

Kearney Sustainability Report

2020

KEARNEY

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Our commitment

Letter from leadership

Our commitment to sustainability is steadfast and has never been higher. We seek to be the difference as trusted advisors to our global clients, which means we must consult and drive excellence in a comprehensive set of topics ranging from corporate purpose to sustainability in operations and transformation to diversity, equity, and belonging.

The Kearney approach addresses all essential stakeholder groups: from our own people and teams, to our clients and the communities in which we live and work, to the key areas of sustainability—environmental, social, and economic. In 2020, the challenges of COVID-19 triggered us to further commit to addressing social impact and SDG/ESG goals for ourselves and our clients. We are proud of what we have achieved in the past year, in line with our ongoing commitment to the UN Global Compact.

We are also proud to have been the first global management consulting firm to achieve carbon neutrality, in 2010. In 2020, we committed to science-based emissions reduction targets, pledging to reduce our emissions by 30 percent by 2030 from a 2019 base year. These commitments are in line to meet the goals of the Paris Agreement well below the 2 degrees scenario. We have pledged to achieve 100 percent renewable energy in our offices by 2030. This year, we are pleased to announce that we are signatories to the World Economic Forum (WEF) Stakeholder Capitalism Initiative, where we join forces with other business leaders to better measure and demonstrate our contribution toward a more sustainable and equitable future.

Sustainability and social impact are vital for our people—more than 90 percent of our colleagues around the world say it is important to them. As such, we are dedicated to creating opportunities for everyone to engage with sustainability through our clients, our local office initiatives, social impact externships, volunteering, and beyond. Not only is social impact and sustainability a core component of our expertise and skill set, but it is also a central path to a workplace culture of joy and justice. I am proud of the snapshot of the work shared in this report.

While this year was one of turbulence, we worked as a Kearney community to adapt. Our firm placed additional focus on mental health and well-being—we rolled out new internal programming called Work Well, Be Well, and expanded our resources for employees in need of mental health and well-being support. We volunteered COVID-19 response and recovery efforts globally and launched significant firmwide commitments to social and racial justice. We have publicly advanced important causes—including increasing diversity programming and recruitment activities, building a supplier diversity strategy, donating to causes that support our commitments, standing up for oppressed groups, and encouraging safe and fair voting practices—but there is more work to be done.

In 2021, we seek to build on the opportunities of 2020 and further reimagine a more sustainable world for ourselves, our clients, and our Kearney community partners. Let all this progress continue.



Alex Liu

Managing Partner and Chairman of the Board,
Kearney

April 2021

About this report

Kearney’s annual sustainability report presents an overview of our sustainability and social impact efforts for the 2020 calendar year. This report is our third in a series of comprehensive annual sustainability reports—our previous Sustainability Report 2019 was published in May 2020.

Kearney has always been dedicated to supporting the United Nations Sustainable Development Goals. We aim to create positive social impact not only through our client work, but also through our people and communities. In 2018, Kearney became a signatory of the **UN Global Compact**, a set of 10 principles covering the areas of human rights, labor, environment, and anti-corruption. **This report has been prepared in accordance with Global Reporting Initiative (GRI) standards: Core option.** Ultimately, this report will demonstrate our comprehensive approach to sustainability, an important part of our culture at Kearney.

Unless listed otherwise, all data, statistics, and information given are related to Kearney’s worldwide operations. There were no material changes to Kearney’s structure, size, ownership, supply chain, measurement methods, or materiality topics throughout 2020.

Kearney made use of strong data collection controls and verification processes—including external support from partners South Pole Group to calculate global emissions, British Independent Utilities (BiU) to assure emissions in the United Kingdom, and Grant Thornton to assure our financials—that verify the accuracy and completeness of the information in this report. This sustainability report has been reviewed by Kearney leadership.

We are dedicated to learning more about the perspectives of our stakeholders concerning sustainability at Kearney. We welcome your feedback. Please reach out to our Global Director of Social Impact, Pei Yun Teng, at peiyun.teng@kearney.com.

Kearney locations



About Kearney

As a global consulting partnership in more than 40 countries, our people make us who we are. We're individuals who take as much joy from those we work with as the work itself. Driven to be the difference between a big idea and making it happen, we help our clients break through. Our global team is more than 3,700 people strong, with more than 20,000 people in our alumni network. The headquarters and origin of the firm are in Chicago.

Kearney is a partner-owned firm with more than 300 partners across the globe. Managing Partner Alex Liu, together with the rest of the Board of Directors, is responsible for guiding the long-term success and continuity of the firm, shaping its vision and strategy. Day-to-day management at a global level is overseen by the Operating Committee (OC) and supported by the Managing Partner Leadership Team (MPLT). In addition to the OC and MPLT, leadership teams are set up for each region, as well as industry and service practices, units, and functions.

Sustainability governance

Kearney's managing partner and MPLT have ultimate responsibility for promoting and implementing sustainability across the firm. This includes regularly reviewing the effectiveness of Kearney's sustainability-related policies, understanding sustainability-related opportunities and risks, setting clear objectives and targets, monitoring and measuring performance, communicating the results, and ensuring resources are made available for implementation. There is Board-level oversight, where sustainability targets are incorporated into management performance objectives and linked to incentives. Our sustainability efforts are led by a global director of social impact, together with social impact teams across more than 35 offices.

Our values

We are proud of our five core Kearney values, which fuel our purpose to be the difference for each other, our clients, and society. We are striving to enhance our culture by creating and living a culture that is open, flat, agile, collaborative, and joyful. Kearney's five core values are:



Generosity of spirit to care deeply about each other and our clients



Solidarity to be a winning team



Passion and presence to be our best self



Curiosity and drive to explore new ground



Boldness to be distinctive and break from the status quo



Our primary industries

- Aerospace and Defense
- Automotive
- Chemicals
- Communications, Media, and Technology
- Consumer and Retail
- Energy
- Financial Services
- Health
- Industrial Goods and Services
- Infrastructure
- Metals and Mining
- Private Equity
- Public Sector
- Transportation and Travel

Our primary activities

- Analytics
- Digital
- Leadership, Change, and Organization
- Mergers and Acquisitions
- Operations and Performance
- Procurement
- Social Impact and Sustainability
- Strategy and Top-Line
- Transformation Services
- Global Business Policy Council (GBPC)

Our purpose: be the difference

Kearney aims to be the difference for our clients, people, communities, and the planet by pursuing sustainable positive results in everything we do, as established in the principle of “essential rightness.” We seek to fulfill our mission through our clients, partnerships, and our daily work—deploying advanced technology know-how and mobilizing talent and ecosystems to solve social, environmental, and economic challenges.

Today, the role of business in society has evolved. Companies are poised to take increased responsibility for solving the challenges facing our world, now and in the future, as consumers step up the pressure on corporations to maintain and evolve higher environmental, social, and governance standards.

At Kearney, we are committed to developing sustainable and profitable solutions for our clients. Recognized as the global leader in operations and transformations, we demonstrate our values through diversity, equity, and inclusion and our mental health and well-being initiatives for our people.

We turn our company purpose into action in three ways:

1. Serve **our clients** by integrating purpose into their operations and having the highest enduring impact in each engagement
2. Partner with purposeful **organizations** to impact positive change in our communities
3. Help **our people** in their own purpose in an inclusive environment

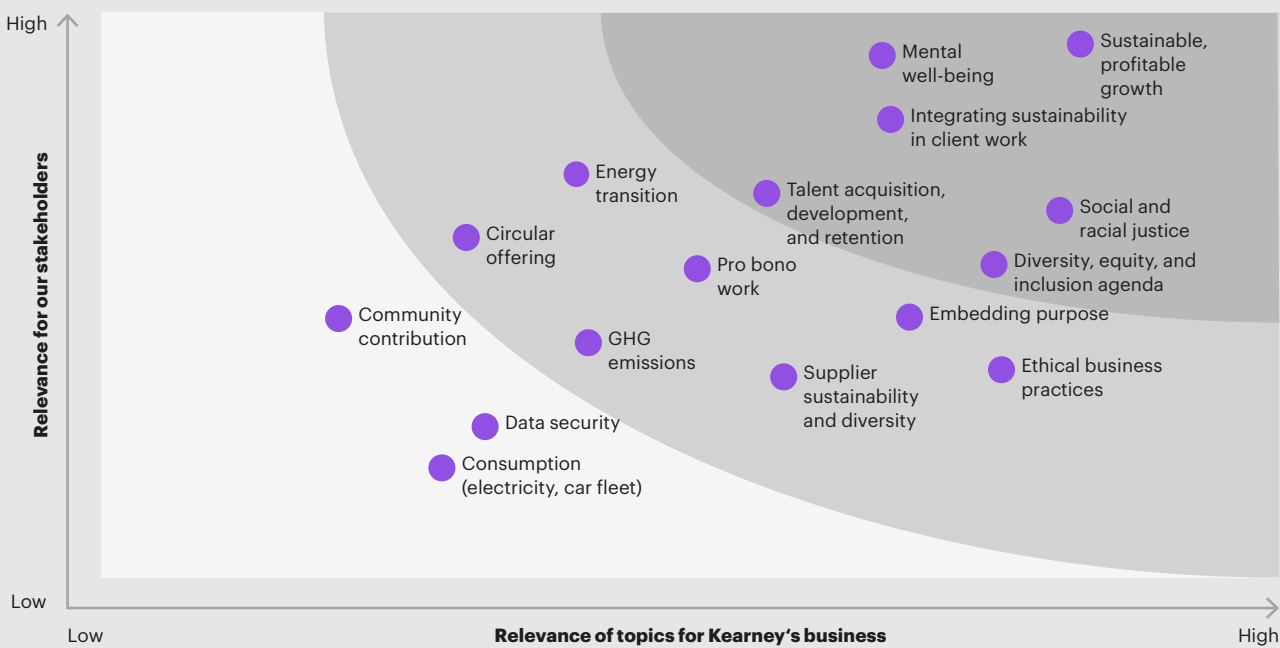
This is just the beginning. We will continue to work toward being the difference for our clients, people, communities, and planet—helping to bridge the purpose gap between intent and action. Ready to make a positive impact with us?

Stakeholder engagement and materiality matrix

At Kearney, our stakeholders include clients, employees, alumni, suppliers, governments, regulators, universities, knowledge institutions, local communities, nonprofits, start-ups, and sustainability ecosystem partners. We regularly collaborate and engage with our stakeholders through consulting projects, industry platforms, events, community initiatives, surveys and research, knowledge platforms, and so on, where we capture formal and informal feedback on our services, their interests and concerns, and to inform our priorities and future strategic directions. We highly value our clients, people, and communities as priority stakeholders, and also rely on our stakeholders’ understanding of the most pressing global issues, so that we can integrate it into our strategy, operations, and reporting.

The materiality matrix below summarizes the key sustainability themes that are relevant for Kearney and our stakeholders.

Figure
Materiality matrix



Source: Kearney analysis

Sustainability highlights

We seek to make a positive social impact in three primary areas—Kearney’s 3Es:

Economic development. We work to expand economic opportunities for people around the world.

Energy and sustainability. We help companies, nonprofits, and governments reap the rewards of becoming truly sustainable.

Education and workforce. We believe education is the path to a better society.

“Our success as consultants will depend on the essential rightness of the advice we give and our capacity for convincing those in authority that it is good.”

— Andrew Thomas Kearney

Selected awards



>3,700 people

with 60+ offices in more than 40 countries, and social impact teams in >35 offices

>90 pro bono

consulting projects and volunteering initiatives with both local and global impact organizations



Carbon neutral since 2010

Committed to Science-Based Targets: **30% absolute GHG reduction by 2030**, from a 2019 base year

82% renewable energy usage

in offices, committed to reaching **100% by 2030**

38%

women across the firm in 2020

UN Sustainable Development Goals (SDGs)

Kearney has always been dedicated to supporting the UN SDGs through our client engagements, thought leadership, and pro bono work. In March 2018, Kearney became a signatory of the UN Global Compact, a set of 10 principles covering the areas of human rights, labor, environment, and anti-corruption.

