McKinsey & Company

2021 ESG Report

Accelerating Sustainable and Inclusive Growth

Colleagues like Shireen Gomaa joined McKinsey through Generation, an independent nonprofit founded by McKinsey that offers training, placement, and support to help people find life-changing careers.

Contents

Message from our global managing partner

A letter to all our stakeholders

While this report focuses on 2021, today we face a humanitarian crisis in Ukraine and beyond. Like others, we have mobilized to tackle the consequences of a horrific war, including by stopping our work in Russia, relocating our people, and contributing $28 million—inclusive of our $18 million cash donation to relevant organizations, and our $10 million commitment in pro bono support. We hope for a path to peace and to the rebuilding of lives and livelihoods.

Bob Sternfels speaking with McKinsey colleagues in Poznan, Poland in April 2022

Reflecting on 2021

2021 was an extraordinary year as forces reshaped society, business, and the communities where we live and work. We saw progress in battling COVID-19, renewed commitment to our planet, and remarkable human resilience in balancing work, life priorities, and societal needs. It was a year when companies led with courage and took greater responsibility to benefit all stakeholders. It was also a year of personal transition as I became McKinsey's global managing partner. In my role, I see that the leadership challenge of this moment is to accelerate sustainable and inclusive growth for the world. We too often talk about trade-offs between growth on one hand and societal benefits on the other. I believe the future belongs to those who can drive growth that is both sustainable and inclusive. At McKinsey, we are working to do so with purpose.

Enabling resilient growth

We believe that growth is necessary to secure increased prosperity and well-being for everyone. We drive growth as a holistic impact partner for our clients. We also drive growth through initiatives like our McKinsey Institute for Black Economic Mobility. Along with driving growth, building resilience for our clients, society and ourselves is a priority. Overlapping global disruptions are exhausting organizations, their people, and economic buffers. Therefore, building resilience is essential.

Innovating to net zero

We aspire to be the world's largest private sector catalyst for decarbonization. In 2021, we partnered with over 400 clients to support their climate transition and ESG journeys. We are pursuing science-based targets to decarbonize our own operations by 2025 and achieve net-zero impact by 2030. We continue to innovate our client service and create insights that help define the problem and shape the solution, such as our report on The Net-Zero Transition outlining what it will take to achieve net-zero emissions by 2050.

Increasing inclusion

We aim to create economic opportunity to reduce inequalities and enable inclusive growth. By investing in *human capital* in the same way we invest in *physical capital*, we can foster workforce diversity and reskill or upskill people so they can thrive. As well as advising clients on diversity, equity, and inclusion, we are making progress across our firm—in 2021, we elected our most diverse class of partners and senior partners.

Setting the standard for our profession on accountability and compliance

We continue to strengthen our risk management processes and culture. We now have an "industry-first" client service policy that requires we evaluate every engagement and client to determine if we will meet the high expectations and ethical standards our clients and others have of us—and we have of ourselves.

On behalf of our 38,000+ colleagues in more than 65 countries, I am proud of the significant steps we have taken on our environmental, social, and governance (ESG) journey this past year. We have a new ESG framework that builds on our sustainable, inclusive growth ambition, established an ESG Council to maintain a sharp focus, and we continue to evolve our external reporting—including aligning with the Task Force for Climate-related Financial Disclosures (TCFD) recommendations for the first time.

Throughout this report, you will find details about the progress we are making. While I am proud of what we have accomplished, I am even more excited for what is still to come.

Bob Sternfels

Bob Sternfels Global Managing Partner, McKinsey & Company

About McKinsey

McKinsey is a global management consulting firm committed to partnering with organizations to accelerate sustainable and inclusive growth.

We work with clients across the private, public, and social sectors to solve complex problems and create positive change for all stakeholders. To do that, we operate a "one firm" global partnership that fully embodies our values and our high standards of ethical conduct and social and environmental responsibility.

We are owned and governed by our 2,700+ partners. As a global firm, we do not have traditional headquarters and our managing partner chooses their home office. To attract, develop, excite, and retain exceptional people, we are committed to an inclusive, diverse firm that reflects the communities in which we live and work.

Our strategy

2021 marked a pivotal moment for our firm, as we set a long-term ambition to help shape and accelerate a new era of growth that is both sustainable and inclusive. We believe that today's leaders have a unique opportunity to adopt a form of growth that:
- treats growth, sustainability, and inclusion as mutually reinforcing
- is more sustainable, driving innovation while reducing environmental impact
- is more inclusive, creating access to opportunities for more people worldwide

These goals are mutually reinforcing. We do not see this as an "either/or"—instead, we embrace it as an "and." For us, it is important to be in the arena, helping our clients to deliver economic growth, increase inclusion, and transition to a net-zero economy.

Sustainable, inclusive growth is an expression of our broader purpose. It is our "North Star" for the way we serve clients, manage our firm, and engage with communities, suppliers, partners, and other stakeholders. We are committed to using our unique strengths—the breadth of our insights and expertise, our distinctive people, and our ability to convene a diverse set of leaders—to accelerate sustainable and inclusive growth for the world.

Governance

McKinsey is designed to operate as "one firm"—a global team united by our collective purpose, mission, and values. We are led by our global managing partner, our elected board of directors known as the Shareholders Council (SHC), a global leadership team known as the Acceleration Team (AT), and the leaders of our offices and practices. Learn more about **Our Leadership** ⬀.

The SHC includes the managing partner and 30 senior partners who are elected by their peers. It has standing committees that cover topics such as client service; firm finance and infrastructure; our people model; risk, audit and governance; and our technology, knowledge, and capabilities.

The AT, composed of the managing partner and firm leaders representing regions, industries, client capabilities, finance, people, reputation, and risk functions, aims to support and accelerate the execution of our strategies.

In addition, we convene an External Advisory Group composed of senior leaders from various industries to provide diverse and objective perspectives to inform the overall strategy of the firm, help identify macro risks, and guide our efforts of continuous improvement.

1926	**38,000+**	**65+**	**130+**	**$15b+**	**~3,000**
Founded by James O. McKinsey	colleagues globally	countries	cities	in revenue	clients served

How we create value

By realizing our ambition to accelerate sustainable and inclusive growth for the world, we will create value for our stakeholders and our firm.

Our guideposts

Purpose
Create positive, enduring change in the world

Mission
Help our clients make distinctive, lasting, and substantial improvements in their performance and build a great firm that attracts, develops, excites, and retains exceptional people

Strategy

Accelerating sustainable and inclusive growth

Our foundations

Client service and relationships

Capabilities, insights, and technology assets

Expertise of our colleagues

External collaborations

One firm partnership model

Our impact

Clients
Sustainably enhance clients' financial performance, growth, organizational health, and capabilities

Enable inclusive workforces and support livelihoods of those impacted by our clients' operations

Support those connected to client work, including clients' customers, workforces, and communities

Colleagues
Support well-being and foster a culture of continuous learning and a diverse and inclusive workplace

Communities
Strengthen communities through giving back, pro bono activities, and other social responsibility efforts

Climate
Support environmental sustainability and a just transition to a net-zero economy

With our clients, lead a wave of innovation and growth to reach net zero by 2050

Pursue our own decarbonization to achieve net zero by 2030

Our ESG approach

At McKinsey, our commitment to accelerating sustainable and inclusive growth informs and guides our ESG agenda.

ESG framework

In 2021, we undertook a process to integrate our ESG priorities, identified through the most recent materiality assessment, into our firm's broader sustainable and inclusive growth strategy. The resulting ESG framework lays out the specific ambitions and actions that will enable us to accelerate sustainable and inclusive growth for the world through our work with clients, how we operate our firm, and how we engage with other stakeholders to expand our impact, including our suppliers, communities, partners, peer organizations, and others. The framework was approved by our SHC.

ESG oversight

Our commitment to ESG starts at the highest levels of our firm, with our priorities supported by our global managing partner and with oversight from board-level committees and leadership.

In 2021, we enhanced our ESG oversight structure by chartering an ESG Council represented by senior firm function and client service leaders. The ESG Council charter is to define our ESG priorities, set our direction, and monitor progress, and is complemented by an ESG Working Group and an ESG Next-Generation Group to help operationalize the strategy and embed ESG initiatives across our firm. At the board level, the

Risk, Audit, and Governance Committee of the SHC provides strategic direction to and oversight of ESG priorities and commitments, with relevant board committees overseeing specific ESG initiatives.

Accountability and transparency

We are committed to continually enhancing our transparency and accountability—to our clients, our people, and our stakeholders.

This commitment has led us to join the World Economic Forum's (WEF) Stakeholder Capitalism Metrics initiative and serve as a member of the World Business Council for Sustainable Development (WBCSD). We also participate in CDP and receive annual ratings from EcoVadis, the leading sustainability ratings organization.

Our voice and platform can also help inform robust public debates on environmental and social issues. To do this, we take an approach that is guided by our purpose, mission, and values. Drawing on our research and insights, we contribute to debates on pressing issues and support solutions at scale while maintaining our professional independence and objectivity.

Our commitment to the United Nations Sustainable Development Goals

McKinsey is committed to advancing the United Nations Sustainable Development Goals (UN SDGs), the global framework for driving progress toward a more sustainable future. Advancing the SDGs is critical to our firm's strategy to accelerate sustainable and inclusive growth.

Through our client service, our research and insights, our pro bono activities, and on-the-ground support for communities, we are contributing to all 17 SDGs to varying degrees. However, we believe we can make the most sustainable and scalable impact in the SDG areas that reflect McKinsey's unique strengths and capabilities. These goals represent where we have the greatest capacity for impact and action.

