partnership for civic action, coming together and using their knowledge, capabilities, and resources to help create better communities. McKinsey's offices have played roles in convening and supporting these civic partnerships in a dozen major American cities.

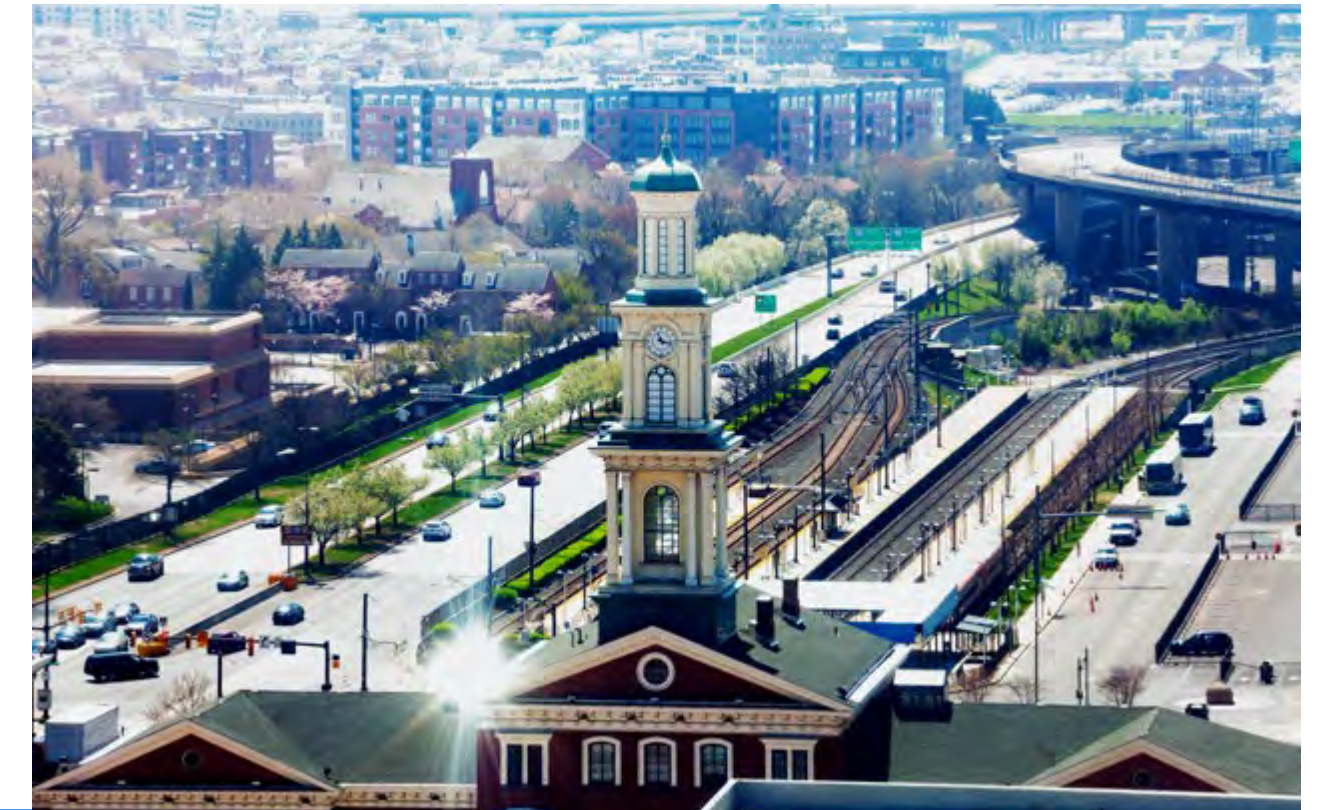


Greater Washington Partnership: Maintaining competitiveness

The Capital Region from Baltimore, Maryland, to Richmond, Virginia, is home to 10.3 million people and the third-largest regional economy in the United States. There is significant demand in the growing region for technology-savvy workers—and the infrastructure to support them. Led by the area's leading employers and entrepreneurs, the Greater Washington Partnership (GWP) develops regional approaches to solving transportation and digital-technology-talent problems.

McKinsey's Washington, DC, office was a founding member of the Partnership and conducted a landscape assessment of the region's workforce and economic-mobility challenges. One study analyzed the existing supply and forecasts of demand for digital-capable talent, which the Partnership has used as the basis for its action plan—working with local education institutions—for digital-skills training.

McKinsey also served as a key adviser in the development of the Partnership's Blueprint for Regional Mobility, the region's first CEO-led transportation strategy that, once implemented, has the potential to unlock key bottlenecks and enable seamless, multimodal transportation connections from Baltimore to Washington.