<div>1</div> <div>NO POVERTY</div> 	<div>Goal 1</div> <div>End poverty in all its forms everywhere</div>	<p>Consulting engagements. We work with diverse businesses, governments, and nonprofits to address global poverty. For example, we advised a poverty-focused global venture fund on its portfolio and business models.</p> <p>Swiss charity concert. Since 2011, we have organized an annual concert series where all proceeds are donated to Save the Children.</p>
<div>2</div> <div>ZERO HUNGER</div> 	<div>Goal 2</div> <div>End hunger, achieve food security and improved nutrition, and promote sustainable agriculture</div>	<p>Go Green on Racine. In 2020 and into 2021, we are building a fresh market in a food desert community in Chicago, together with support from the community and grassroots organizations.</p>
<div>3</div> <div>GOOD HEALTH AND WELL-BEING</div> 	<div>Goal 3</div> <div>Ensure healthy lives and promote well-being for all ages</div>	<p>COVID-19 support. We actively collaborated with diverse partners on COVID-19 response and recovery across the world ensuring that more than 10 million PPE materials were distributed.</p> <p>Enabling rural healthcare. We supported Healing Fields Foundation (India) to build health and hygiene awareness in rural India.</p>
<div>4</div> <div>QUALITY EDUCATION</div> 	<div>Goal 4</div> <div>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</div>	<p>Reimagining the future of work and empowering youth. With Ashoka, we co-led a study with 30+ business and education leaders.</p> <p>Education policy and strategy. We worked with a Ministry of Education to create a 10-year strategy for implementing learning best practices.</p>
<div>5</div> <div>GENDER EQUALITY</div> 	<div>Goal 5</div> <div>Achieve gender equality and empower all women and girls</div>	<p>Breaking the taboo around menstruation. Together with WASH United, we shed light on menstruation-related challenges and solutions.</p> <p>Women entrepreneurs. We supported the NYC Small Business Services Department to accelerate programs for developing women entrepreneurs (funding, mentorship, networking, skills development, and infrastructure).</p>
<div>6</div> <div>CLEAN WATER AND SANITATION</div> 	<div>Goal 6</div> <div>Ensure availability and sustainable management of water and sanitation for all</div>	<p>The call for clean water. We led a study on the effects of acid mine drainage on South African water sources and proposed solutions for neutralizing, stabilizing, and researching those sources.</p> <p>Automated Pumping Solar System (APSS). We partnered with Wayuuda Foundation and Ashoka to develop a business plan for the Nestlé / Ashoka “Academy: co creating for the future” competition, winning \$10k USD to implement APSS running water in a northern Colombia community.</p>
<div>7</div> <div>AFFORDABLE AND CLEAN ENERGY</div> 	<div>Goal 7</div> <div>Ensure access to affordable, reliable, sustainable, and modern energy for all</div>	<p>Kearney Energy Transition Institute. We provide leading insights on global trends in energy transition, technologies, and strategic implications for private-sector businesses and public-sector institutions.</p>
<div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div> 	<div>Goal 8</div> <div>Promote sustained, inclusive, and sustainable economic growth, productive employment, and decent work for all</div>	<p>A New Way of Life. We help to scale the impact of this organization aimed at helping formerly incarcerated mothers reintegrate into the workforce in the United States with housing and resource support.</p>
<div>9</div> <div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> 	<div>Goal 9</div> <div>Build infrastructure, promote inclusive and sustainable industrialization, and foster innovation</div>	<p>German Sustainability Award (DNP). Kearney is a founding member and methodology and assessment partner for DNP, Europe’s most prestigious sustainability award. More than 7,000 companies, cities, start-ups, and research projects have participated since 2008.</p>

	Goal 10 Reduce inequality within and among countries	<p>Tackling inequality in Mexico City. We raised funds for an organization that helps women and minors in situations of abuse or abandonment advocate for their rights and find resources.</p> <p>Kearney Istanbul's Idea Factory initiative. We supported the integration of Syrian refugee children by providing funding and strategic mentorship to a local NGO and university in Istanbul.</p>
	Goal 11 Make cities and human settlements inclusive, safe, resilient, and sustainable	<p>Support sustainable city development. Our team in Beijing worked with local partners to support interactive exhibits educating the community on sustainable practices.</p>
	Goal 12 Ensure sustainable consumption and production patterns	<p>Circular cities. We support setting up a “circular valley” in the Rhine-Ruhr region in Germany, collaborating on solutions to reduce emissions and “close the loop.”</p> <p>Circular Hub. We launched Kearney's Circular Hub, where we bundle all our expertise, tools, and offerings to help our clients tackle resource scarcity and eliminate end-of-life waste to accelerate the transition toward a circular economy.</p>
	Goal 13 Take urgent action to combat climate change and its impacts	<p>Carbon neutrality. Kearney was the first global management consulting firm to become carbon neutral (2010). We have committed to achieving science-based emissions reduction targets (SBTs), which are in line to meet the goals of the Paris Agreement well below 2 degrees scenario. We are also working toward 100 percent renewable energy in our offices by 2030.</p> <p>The economic costs of climate change. We published research on the impacts of climate change across industries, including scenarios and the urgency around action by business leaders.</p>
	Goal 14 Conserve and sustainably use the oceans, seas, and marine resources for sustainable development	<p>Water and energy challenge. We published research on the state of freshwater resources and how to address stressors on this resource at a local level.</p>
	Goal 15 Protect, restore, and promote the sustainable use of terrestrial ecosystems, halt land degradation, and halt biodiversity loss	<p>Sustainable food supply chains. We supported clients in their work on building better traceability and resiliency in their sourcing and partnerships, including seafood, beef, and other major emitter categories.</p> <p>Biodiversity in carbon neutrality projects. We increase our focus this year on projects that help halt biodiversity loss and restore terrestrial ecosystems in the carbon-offsetting projects that we support.</p>
	Goal 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice, and build effective, accountable, and inclusive institutions at all levels	<p>Our nine commitments. This year, Kearney committed to nine social and racial justice initiatives aimed at living out our purpose: we recognize that if we want to make a difference, we have to be the difference. Our commitments include days of action to volunteer for our communities, tripling Black leaders by 2023, expanding DE&I programming globally, advocating for fair and safe voting, launching a supplier diversity academy, doubling pro bono activities, and matching up to \$1 million to organizations that support social justice, inclusion, and racial equity.</p> <p>Our offices have volunteered 14,000+ hours of time and \$100k+ in donations to causes that support racial and social justice missions.</p>
	Goal 17 Strengthen the means for implementation and revitalize the global partnership for sustainable development	<p>The World Economic Forum (WEF). As one of the 100 leading global companies selected by the World Economic Forum as a strategic partner, we support the WEF's mission to improve the state of the world.</p>

Source: Kearney analysis



Our business

We make real progress with our client work

Global biomass potential strategy

We developed a board-level strategy on biomass value chain participation for a global oil and gas major. Our client was exploring options to address a dual challenge: to provide more energy, but with lower CO2 emissions. In order to find the best options, we conducted value chain analyses for multiple biomass feedstocks and conversion technology/end product combinations in 10+ markets with carbon price scenarios. Our final board-level PCO strategy (participate, compete, organize) included recommendations on short- and medium-term steps as well as bottom-up supply forecasts for five advanced feedstocks in 12 countries.



New sustainable retail format

Which body lotion or toothpaste is not only best for me, but also best for the environment? To answer this customer question, we developed a new sustainable retail format with one of Europe’s largest retailers and an international NGO. The plan includes not only a renewed brand identity and sustainable shop design, but also an innovative in-app and in-store guidance system based on the UN SDGs: on each price tag, four symbols offer customers orientation and transparency to facilitate a more sustainable purchasing decision.

Mariana dam mining disaster

The burst dam of Mariana in Brazil released millions of tons of iron ore tailings into the Doce River for more than 650 km. The disaster created a humanitarian crisis as hundreds of people were displaced. Local organizations were designated to bridge communications between mining companies and affected communities as well as supervise remediation efforts across impacted cities and the river basin. Kearney works closely with these organizations, ensuring their operating efficiency and financial soundness.



We also drive impact through our thought leadership

Kearney Energy Transition Institute

The **Kearney Energy Transition Institute** is a nonprofit organization that provides leading insights on global trends in energy transition, technologies, and strategic implications for private-sector businesses and public-sector institutions. The Institute is dedicated to combining objective technological insights with economic perspectives to define the consequences in a rapidly changing energy landscape. It explores how businesses may both capture the opportunities that arise and address the challenges that face them in this complex and often uncertain shift. The Institute has developed deep insights in areas such as solar PV, hydrogen, negative emissions technologies, gas hydrates, carbon capture and storage, wind, smart grids, energy storage, water-energy nexus, and energy poverty and continues to address the most pressing emerging topics such as the impact of digitalization.

KEARNEY | Energy Transition Institute

World Economic Forum partnership

As one of the 100 leading global companies selected by the World Economic Forum as a strategic partner, Kearney supports the WEF’s mission to improve the state of the world. Our relationship with the WEF has been in place for half a century, dating back to the WEF’s foundation back in 1971. Since then, we have played an active role as an advisor on a number of global initiatives on topics such as gender equality, entrepreneurship, digitalization, mental health and well-being, consumption, and manufacturing.

WEF’s Consumers Beyond Disposability (CBD)

The growing waste crisis is jeopardizing our planet, our people, and our economies. Yet opportunity lies in catalyzing a systemic shift toward reusable consumer goods across multiple categories, such as reusable coffee cups or refillable shampoo containers. In 2020, Kearney collaborated with the World Economic Forum’s Consumers Beyond Disposability initiative, which brings together leading private-, public-, and civil society-sector actors committed to reuse. We set out to develop a pioneering framework on reuse viability by engaging with more than 50 reuse experts and conducting detailed analysis. This resulted in the first comprehensive framework for the viability of reuse systems. The framework allowed us not only to develop new understanding of the future of reuse, but also to build tools which practitioners can use to advance innovative reuse systems themselves.

“Plastic waste remains a major challenge for the consumption landscape with less than 10 percent of plastic being recycled. There is also increased awareness that recycling alone cannot solve the huge challenge and other innovative solutions are needed across the dimensions of reduce and reuse. I am delighted to be partnering with Kearney to address the complex challenge of eliminating plastic waste by driving system-wide change that will require new patterns of consumption among consumers, the transformation of end-to-end value chains, and engagement of the public sector.”

Zara Ingilizian, Head of Consumer Industries and Future of Consumption Platform at the World Economic Forum

Global Business Policy Council

The **Global Business Policy Council** is a specialized foresight and strategic analysis unit within Kearney. The Council is dedicated to providing immediate impact and growing advantage by helping CEOs and government leaders anticipate and plan for the future.

As one of the world’s premier think tanks, it delivers thought leadership and advisory services on some of the world’s most crucial social and environmental challenges. Through exclusive global forums, public-facing thought leadership, and advisory services, the Council helps to decipher sweeping geopolitical, economic, social, and technological changes and their effects on the global business environment.

As 2020’s challenges become 2021’s realities, businesses that use effective strategic foresight will have a competitive advantage in a post-COVID operating environment—and the GBPC can provide the tools necessary for such success.

2021 could be the year in which the dust settles and the adjustments made during the pandemic become the new norm.

KEARNEY
Global Business Policy Council



Defining circularity and eliminating plastic waste

Plastic leakage into the environment is a threat which cannot be ignored. In 2020, Kearney became a supporter of a leading nongovernmental organization comprised of members from across the plastic value chain, focusing on stopping plastic waste from polluting the environment. Working together on a multi-week pro bono project, we helped the NGO define its conception of circularity, and helped them to develop a strategic prioritization within one of their key working groups.

Moving forward, we plan to maintain this cooperation, and look forward to engaging in meaningful project work in the future.



Corporate Sustainability Navigator (CSN)

Kearney and its subsidiary IMP³ROVE have worked for the European Commission for more than 15 years to support the transformation of SMEs throughout Europe on a variety of topics, such as innovation, sustainability, and digitalization. Against this backdrop, IMP³ROVE has developed the Corporate Sustainability Navigator, a new tool to assess and benchmark a company’s performance in leveraging sustainability.

Structured along the triple bottom line and encompassing the 17 UN SDGs, the tool is designed as a door opener for consultants working mainly with SMEs to identify and prioritize immediate improvement potentials. The tool is housed on IMP³ROVE’s own platform, hosting the world’s largest innovation management database with more than 12,000 datasets.

“IMP³ROVE has been instrumental in conceptualizing, developing, and providing a holistic support system to companies and intermediaries from the Enterprise Europe Network to further the European Commission’s goal of promoting the uptake of sustainability within the European business and innovation ecosystem. To this end, a new state-of-the-art tool has been developed and in the past eight months, more than 300 people have been trained and coached in using sustainability to promote a firm’s competitive advantage.”

— **Eric Koch, Project Advisor at the European Commission**

PERLab—Kearney’s center for product design and innovation

With nearly 50 percent of the growth in the consumer goods industry in the past five years driven by sustainability-marketed products, green is not just a trend—it’s a requirement. As Kearney’s center for product design and innovation, PERLab works with clients to seamlessly incorporate sustainability into product design while uncovering benefits throughout the value chain. For a \$30 billion pharma giant, we developed more than 100 ideas to redesign point-of-sale displays with 15 to 20 percent cost reduction and 35 percent reduction in material usage, enabling the client to move toward their 2025 goal of being carbon neutral. For us, sustainability is not a zero-sum game. We cocreate win-win solutions by reinvesting cost savings and achieving sustainability benefits, while maintaining customer appeal and driving additional value through design.