Our contribution to the SDGs through the firm's sustainable and inclusive growth strategy:

Sustainability:

12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 14 LIFE BELOW WATER | 15 LIFE ON LAND

Inclusion:

5 GENDER EQUALITY | 10 REDUCED INEQUALITIES

Growth:

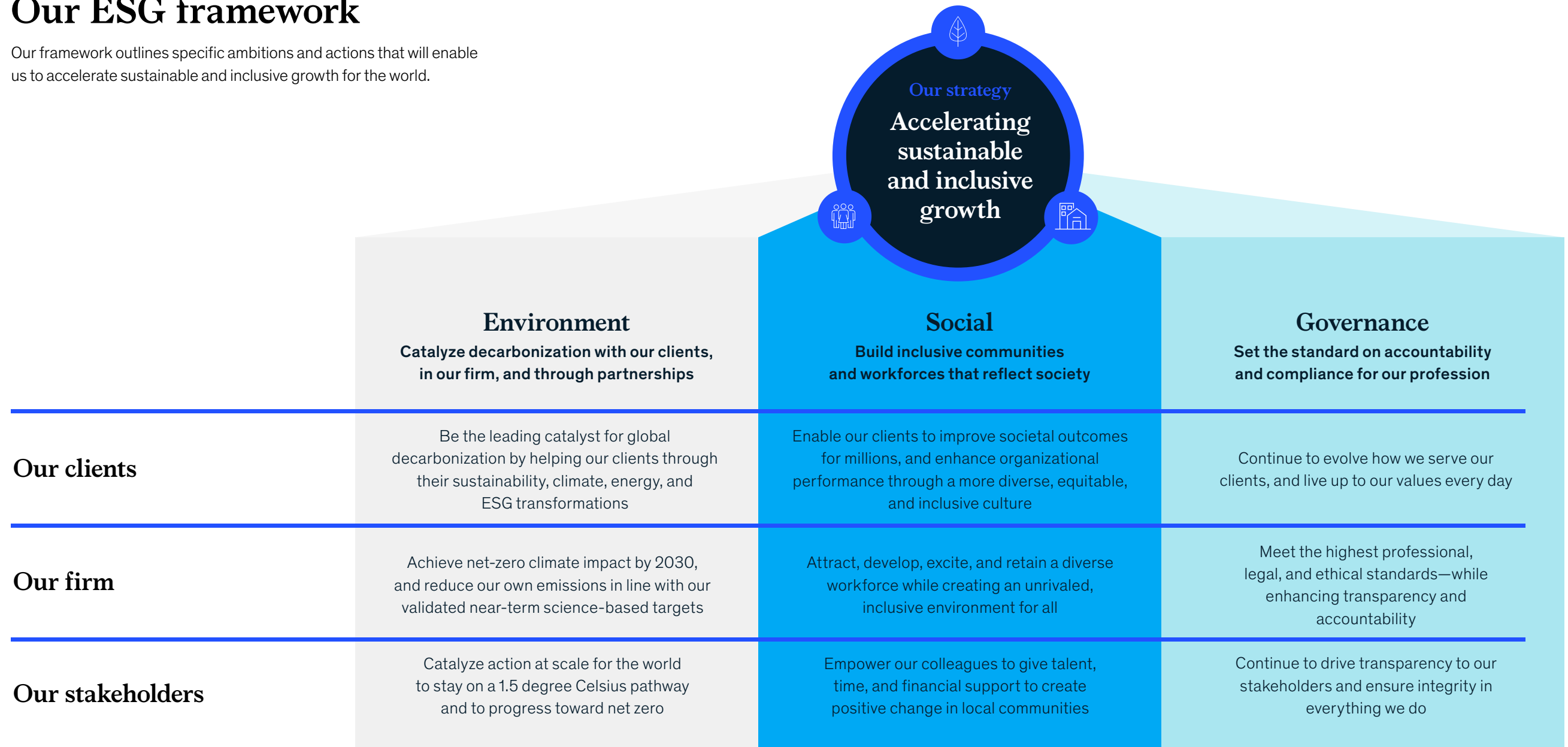1 NO POVERTY | 4 QUALITY EDUCATION | 8 DECENT WORK AND ECONOMIC GROWTH

Our ESG framework

Our framework outlines specific ambitions and actions that will enable us to accelerate sustainable and inclusive growth for the world.

Our strategy

Accelerating sustainable and inclusive growth

	Environment **Catalyze decarbonization with our clients, in our firm, and through partnerships**	**Social** **Build inclusive communities and workforces that reflect society**	**Governance** **Set the standard on accountability and compliance for our profession**
Our clients	Be the leading catalyst for global decarbonization by helping our clients through their sustainability, climate, energy, and ESG transformations	Enable our clients to improve societal outcomes for millions, and enhance organizational performance through a more diverse, equitable, and inclusive culture	Continue to evolve how we serve our clients, and live up to our values every day
Our firm	Achieve net-zero climate impact by 2030, and reduce our own emissions in line with our validated near-term science-based targets	Attract, develop, excite, and retain a diverse workforce while creating an unrivaled, inclusive environment for all	Meet the highest professional, legal, and ethical standards—while enhancing transparency and accountability
Our stakeholders	Catalyze action at scale for the world to stay on a 1.5 degree Celsius pathway and to progress toward net zero	Empower our colleagues to give talent, time, and financial support to create positive change in local communities	Continue to drive transparency to our stakeholders and ensure integrity in everything we do

Stakeholder engagement

Our firm, and the decisions that we make, affects a range of external and internal stakeholders. We regularly use information from engaging these stakeholders to inform our goals, shape our practices, and refine our reporting.

Our stakeholders and how we engage

Clients

We communicate regularly with clients by soliciting feedback, and we analyze client requests for proposals and other inquiries to identify trends in the issues that are most important to them. We also engage with clients and gather insights on topics of importance to them by convening industry and cross-industry collaborations.

Colleagues

We draw on multiple formal and informal touch points, including surveys and town halls, to incorporate the insights of current, future, and previous colleagues. We also have dedicated teams for recruiting and alumni relations that incorporate feedback from both groups.

Suppliers

We have dedicated supplier-management teams that work with and hear directly from suppliers on topics such as which procurement and other practices matter to them. We also gain vendor insights, including ESG-related issues and opportunities, from supplier-engagement efforts.

Communities

McKinsey has offices in 130+ cities—home to our clients and their stakeholders and to our own people and their families. We support more than 3,900 nonprofits every year. Our work with nonprofits provides valuable insights into the needs of our communities.

Civil society

Our practices and reporting are informed and shaped by our participation in initiatives such as the UN Global Compact (UNGC), the WBCSD, and the WEF.
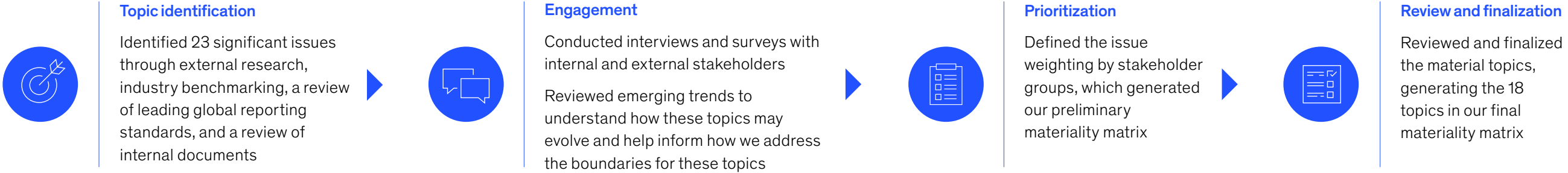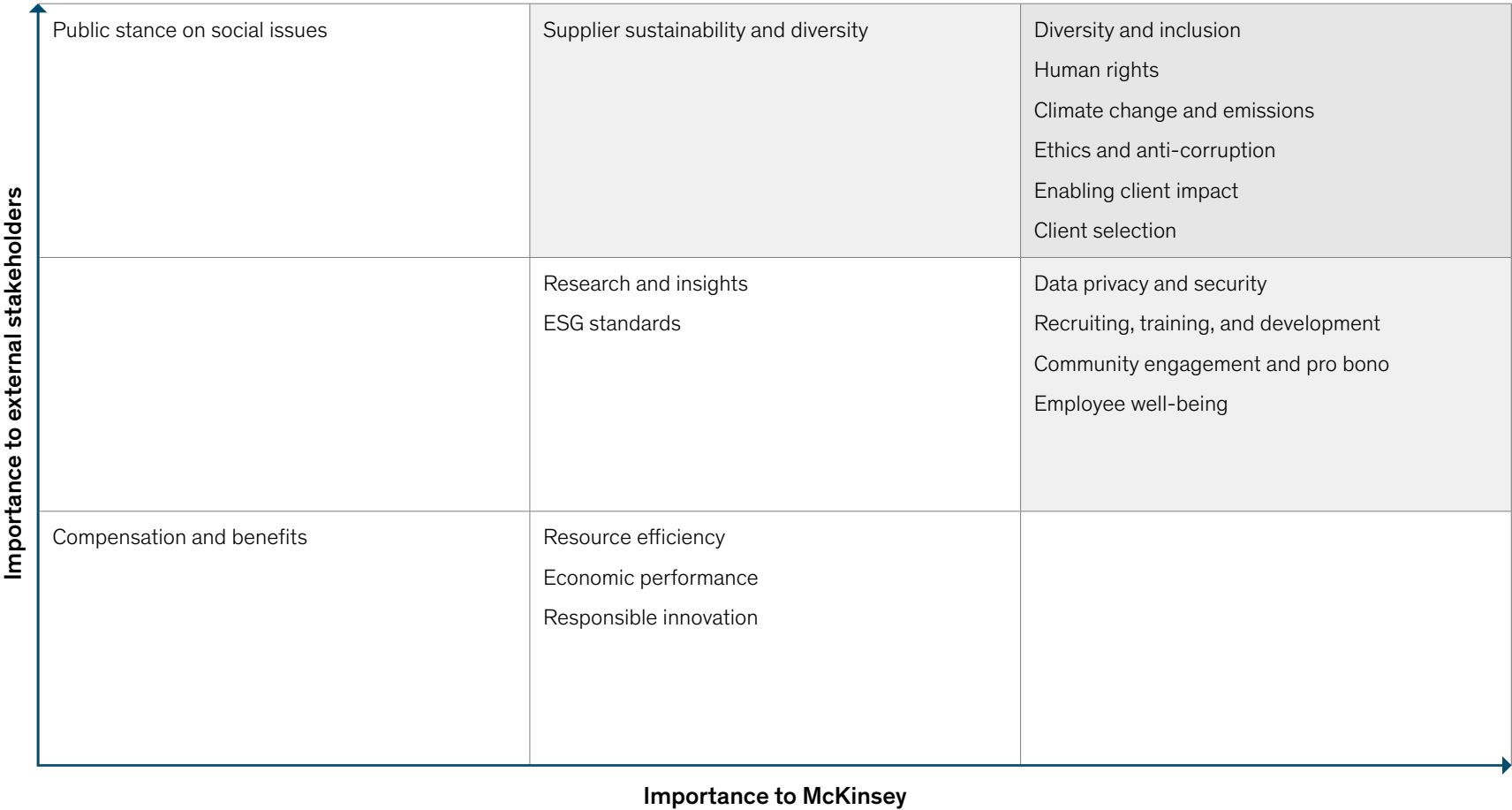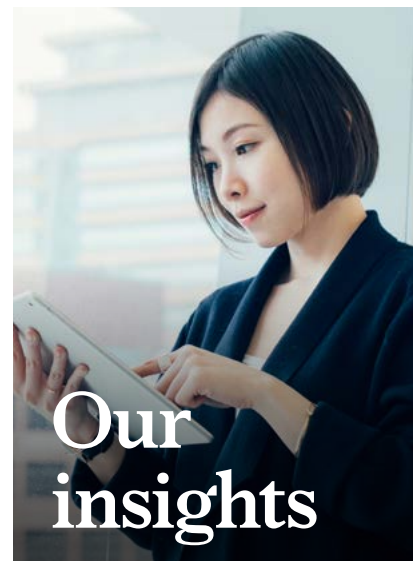
Materiality assessment