— continued

Civic partnerships in US cities

Charlotte Executive Leadership Council: Intergenerational mobility

In 2015, a group of more than 20 CEOs came together to form the Charlotte Executive Leadership Council to support the city's efforts to improve the educational and economic prospects of Charlotte's residents. Their open, inclusive approach was designed to reach a broad cross-section of the community and improve economic mobility, where research had shown the city faced challenges.

Since its inception, the Council has been supported by McKinsey's Charlotte office. McKinsey colleagues have worked with the Council to expand its employment and skills programs for young people, particularly for technical and vocational jobs in the fields of IT, customer service, and healthcare, all of which are in high demand in the city. They helped Generation launch in Charlotte and have plans and funding in place to expand that program across more industries.



The team also worked with the Council to stimulate significant investment in affordable housing. In total, \$203 million in public- and private-sector funds have been committed to support affordable housing since May 2018.

“It’s essential that the Bay Area have the best possible analysis of both the promise and the perils of its accelerated economy. It was wonderful to have the opportunity to work in partnership alongside McKinsey to leverage its deep resources and expertise.”

Micah Weinberg
President, Bay Area Council Economic Institute

Bay Area Council: Social and economic sustainability

If it were a country, Northern California's San Francisco Bay Area would be the 19th-largest economy in the world, with a gross domestic product (GDP) of \$748 billion. Since 2010, the region has added 600,000 jobs.

This economic vitality, however, has also brought challenges in the form of high housing costs and rising homelessness. The Bay Area Council, which includes CEOs and executives from 300 of the region's largest employers, recognizes these pressures and is part of the effort to promote long-term economic, social, and environmental sustainability in the region.

Since 1996, McKinsey has partnered with the Bay Area Council Economic Institute to examine the region's economic prospects and challenges. The team recently worked with the Council to address the acute housing shortage the region is currently facing. Their report was the first fact base on homelessness in the region. It is enabling stakeholders across sectors to work together to improve access to affordable housing.

Responsible practices

McKinsey aspires to meet the highest professional, legal, and ethical standards. Our values reflect the thinking of our founder, James O. McKinsey, and of Marvin Bower, managing director from 1950 to 1967, who was a major force in shaping the firm. Our values inform everything we do, from our long-term strategy to how we serve our clients on a day-to-day basis.

In this section



Upholding the highest ethical standards

McKinsey is committed to working to protect human rights, upholding international labor standards, and opposing bribery and corruption. In 2018, underscoring this commitment, we became a participant in the UN Global Compact.

We have strict policies and professional standards that apply to every member of the firm. Any breach of these ethical standards is subject to comprehensive investigation, with appropriate action taken.

Every firm member has the right to raise concerns about values, ethics, and professional conduct without fear of retribution. In addition to clearly defined internal channels, we have begun a phased global rollout of a hotline, which will provide internal colleagues with a mechanism to confidentially and, where legally permissible, anonymously raise concerns relating to potential violations of the firm's policies, professional standards, and values.



Client selection

We have introduced a Client Service Policy to guide our decisions on which clients we serve and on which topics.

We assess the risks of every engagement based on factors including the country, the institution, the topic, individuals, and operational considerations (our “CITIO framework”). Based on our risk assessment, we may apply additional measures to manage risks. We may also decide to step back from specific engagements. An enhanced set of rules govern our work for public- and social-sector and state-linked clients, where these risks may be higher.

100%

of colleagues completed an annual program of Professional Standards learning, including ethics, anti-corruption, and risk management (in 2018)

100%

of our offices held Values Days— one day each year set aside to reflect together on what it means to live our values

Human rights and labor

Our firm is a meritocracy. We strive to create a work environment that supports, inspires, and respects all of our colleagues, applicants, and clients.

As part of this, we are committed to upholding internationally proclaimed human rights and internationally recognized labor standards. We stand against the use of child, forced, or exploited labor, as well as forced or exploitative working conditions. We will not assist our clients in doing so in any way.

Human rights

Our Human Rights Policy sets out these commitments, along with the responsibilities and governance arrangements:

- McKinsey strives to adhere to the principles set forth in the UN Global Compact, the Universal Declaration of Human Rights, and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.
- This includes firm members’ ability to agree to terms and conditions of employment voluntarily without coercion and to freely end their employment on appropriate notice.
- The policy applies to all firm members, and all firm members are responsible for their own actions and for the firm’s compliance with this policy. Any firm member failing to follow this policy will be subject to disciplinary action, up to and including separation from the firm.
- Our global people function is responsible for reviewing and reporting compliance with the policy to the People Committee of the Shareholders Council (our firm’s equivalent of a board of directors) on an annual basis.

Our UK Modern Slavery Statement, a country-level statement, further demonstrates our commitment to upholding these principles.

Discrimination and harassment

Our Discrimination and Harassment Policy makes clear our expectation that all firm members must be able to work in an environment free from harassment and discrimination.