Kearney’s Circular Hub

Kearney’s Circular Hub—shaped from client projects and internal sustainability efforts—won the popular vote at Kearney’s Global Innovators Days. We bundle all our expertise, tools, and offerings to help our clients tackle resource scarcity and eliminate end-of-life waste to accelerate the transition toward a circular economy.

The Circular Hub is structured around four dimensions

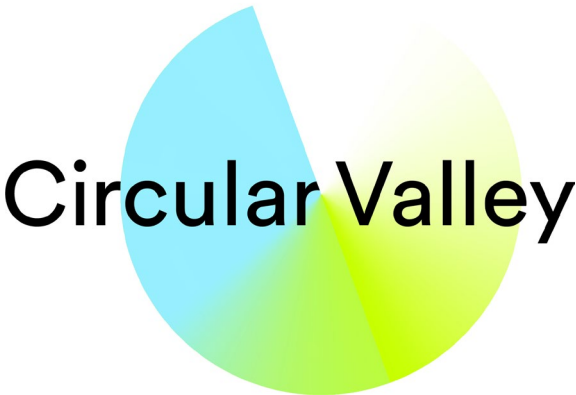
- 1. Assess.** Support companies by assessing their current state and gaps of circularity—for example, with our circular leader survey, we interviewed 150 companies to analyze what differentiates circularity leaders from companies not reaping benefits so far.
- 2. Design.** Jointly test and develop circular products and offerings—for example, in cooperation with Kearney’s PERLab, we redesign products and packaging with sustainability in mind.
- 3. Build.** Pilot and scale up circular business models—for example, we utilize the Circular Valley Accelerator that connects circular innovators with corporations.
- 4. Transform.** Teach core circular principles and transform the organization’s mindset from linear to circular.

Kearney supports setting up a “circular valley”

Why do we need a circular valley? Emissions resulting from our current “linear economy” pose a major threat to the environment and to us—we need a place to cooperate on solutions to reduce emissions and “close cycles.”

The larger Rhine-Ruhr region in Germany combines industries in need of solutions with already existing solution providers and a broad scientific landscape; plus, it is a cosmopolitan region with a rich industrial tradition.

Kearney supports the development of the region toward a “circular valley” with an accelerator for circular economy topics that will attract talent to work with companies from the region and beyond.



Kearney Circular Fashion Index

The **Kearney Circular Fashion Index (CFX)** is the first index that measures efforts of fashion brands to extend the life cycle of their clothes. A company’s circularity performance is scored based on eight dimensions that affect the garments’ longevity. These dimensions include two perspectives: the primary market (affecting new product sales to consumers) and the secondary market (such as the second-hand market, rental models, or recycling). The 2020 ranking assessed the 100 largest fashion brands (in terms of sales) operating in Europe, regardless of their country of origin. The index reveals that only three companies have achieved an acceptable score. Moreover, Kearney modelled the CO2 emission impact if the other 97 companies reached the same circularity performance as the leading three companies: 63 megatons of CO2 emissions could be saved (about 48.5 percent of emissions of fashion companies in Europe).

Sustainable aviation fuel (SAF) is ready for take-off

Sustainable aviation fuel has the potential to dramatically reduce the CO2 footprint of airlines. By analyzing the evolution of the SAF costs and production capabilities and conducting a roundtable with major players of the SAF value chain (including Neste, Siemens, Linde, Orsted, Ineratec, and Lufthansa), we developed a road map—requiring a joint effort by all value chain players and political leadership—of how SAF can become cost-competitive around 2030.



Why today’s pricing is sabotaging sustainability

A Kearney study published in 2020 analyzed why sustainable prices are so high. The study found that although sustainable production involves more effort and costs, retail products could be significantly cheaper than they are today. Instead, retailers pursue old-fashioned markups and stand in the way of the acceptance of sustainable products because they multiply the markups along the value chain. We determined that companies that rethink their pricing logic can offer sustainable products at a much more competitive price—and generate the same profit for every actor in the value chain. This requires a shared approach and a willingness to work together for a more sustainable future.

Although sustainable production involves more effort and costs, retail products could be significantly cheaper than they are today.

We hold ourselves to the highest standards through policies and reporting

Code of Business Conduct. We expect our partners and employees to uphold the firm's core values of solidarity, generosity, curiosity, passion, and boldness. To this end, 100 percent of our employees must certify each year to our Code of Business Conduct, which sets forth that all are personally responsible to exemplify the firm's core values and behave in a manner that is ethical, lawful, and professional. In 2020, all employees did indeed certify. This includes all employees across all geographies. In 2020, we coupled the Code of Business Conduct certification with a mandatory topic-specific module, Maintaining a Harassment-Free Work Environment, ensuring that employees around the world received anti-harassment and anti-discrimination training. Our standards are further detailed in other Kearney policies such as the Equal Employment Opportunity and Sexual Harassment policy, the GDPR policy, the Anti-Bribery and Corruption policy (developed in accordance with the Department of Justice and SEC), and the Global Sustainability policy (see Appendix for more details).

In addition, Kearney's enterprise risk management program includes a review of internal and external resources to identify, assess, measure, mitigate, and monitor risks across the entire organization. Findings are reported and discussed with the appropriate Board committee.

Supplier Code of Conduct. It is crucial that our suppliers and vendors that provide goods and services to Kearney recognize the roles they play as participants in fulfilling our commitment to compliance and integrity. Our Supplier Code of Conduct sets forth the principles and high ethical standards that we strive to achieve and expect our suppliers to work toward throughout the course of our business relationship. Kearney can and will consider criteria reflecting these principles as part of any supplier assessment, contract award, or performance appraisal. In 2020, we updated our Supplier Code of Conduct and are currently reaching out to all active suppliers to confirm the update. We have also developed a Supplier Code of Conduct training for all colleagues interacting with suppliers and have trained buyers across key departments.

In addition, we ask all of our consultants or buyers to share a Vendor Due Diligence questionnaire with our suppliers that must be filled out and reviewed prior to any engagement. This helps to identify any heightened risks of corruption, bribery, or gifts. We use this in conjunction with the other mechanisms described herein to monitor risks of forced or compulsory labor in our supply chain. Please see the Appendix and following pages for further explanation of our commitment to identifying risks in our supplier or client base.

Supplier Sustainability and Diversity Program.

At Kearney, we want to promote sustainability and diversity best practices across our entire supply chain. In 2020, we launched a program engaging all our active suppliers to receive: 1) information on their sustainability policies and practices; 2) transparency on their minority/diversity ownership structure; and 3) confirmed compliance to our updated Supplier Code of Conduct. By the end of 2021, we aim to educate 100 percent of our buyers to include updated sustainability and diversity criteria in their purchasing processes, and set our own targets to increase our share of spend with sustainable and diverse suppliers. By the end of 2021, we also hope to have our major active suppliers (covering 80 percent of spend) confirm compliance to our updated Supplier Code of Conduct.

Global Ombuds Program. The Global Ombuds Program is one of several channels by which employees can report concerns. It is an informal, confidential, neutral, and independent resource for all employees to support discussion and resolution of any work-related issue. The Ombuds Program is available to any Kearney employee, regardless of the individual's department, position, office, or reporting relationship. Employees can contact any ombudsperson globally.

Integrity Helpline. In addition to the Ombuds Program, the firm has contracted an independent company to provide another avenue for advice. The Integrity Helpline is a confidential way to report a concern, to report suspected misconduct, or to obtain information or advice regarding the application of laws or the firm's policies. The Integrity Helpline is operated by The Network, an independent company that helps businesses respond to concerns about integrity and compliance. The line operates 24/7.

Measurement and reporting. This report has been prepared in accordance with the GRI Standards: **Core Option**. We are also proud that we became a signatory of the **World Economic Forum Stakeholder Capitalism** initiative that encourages convergence among sustainability standards; the Appendix reflects our current progress across the 21 universal metrics.

Our corporate social responsibility (CSR) performance is audited annually by **EcoVadis**, covering the themes of environment, labor and human rights, ethics, and sustainable procurement, for which we were certified Silver in June 2020. We also participate annually in the climate change questionnaire of **CDP**, a global nonprofit environmental disclosure platform. Our annual greenhouse gas emissions are measured with the support of **South Pole Group**. Kearney's Managing Partner Leadership Team and our Board of Directors have regular oversight over our sustainability performance.

We expect our partners and employees to uphold the firm's core values of solidarity, generosity, curiosity, passion, and boldness.



Our people

Our people are passionate about social impact and sustainability

Ninety-three percent of our people globally say that social impact and sustainability are important to them. More than 60 percent of our people have participated in social impact and sustainability activities. We provide diverse internal and external learning and development opportunities, including social impact externships and sustainability courses and trainings. In addition, colleagues can engage locally in their office social impact teams or participate in global activities that range from mentoring social entrepreneurs to being part of nonprofit initiatives tackling the global plastic waste problem.

Globally, in 2020, the firm spent more than 1,700 days and 14,000 hours supporting pro bono initiatives in our local communities. More than 9,000 hours went toward pro bono consulting engagements as part of our community investments. “Our teams are committed to using our time, skills, and resources to positively impact our communities—it’s always been part of who we are and what we do as a firm,” says Beth Bovis, a partner leading social impact at Kearney.

Going forward, we aim to do even more.

We welcome smart, talented, and diverse talent to Kearney on a regular basis. In 2020, our new hire rate globally was 17 percent and voluntary attrition stood at 12 percent. With about 75 percent of staff under 40, we care about fostering an environment of growth and opportunity.

The following sections outline how we:

- Support our people through career social impact and sustainability development opportunities and Joy@Work
- Strive to improve for ourselves and our broader stakeholders every day through our diversity, equity, and inclusion efforts and commitments
- Provide learning, performance management, and health and safety tools for our people

Ninety-three percent of our people globally say that social impact and sustainability are important to them.

What social impact teams do

Local social impact teams have a variety of responsibilities and can shape their activities to the needs of their communities. Generally, all teams:

- 1
- Engage clients and communities with social impact projects, pro bono work, mentoring, volunteering, and fundraising
- 2
- Implement sustainable practices such as reducing utilities consumption, recycling, and purchasing sustainable products and services
- 3
- Raise awareness, encourage action, track and communicate impact



Joy@Work

In these challenging times, joy can feel like a distant memory. That’s why now, more than ever, we at Kearney want to cultivate more joy at work. It’s time to start conversations about creating solidarity, connection, and community on our teams. This is why in 2020, the Joy@Work podcast launched with conversations about how to make sure people feel safe, seen, supported, and inspired as part of a larger societal move toward higher goals and purpose, equality, and justice in our No Normal world.

The podcast builds on Kearney research into the joy gap to explore how organizations that adopt a “joy mindset” are able to move the needle and produce real and lasting transformation.

We have many opportunities to integrate social impact and sustainability with our careers

Kearney’s Social Impact Externship Program pairs colleagues passionate about creating a positive impact with social entrepreneurs, NGOs, or other innovative impact organizations. Externs can spend up to three months working directly with these organizations, providing an opportunity to contribute professionally to a meaningful cause, build new skills in a dynamic entrepreneurial environment, and gain firsthand experience in the social impact sector.

Kearney is regularly recognized by esteemed organizations and publications for our supportive culture, inclusive programs and networks, and diverse talent.

Karina Toy, Forever Sabah

Karina Toy, Forever Sabah

Karina Toy, a manager in our New York office, did her externship with the nonprofit Forever Sabah to study the viability of renewable energy in Sabah, Malaysia. During her time there, she studied two major issues: rural electrification and renewable energy generation. By the end of her externship, Karina had developed a road map for Sabah to achieve 100 percent renewable energy generation and electricity access for all by 2040.

“In the fall of 2020 as part of Kearney’s Social Impact Externship Program, I had the privilege to work with the nonprofit Forever Sabah. I loved working on such an impactful topic and highly recommend the program to other colleagues—it truly adds another perspective to the traditional consulting experience.”

— Karina Toy, Manager at Kearney New York





Social Impact Catalyst Fund

Kearney’s annual Social Impact Catalyst Fund provides seed funding for employee-led initiatives that create positive impact around the world—from within Kearney to our communities at large. We want to nourish ideas that take on important global and local challenges, create positive impact for local communities, foster global collaboration, and offer personal and professional growth opportunities. Since its launch in 2018, the Catalyst Fund has awarded \$150,000 to 15 projects driving positive impact across all of the regions in which we work. We look forward to continuing the momentum in 2021.