The external context in which our firm operates is constantly evolving. We conduct periodic materiality assessments to identify and prioritize ESG topics that matter most to our stakeholders and where we have the greatest potential to have a positive impact in line with our purpose, mission, and values. The results inform our ESG framework and reporting.

In 2020, we conducted a comprehensive assessment to refine our understanding of internal and external stakeholder expectations of us as a firm and to drive meaningful progress on our ESG priorities. Below is a summary of our 2020 materiality assessment methodology. For full details, read our **2020 Social Responsibility Report** ⧉.

We continue to conduct a light-touch materiality update to capture any shifts in internal and external stakeholder expectations.

Importance to external stakeholders (vertical axis)

Importance to McKinsey (horizontal axis)

Public stance on social issues	Supplier sustainability and diversity	Diversity and inclusion
		Human rights
		Climate change and emissions
		Ethics and anti-corruption
		Enabling client impact
		Client selection
	Research and insights	Data privacy and security
	ESG standards	Recruiting, training, and development
		Community engagement and pro bono
		Employee well-being
Compensation and benefits	Resource efficiency	
	Economic performance	
	Responsible innovation	

Topic identification

Identified 23 significant issues through external research, industry benchmarking, a review of leading global reporting standards, and a review of internal documents

Engagement

Conducted interviews and surveys with internal and external stakeholders

Reviewed emerging trends to understand how these topics may evolve and help inform how we address the boundaries for these topics

Prioritization

Defined the issue weighting by stakeholder groups, which generated our preliminary materiality matrix

Review and finalization

Reviewed and finalized the material topics, generating the 18 topics in our final materiality matrix

2021 year in review

Our insights

63m
article reads

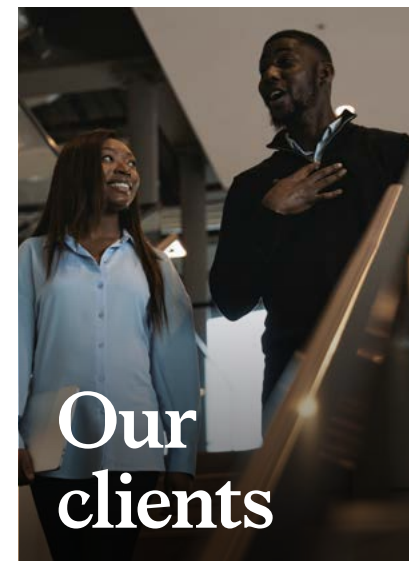**47**
industry awards

1,500
McKinsey bylined authors featured

1,200+
articles and reports published

5,000+
articles in key media[1] referencing McKinsey thought leadership

Our clients

$850m
invested in knowledge development, capability building, and learning

1,200+
sustainability engagements – supporting our clients in their climate transition journeys

130k+
direct participants in our McKinsey Academy capability-building programs

50%+
engagements have holistic impact[2] as an explicit goal, after we broadened our impact definition in 2021

140+
new businesses in process of being imagined, built, and scaled through Leap by McKinsey
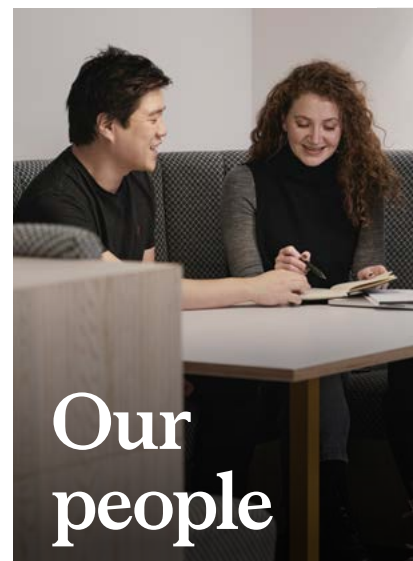
Our people

38,000
colleagues globally

52
average annual training hours per consulting colleague

12,400+
colleagues in our Inclusion Allies program

48%
women

100%
of our people receive regular performance and career development reviews

Our firm

$190m+
invested toward our $2 billion commitment to social responsibility by 2030

19%
reduction in absolute Scope 1 and Scope 2 emissions (vs. 2019 baseline)

100%
of colleagues completed annual Professional Standards and Risk training[3]

3,900+
nonprofits supported through pro bono engagements, McKinsey Gives and McKinsey Grants

82%
reduction in Scope 3 emissions from travel per colleague (vs. 2019 baseline)

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1   Approximately 140 of the most influential media outlets worldwide.
2   Holistic approach to impact that considers three critical dimensions of impact—financial and operational results, capabilities, and stakeholder and ecosystem benefits.

3   This figure does not include firm members exempted from the training because they weren't actively working at the time of the program (for example, leave of absence, left the firm).

Our 10 Actions toward racial equity

In 2020,[4] we made a public commitment to supporting anti-racism initiatives and racial equity, outlining how we plan to accelerate change within our firm and help combat racism around the world. Drawing on our areas of core expertise, we focused on short-, medium-, and long-term actions to build Black leadership within McKinsey and beyond, conducting data-based research to identify barriers and solutions, and investing in greater racial equity and inclusion for Black communities in the United States and around the globe.

While we have a long way to go, we are proud to support the leaders, businesses, and communities working for a more just and equitable society. Find out more about the impact we are having through our 10 Actions initiative throughout this report and read **Commitment to diversity, equity, and inclusion** ⧉ for more details on other actions we are taking to advance diverse and inclusive workplaces.

Action commitment	Progress made	Action commitment	Progress made
1 Double Black leadership and hiring	**80%** year-on-year increase in global Black talent recruiting, a record hiring class	**6 Launch McKinsey Institute for Black Economic Mobility**	**95%** share of voice on Black economic mobility topics in the US
2 Equity and inclusion learning program	**20,000+** colleagues completed our equity and inclusion learning program, which received overwhelmingly positive feedback	**7 Double spend with diverse suppliers in three years**	**30+** key suppliers engaged on their own supplier diversity practices
3 Day of Service	**20,000+** colleagues in attendance with 100% global location participation **360+** organizations engaged globally	**8 $2 million to Generation**	**200** Generation USA graduates placed in technology internships to date
4 Minimize bias in people processes	**~1,000** evaluators took the anti-bias training, impacting 100% of reviews	**9 $200 million in pro bono support over ten years**	**13** organizations received pro bono support, from wealth creation to education, aimed at solving geographic-specific race equity issues
5 Create a Black Leadership Academy (BLA)	**20,000+** enrolled learners **~700** clients for BLA with a 96% recommendation rate Launched a Hispanic and Latino Leadership Academy, an Asian Leadership Academy, and expanded the BLA to Europe, the Middle East and Africa	**10 $5 million in charitable giving**	**$5 million** in grants to 35+ organizations across the globe that are combating racism and inequity

Our COVID-19 response

As the COVID-19 pandemic entered its second year in 2021, we continued to address the unfolding challenges globally—with our clients, within our firm, and in our communities, including by:

- **Supporting our clients:** We advised on responses to the evolving pandemic, including safe reopening and return to work and economic recovery programs.
- **Sharing insights:** We helped leaders respond to key developments, such as the rollout of vaccines, boosters, and therapeutics, the rise of new variants, and regional surges.
- **Continuing to provide donations and pro bono support:** We aided global, national, and local organizations supporting communities on issues like food security, economic resilience, the future of work, and upskilling.
- **Taking care of our colleagues and their families:** We increased our investment in hybrid working, well-being, and flexibility in the workplace.