The policy expressly prohibits:

- Any form of discrimination, harassment, bullying, or other offensive conduct toward any individual on the basis of race, color, religion, sex, sexual orientation, gender identity, marital status, pregnancy, age, disability, national or ethnic origin, military-service status, citizenship, or other characteristic
- Any behavior that makes the work environment hostile, intimidating, or offensive to colleagues because of any characteristic listed above
- Any form of retaliation against any individual who in good faith reports a complaint under this policy or who assists in an investigation

The policy strongly encourages reporting of all incidents of discrimination, harassment, or retaliation, regardless of the offender’s identity or position, with clearly designated reporting channels.

Individuals who are found to be responsible for harassment, discrimination, or retaliation will be subject to disciplinary action, up to and including termination of employment of the offender.

Anti-corruption

McKinsey opposes bribery and corruption in all forms. We are committed to complying with the anti-corruption laws of all the jurisdictions in which we operate, including the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act.

Regular anti-corruption training and policy-compliance certification are mandatory for all firm members as part of our annual Professional Standards learning curriculum.

Our Anti-Corruption Policy expressly prohibits any form of bribe or kickback and provides guidelines for gifts, meals, hospitality, and other areas of potential risk.

It sets out processes for reporting concerns, ensures their confidentiality, and underscores that all firm members have the right to raise ethical concerns without fear of retribution.

The policy also sets out procedures for accounting and record-keeping controls and places responsibility for monitoring and testing on the firm's finance and internal audit departments.

Any firm member failing to follow this policy will be subject to disciplinary action, up to and including separation from the firm, and may be subject to proceedings brought by government enforcement agencies.

Ensuring data privacy and security

Throughout McKinsey's history, our clients have trusted us with their confidential information; protecting it is one of our core values.

This commitment has taken on even more importance in the information age, where the ability to collect and create data, particularly personal data, has become increasingly easy; the value of analyzing this data has grown increasingly powerful; and the regulatory requirements and restrictions respecting the processing of this data have become increasingly complex.

We are committed to meeting the highest standards of both data privacy and data security, whether the data belongs to our clients, business partners, vendors, or firm members.



99%

of colleagues completed training courses covering data-privacy principles, data-protection practices, and cybersecurity behaviors in 2018

100%

of colleagues received phishing training on a monthly basis



In early 2019, McKinsey received a Guardians of Trust award, which honors leaders in information security, recognizing our program of penetration testing on firm and third-party applications using crowdsourced ethical “white hat” hackers.

— continued

Ensuring data privacy and security

Data privacy

We have implemented a global data-privacy program that builds on the requirements of the European General Data Protection Regulation (GDPR), currently the “gold standard” of data-privacy laws. By following global best practices, we meet our data-privacy legal obligations to individuals and contractual commitments to our clients.

Personal data is collected, accessed, used, and shared only on a strict need-to-know basis and only as necessary to support the firm’s and our clients’ fair and lawful processing purposes. Data is deleted when there is no longer a legitimate purpose for retaining it, in accordance with applicable laws.

The data-privacy team provides firm members with guidelines for protecting all personal data, including client data, in connection with the firm’s activities, such as recruiting, promotional events, communications, and client engagements.

McKinsey has adopted a Global Data Protection and Privacy Policy that governs all client and firm data-processing activities. This policy is reviewed on an annual basis, and all firm members are required to acknowledge the policy and confirm their commitment to comply with the policy annually.

Data security

Our information-security strategy focuses on the people, processes, and technology that play a role in maintaining our clients’ trust and protecting our clients’ information by: (1) taking a risk-based approach to managing our digital assets, (2) having industry-leading information-security technologies in place, and (3) ensuring our products and systems are deployed with security built in.

Our objective is to implement best-in-class defenses, including technical solutions, governance, and employee capability building. Systems and controls are designed to meet ISO/IEC 27001 standards, in combination with industry best practices.

An independent third party assesses McKinsey’s information-security organization and its security program every year based on the ISO 27001 standard (v2013) and additional technical testing of the McKinsey environment.

We perform thorough assessments to evaluate and validate the security controls in place for new applications, systems, cloud environments, and third-party vendors. These assessments also confirm certain data-privacy requirements, ensuring that each vendor applies adequate technical and organizational measures to protect personal data

it processes on behalf of McKinsey. In addition, our legal team ensures that all vendor agreements include appropriate representations and obligations to respecting the protection, processing, and transfer of personal data.

Our security operations center ensures a high level of information security for McKinsey’s applications (internal and external), systems, and all related data by providing best-in-class security-incident detection, analysis, containment, and mitigation.

Employee training

We require all employees to complete several forms of data-security and -privacy training on a regular basis, including mandatory e-learning programs on McKinsey’s confidentiality policies and practices.