Kearney’s annual Social Impact Catalyst Fund provides seed funding for employee-led initiatives that create positive impact around the world.

One of our 2020 finalists: ImpactSwap initiative

As one of our Catalyst Fund finalists, our Middle East (MEA) offices launched the ImpactSwap initiative to support local social start-ups.

Social entrepreneurship is, undoubtedly, a key driver of transformative societal change—social ventures address problems too narrow in scope to spark legislative activism or to attract private capital. However, many social ventures’ upscale potential is confined by their more limited access to capital and quality professional advice compared to traditional business. COVID-19 added further strain on social ventures—they need support more than ever to adapt and pivot their business and operating models.

Tasamy, a leading NGO and Saudi Arabia’s largest social entrepreneurs’ incubator, was founded to address the severe scarcity of innovation and sustainability in the Middle East’s social sector, and has over the years put in enormous efforts to empower local social ventures. Its services portfolio includes mentorship, trainings, office space, and seed funding. At Kearney MEA, as part of the ImpactSwap initiative, we have been working closely with Tasamy to support social start-ups through coaching, mentoring, and networking.

In round one, we ran a demo day wherein start-ups pitched their business cases, followed by a three-month coaching period for the five finalists. Dedicated teams of Kearney volunteers supported entrepreneurs with business planning, financial forecast finetuning, and pitch refinement among other areas. In 2021, we will conduct ImpactSwap round two, embedded into Tasamy’s post-accelerator phase and with twice as many start-ups, focusing on environmental, education, health, and technology topics.

Diversity, equity, and inclusion is core to our work

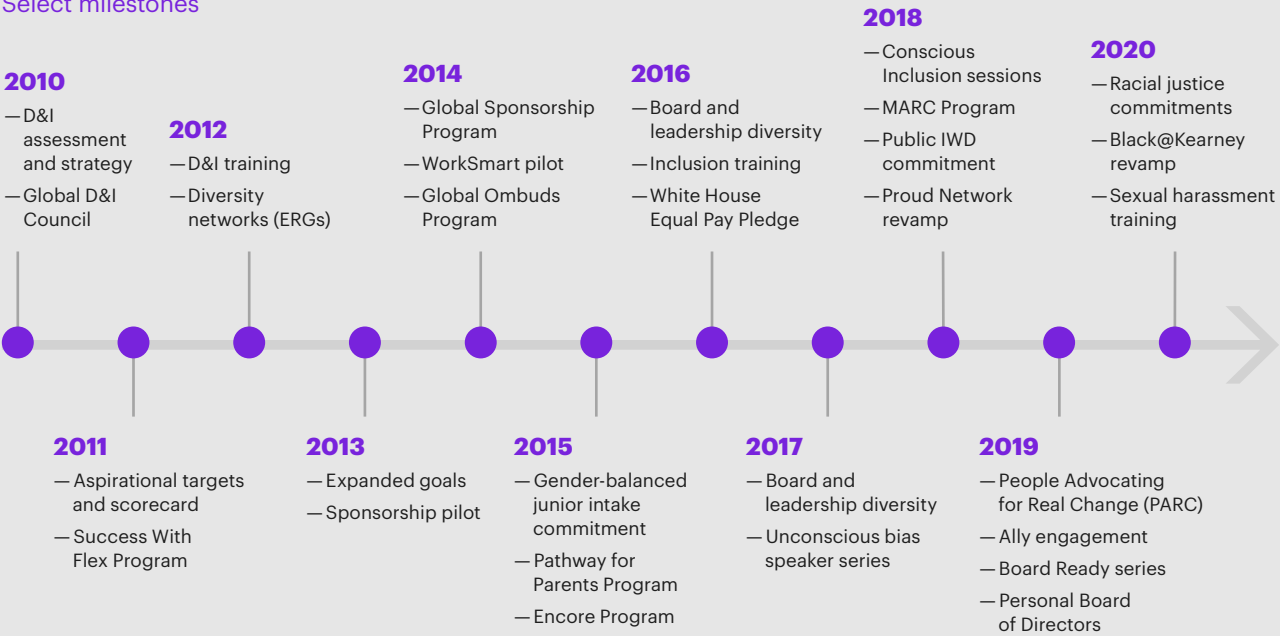
Our founding principle of essential rightness, together with our core values, has become integral to who we are as a firm, and is implicit in the way that we approach diversity, equity, and inclusion.

We recognize that to make a difference, we must commit to **be the difference**. To achieve a sense of belonging and fairness for all we have been focusing on four main themes:

- **Creating a trusting space**, to share perspectives, surface complex topics, and identify our biases in an open and forgiving environment
- **Celebrating inclusive leadership**, to ensure individuals bring their best selves to each collaboration, in honor of the global society in which we operate
- **Lifting up those who need support**, to provide practical help, education, and unity, in conjunction with our network of experts and allies
- **Responding and changing in a timely manner**, to champion social justice, racial equality, and inclusion

Figure
We have been on a 10-year journey to advance diversity, equity, and inclusion at Kearney

Select milestones



Source: Kearney analysis

Social and racial justice

In 2020, as we worked with our own people, our clients, and our communities on the topic of social and racial justice, we committed to support nine important initiatives (see figure).




In service to these commitments, Kearney donated more than \$100,000 to match our employees’ donations to organizations that support social justice, inclusion, and racial equity—and we hope to at least double that impact this year. Our offices globally have also been organizing Days of Action, for example with Colegio María Corredentora in Madrid (workshops for labor inclusion for youth with intellectual disabilities), mentoring youth in Eastern Europe, and hosting virtual events in the United States on Martin Luther King Jr. Day.

Our newly established Fair and Safe Voting initiative promoted education, access, and participation campaigns in 2020 and has plans to expand these initiatives in 2021. In 2020, we partnered with Business For America to facilitate action for fair and safe voting by raising public awareness of states’ election needs through data visualization on a county-by-county basis. Our work supported the request of more than 4 million units of supplies and equipment across more than 270 counties and 22 states which resulted in major donations (for example, Home Depot donated 9.2K sneeze guards to Georgia, fulfilling state-wide needs). In 2021, we plan to build on that momentum by continuing to focus on driving awareness through communication, activities, and events.

At Kearney, we recognize that to make a difference, we must commit to **be the difference** we want to see

We have not done enough; we will do better.

As we work with our own people, our clients, and our communities on the topic of social and racial justice, we will support:

		
Our people	Our clients	Our communities/ society
<ul style="list-style-type: none">—Commit 1,500 Days of Action for employees to pursue social and racial justice, inclusion, and equity work—Triple Black leaders by 2023, and accelerate and increase intake and representation of Black employees—Expand diversity, equity, and inclusion education globally, including annual anti-racism training	<ul style="list-style-type: none">—Launch Supplier Development Academy to build and grow Black-owned supplier network—Double pro bono work globally, supporting Black-owned businesses and organizations that fight for racial equality—Expand People Advocating for Real Change (PARC) to our clients	<ul style="list-style-type: none">—Use our power to advocate for fair and safe voting—Launch Black Ventures to incubate, mentor, and develop Black-owned businesses and leaders—Match up to \$1 million in employee donations to organizations that support social justice, inclusion, and racial equality

We have been actively measuring progress against our other diversity, equity, and inclusion goals. For example, throughout 2020, our junior recruiting results climbed four percentage points closer to being gender balanced. We also saw an increase in senior representation of women and of women in leadership roles.

Our overall representation of women is at 38 percent. Ten percent of our Board of Directors and 27 percent of our Managing Partner Leadership Team are women. In fact, 72 percent of our Managing Partner Leadership Team identifies as a member of an under-represented social group as defined by the country of their home office. And the number of our US-based leaders who identify as Black has increased.

We continue to strengthen our culture with a breadth of established and active diversity networks, including the Proud, Black@Kearney, and Women’s networks active globally, our East Asian and South Asian networks, our Gender, Alliance, and Inclusion Network (GAIN) in Europe, our Latino and Hispanic Network, and our Veterans Network. They provide a space for our people to discuss and celebrate their unique backgrounds and identities. Our employees are active members or allies in our diversity networks at the local level and globally; in 2021, we commit to improving our central tracking of employee engagement in these networks. As an equal opportunity employer we also nurture the workforce by providing benefits, training, career development, and health and well-being support for all our employees.

We have been recognized for our supportive and collegial culture, inclusive programs and networks, and diverse talent. We are included again in the Human Rights Campaign’s Corporate Equality Index (2020) with another perfect score, the Global Diversity List (2020), on the list of Top 100 Companies for Working Mothers, as well as the United Nations’ new Global LGBTI Standards for Business. You can find more details in the Appendix.



We have reimagined learning and performance management with a more accessible and agile model

Global learning

The central mission of our **Global Learning** team has always been to help our people identify who they are at their best and help them be that person more often in their work. This requires taking a holistic approach:

- exploring one’s purpose
- recognizing where they experience joy at work
- identifying the impact they would like to make in their careers
- learning about the right topics, tools, and skills in order to produce that impact

In 2020, despite the COVID-19 pandemic, our mission remained as always. What did evolve was the way in which we deliver learning to our people. Over Kearney’s long history, a significant proportion of learning has taken place in our award-winning in-person learning programs—many of which are deeply immersive multi-day experiences. In recent years, we have gradually transitioned to a more accessible and agile, multichannel delivery model that empowers our people to learn when, where, and how they wish. COVID-19 simply accelerated this approach, and we are proud to say we met the challenge and continued to deliver world-class learning experiences.

At the onset of the pandemic, when we realized in-person programs would need to be indefinitely postponed, we launched a robust and engaging virtual live learning curriculum available across roles and regions. At Kearney, we call these offerings café conversations, rather than webinars, given the learner-centric, interactive design. This global curriculum is a combination of consulting and leadership skills, a BeWell series featuring fitness and mindfulness sessions, along with a wide range of other topical offerings (artificial intelligence, relational awareness, and more).



We also expanded our offerings on sustainability topics to encourage skill-building in core areas of sustainability relevant for client delivery and personal growth, including a virtual training on Sustainability 101, Circular Economy, and Leading the Sustainability Transformation (LST).

Shortly thereafter, we stood up seven newly designed cohort-based virtual learning journeys, including Facilitated Explore for new junior consultants and Thriving as a Manager for newly promoted managers. Aligned to our multi-delivery learning approach, we offered a comprehensive curriculum across several channels, including required virtual live café conversations and action learning groups (virtual, cohort-based learning networks of three to six people that enable recurring opportunities to connect, share, and learn from one another).

Other channels include Degreed, our learner experience platform, where our team created more than 60 custom pathways and courses and our people completed more than 55,000 self-guided learning content modules in 2020 alone. Also, once safe to gather back in the offices, our new Leader-Led Learning concept will allow senior colleagues to locally deliver high-impact offerings designed by the Learning team.

We also launched Kearney’s first multi-day virtual learning festival for our entire manager population, with more than 1,000 session enrollments. Across all 2020 learning offerings, we are proud to say that more than half were delivered by our people, demonstrating the breadth of Kearney’s expertise and the depth of our learning culture. All in all, our consultants logged an average of eight dedicated learning hours in 2020, including all pre-pandemic in-person, virtual, and local learning. The response from our efforts was overwhelmingly positive. We’ve helped our people further embrace our apprenticeship structure and feel more connected with one another, despite being socially distant.

Looking ahead, we will continue our blended approach to ensure the right learning is in the hands of our people so they can be their best more often.

“2020 offered such an incredible breadth and depth of virtual learning opportunities in a wide range of formats. This not only allowed me to learn from and stay connected with my colleagues, it also helped me explore growth areas that I would have missed otherwise—from maintaining wellness to managing a sustainable team.”

— Tanya Moryoussef, Manager (Toronto)

Performance Management

To complement learning initiatives, Kearney has a performance management system across all geographies and employee groups, aligned globally and reviewed annually. Each year, Kearney sets a target to ensure all of our employees receive at least one performance review. During the reporting period of 2020, we reached our goal and 100 percent of our active employees (excluding colleagues on extended leave of absence) received at least one performance review as part of their career development. In addition, our consultants receive performance reviews after each engagement. Employees are encouraged to work with formal mentors to develop professional aspirations at the beginning of each year and are encouraged to meet on a regular basis with those mentors to monitor progress. Clear progression grids and resources are available internally to all employees to support their growth.

Occupational health and safety

At Kearney, we believe that an excellent company is, by definition, a safe company. It follows that minimizing the risk to our people is inseparable from our other business objectives. Kearney recognizes that health and safety depends upon the cooperation of all employees and acknowledges that health and safety responsibilities must permeate all of our activities and be fully integrated with our management systems.