McKinsey's **COVID Response Center** ⧉ continues to support collaboration and knowledge sharing by helping decision-makers guide their institutions into the next normal.

Our recent response to war in Ukraine

This report focuses on 2021, but today we face a humanitarian crisis in Ukraine and beyond. Like others, we have mobilized to tackle the consequences of a horrific war. Since the onset of the war, we have worked to ensure the safety of our Ukraine based colleagues and their families. We have also remained committed to supporting our Russian colleagues and have helped over 600 of our colleagues based in Russia relocate with their families to other McKinsey offices following our complete exit from that country.

We contributed an industry-leading $28 million— inclusive of our $18 million cash donation to relevant organizations and our $10 million commitment in pro bono support. Through these pro bono efforts, we have supported public and social sector clients across more than five countries to improve humanitarian aid delivery and access to public services for refugees.

Examples of our impact include:
- speeding up time of reception of refugees to 10–20 minutes at a rail station that was receiving 20,000 refugees per day
- enabling setup of a talent exchange platform accessible to all Ukrainian refugees in Germany

Within a few days of the invasion, we ceased existing work with Russian state-owned or government entities. We then announced that we would not take on any new client work in Russia. In April we completed the shutdown of all client service in the country, and by May 13th we exited Russia entirely— transferring our remaining Russia-based assets to a new, wholly independent entity which has no commercial or operational relationship to McKinsey.

2020–2021 COVID-19 response:

850+	1,500+	1,000+	250+	60+	2.2b+
COVID-19 related articles published	projects in 75+ countries	clients supported	social-sector institutions served	national governments served	people reside in countries where we are supporting governments on COVID-19

McKinsey Health Institute

Adding years to life and life to years

In 2021, we created the McKinsey Health Institute (MHI), a not-for-profit-generating global entity within the firm, founded on the conviction that, over the next decade, humanity could add as much as 45 billion extra years of higher-quality life (roughly six years per person on average—and substantially more in some countries and populations).

Over the last century, society has made incredible progress in extending life. But while life expectancy has increased, so has the amount of time spent in moderate to poor health—and significant inequities persist both across and within countries.

The response to COVID-19, while far from perfect, demonstrates that when resources and motivation coalesce, scientific breakthroughs and large-scale behavior change are possible in very short periods of time. We created MHI to catalyze the actions needed across continents, sectors, and communities to achieve the aspiration of adding years to life and life to years.

Foundational to MHI is a broad definition of health that encompasses physical, mental, social, and spiritual health.

Employee Mental Health and Well-being initiative
McKinsey **research** ⧉ has found that, in 2022, one in four employees are experiencing burnout symptoms. MHI is convening leading employers around the belief that through collaboration and shared commitment, employers can make a meaningful difference to the health of their employees and the communities they live in, especially around the urgent priority of mental well-being.

MHI's collaborative work will focus on areas of health that have been historically under-resourced and are critical to society:

Brain health: Helping people achieve the best possible brain health by strengthening cognitive function, improving mental health, and effectively preventing and treating mental, neurological, and substance use disorders.

Healthy living: Empowering and enabling people to make life choices that benefit their health—including nutrition, sleep, engagement with technology, physical activity, and social connections—while addressing the systems and structures that can significantly impact one's ability to make those choices.

Infectious diseases: Equitably and consistently applying proven strategies as well as novel approaches and collaborations across countries, populations, and systems to reduce suffering and death from infectious diseases.

Equity and health: Identifying, measuring, and addressing health inequities across countries, cultures, and communities

Aging: Aspiring to ever-greater levels of functioning and flourishing later in life, including defining and scaling sustainable, enriching, dignified models of elder participation and care.

Healthcare worker capacity: Increasing healthcare worker capacity through better use of technology and other process and policy innovations.

Sustainability and health: Understanding and addressing the deep connections between health and the environment—to maintain and improve current and future health of those affected by pollution and climate change.

MHI is developing a network of leading organizations committed to improving health by convening and enabling leaders, advancing research, creating and promoting open-access data assets, and stimulating innovation. MHI shares resources, insights, tools, and data to foster debate and enable change.

Our insights

McKinsey has a long history of using our knowledge and expertise to produce in-depth, fact-based reports and articles that examine the trends shaping business, society, and the planet. Through our research and insights, we seek to generate new thinking, identify practical solutions, and build a knowledge that helps inspire action.

In this section

2021 highlights:

63m	**1,200+**	**47**	**5,000+**	**1,500**
article reads	articles and reports published	industry awards	articles in key media[5] referencing McKinsey thought leadership	McKinsey bylined authors featured

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5   Approximately 140 of the most influential media outlets worldwide.

Insights for impact

Publishing original research and analysis helps drive our purpose to create positive, enduring change in the world.

We have always sought to help leaders navigate the challenges they and their institutions face and to help shape public debate around the most pressing issues.

Over the past two years, McKinsey has published nearly 3,000 articles, ranging from analyses of major macroeconomic trends to granular examinations of specific industries. We make our research available on **our website** ⧉, which also hosts content developed by:

- **McKinsey Global Institute** ⧉ , which produces research that gives a credible, objective, data-backed voice to some of the most vital societal issues today—gender equality, the impacts of COVID-19, the future of work, and the social and economic benefits of healthcare, to name just a few.
- **McKinsey Quarterly** ⧉, which has addressed the biggest challenges faced by senior managers around the world since 1964. Our flagship business publication, *McKinsey Quarterly*, strives to produce timely and relevant content for executives, regardless of industry, functional role, or geography.

Our publishing draws on the same analysis that informs our client service, offering insights that are deeply researched and actionable. Our growing body of publishing on climate change, for example, aims to help clients take action on an urgent and complex challenge. By accelerating progress, we hope to enable wide-scale positive impact and, ultimately, become the world's largest private-sector catalyst for decarbonization.

Beyond providing insights for our audiences, our research also gives McKinsey colleagues opportunities for development. In 2021, we featured around 1,500 McKinsey bylined authors and hundreds of colleagues acted as research contributors.

97
sustainability-related articles

56
diversity, equity, and inclusion-related articles

152
COVID-19-related articles

Research highlights from 2021

As the world continued on its trajectory of change in 2021, we united our knowledge and insights to help leaders across all sectors accelerate sustainable, inclusive growth. Here are some examples of this work.

1. **Solving the net-zero equation: Nine requirements for a more orderly transition** ⬈.

2. **Innovating to net zero: An executive's guide to climate technology** ⬈.

3. **'Great Attrition' or 'Great Attraction'? The choice is yours** ⬈.

4. **Women in the Workplace 2021** ⬈.

5. **Being transgender at work** ⬈.

6. **The economic state of Black America: What is and what could be** ⬈.

7. **The case for inclusive growth** ⬈.

8. **Igniting your next growth business** ⬈.

9. **How boards have risen to the COVID-19 challenge, and what's next** ⬈.

10. **Our future lives and livelihoods: Sustainable and inclusive and growing** ⬈.
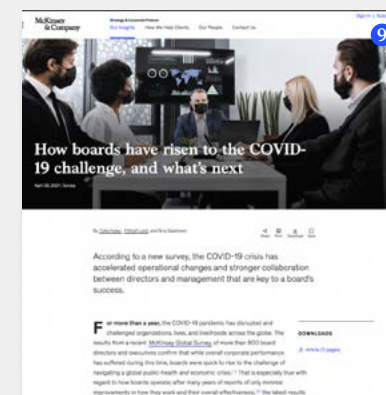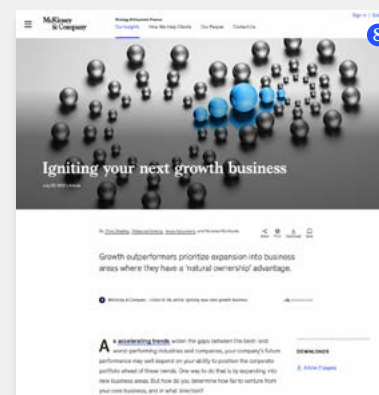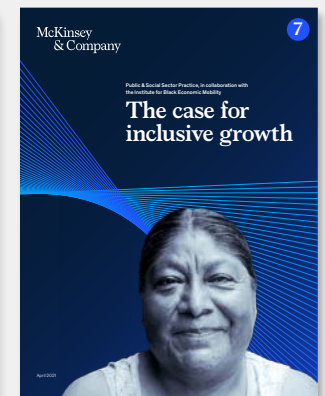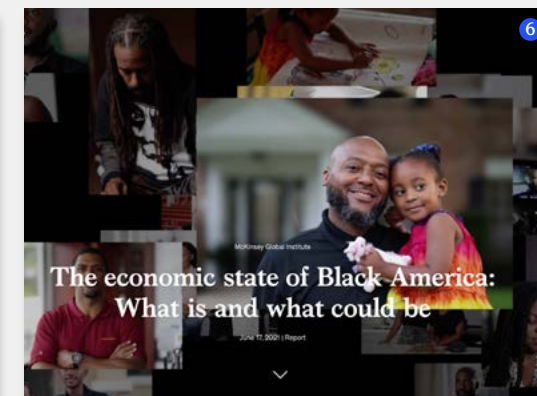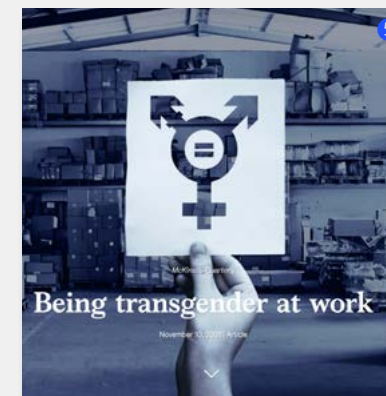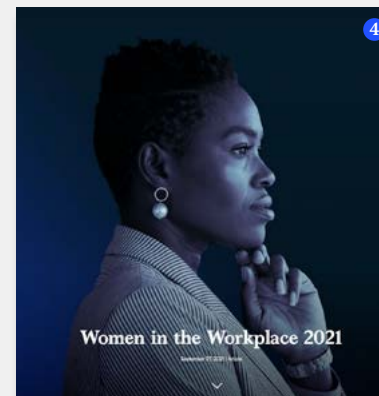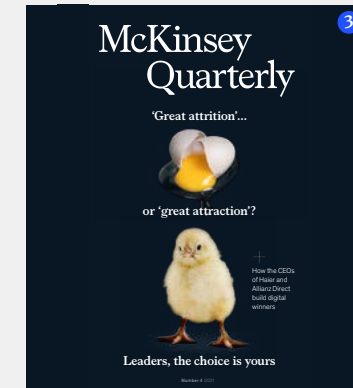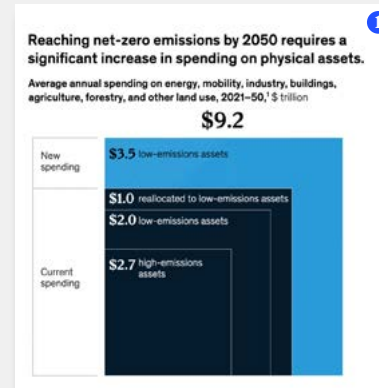
Solving the net-zero equation: Nine requirements for a more orderly transition