We also have a mandatory gamified e-learning module that raises awareness around data-privacy principles, data-protection practices, and cybersecurity behaviors. This simulation helps learners to identify high-risk situations, practice taking risk-mitigating actions, and understand their responsibility in protecting the firm and our clients.

In addition, we run monthly phishing campaigns to help employees improve their ability to identify and handle phishing emails.

Working with our suppliers

McKinsey holds its suppliers of goods and services to the same high standards of social responsibility that it holds itself. We also strive to increase the diversity of our suppliers.



Supplier standards

Our sustainable procurement strategy helps us drive high standards of environmental and social responsibility among our suppliers and more broadly across business and society.

Our Supplier Code of Conduct reflects McKinsey's values and expectations. Suppliers are required to act ethically and with integrity. This includes maintaining data privacy and security, embracing inclusion and diversity, ensuring fair employment and wages, reducing environmental impact, and providing working conditions that support safety, well-being, and health.

The code was finalized in 2018 and was rolled out to our top suppliers, representing more than half of our spending. These suppliers are in the process of completing our certification process, which includes a questionnaire about their environmental and social responsibility policies and practices.

To date, 90 percent of these suppliers have signed the code or have their own codes of conduct that provide similar standards. We are working to roll out the code to all suppliers and to incorporate it into an enhanced supplier vetting process.

Our standard contractual agreement with our suppliers also sets out our expectation that suppliers meet our standards for data privacy and security, anti-corruption, and providing equal employment opportunities.

Supplier diversity

We define "diverse suppliers" as small businesses and companies owned by women, people from minority ethnic groups, LGBTQ+ individuals, and veterans.

While 40 percent of our US suppliers fall into this definition, they account for just 11 percent of our spending. This is because the majority of our spending is on travel with large airlines and hotels, which do not meet this definition. McKinsey is actively looking at ways to increase the diversity of its suppliers.

90%

of our top suppliers signed our new Supplier Code of Conduct (or provided similar codes governing the conduct of their own employees)

11%

of our spending is with diverse suppliers (in the United States)

Appendix

Greenhouse gas reporting methodology

Our greenhouse gas (GHG) emissions are calculated in line with the GHG Protocol, covering material emission sources across Scopes 1, 2, and 3. Scope 1 emissions include all direct GHG emissions, such as emissions from combustion in owned or controlled boilers and vehicles; Scope 2 covers indirect GHG emissions from the generation of purchased electricity, heat, or steam; and Scope 3 encompasses other indirect emissions, such as business travel, emissions from extraction of fuels and from production of purchased goods, vehicles not owned or controlled, outsourced activities, and waste disposal.

Our methodology follows best practices, such as using internationally accepted conversion factors and including radiative forcing in emission factors for air travel. Our reporting covers all material emission sources and complies with the criteria of South Pole’s Climate Neutral label. Our GHG footprint was independently verified under the ISO 14064-3 standard.

Scope 1 and 2 emissions are calculated using survey data covering 96 percent of our global office portfolio (energy consumption) and mileage and fuel-consumption data (company

cars). When data was missing, extrapolations were used. Scope 3 emissions are calculated based on mileage (air travel, ground transportation), stay duration (hotels), and spend (purchased goods and outsourced activities).

Market-based and location-based reporting

On page 36, we report emissions using a market-based approach. The table below provides an overview of our GHG footprint using both a market- and location-based approach. The market-based figures reflect our procurement choices, such as renewable-energy purchases via contractual mechanisms, whereas the location-based figures reflect the average carbon intensity of the grids where our energy consumption occurs.

GHG emissions (thousand tCO₂e)

	Market-based		Location-based	
	2017	2018	2017	2018
Scope 1: Direct GHG emissions	15.8	15.7	15.8	15.7
Scope 2: Energy indirect GHG emissions	29.0	5.1	28.3	26.4
Scope 3: Other indirect GHG emissions	735.0	766.6	735.0	769.6
Total GHG emissions	779.8	787.5	779.1	811.7

Note: Figures may not sum to total, because of rounding.

United Nations Global Compact Index

In April 2018, McKinsey became a participant in the United Nations Global Compact (UNGC), a set of ten principles covering the areas of human rights, labor, environment, and anti-corruption. This report serves as our Communication on Progress in implementing the principles of the UNGC and supporting broader UN goals. The table shows where relevant content can be found in this report.

WE SUPPORT



	Principle	Section
Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	
	2. make sure that they are not complicit in human rights abuses.	
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	
	4. the elimination of all forms of forced and compulsory labor;	
	5. the effective abolition of child labor; and	
	6. the elimination of discrimination in respect of employment and occupation.	
Environment	7. Businesses should support a precautionary approach to environmental challenges;	
	8. undertake initiatives to promote greater environmental responsibility; and	
	9. encourage the development and diffusion of environmentally friendly technologies.	
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	

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mckinsey.com/social-responsibility