In that manner, Kearney is committed to providing our employees and visitors with a safe and secure work environment. Each unit has established **physical security standards** and **emergency procedures** to ensure all Kearney employees can take appropriate action during certain emergency situations (for example, fires, bomb threats, power failures, natural disasters, or health emergencies). If employees are on site at a client's facilities, they are asked to follow the health and safety requirements that apply there.

Kearney also partners with **International SOS**, a leading medical assistance, international healthcare, and security assistance company. Employees have 24-hour/7-day access to this resource, which has physicians, multilingual coordinators, operations managers, logistics support personnel, and medical and security professionals on hand. In addition to providing these services, International SOS provides security "ratings" for each country. If a country is rated as "High" or "Extreme" risk, consultants are required to pass a rigorous approval process, including confirmation of sufficient business purpose and risk mitigating steps, prior to being allowed to travel to these locations for the firm.

In concert with its International SOS partnership, Kearney uses the **"Send Word Now" communication tool** to reach out to all of our employees in affected locations all at once when faced with large-scale incidents. The Global Security team, along with regional and country HR directors and office managers, are responsible for sending these communications when needed.

With the **spread of COVID-19**, Kearney has taken precautions to protect its employees from contracting and spreading the virus. From providing country-specific individual PPE to procuring World Health Organization (WHO)-recommended COVID-19 safety materials for each office, Kearney maintains the highest standards of safety for its employees. Near the beginning of the pandemic, Kearney offices were closed to allow individuals the ability to safely work from home.

Travel guidelines were implemented for employee work-related travel. As offices started to reopen at limited capacity, strict COVID-19 protocols were implemented. These included commuting guidelines, preventative hygiene measures, social distancing, voluntary health reporting, reduction in services, limited office and visitor attendance, maintenance of proper building filtration, and cleaning services to mitigate the spread of infection.

The **Global Health and Safety team** formulated a response and recovery road map to COVID-19, which outlined actionable steps for individuals and offices to take in response to the pandemic. The overarching purpose is to provide a global health and safety framework to guide regional and local recovery planning throughout the various stages of the pandemic. Each unit is responsible for evaluating the balance between returning to work with protecting the health, well-being, and safety of its local employees. The Health and Safety team regularly monitors WHO statistics and trends, as well as government responses to curfews, non-essential business group gatherings, schools, national border requirements, and testing protocols. These metrics, in addition to employee/client sentiment and competitor benchmarks, have been key to managing the stages of transition back to the office and client sites. The team will continue to monitor these key metrics as well as the emergence of vaccines as its global guidelines and policies continue to evolve.

Recognizing that the effects of COVID-19 are more than physical, Kearney is committed to its employees' mental health and well-being. A resource hub was created to provide all employees with essential mental health resources. In the Americas, a new WorkWell, BeWell initiative was launched, taking a more holistic approach to our traditional project charters (WorkSmart Program) used in other regions. In addition, the Global Learning and Mental Health teams created several virtual offerings to better understand the importance of mental health, its effects on individuals, and how to look after one's own mental well-being. Kearney reemphasized access to Employee Assistance and Ombuds programs to help alleviate overwhelming stress during this uncertain time. This is Me: Stories from Our Colleagues, an internal mental health campaign, was additionally launched so that colleagues can share their lived experiences related to mental health—a place where we recognize that "it is okay to not be okay."



Our planet

Our commitment to carbon neutrality and reducing our emissions

Kearney was the first management consulting firm to become carbon neutral (2010). We measure our greenhouse gas (GHG) emissions, actively work across our offices in more than 40 countries to improve our environmental performance, and offset unavoidable emissions through carbon offsets.

We are proud that in 2020 we announced our participation in the **Science-Based Target (SBT)** initiative to align our objectives with what climate science says is necessary to meet the goals of the Paris Agreement. We committed in 2020 to a 30 percent absolute reduction of our greenhouse gas emissions (Scope 1, 2, 3) by 2030 from a 2019 baseline. These emission reduction targets are in line to meet the goals of the Paris Agreement and respond to the well below 2 degrees scenario. Our global SBT steering committee includes senior leaders and key functional representatives to drive emissions reduction initiatives and report progress, together with the Social Impact and Sustainability team and other global and local colleagues. We also disclose our environmental performance annually with **CDP's** climate change questionnaire, and follow the guidance of the Task Force on Climate-related Financial Disclosures (**TCFD**).

We report our emissions following the GHG Protocol: Corporate Accounting and Reporting Standard.

Emissions

With support from South Pole Group, an environmental consultancy that prepares and assesses our carbon footprint, we measure our GHG emissions through the use of statistics and detailed studies. We also work with British Independent Utilities (BiU) to assure emissions in the United Kingdom, and Grant Thornton to assure our financials. Maintaining this level of understanding of our footprint allows us to purchase carbon credits and track our balance annually.

We use the operational control method, covering the footprint of all the Kearney offices in the 40+ countries where we work, and covering 100 percent of our FTE count. We exclude A.T. Kearney Korea LLC, a separate and independent legal entity operating under the Kearney name in Korea. We include all associated consultants, Cervello, and part-time associates as their activities relate to serving Kearney clients.

Updates to 2020 reporting

New in 2020, Kearney began tracking our work-from-home emissions, food-related emissions from meals, and courier services. By tracking these categories, we aim to raise awareness and encourage adoption of greener options.

Methodology

Our methodology for calculating our emissions is as follows:

Scope 1

- Our Scope 1 emissions include all the categories for which Kearney has direct control over the emissions from our activities. This includes fuel from company cars (owned or leased), natural gas used in our offices (stationary combustion), and refrigerants used in cooling systems (fugitive emissions).

Scope 2

- Our Scope 2 emissions include all indirect emissions from sources owned or controlled by Kearney. This includes electricity, heating, and cooling of our offices, and emissions from our owned datacenters. We report both location and market-based emissions.

Scope 3

- Our Scope 3 emissions include all the emissions activities in our Kearney value chain from assets we do not own or control. As a professional services firm, most of our GHG Scope 3 emissions come as a result of air travel, client offices and work-from-home (employee commuting), and hotel accommodations while serving our clients. This Scope also includes rental cars, taxis, food, rail, Kearney office-related spend (waste, courier, paper, water), and IT materials.

Our calculation approach involves totaling the (activity data per category) * (emissions conversion factor) to calculate the tons of CO2 equivalent. We add category totals by scope, and we also review categories by Kearney office or FTE as applicable. We use this data internally to measure our impact and develop goals.

We detail below our methodology for capturing the full scale of our Scope 1, 2, and 3 emissions. We also include gaps in our reporting and our plans to gather more accurate and complete data with the help of our supply chain partners in the year to come.

- Our air, hotel, rail, taxi, ride sharing, and meals data comes from transactions with our travel providers and employee expense reimbursements.
- Many teams have programs in place to opt into “going green” at our hotel sites or eating vegetarian during the week—we are considering ways to better capture and reflect these green choices in our emissions calculations.

- Our office data is collected annually with the support of our office managers, real estate team, and office landlords. We collect data on electricity and utilities usage, waste and disposal methods, couriers, paper usage, and cars.
- For waste, we make our best efforts to recycle in our offices. For waste that cannot be recycled, we assume it goes to landfill unless the incineration method is known.
- For cars, we aim to track the number of cars that are leased, owned, or private cars, and the distance traveled or amount of fuel used. If this information is not available, we extrapolate based on fuel spend or regional averages to determine fuel emissions.
- For any category where the utility origin or consumption amount is unknown (for example, waste is handled centrally by the building, electricity consumption is split evenly among tenants, or use of refrigerants in cooling is unknown), we use regional averages based on Kearney reporting offices. We work closely with office managers to fill in any gaps in data as well as to improve data tracking in the future.
- We gather data on IT emissions from our owned datacenters, laptops, and Kearney cell phones in the Americas, and used our FTE count globally to extrapolate our emissions across all of our regions to calculate our emissions at the employee level. We assume a standard number of working days per year and assume our consultants are working outside of the home office most of the time, even more so in 2020 (95 percent).
- We also include the life cycle of the emissions as reportable under Scope 3 emissions.
- Work-from-home emissions data was gathered with the help of our HR team. We tracked the country of our consultants and location (for example, office, home, or client site) monthly, making assumptions for the year based on a review of these monthly reports.

2020 emissions

In 2020, COVID-19 had a major impact on our carbon footprint: our overall emissions fell by 67 percent, as can be seen in the figure below. We saw a 67 percent drop in Scope 3 emissions as a result of business travel and commuting being replaced by work-from-home. Our Scope 2 emissions fell by 86 percent due to less electricity usage overall from office closures and to our continued commitments to increase our share of renewable energy used in our offices. Our Scope 1 emissions remained stable.

In accordance with GHG protocol, Kearney also reports our Scope 2 location-based emissions. Location-based emissions are derived from national average grid emission factors. Our Scope 2 emissions totaled 1,950 tCO2e in 2020. Market-based emissions, reported in the figure titled “2019 and 2020 emissions by scope,” cover what Kearney is responsible for through its purchasing decisions, including contractual instruments (such as the purchase of renewable energy credits to cover our grid electricity usage in the United States).

COVID-19 had a major impact on our carbon footprint: our overall emissions fell by 67 percent.

Figure
2019 and 2020 emissions by scope

Total of 28,143 tons CO2e in 2020

	2019	2020	% change 2019–2020
Scope 1	1,375 (2%)	1,402 (5%)	2%
Scope 2	3,762 (4%)	524 (2%)	-86%
Scope 3	79,799 (94%)	26,216 (93%)	-67%
Total	84,936	28,143	-67%

Note: Table includes market-based emissions.
Sources: South Pole Group; Kearney analysis

Kearney's 2020 carbon offset portfolio

Vichada Forest Restoration, Colombia

Transforming fragile savannah lands into biodiverse forests to combat climate change

Located in the Orinoco River basin near the Colombia-Venezuela border, this project combines reforestation for sustainable timber production with biodiversity protection and ecosystem restoration.

San Miguel Biogas, Thailand

Repurposing wastewater to power the San Miguel liquor distillery

This project mitigates greenhouse gas emissions by capturing biogas from wastewater and converting it into electricity in newly installed engines.

Koru Wind Power, Turkey

Enhancing Turkey's sustainable future with wind power

This project installs wind turbines to generate renewable electricity in the town of Lapseki in the Canakkale province of Turkey.



Our plan to reduce and mitigate our impact

2020 demonstrated that we can drive significant reduction in emissions while successfully serving our clients, and we hope to find even more effective ways of working in the future. As a professional services firm, we support our clients' strategies while anticipating future trends and changes, for example performing climate-related risk scenario analyses. Since our firm's core "assets" are our people and our working location is flexible, we anticipate that we will be less directly impacted by climate change than other industries such as manufacturing that are more physically intensive or location-specific. Nonetheless, we have developed a road map with initiatives that we must implement in order to reach our targets.

This includes performing a high-level, qualitative scenario analysis along key dimensions, the outcome of which informs our actions as a firm. This analysis has been performed with guidelines provided by the TCFD and South Pole Group's greenhouse gas report. This climate-related risk assessment includes six categories: regulation, technology, markets, legal and policy, reputation, physical (acute and chronic). We plotted these against future warming scenarios and devised mitigation strategies accordingly.

Going forward, we are dedicated to doing even better, as outlined in our Global Sustainability Policy. Our efforts will focus on cascading global policy to every project team, with an aim to influence the way our teams work. We used the momentum of 2020 to drive engagement around sustainable practices at Kearney. We are implementing a multiyear sustainability plan to:

- Drive sustainable outcomes through our client engagements
- Reduce energy consumption and associated GHG emissions
- Boost our reduction and recycling of waste
- Optimize our use of technology such as video conferencing to reduce our business travel

In support of this goal, we developed an emissions calculator for teams to use as they plan their work and travel schedules and added sustainability and well-being elements to our WorkSmart project charters (see Appendix: UN Global Compact for more information). We achieved 82% renewable energy across our offices in 2020.

In the pages below, we outline the types of innovative initiatives our local and regional teams have piloted in support of our sustainability goals.

We are an active collaborator in making the energy transition happen

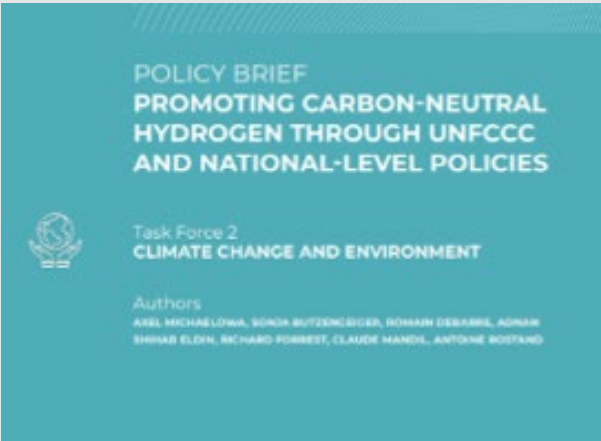
Kearney is an active partner at G20 Think 20 (T20) in elaborating policy brief proposals on blue and green hydrogen by using UNFCCC climate policy instruments to promote the development of low-carbon hydrogen production solutions (for example, electrolysis and renewable, and fossil fuel and CCUS).