"The required step-up in spend on physical assets (both capital expenditures and consumer spend on durable goods) to reach net zero by 2050 would be substantial. Indeed, we currently estimate this spend to represent an about 60 percent increase relative to today (from an estimated annual $5.7 trillion to $9.2 trillion).[6] While many of these investments come up with a positive return, financing for this scale of capital needs to be secured."


'Great Attrition' or 'Great Attraction'? The choice is yours

"To stem the tide of the Great Attrition (or what many call the Great Resignation), senior executives must understand why employees are leaving. Many are struggling to do so. For example, when employers were asked why their people had quit, they cited compensation, work–life balance, and poor physical and emotional health. These issues did matter to employees—just not as much as employers thought they did. By contrast, the top three factors employees cited as reasons for quitting were that they didn't feel valued by their organizations (54 percent) or their managers (52 percent) or because they didn't feel a sense of belonging at work (51 percent)."


Women in the workplace 2021

"To accelerate progress for all women, on all fronts, companies need to double their efforts when it comes to accountability. Despite saying that gender and racial diversity are among their most important business priorities, only two-thirds of companies hold senior leaders accountable for progress on diversity goals, and less than a third hold managers—who play a critical role in hiring and promotions decisions—accountable."
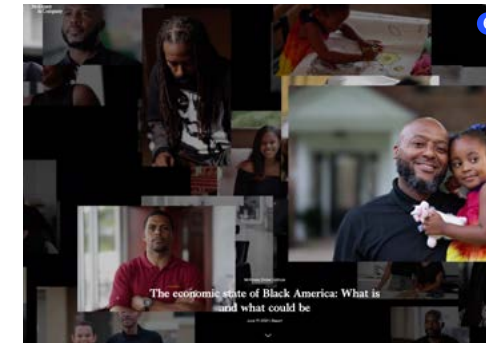
The economic state of Black America: What is and what could be

"In a parity scenario, Black-owned businesses would generate $1.6 trillion more than they do today. This has two components. First, if the Black share of business ownership matched the Black share of the population, 615,000 more enterprises would exist, potentially generating $1 trillion in revenue, assuming current relative levels. Second, if Black-owned firms matched the average scale of their industry peers, they would add another $600 billion in revenue."
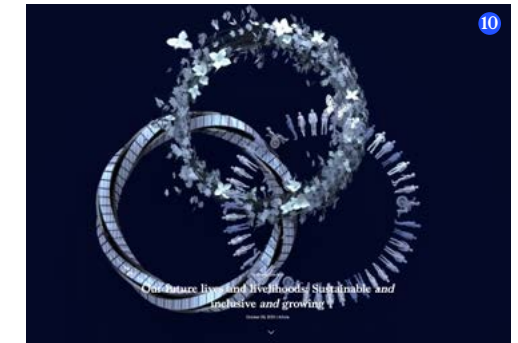
Our future lives and livelihoods: Sustainable and inclusive and growing

"The three elements of growth, sustainability, and inclusion are deeply connected and cannot be viewed as trade-offs. Consider this: without growth, how could we achieve prosperity and well-being or pay for the transitions needed to make the economy more sustainable and inclusive? Without sustainability, how could we fashion growth for the current generation and the ones to follow? Without inclusion—an opportunity for productive work and a satisfying life for all citizens—how could we ensure the demand needed to propel growth?"

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6   Estimation includes spend for physical assets across various forms of energy supply (for example, power systems, hydrogen, and biofuel supply), energy demand (for example, for vehicles, alternate methods of steel and cement production), and various forms of land use (for example, GHG-efficient farming practices). This includes both what are typically considered "investments" in national accounts and spend, in some cases, on consumer durables such as personal cars.

McKinsey Global Institute

McKinsey Global Institute (MGI) is McKinsey's institute for business and economics research. MGI's mission is to advance fact-based decision-making on the issues most critical to the world's business and policy leaders. MGI is funded by McKinsey; advised by leading academics, including Nobel Laureates; and reports are publicly available and provided free of charge.

31
years since MGI was established

300+
publications to date

#1
private sector think tank for four consecutive years (2016–2019) in the University of Pennsylvania Lauder Institute's Think Tank Index

MGI themes and recent research:

4.
Society and institutions

The economic state of Black America: What is and what could be

3.
Consumers, behavior and health

The consumer demand recovery and lasting effects of COVID-19

5.
Resources and sustainability

The net-zero transition: What it would cost, what it could bring

2.
Financial markets and investment

The rise and rise of the global balance sheet: How productively are we using our wealth?

6.
Work and labor markets

The future of work after COVID-19

1.
Growth and competition

A new look at how corporations impact the economy and households

7.
Technology and innovation

Financial data unbound: The value of open data for individuals and institutions

Accelerating sustainable and inclusive growth

Our clients

Being an impact partner to our clients requires taking a holistic approach that helps them improve financial and operational performance, build capabilities to bring ambitions to life, and create lasting stakeholder benefits for customers, employees, communities, and the environment. We view these as the foundational dimensions of enduring client impact. **Case studies** profiling select examples of our client work are included throughout this chapter.

In this section

2021 highlights:

$850m	**50%+**	**1,200+**	**140+**	**130k+**
invested in knowledge development, capability building, and learning	of engagements have holistic impact[7] as an explicit goal, after we broadened our impact definition in 2021	sustainability engagements – supporting our clients in their climate transition journeys	new businesses in process of being imagined, built, and scaled through Leap by McKinsey	direct participants in our McKinsey Academy capability-building programs

7   Holistic approach to impact that considers three critical dimensions of impact—financial and operational results, capabilities, and stakeholder and ecosystem benefits.

Driving holistic impact with clients

Leaders want professional advisers who can help them navigate this moment and ensure that their decisions and actions will stand the test of time. We help leaders meet this aspiration by taking a holistic approach to impact.

Sustainable and inclusive growth is our aspiration for the future, while holistic impact is what we seek to help our clients deliver through the work we do every day. If our clients create holistic impact, we accelerate sustainable and inclusive growth.

We aim for holistic impact that strengthens our clients' financial and operational performance, builds their capabilities, and creates enduring stakeholder benefits. Our aspiration to achieve holistic impact in every client relationship helps us raise the ambition of our client work and our firm globally. We expect accountability for delivering holistic impact, committing jointly with our clients to hold our work to this standard.

With our clients, we now systematically consider and address the perspectives and needs of the broader range of stakeholders our work might touch. In these interactions, we are often inspired by our clients, many of whom are already embedding environmental, social, and governance (ESG) factors into their strategies. We aim to help them go further by fully integrating stakeholder impact considerations into their strategic and operational decisions.

Internally, we are investing to upskill all our colleagues on holistic impact, including through our annual firmwide Values Day and regional, local, and role-specific training events. We embed it in ongoing learning programs for all consultants, alongside programs that teach core skills such as problem solving and client counseling. It also anchors our internal performance assessments, which consider holistic impact as a core element.

Achieving holistic impact is challenging, but by focusing on it in each client engagement, we believe we can help create sustainable and inclusive growth. For example, between 2015 and 2019, our clients that are public companies[8]:
- drove almost 20% of GDP growth
- added over 1 million jobs per year
- added female employees and female board members faster than average
- reduced emissions 7x faster than non-clients and were 4x more likely to have science-based targets

50%+
of engagements have holistic impact as an explicit goal, after we broadened our impact definition in 2021

100%
Our goal is for 100% of our client programs to have holistic impact as an explicit goal by end of 2022

8   Analysis includes the top ~6,600 public companies in the world by market cap, of which ~1,600 are our clients and the remainder are "non-clients." Analysis does not include privately held companies, government entities and nonprofits. This analysis is being updated with 2021 and 2022 data and will be shared in our next ESG report.

Innovating to net zero

The climate crisis is a defining issue of our time, so we are investing $1 billion over the next five years in our capabilities to help our clients lead a wave of innovation and growth that safeguards our planet.

In April 2021, we significantly expanded our commitment by launching **McKinsey Sustainability** ⧉, a new client service platform. It aims to help all industry sectors undergo the transformation needed to cut carbon emissions by half by 2030 and reach net zero by 2050.

Decarbonization will fundamentally reshape the economy, creating new markets and imperiling others. We are investing to help companies identify opportunities and take bold action, including by:

- helping leaders and organizations create and implement ambitious ESG and net-zero strategies
- growing new sustainable businesses
- finding and removing emissions across systems, including product design, supply chain, manufacturing, and operations
- helping banks, asset managers, and insurers decarbonize their portfolios
- providing insight on guiding capital to areas of high potential

In 2021, we made three important strategic acquisitions to expand our capabilities:

- **Vivid Economics** ⧉ , a UK-based strategic economics consultancy with broad sustainability and macroeconomic capabilities
- **Planetrics** ⧉ , a climate analytics suite that financial institutions to quantify, report and manage climate-related risks and opportunities
- **Material Economics** ⧉ , a leading sustainability consultancy firm based in Stockholm, Sweden specializing in developing strategies that focus on circularity and use data-driven approaches to optimize the use and reuse of products and materials

Our new capabilities also include the McKinsey Academy for Sustainability, which trains boards, senior leaders, and colleagues on climate change, as well as several Technology Centers of Excellence that are developing cutting-edge innovations for batteries, hydrogen, carbon capture, nature-based solutions, water, plastics, and more. Through these capabilities, we've amplified our ability to help clients assess climate and nature-related risk, develop environmentally and socially sustainable strategies, navigate structural economic shifts, and create value through sustainable businesses.

Convening partnerships to scale solutions

McKinsey works with leading institutions to develop thought leadership and convene partnerships that tackle problems that one institution alone could not. In 2021, we launched a collaboration with the Mission Possible Partnership to analyze pathways to decarbonize the world's hardest-to-abate sectors. We provided analytical insights for WBCSD's Value Chain Carbon Transparency Pathfinder: an initiative dedicated to lowering Scope 3 emissions through the widespread exchange of primary carbon emissions data. With Vivid Economics, we also helped the Glasgow Financial Alliance for Net Zero create investment opportunity roadmaps that show how private and public investors can have impact through direct capital expenditure.

In April 2022, we announced a partnership with Alphabet, Shopify, Meta, and Stripe in an eight-year $925 million commitment to accelerate the development of permanent carbon removal technologies by guaranteeing future demand. The joint effort, called Frontier, is an advanced market commitment (AMC), which aims to expand the global supply of carbon removal, rather than increase competition for the supply that exists today.

$1b	**97**	**2,000+**	**1,200+**
investment over the next five years to help our clients tackle the climate crisis	sustainability-related articles published	colleagues focused on sustainability, including green-business building, decarbonization, and nature-based capital	sustainability engagements, supporting our clients on their climate transition journey

CASE STUDY

Blue Nature Alliance: Partnering for large-scale ocean conservation

Launched in April 2021, the **Blue Nature Alliance** ⬀ **is a global partnership created to drive momentum toward the target of conserving at least 30 percent of the ocean by 2030**, which would represent a significant contribution to addressing the climate and biodiversity crises.

To help achieve that goal, the Alliance aims to catalyze 18 million square kilometers (7 million square miles) of ocean conservation over five years through ocean conservation areas. In addition to sustaining biodiversity and ecosystem function, the Alliance's work has the potential to create massive socioeconomic opportunities for people around the world who live along ocean coastlines.

McKinsey is helping the Alliance to develop innovative funding models for marine conservation through a series of pro bono projects.

In 2021, we supported the Alliance in applying those models to marine sites in the Pacific and Atlantic Oceans. We also helped develop methodologies that enable local leaders to take concrete steps toward establishing financially sustainable marine protected areas. To date, utilizing advanced, multi-dimensional analyses that account for socioeconomic factors, we supported the development of six new large-scale ocean conservation areas.

Find out more about our support of the Blue Nature Alliance ⬀.

18m km^2
(7 million square miles) of ocean conservation over five years

CASE STUDY

Danfoss: Supporting the preferred decarbonization partner for industry, transport, and buildings

Source: Danfoss

25%

emissions reduction expected from all purchased goods by 2030, with a further 15% emissions reduction across the value chain

2030

goal to be carbon neutral in operations

As our planet is seeing the highest recorded concentration of CO_2 in two million years, leading companies are committing to urgent change and bold emissions reduction targets. **Danfoss, a global leader in energy efficient components, has set an ambition to become their customers' preferred decarbonization partner**. With a large portfolio of components and deep knowledge in three high emission sectors—industry, transport, and buildings—Danfoss is seizing its position to support customers by enabling the energy transition.

In practice, this meant setting emissions reduction targets covering the entire value chain and developing circular products that minimize waste and emissions. For many industrial companies, including Danfoss, Scope 3 emissions are both the largest part of their footprint and the most complex to decarbonize. **To understand the opportunities, costs, and timelines of decarbonization, McKinsey partnered with Danfoss to help develop the necessary insights, tools, and capabilities to tackle its Scope 3 emissions**.

First, Danfoss set out to map emissions across the business and the value chain. The engagement team found that, like the company's peers, most emissions come from the use of sold products. The second largest category of emissions are purchased goods. To understand the full potential and cost of reducing Scope 3 emissions, Danfoss focused simultaneously on its own operations, product development, and supply chain.

In product development, Danfoss' first step was to baseline embodied carbon for each product category, using primary data from the supply chain, where possible. Since, across all sectors, primary upstream Scope 3 data is a known challenge, the joint team used secondary data where gaps existed. This work has enabled product managers and engineers to use carbon and cost impact assessments to create actionable decarbonization targets and roadmaps for individual products.

At the same time, Danfoss baselined the emissions in purchased goods, identified the top emitting procurement categories and suppliers, and then engaged with them to switch to lower emissions energy sources. To enable the scaling of this approach to Danfoss' broader portfolio, McKinsey helped to build a digital solution to estimate upstream emissions and enable more efficient prioritization and decision-making.

Danfoss aims to embed its ESG ambition in all major business processes and engagement with the full value chain. To enable this, McKinsey supported Danfoss to establish a new "train-the-trainer model" that is being implemented to build new capabilities throughout the organization. Together, we are working toward Danfoss' realization of broader climate and decarbonization goals, part of the Danfoss 2030 ESG Ambition.

Impact in a snapshot:
- Collaborating with the top ~50 of ~10,000 suppliers that account for 50% of procurement emissions
- Built digital solution to enable faster and better decarbonization assessments and decision-making

CASE STUDY

Vistra: Fueling the next wave of innovation in the energy sector

Vistra Corp. is the largest competitive power producer in the United States, operating power plants in 12 states with a capacity of more than 39,000 megawatts of electricity—enough to power nearly 20 million homes. Vistra has committed to reducing emissions by 60 percent by 2030 (against a 2010 baseline) and achieving net-zero emissions by 2050.

To help achieve its goals for cleaner and more efficient power, **Vistra turned to McKinsey to optimize its power plants using AI**. The first part of the collaboration involved determining where AI could have the biggest impact. McKinsey experts, data scientists, and analytics translators from QuantumBlack, AI by McKinsey, worked closely with a Vistra team of power generation experts and frontline operators to understand how the plant works, what data was already available, and what variables could be controlled.

One solution was the "Heat Rate Optimizer" (HRO), a tool that helps determine the most efficient amount of electricity generated for each unit of fuel consumed. The model analyzed two years of data to learn which combination of external factors—such as temperature and humidity—and internal decisions, like set points that operators control, would attain the best heat-rate efficiency at any point in time.

In less than three months, the HRO improved efficiency by 2 percent—representing a major improvement over traditional improvement efforts. Typically, operators of gas-fueled power plants would invest millions of dollars in research and development over four to five years to achieve a 1 percent improvement in power-generation efficiency.

Additional solutions have helped Vistra abate about 1.6 million tons of carbon per year, equating to 10 percent of its remaining 2030 carbon reduction commitment.

A critical ingredient has been the infrastructure put in place to scale this work across Vistra's 60+ power-generation units. When a solution has proven value at a pilot site, a team of software and machine learning engineers refactor, modularize, and containerize the code. This enables a "core" software package for each deployment that can be updated and improved while scaling.

We also worked with Vistra to implement a standardized approach to the deployment and maintenance of more than 400 AI models, supporting the continuous improvement of each model to ensure the plants sustain and build on the value they captured (a practice known as MLOps—short for Machine Learning Operations).

With more than $60 million in savings captured in the first year and another $40 million in progress, Vistra is well on its way to deliver its $250–$300 million savings roadmap and more than two million tons of carbon abatement per year.

~1.6m	67	$60m
tons of carbon abated annually	power plants optimized	savings captured in the first year, as part of $250–$300 million savings roadmap

Increasing inclusion

We have a deep and long-standing commitment to advancing diversity, equity and inclusion (DEI)⧉. It is critical for growth and is integral to our mission of helping clients make substantial, lasting performance improvements.

Our research on diversity set the path for us. We know diverse and inclusive organizations are more successful at attracting and retaining talent, making high-quality decisions, and driving innovation. But the value of greater diversity is only fully captured when an organization is also equitable and inclusive, ensuring that everyone can be their authentic selves at work.

Using proprietary tools, we help our clients measure inclusion, providing insights into experiences across employee groups. To inspire commitment, we draw on our industry-leading research and align leaders around their organization's specific business case for diversity. We also support action at every level to create a workplace where everyone is empowered to make meaningful contributions.