Jointly with the Institut Montaigne, we elaborate policy recommendations to accelerate energy transition in Europe. The project aims to help industry players, EU officials, and government move toward the definition of policies and measures to accelerate the transition. This brief is a synthesis of interviews at CXO and minister level from Germany, France, and

Poland.

Topics addressed:

1. EU institutions
2. Carbon pricing
3. Transport
4. Hydrogen



GreenTech Challenge Brazil

Kearney co-organizes and sponsors the annual GreenTech Challenge Latin America—an acceleration program for start-ups, investors, and large corporations to discuss and connect innovative ideas to sustainability efforts. The 2020 edition propelled 18 start-ups focused on topics ranging from green cities and construtechs to green finance and carbon markets and IoT/AI in agribusiness.



Mobility strategy in DACH

We no longer live in times when everybody desires to use a car to get from point A to point B. Mobility options that are far more sustainable than cars are now much more attractive for many people. More than one-third of Kearney's employees across our offices in Germany, Austria, and Switzerland (DACH) opt for sustainable mobility options instead of a company car.

How we help to realize sustainable mobility in DACH:

- Kearney employees can choose a generous monthly mobility budget.
- In cooperation with MOBIKO a large range of mobility expenses can be reimbursed (for example, public transport, trains, car rental, car sharing, and bike sharing).
- Alternatively, passionate train users can get a yearly first-class train ticket fully reimbursed by Kearney.
- In addition, employees can either get up to about \$1,000 sponsored for their preferred bike, or they can lease a bike over a period of three years through "Lease a Bike."

lease a bike



Our community

We create positive impact in our communities on both a global and local level



Ashoka and Google.org accelerator program

In 2020, Ashoka—with support from Google.org—launched a six-month accelerator program focused on helping 28 leading social entrepreneurs from India, Indonesia, and Singapore to scale their systems-changing innovations. Kearney consultants from our Southeast Asia and US offices partnered with the Ashoka team to design the program, develop and deliver content, and provide 1-on-1 mentorship to social entrepreneurs during the program. Social entrepreneurs especially appreciated the mentoring sessions which helped them apply their learnings and seek targeted guidance to develop their scaling strategies.

“We thank Kearney for the terrific support on the six-month accelerator program in India, Indonesia, and Singapore. To solve problems in a systemic manner, we need social entrepreneurs at the table with private-sector actors and philanthropy to unlock the full potential of innovation for the good of all. Kearney consultants took a bold step to organize differently and engage empathically in a co-learning space in an accelerator program to allow for two-way exchanges and learning. The future is going to need new ways of working and organizing to solve problems quickly. This partnership embodied and modeled these values for all.”

— Sumitra Pasupathy, Global Partnerships Director, Ashoka

Ashoka and Nestlé collaboration

Under the “Seeding the Change” multiyear partnership, Nestlé and Ashoka’s joint mission is to drive positive impact for the society and the planet through enhancing social entrepreneurship. Besides identifying and empowering changemakers in and outside the company, they cocreate initiatives to drive positive impact. By doing this, Ashoka and Nestlé aim to inspire the entire ecosystem and advocate for changemaking.

Kearney is engaged in this partnership as an advising, mentoring, and learning partner: in 2020 we supported 11 established social impact entrepreneurs with close mentoring to scale their solutions and also worked with five young changemakers to develop their sustainable business plans. In addition, we are supporting the Creating Shared Value (CSV) Prize to bring innovations of social entrepreneurs to life that enable a waste-free future.

We were proud to be part of the largest online gathering of system-changing social innovators from across the globe: the Ashoka Changemaker Summit (ACMS). Among other topics, we discussed how to drive urgently needed collaboration between corporations and social entrepreneurs to preserve biodiversity on our planet.



Addressing menstruation-related challenges

Together with WASH United, Kearney shows that women and girls around the world still face menstruation-related challenges consisting of a lack of education about menstruation, negative social norms, limited access to menstrual products, and a lack of access to period-friendly sanitation infrastructure. “These challenges result in an estimated annual economic damage of more than \$130 billion in the EU alone,” says Sarah Bagel from WASH United. Currently, far too few corporations tackle the challenges related to menstruation. Our joint paper highlights what companies can do to counteract period stigma and period poverty externally and how they can create a more period-friendly workplace.

Closing Spain’s education gap

Just 22 percent of Spanish youth enroll in post-secondary vocational education programs, compared to 46 percent in the EU21 and around 60 percent for countries such as Germany or Austria. This creates an education gap that makes it harder for many young people in Spain to find a job. It also affects the country’s competitiveness, since many jobs are performed by workers whose skills may fall short. The key to turning around the situation is to revamp vocational training, which has traditionally been an overlooked part of Spain’s education system.

To address this issue, we have partnered with some of the largest companies in Castilla y León, a large region in North-Central Spain, to develop a plan to transform vocational training. This is important to Kearney since the initiative’s success hinges not on creating a vocational education system that works today, but rather on ensuring that the system will prepare today’s youth for tomorrow’s world. We aim to increase vocational training occupation by about 66 percent and we estimate an impact of more than \$420 million per percentage point of decline in youth unemployment through the project.



Stiftung Deutscher Nachhaltigkeitspreis e.v. (Foundation of the German Sustainability Award)

The German Sustainability Award (DNP) is the leading European award for sustainability, with more than 7,000 companies, cities, start-ups, and research projects participating in the various categories over the past 13 years. The award is a multi-stakeholder initiative promoting the idea of sustainability with the objective to identify and applaud leaders in sustainability and share best practices across leaders in Germany. Stakeholders involved are from the federal government, German businesses, NGOs, and academia.

In 2015 the Next Economy Award was added to specifically honor sustainable entrepreneurs and start-ups. In 2020, a prize for sustainable design was inaugurated to award products with sustainability as the key design element.

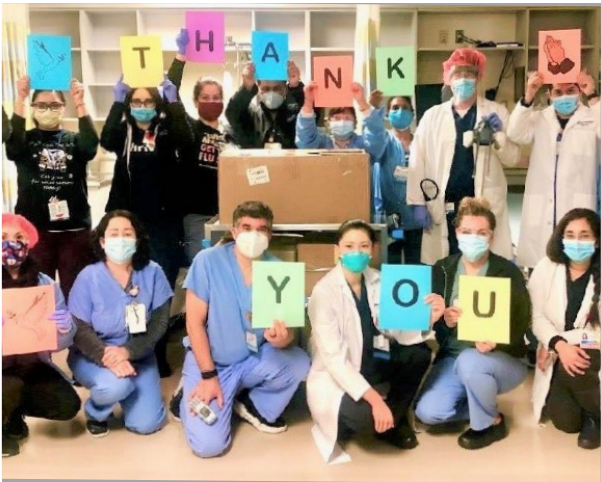
Kearney is proud to be a founding member and methodology partner of the DNP since its foundation in 2008. Kearney has been heavily involved in designing and updating the evaluation methodology and competition process throughout the 13 years of its existence.

The German Sustainability Award is accompanied by an annual two-day conference which brings together thought leaders and practitioners to exchange their views on all aspects of sustainability. Topics covered have included climate change, biodiversity, circular economy, and many more. This year was the first in which the event took place in a virtual setting, enabling even more participants to join.

COVID-19 related community support

Supporting the Colombian government

During the early stages of the COVID-19 pandemic, all governments were facing the same challenge: quickly stock up enough personal protective equipment and ventilators to save as many lives as possible. Competition among buyers generated skyrocketing prices, adverse trade terms, and unprecedented levels of uncertainty. In that context, Kearney worked together with the Colombian government to develop a market assessment that guided emergency procurement decisions and led to a successful and timely strategy to provide Colombian medical institutions with enough supplies to fight the virus. Kearney’s procurement expertise was crucial to quickly identify key market trends and potential risks, helping the government better navigate the crisis.



Swift response to COVID-19 PPE crisis in the US

Kearney brought together its digital capabilities, physical supply chain expertise, and the ability to build an ecosystem of alliances to design and execute a digital exchange platform in just two weeks. On April 14, 2020, Kearney partnered with industry leaders Kaiser Permanente, the American Hospital Association, Microsoft, UPS, and Merit Solutions to launch Protecting People Everywhere. Our unique digital platform is powered by a factual and unbiased algorithm that accurately reflected hospital needs and determined criticality based on relevant metrics. This ensured that more than 450,000 PPE were equitably distributed to hospitals, across 29 states that needed them the most. The initiative also raised \$400,000 in funds toward PPE purchase.

COVID-19 relief, rehabilitation, and recovery strategy for a collective helping artisans in India

As a result of the pandemic, many artisans in India faced serious survival issues. Due to closure of exhibitions and boutiques they could not sell their work and literally had no income for several months. The Kearney team worked with Creative Dignity, a collective which was formed during the lockdown to help artisans in distress. We worked on a three-part vision to provide COVID-19 relief to hundreds of artisans across the country, rehabilitate them by helping them sell millions’ worth of inventory through digital channels, and rejuvenate the unique Indian creative manufacturing sector by undertaking longer-term structural initiatives. We set goals, defined strategies, set up the processes, organization structure, and governance and communication protocols including an advisory board comprised of reputed and influential individuals with a keen interest and passion for social impact.

The unique aspect of this program was that all of this impact was achieved virtually without any physical infrastructure, creating any new legal entity, or hosting in-person meetings—and with only two full-time employees supported by more than 450 volunteers.

This is a testimony to how a few passionate and driven individuals could make a large impact in the lives of so many creative producers in such adverse circumstances, and Kearney is proud to be a part of it.



The Kearney team worked with Creative Dignity, a collective which was formed during the lockdown to help artisans in distress.



Appendix

UN Global Compact

In March 2018, Kearney became a signatory of the UN Global Compact, a set of 10 principles covering the areas of human rights, labor, environment, and anti-corruption. This report serves as our annual Communication on Progress (COP) that summarizes our ongoing commitment to the initiative and its 10 principles.

Human rights principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

Assessment, policy, and goals

Kearney is committed to respecting and supporting the Universal Declaration of Human Rights and other international standards. Our internal policies reflect our commitment to acting ethically and with integrity in all our business relationships.

Kearney is a leading global management consulting firm that focuses on strategic and operational CEO agenda issues facing businesses, governments, and institutions around the globe. Our supply chain involves contractors, professional advisory services, office supplies and real estate, travel service providers, and IT and telecom equipment.

We expect our partners and employees to uphold the firm's core values of solidarity, generosity, curiosity, passion, and boldness. To this end, all our employees must certify each year to our **Code of Business Conduct**, which sets forth that all are personally responsible to exemplify the firm's core values and behave in a manner that is ethical, lawful, and professional. In 2020, we coupled the Code of Business Conduct certification with a mandatory topic-specific module, Maintaining a Harassment-Free Work Environment, ensuring that all employees around the world received anti-harassment and anti-discrimination training.

Implementation

In the main document, you find details about our **Global Ombuds Program** and **Integrity Helpline**, which we use to ensure that human rights principles are upheld.

Through our social impact efforts, we are committed to assisting organizations outside of our own firm that promote human rights, including disaster relief, refugee support, hunger relief, education, and international development. Examples of the organizations we have supported include Save the Children, Feeding America, and the United Nations Foundation's COVID-19 Solidarity Response Fund in support of the World Health Organization.

Measurement of outcomes

All Kearney employees have certified annually that they have read and understood the Kearney Code of Business Conduct.

Kearney has not been involved in any adverse legal cases, rulings, or other events related to human rights in the period.

Labor principles

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

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, policy, and goals

Diversity, equity, and inclusion

Kearney is an equal opportunity employer and is committed to nurturing a diverse, equitable, and inclusive workforce by providing benefits, trainings, and career progression support for our employees. Kearney is regularly recognized by esteemed organizations and publications for our supportive culture, inclusive programs and networks, and diverse talent. Our culture is strengthened by a breadth of active diversity networks, including our Proud, Black@Kearney, and Women's networks, which provide a space for our people to discuss and celebrate being part of an ethnic, cultural, or gender group.

Modern Slavery Act

Kearney maintains a longstanding commitment to respecting human rights and to continually improving our practices. We welcome the transparency that the Modern Slavery Act encourages to combat slavery and human trafficking. Kearney works hard to ensure there is absolutely no modern slavery or human trafficking occurring in our supply chains or any part of our business. Our internal policies reflect our promise to act ethically and with integrity in all our business relationships.