20,000+

participants from 600+ organizations have participated in our Connected Leaders Academy

Our research also helps to catalyze change across industries. For example, the **McKinsey Institute for Black Economic Mobility**⧉ is a research institute and think tank dedicated to advancing racial equity and inclusive growth in the United States and globally. Launched in 2020 as part of our 10 Actions, it collaborates with stakeholders and leaders across private, public, and social sectors to advance economic opportunity for Black people and create a more inclusive economy and society. **Women in the Workplace**⧉, our annual study of women in corporate America published with **Leanin.org**⧉, is another example of research that catalyzes change. This year's report, which reached a record of 423 participating companies, focused on the pressures put on women during the COVID pandemic and described practices that are making a difference in gender parity across leading companies.

Helping clients build and empower diverse workforces

We partner with our clients to set bold DEI aspirations, then drive change needed to reach them, by:

- **Assessing the baseline and setting the strategy**: using a comprehensive diagnostic to help clients understand current diversity within their workforce, then establishing DEI goals and a roadmap for implementation.
- **Building capabilities and shifting behavior**: designing and leading programs to build DEI capabilities at every level, empowering people to apply new skills and adopt inclusive behaviors.
- **Guiding transformational change**: delivering multi-year DEI programs, working closely with clients to help them manage implementation, track progress, and celebrate impact.

We have developed a suite of tools, solutions, and programs to enable our work, including:

- **DEI Maturity Assessment:** An evaluation of DEI strategy and programs maturity across key dimensions to identify opportunity area.
- **Inclusion Assessment**: A data-driven approach to measuring workplace inclusion and building actionable plans to mitigate inequity.
- **Inclusion Incubator:** A multi-faceted capability-building program designed to support learners in creating a more inclusive organization.
- **People Process Debiasing:** Analyzes bias in people processes, resulting in tailored interventions to make debiasing impactful and sustainable.
- **Sponsor Match**: Provides actionable information on current and potential sponsorship relationships.
- **Talent Pipeline Analytics and Scenario Modeling:** Maps talent landscape by dimensions such as gender, race, and ethnicity across functions and levels, and generates insights to inform bold, feasible goal setting.

Empowering diverse leaders

To help drive the next generation of diverse leadership, the McKinsey Academy—our flagship capability-building service line—offers programs at no cost to our clients. This includes the **Connected Leaders Academy**⧉ offered to Black, Hispanic/Latino, and Asian leaders, which has welcomed more than 20,000 participants from over 60 organizations. As part of our firm's 10 Actions, we also launched the McKinsey **Black Leadership Academy**⧉. These programs help recognize high-potential individuals, improve organizations' talent pipelines, and connect underrepresented leaders with powerful networks of peers and tools to support their professional aspirations.

Learn more about **10 Actions**⧉ and **Connected Leaders Academy**⧉

CASE STUDY

Markle Foundation: Unlocking experience-based job progression for millions of workers

There are over 100 million skilled workers in the United States whose talents are often unrecognized because they lack a four-year college degree. COVID-19 has exacerbated this situation. About six million of these workers from lower-wage roles were unemployed as of February 2021, comprising roughly 63 percent of all unemployed Americans. Around 36 percent of them were Black or of Latin descent.

To help respond to this crisis, the **Markle Foundation launched the Rework America Alliance**—a collaboration of more than 35 institutions, encompassing employers, nonprofits, educators, government entities, and public and private organizations, dedicated to helping unemployed and low-wage workers. The Alliance identifies promising job pathways and high-quality training aligned with required skills for emerging jobs, develops digital tools to help career coaches better serve displaced workers, and directly engages employers to drive the adoption of inclusive sourcing and hiring practices.

As an Alliance partner, **McKinsey helped design capabilities that enable participants in the labor market to better collaborate to unlock experience-based hiring at greater scale**—linking market signals, actionable insights, and training options to help millions of Americans in low-wage roles, regardless of formal education, move into higher paying jobs.

We started with data, providing novel analytics to uncover previously "hidden" job progressions that enable lower-wage workers—disproportionately Black, Latino, and women—to achieve improved income, job stability, and job quality based on their skills and experience. We looked at the job histories of 29 million people, more than 800 occupations, and other information, such as employment growth and susceptibility to automation. We also engaged with over 350 small- and medium-sized businesses to develop industry- and location-level insights.

The Alliance has packaged these insights to be useful for action—such as through a widely circulated report co-authored with Markle, the Federal Reserve Bank of Atlanta, and the National Urban League; in a "Job Progressions Tool" for career coaches; and, as a foundational input to the Federal Reserve's "Rework Community Insights Monitor."

We know from experience that impact is best delivered locally. Therefore, working with Alliance partners, McKinsey helped create a "lighthouse" delivery model that is both localized and replicable, in five initial locations (Atlanta, Austin, Denver, Minneapolis-St. Paul, and the Finger Lakes region of New York).

The work in these initial locations has included convening over 50 workforce "aggregators" (e.g., local chambers, workforce boards, and worker-serving nonprofits) to identify immediate actions they can take; equipping ~180 employers and employer intermediaries to implement new practices, such as adopting more inclusive skills-based sourcing and talent practices; and enabling 2,700+ job coaches to have access to 350k+ job seekers with tools, resources, and insights from the Alliance to better place vulnerable workers into good jobs. At the same time, we have helped deploy tools across partner institutions that serve 350,000 workers nationally.

Find out more about the Rework America Alliance ↗.

180
employers and employer intermediaries equipped to implement new practices

2,700+
job coaches equipped by the Alliance to place vulnerable workers into good jobs

350k+
job seekers given access to coaches who offer tools, resources, and insights

CASE STUDY

National Association of State Mental Health Program Directors: Expanding mental health services for those in need

Suicide is a devasting tragedy that impacts individuals as well as extended families and communities. One out of every 100 deaths worldwide are attributed to suicide. In the United States, suicide is a leading cause of death.

The need to expand services to help people struggling with suicidal thoughts and other crises is pressing. **McKinsey Health Institute (MHI) partnered with the National Association of State Mental Health Program Directors (NASMHPD) on a pro bono initiative. Together we helped the US government convene national stakeholders around 9-8-8, America's first nationwide three-digit number for mental health, substance use, and suicide crisis**. The hotline will be available to everyone across the United States in July 2022.

Together with NASMHPD and other national stakeholders, MHI developed tools to assess system readiness and prepare our clients for the transition to 9-8-8. These tools include a set of guidebooks that include how-to instructions and case examples designed for local providers, contact centers, state agencies, and others.

MHI also collaborated with RI International, a convening stakeholder in the launch preparation, to help it build and enhance a new, web-based version of the Crisis Resource Need Calculator. The goal of the calculator is to help communities build in-person crisis care for their populations, so 9-8-8 doesn't become "a bridge to nowhere." Using the enhanced calculator, federal, state, and county leaders can estimate the demand, resourcing, and healthcare costs of crisis services in their communities. The data and insights from the calculator could support leaders in making the case for developing a full crisis care continuum and plan their work.

The 9-8-8 hotline has the potential to benefit 39 million people annually—the estimated total number of individuals experiencing a behavioral health crisis with means to contact 9-8-8.

39m people

potentially benefiting annually from the 9-8-8 hotline

Enabling enduring growth

We believe growth is necessary to secure increased prosperity and well-being for everyone. As organizations and economies thrive, jobs are created, incomes rise, and increased demand creates investment opportunities. Growth also generates needed capital for green innovation.

We have long supported our clients' growth. Today, they are asking us to help them enable growth in the context of the modern world. Adjusting to this context typically requires unprecedented speed, interconnected capabilities, and practical acumen to capture opportunities presented by the postpandemic recovery. It requires leaders to put critical mass behind growth strategies while preparing for what will come next.

To help our clients meet this challenge, we have invested heavily in developing distinctive capabilities and insights, including growth strategy, marketing and sales expertise, organic and inorganic business building, tech-enabled solutions, and capability building. Our recent acquisitions of IncepTech, a Budapest-based firm that develops digital products and businesses, and LOBO, a digital marketing and sales agency in Buenos Aires, are examples of targeted investments to expand our ability to help clients grow at a time when whole industries are being disrupted by digital natives.

Our integrated approaches are fueled by advanced analytics, AI, and the best available data, enabling us to help create cohesive organizations that can think and act fast and move quickly to growth, regardless of where they are on their transformation journey. For example, Leap by McKinsey works with established organizations to imagine, build, and scale new businesses, and we apply Leap methodologies in our Green Business Building service line, working with climate-focused innovators to build new, sustainable businesses.

Supporting social, healthcare, and public entities

We have served the social, healthcare, and public sectors for almost 70 years. Our clients trust our more than 2,500 colleagues in this area to build the strategy and resources needed to drive change. By combining our hands-on work with research, we bring proven methodologies and tools that support clients—on **social**⊞ , **healthcare**⊞ , **public sector**⊞ , and **education**⊞ issues—from diagnosis of issues to delivery of lasting impact.

We engage with communities and organizations to support local responses to international crises and tackle major challenges. We also invest in research on critical economic, government health, social, economic, and government topics through dedicated research centers, including the **McKinsey Center for Government**⊞ , the **Center for US Health System Reform**⊞ , and the **McKinsey Health Institute**⊞ .

140+
new businesses in the process of being imagined, built, and scaled through Leap by McKinsey

150+
digital, analytics, and technology transformations

130,000+
direct participants in our McKinsey Academy capability-building programs

CASE STUDY

Vyaire Medical: Delivering a manufacturing moonshot for COVID-19 patients

In March 2020, it quickly became clear that there were not enough ventilators to support patients given the demands of the COVID-19 pandemic. In fact, McKinsey research estimated 23 ventilators existed per 100,000 people in North America, the region with the most plentiful supply.

Typical production lines were making five to seven ventilators a day. **To support patients by responding to surging requests for ventilators, medical device manufacturer Vyaire Medical needed to increase production to 700 units daily within weeks**. Given the urgency of the need, and the complexity of the devices and their supply chains, an extraordinary effort was required. Vyaire engaged McKinsey to support it to dramatically increase capacity.