Through our social impact efforts, we are committed to assisting organizations outside of our own firm that promote human rights and actively work against modern slavery and human trafficking. We actively collaborate with diverse organizations, including nonprofits, businesses, and governments, that work to address these issues. Examples of our client engagements and pro bono projects include institutionalizing fair-trade practices across supply chains and encouraging transparency and empowerment for the millions working in the informal economy.

Implementation

Diversity, equity, and inclusion

We have had multiple diversity, equity, and inclusion achievements:

- We have had client wins where diversity and inclusion were crucial deciding factors. Clients are increasingly focused on diversity and inclusion and view diverse talent as a strategic and commercial imperative, as well as a differentiator in the market. We are often approached by clients with opportunities to advance thinking on this topic.
- We have promoted **workplace support programs** aimed at future leaders and employees returning from parental leave to strengthen our diverse employee base. We are improving retention to provide a compelling value proposition to candidates.
- **Success with Flex** facilitates part-time options and other alternate schedules, such as working fewer days or hours per week. It also supports working from home and job-sharing.
- **Pathway for Parents** offers many options to help ease the transition for caregivers returning to work, including the ability to take a six-month rotation in a family-friendly role, work part-time, or take a partially paid parental leave of absence.
- The **WorkSmart Program** entails the effective use of technology, remote working arrangements, alternate travel schedules, and different work allocations to create more options within teams. A team can choose to participate in the program and develop a charter that balances team objectives and the personal goals of team members. Workload management is achieved by active dialogue throughout the project.
- The **Board of Directors Sponsorship** initiative connects strong contributors on track to be future firm leaders with a Board of Directors comprised of influential senior sponsors to help them think through their career paths and serve as an advocate for their interests—supporting their advancement and development within the firm.

- We have several **inclusion learning programs** for both senior leaders and the overall employee that aim to increase awareness of unconscious biases and foster a sense of belonging in our workforce.
- **Belonging at Kearney** builds awareness of how systemic advantage impacts behavior and relationships across the diversity spectrum (for example, gender, race, ethnicity, sexual orientation). In 2020, we launched Allyship in Action, which saw our people commit to ongoing learning and to being strong allies, taking courageous action to create a more equitable and inclusive workplace.
- **Conscious inclusion training** raises awareness of what unconscious bias is, its impact, why it happens, and how to recognize and mitigate it to build an inclusive work environment.
- We have **increased the firm's diversity profile**, particularly global gender diversity, led by several key initiatives and active employee network groups. In addition, we have created insights for our clients and the wider business community in support of inclusion.
- **High-profile awards** including the Human Rights Campaign's Corporate Equality Index (2020), Global Diversity List (2020), Working Mother's Best 100 Companies (2020), and Future Leader Award from Women Leaders in Consulting (2020) have recognized our commitment, but there is much more to be done.
- Kearney has officially signed on to the **CEO Action for Diversity and Inclusion** pledge to demonstrate our commitment to deepening conversations around diversity and inclusion, and to share best practices and learnings with the broader business community. And we have signed the **HRC's Business Statement for Transgender Equality**. This is part of the firm's efforts to ensure our transgender and non-binary colleagues are respected in business and in law.
- Kearney is also a founding member of the **Racial Justice in Business** initiative, a global coalition launched at the World Economic Forum, aiming to set new global standards for racial and ethnic justice in the workplace.
- Our **Social Impact Externships** also include organizations doing diversity and inclusion work. For example, we supported Forever Sabah to study the viability of renewable energy in Sabah, Malaysia.

Modern Slavery Act

Kearney will not tolerate any slavery or human trafficking in its business or supply chain and has implemented policies to ensure we live up to that promise.

Amendments to our Code of Business Conduct as well as our updated Supplier Code of Conduct address supply chain issues specifically, stressing the need for those with whom we contract for goods or services to comply with human rights and employment laws (including equal treatment and freedom of association rules) and with our values. In order to achieve our zero tolerance goals, we have a program in place of due diligence with respect to our first-tier supply chain providers in IT, travel, real estate, employment, and affiliated consultants.

Further, we require those key suppliers to commit contractually 1) not to allow or procure any slavery or human trafficking in their organizations and supply chains; and 2) to maintain adequate records to allow Kearney to monitor their performance against our contracts, values, and international employment and human rights standards.

Health and safety

Kearney takes its employees' health and safety very seriously and has a disciplined approach in place to increase Kearney's readiness and response. As described in the main text, each unit has established **physical security standards** and **emergency procedures** to ensure all Kearney employees and can take appropriate action during emergency situations.

A dedicated global team and processes are in place to provide our employees with worldwide protection in partnership with the world's leading security services firm, iSOS. A messaging system, Send Word Now (SWN), is in place to reach our employees in case of emergency. The Global Health and Safety team also formulated a response and recovery road map to COVID-19, which outlined actionable steps for individuals and offices to take in response to the pandemic. We recognize that the effects of COVID-19 are more than physical, and we are committed to our employees' mental health and well-being through multiple initiatives and support offers.

Measurement of outcomes

All (100 percent) Kearney employees are certified annually on the Kearney Code of Business Conduct.

For 2020, our representation of women across the firm is 38 percent. Ten percent of our Board of Directors and 27 percent of our Managing Partner Leadership Team are women.

Environmental principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Assessment, policy, and goals

Kearney was the first management consulting firm to become **carbon neutral** (2010). We measure our greenhouse gas (GHG) emissions, actively work across our offices in more than 40 countries to improve our environmental performance, and offset unavoidable emissions through carbon offsets.

We report to standards. Continuing this effort, we are proud that in 2020 we announced our participation in the **Science-Based Target** (SBT) initiative to align our goals with what climate science says is necessary to meet the goals of the Paris Agreement. We committed in 2020 to a 30 percent absolute reduction of our greenhouse gas emissions (Scope 1, 2, 3) by 2030, from a 2019 baseline. These emission reduction targets are in line to meet the goals of the Paris Agreement and respond to the well below 2 degrees scenario. We are also a member of the Carbon Disclosure Project (**CDP**) and take part in their annual survey, and also closely follow the recommendations of the Task Force on Climate-related Financial Disclosures (**TCFD**).

We calculate our emissions. As a professional services firm, most of our GHG emissions come as a result of air travel, offices, and hotel accommodations while serving our clients.

With support from South Pole Group, we measure our GHG footprint through the use of statistics and detailed studies. Maintaining this level of understanding of our footprint allows us to purchase carbon credits and track our balance annually.

We strive to reduce our footprint. As a professional services firm, we perform climate-related risk scenario analysis as part of our client engagements—to support our clients’ strategy while anticipating future trends/changes. Since our firm’s “assets” are our people with a flexible working location, we anticipate that we will be less directly impacted by climate change than businesses operating in other more manufacturing- or location-specific industries. However, we have performed a high-level, qualitative scenario analysis along key dimensions, the outcome of which is informing our actions as a firm.

These efforts will focus on cascading global policy to every project team, with an aim to influence the way our teams work. In support of this goal, we developed a carbon tracking calculator for teams to use as they plan their schedules, and focused on adding sustainability and well-being conversations to WorkSmart Program charters (see discussion of labor principles for more information).

We offset and mitigate our impact. Going forward, we are dedicated to doing even better, as outlined in our Global Sustainability Policy. We are implementing a multiyear sustainability plan to further reduce our energy consumption and associated GHG emissions, boost our reduction and recycling of waste, and continue to optimize our use of technology to reduce our business travel as COVID-19 has shown is possible.

We have an **IT Sustainability Position and Strategy** outlining our continuing goal to make informed, intelligent, and impactful decisions regarding the design, operation, and delivery of global IT services and technologies. We aim to design and implement technical architecture that uses technologies in alignment with our sustainability goals by increasing operational efficiencies and reducing power and HVAC requirements.

Our **Global Travel Policy** is annually reviewed and includes a section on sustainability, encouraging employees to be thoughtful about when travel is necessary to meet stakeholder commitments and highlighting different modes of travel (other than air). We have developed tools such as project travel trackers to calculate emissions and included in the WorkSmart charters a section on sustainability.

Our **supplier sustainability survey** also asks questions about our suppliers' environmental impacts, promoting sustainable practices upstream and downstream of our impact.

Implementation

Our deep experience in strategy, operations, and sustainability positions us to change how organizations make an impact on the world. Across all industries, we see our clients facing complex social impact and sustainability challenges, and the changing role of business in society. With our clients, partners such as the World Economic Forum, and through our thought leadership, we are dedicated to solving some of the world's most important challenges. For example, our Kearney Energy Transition Institute provides leading insights on global trends in energy transition, technologies, and strategic implications for private-sector businesses and public-sector institutions. We have also worked with clients to launch sustainability initiatives, such as sustainable supply chains and improving energy efficiency.

We have implemented several actions across our own business, including:

- Awareness raising and training of employees on climate change and environmental protection
- Initiatives and programs to reduce waste materials (for example, recycling) and consumption of resources (energy, fossil fuels, water, electricity, paper, packaging)
- Activities aimed at improving the energy efficiency of products, services, and processes
- Development and diffusion of environmentally friendly technologies

As outlined in the main document, we have also developed trainings promoting environmental sustainability. Sustainability 101 gives colleagues an overview of sustainability at Kearney and provides pathways for them to improve the sustainability of their offices and teams. Supplier Code of Conduct training helps buyers incorporate sustainability principles into their work with our suppliers.

See the "Our planet" section of the main document for more actions.

Measurement of outcomes

Our environmental and CSR performance is audited annually by EcoVadis. Kearney has not been involved in any legal cases, rulings, or other events related to environmental practices in the period.

We have trained buyers across key departments on the Supplier Code of Conduct.

Anti-corruption principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Assessment, policy, and goals

For more than 90 years, our brand—Kearney—has stood for excellence and integrity. And as we go about our work, each one of us holds this hard-earned reputation in our hands. We cannot succeed without the unconditional trust of our clients, partners, colleagues, and the broader communities in which we live and work. This is something we continue to earn each day.

In the main document, you can find details about our **Code of Business Conduct** and **Supplier Code of Conduct**, which we use internally and externally to uphold our commitment to compliance and integrity.

Implementation

All Kearney employees (100 percent) are required to **certify annually** that they have read and understood the Kearney Code of Business Conduct, and to reaffirm their commitment to our values and principles. The Code of Business Conduct includes

business ethics, meaning that 100 percent of our employees are reviewing their understanding of Kearney's commitment to ethics annually. In 2020, all (100 percent) employees did indeed certify. This includes all employees (consultants and management services) across all geographies. US employees also complete a data privacy training module. Furthermore, we conduct additional employee training in higher-risk environments where the risk of corruption and bribery are more substantial. The firm conducts a comprehensive risk assessment annually and presents findings from the Anti-Bribery and Corruption Assessment to the Board committee annually.

Kearney has also introduced our **Supplier Code of Conduct** and updated it in 2020. We expect each supplier to conduct its business in accordance with the highest ethical standards and to have controls in place that prohibit and detect the misuse of company assets, corruption, bribery, improper gifts, extortion, and embezzlement. Suppliers should similarly strive to prevent and avoid any conflict of interest, money laundering, or anti-competitive practices, and to adhere to industry standards regarding responsible marketing and information security. All suppliers' business dealings should be fair, legal, and honest.

In the main document, you can also find details about our **Global Ombuds Program** and **Integrity Helpline**, which we also use to ensure anti-corruption. The firm investigates 100 percent of the claims that are reported through our internal mechanisms. These resources are listed on the firm's internal intranet and shared at every risk-, compliance-, or security-related training.

Measurement of outcomes

All Kearney employees have certified annually that they have read and understood the Kearney Code of Business Conduct. In 2020, all (100 percent) employees did indeed certify. We have trained buyers across key departments on the Supplier Code of Conduct.

Kearney has appointed an external audit company, and its books and accounts are subject to statutory external audit every year. Kearney has not been involved in any legal cases, rulings, or other events related to corruption and bribery in the period.



Appendix

Global Reporting Initiative (GRI) content index

The Global Reporting Initiative Sustainability Reporting Standards (or GRI Standards) are designed for organizations to report about their impact on the economy, environment, and/or society; to enhance the global comparability on these impacts; and to show contributions toward the goal of sustainable development. Kearney is on a path of continuous improvement toward sustainability reporting in line with best practices. **This report has been prepared in accordance with the GRI Standards: Core option.**

	GRI disclosure (Core)	Page reference or response
102: General disclosure		
Organizational profile		
102-1	Name of the organization	0–5
102-2	Activities, brands, products, and services	3–6
102-3	Location of headquarters	4
102-4	Location of operations	3
102-5	Ownership and legal form	4
102-6	Markets served	4
102-7	Scale of the organization	i. 9, ii. 9, iii. 61, iv. 61, v. We track the number of client engagements globally and it is reported periodically to our governance teams and employees.
102-8	Information on employees and other workers	85% of Kearney employees are full-time; an additional 11% are associated consultants and 4% are part-time employees. Kearney does not employ temporary workers.
102-9	Supply chain	Kearney has a total of more than 6,000 suppliers.
102-10	Significant changes to the organization and its supply chain	3. No significant changes in 2020.
102-11	Precautionary principle or approach	47
102-12	External initiatives	3, 34, 47–61
102-13	Membership of associations	3, 14–15, 21
Strategy		
102-14	Statement from senior decision-maker	2
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	2–4, 6–7, 20–21
102-17	Mechanisms for advice and concerns about ethics	20–21
Governance		
102-18	Governance structure	Kearney's board of directors has 10 members, including the managing partner and chairman of the board, who are elected by their fellow partners. The board's primary responsibility is to guide the long-term success and continuity of the firm, shaping its vision and strategy. To ensure an ongoing balance between experience as a director and fresh ideas, the terms of the board are staggered. The standard term is three years. Day-to-day management at the global level is overseen by the Operating Committee (OC) and supported by the Managing Partner Leadership Team (MPLT). The OC has 7 members and the MPLT has 11 members; both include the managing partner and are responsible for all operational and organizational affairs of the firm. In addition to the OC and MPLT, leadership teams are set up for each region (Americas, Europe, APAC, MEA), as well as industry and service practices (available on our website), units (leaders by country / office location), and functions.
102-23	Chair of the highest governance body	4

Source: Kearney analysis

	GRI disclosure (Core)	Page reference or response
Reporting practice		
102-40	List of stakeholder groups	7
102-41	Collective bargaining agreements	Kearney has no collective bargaining agreements or related KPIs.
102-42	Identifying and selecting stakeholders	7
102-43	Approach to stakeholder engagement	7
102-44	Key topics and concerns raised	7
102-45	Entities included in the consolidated financial statements	A.T. Kearney Holdings Limited wholly owns subsidiaries globally as reported in our Consolidated Financial Statement. Changes in 2020 consist of the addition of Lebanon and India legal entities and the dissolution of our legal entity in Greece. All entities are covered by this report unless otherwise specified.
102-46	Defining report content and topic boundaries	7
102-47	List of material topics	7
102-48	Restatements of information	No restatements of information since 2020.
102-49	Changes in reporting	No significant changes in the list of material topics or topic boundaries in 2020.
102-50	Reporting period	3
102-51	Date of most recent report	3
102-52	Reporting cycle	3
102-53	Contact point for questions regarding the report	3
102-54	Claims of reporting in accordance with the GRI standards	3, 21, 54
102-55	GRI content index	55–57
102-56	External assurance	3
Economic		
205: Anti-corruption		
103-1	Explanation of the material topic and its boundary	20–21, 52
103-2	The management approach and its components	20–21, 52
103-3	Evaluation of the management approach	20–21, 52
205-3	Confirmed incidents of corruption and actions taken	20–21 – Kearney has not been involved in any material legal cases, rulings, or other events related to corruption and bribery during the reporting period. Kearney investigates 100% of claims to seek resolution.

Source: Kearney analysis

	GRI disclosure (Core)	Page reference or response
Environmental		
305: Emissions		
103-1	Explanation of the material topic and its boundary	34, 50–51
103-2	The management approach and its components	34–36, 50–51
103-3	Evaluation of the management approach	37–38, 50–51
305-1	Direct (Scope 1) GHG emissions	36
305-2	Energy indirect (Scope 2) GHG emissions	36
305-3	Other indirect (Scope 3) GHG emissions	36
Social		
404: Training and education		
103-1	Explanation of the material topic and its boundary	30–31
103-2	The management approach and its components	30–31
103-3	Evaluation of the management approach	30–31
404-3	Diversity of governance bodies and employees	31
405: Diversity and equal opportunity		
103-1	Explanation of the material topic and its boundary	27, 48–49
103-2	The management approach and its components	27, 48–49
103-3	Evaluation of the management approach	27, 48–49
405-1	Diversity of governance bodies and employees	29. During the reporting period, Kearney had 38% women across the firm. Ten percent of our Board of Directors and 27% of our Leadership Team are women.
413: Local communities		
103-1	Explanation of the material topic and its boundary	40
103-2	The management approach and its components	40
103-3	Evaluation of the management approach	40–45
413-1	Operations with local community engagement, impact assessments, and development	9, 10–11, 28, 41–45
413-2	Operations with significant actual and potential negative impacts on local communities	20. Please refer to our discussion on enterprise risk management for details on our operational risk assessments.
419-1	Non-compliance with laws and regulations in the social and economic area	20–21, 52. The firm's Anti-Bribery and Corruption documents, EEO (Gifts) Policy, and reporting mechanisms described above show our approach to compliance. Kearney investigates 100% of claims to seek resolution and improvement of policy as applicable.

Source: Kearney analysis



Appendix

WEF Stakeholder Capitalism

Reporting Metrics

Appendix

WEF Stakeholder Capitalism Matrix

Theme: Governance	Core metrics and disclosures	Page reference or response
Governing purpose	Setting purpose The company’s stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental, and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	6
Quality of governing body	Governance body composition Composition of the highest governance body and its committees by: competencies relating to economic, environmental, and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual’s other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	29
Stakeholder engagement	Material issues impacting stakeholders A list of the topics that are material to key stakeholders and the company, how the topics were identified, and how the stakeholders were engaged.	7
Ethical behavior	Anti-corruption 1. Total % of governance body members, employees, and business partners who have received training on the organization’s anti-corruption policies and procedures, broken down by region. a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve broader operating environment and culture, in order to combat corruption. Protected ethics advice and reporting mechanism A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behavior and organizational integrity 2. Reporting concerns about unethical or unlawful behavior and lack of organizational integrity	1. 52 a. 56 b. 20 2. 20, 52 1. 21 2. 21
Risk and opportunity oversight	Integrating risk and opportunity into business process Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time, and the response to those changes. These opportunities and risks should integrate material economic, environmental, and social issues, including climate change and data stewardship.	20

Appendix

WEF Stakeholder Capitalism Matrix

Theme: Planet	Core metrics and disclosures	Page reference or response
Climate change	Greenhouse gas (GHG) emissions For all relevant greenhouse gases (for example, carbon dioxide, methane, nitrous oxide, F-gases, and so on), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	36
	TCFD implementation Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement—to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C—and to achieve net-zero emissions before 2050.	37
Nature loss	Land use and ecological sensitivity Report the number and area (in hectares) of sites owned, leased, or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	N/A
Freshwater availability	Water consumption and withdrawal in water-stressed areas Report for operations where material: megaliters of water withdrawn, megaliters of water consumed, and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	As a professional services firm, our water consumption is driven by our offices. We make every effort to work with our landlords to reduce our water consumption, especially in areas of heightened stress.

Theme: People	Core metrics and disclosures	Page reference or response
Dignity and equality	Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender, and other indicators of diversity (for example, ethnicity).	By age group: 39% under 30, 37% 30–39, 15% 40–49, 8% 50–59, 2% 60+ Numbers by gender reported on pages 9; 49
	Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Kearney is undergoing a review of this process to more accurately report on this metric.
	Wage level (%) Ratios of standard entry-level wage by gender compared to local minimum wage. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	Kearney is undergoing a review of this process to more accurately report on this metric.
	Risk for incidents of child, forced, or compulsory labor An explanation of the operations and suppliers considered to have significant risk for incidents of child labor, forced or compulsory labor. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier b) countries or geographic areas with operations and suppliers considered at risk.	49 49
Health and well-being	Health and safety (%) The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	31
Skills for the future	Training provided (#, \$) Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). Average training and development expenditure per full-time employee (total cost of training provided to employees divided by the number of employees).	30

Theme: Prosperity	Core metrics and disclosures	Page reference or response
Employment and wealth generation	Absolute number and rate of employment 1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. 2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	Rate of new hires by region: 11% Americas 21% APAC 15% Europe 25% MEA Global figures reported on page 23 Voluntary attrition by region: 9% Americas 16% APAC 12% Europe 10% MEA Global figures reported on page 23
	Economic contribution¹ 1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: Revenues Operating costs Employee wages and benefits Payments to providers of capital Payments to government Community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	\$1.4B \$1.3B Our value to employees was \$1B Return provided to providers of capital \$24M We paid governments \$105M including income tax, payroll tax, real estate, other non-deductible taxes. More than 14,000 hours to pro bono initiatives \$1M
	Financial investment contribution 1. Total capital expenditures (capex) minus depreciation, supported by narrative to describe the company's investment strategy. 2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	Capex (including intangibles) of \$32M; net \$20M after depreciation and amortization. ² N/A
Innovation of better products and services	Total R&D expenses (\$) Total costs related to research and development.	In total, we spent \$37M on R&D. ³
Community and social vitality	Total tax paid The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	We paid governments \$105M including income tax, payroll tax, real estate, other non-deductible taxes.

¹ All financial data included in this report is for FY2019. 2020 financial data will be released later in 2021.

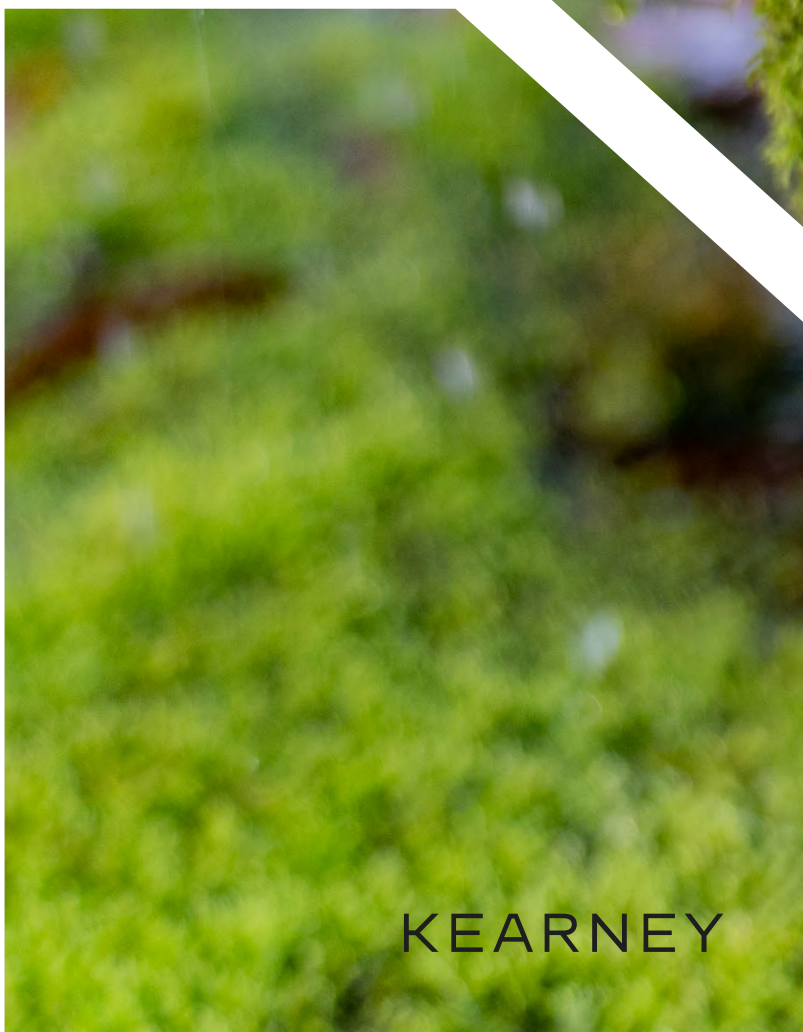
² We invest in capital to support our people and ensure delivery of the highest-quality services to our clients. We support our people by investing in improvements to our working environment, ergonomic furniture, communications, technology, safety measures, and state-of-the-art facilities. We serve our clients by developing cutting-edge tools to help solve operational challenges. We support our operations by investing in high-end systems to run our business in an efficient and transparent manner, providing value to our clients and our shareholders.

³ R&D is defined as the cost of time and expenditure dedicated to investment initiatives designed to bring innovative services and thought leadership to clients, and augment our operations in order to optimize the value provided to clients, employees, and owners.

As a global consulting partnership in more than 40 countries, our people make us who we are. We're individuals who take as much joy from those we work with as the work itself. Driven to be the difference between a big idea and making it happen, we help our clients break through.

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