McKinsey worked with Vyaire to develop a plan to dramatically and rapidly increase ventilator production. Alongside our experts, production engineers re-validated basic manufacturing data and assumptions at Vyaire's Palm Springs, California, facility, and identified optimization measures, which quickly tripled production.

The team then began looking for additional capacity. They created a partnership with Spirit AeroSystems, whose furloughed workforce had a transferable skill set, and identified a 55,000 square foot building in Wichita, Kansas. Launching the new production facility required coordination of machinery, inbound logistics, outbound freight, quality control, assembly, testing facilities, and many other aspects. It also depended on close collaboration with suppliers that provide critical components.

As it became evident that the Palm Springs plant had reached its production limit, the team decided to execute a "lift and shift" operation to consolidate all production lines at the new Wichita plant. This complex plan was designed and completed in less than 10 days—a remarkable accomplishment given various circumstances.

By October 2020, total daily production rates exceeded 1,000 units and, at peak output, Vyaire was able to produce more ventilators in three days than its entire 2019 output. Beyond delivering critical-care ventilators, employment was provided for thousands of furloughed workers both directly and through the supply chain.

700
ventilator units required to be produced daily to support patients

1,000+
ventilator units produced daily following McKinsey's engagement

CASE STUDY

Telkomsel: Closing the 'digital divide' through inclusive growth

The Indonesian digital economy has emerged as a major driver of local manufacturing and jobs, accounting for $32 billion annually—the nation is also home to the fastest-growing population of smartphone users in the world.

Telkomsel, the world's seventh-largest mobile operator and the largest in Southeast Asia, has been a driver of economic growth. The provider has been central to the creation of a sustainable and inclusive digital economy for Indonesia's nearly 200 million internet users. It has dramatically increased Indonesia's broadband access, helped small- and medium-sized enterprises (SMEs) digitize, and led the nation's transition from 3G to 4G before becoming the first operator to launch 5G there in May 2021.

To reach a new generation of Indonesians and to ensure its platform would remain the primary way its customers engage with the world, **Telkomsel partnered with McKinsey to embark on a digital transformation** to:
- create a new analytics platform to better understand people's needs and drive personalization

- build new businesses that give customers more control of their accounts and easier online access
- establish a new digital channel that would streamline how Telkomsel's services are accessed

The transformation has already delivered significant results. The analytics platform has helped Telkomsel better tailor offers for customers. These services and offerings already account for 50 percent of the company's overall revenues. MyTelkomsel, a new app that Indonesians can use to manage their mobile lives, including video and gaming, and e-payments, is seeing 24 million monthly active users, a tenfold increase over a previous Telkomsel app.

Despite Indonesia's rapid digitization, fixed broadband access has not been uniform and only 15 percent of households use it to get online. We helped Telkomsel launch Orbit, a new business that provides customers with a 4G home router so they can access home broadband in underserved areas. The new company doubled its one-year customer acquisition goal and today is delivering 20 percent month-over-month growth—helping people access the information, goods, and services they need.

24m
monthly active users on MyTelkomsel app

10x
increase compared to previous app

Broadening our capabilities

We are committed to continually broaden our capabilities to anticipate and meet our clients' evolving needs. Our growth platforms, Client Capability Network, and alliances and acquisitions are an expression of this commitment.

Growth platforms

Our growth platforms are areas of client service in which we are rapidly scaling up our talent, knowledge, services, and products—including through strategic acquisitions—to extend our capabilities and knowledge into new areas. These platforms include:

- **McKinsey Sustainability:** More than 790 clients, across more than 70 countries, have partnered with us on their climate transition journeys in the last three years. More than 2,000 colleagues spend more than 30 percent of their time on sustainability topics, including green-business building, decarbonization, and nature-based capital.
- **People & Organizational Performance:** More than 430,000 direct participants in our McKinsey Academy capability-building programs in the last three years.

- **McKinsey Digital:** More than 300 new businesses have been imagined, scaled, and built through Leap by McKinsey in the last three years. We are ranked a Leader—the highest rank—by Forrester for Digital Business Transformation Services.
- **McKinsey Transformation:** We've helped clients complete more than 1,000 successful, at-scale, end-to-end transformations across 94 countries and over 30 industries.

Client Capability Network

More than 4,800 of our colleagues work alongside our consultants to support our client engagements, both remotely and at client sites, in an agile and targeted way. This Client Capability Network (CCN) is core to our firm's innovation, developing knowledge and building and refining proprietary capabilities. Our portfolio includes state-of-the-art research, asset-backed and rapid diagnostics, benchmarking, and workflow support. Our professionals apply their deep expertise across a broad range of methodologies and specialized on-demand analyses. The CCN is a unique complement to our client service teams.

Sustainability innovations fueled by intrapreneurship

In 2021, we held our first Innovation Olympics – an internal competition designed to deepen our firm-wide culture of innovation. More than 2,000 colleagues in 510 teams took part, submitting ideas to tackle some of our clients' toughest problems. As well as supporting the development of the winning idea, the competition provided colleagues opportunities to collaborate, learn, and expand personal networks.

Through a series of rounds, five projects were shortlisted for December's Grand Finals. These included ways to address clients' technology debt, optimize their GHG emissions from operations, and accelerate their adoption of cloud technologies.

The winning idea – Zero Carbon Product – is a platform that will help clients create carbon-neutral products by assessing their footprint across their supply chain, evaluating a broad range of levers, and identifying pathways that account for cost and feasibility. This much-requested capability will help us drive our sustainable, inclusive growth agenda.

$850m	**4,800+**	**>95%**	**500+**
invested in knowledge development, capability building, and learning	colleagues in our Client Capabilities Network	of client work involves Client Capabilities Network professionals	companies in our ecosystem of alliances

*Acquisition

Ecosystem of alliances and acquisitions

To bolster our capabilities, we have established an open ecosystem of alliances and acquisitions. This dynamic and evolving group of leading technology companies—from global tech platforms like AWS, Google, Microsoft, and SAP to innovative start-ups—helps our clients anticipate and react to change and stay resilient. This ecosystem comprises more than 500 external companies and over 20 acquisitions that span cloud, data, analytics, sustainability, and implementation and change acceleration—all in service of better supporting our clients.

Some of the companies in our ecosystem of alliances and acquisitions:

Technology and Applications

aws   Google Cloud   Microsoft   Hypothesis *   SAP

(h[s])® HYPERSCIENCE   Medallia   qualtrics.XM *   Anaplan   CANDID *

Data & Analytics

aspentech   CEM Benchmarking   dynamic yield   Finalta by McKinsey *   Orpheus A MCKINSEY COMPANY *

PriceMetrix by McKinsey *   QuantumBlack AI by McKinsey *   Risk Dynamics A MCKINSEY COMPANY   SPARK BEYOND   Westney Capital Analytic *

Implementation & Change

aberkyn A MCKINSEY COMPANY *   RICHARDSON SALES PERFORMANCE Growth, simplified

ELIXIR Creating Sustainable Value

Sustainability

MATERIAL ECONOMICS *   :vivideconomics putting economics to good use *

planetrics a vivid economics company *

Note: McKinsey's collaboration arrangements with third parties may include a financial interest in some of its collaboration partners, e.g., royalty, cost recovery, or equity stake. The specifics may vary depending upon the scope of the collaboration and the third-party firm involved.

Overview   Our insights   Our clients   Our people   Our firm   Reporting

Our people

We are a firm of over 38,000 colleagues in six regions across the globe. Our people represent more than 150 nationalities and speak 120 different languages. We have a wide variety of educational experiences and include many colleagues from non-traditional backgrounds or with alternative entry routes into the workforce.

In this section

2021 highlights:

38,000
colleagues globally

48%
women

52
average annual training hours per consulting colleague

100%
of our people receive regular performance and career development reviews

12,400+
colleagues in our Inclusion Allies program

Our approach

Our firm is designed to operate as one—a single global partnership united by a common purpose, mission, and values, including creating an unrivaled environment for exceptional people. We embed a deep commitment to diversity and to creating inclusive opportunities in our client service and in how we run our firm.

To create an unrivaled environment for exceptional people, we expect our colleagues to:

• be non-hierarchical and inclusive
• sustain a caring meritocracy
• develop one another through apprenticeship and mentoring
• uphold the obligations to engage and dissent
• embrace diverse perspectives with curiosity and respect
• govern ourselves as a "one firm" partnership

Our people are our greatest asset. It is only with their engagement and dedication that we can deliver on our purpose to create positive, enduring change in the world. Our People Strategy—which encompasses our enduring mission and values—along with our People priorities help us to attract, develop, and support our colleagues and ensure they are thriving personally and professionally. McKinsey's efforts to nurture our people are supported by a robust governance structure led by our chief people officer. At the board level, the People Committee of our Shareholders Council defines strategic direction and sets policies designed to fulfill our People Strategy.

Talent attraction

Our approach to talent attraction is central to McKinsey's dual mission—to help our clients make distinctive, lasting, and substantial improvements in their performance and to build a firm that attracts, develops, excites, and retains exceptional people. It also underpins our commitment to accelerate sustainable, inclusive growth.

To stay ahead of the curve and position ourselves to support our clients and our colleagues, we plan to radically expand our talent pools and evolve our processes and assessments while continuously working to mitigate the potential for bias.

Diversifying our recruitment sources

We work to build teams that reflect the diversity of our clients, the communities in which we work, and society as a whole.

We are continually looking for new ways to reach people who might not otherwise consider a career at McKinsey. This includes partnering with external organizations to help us connect with top talent, including the National Society of Black Engineers, Society of Hispanic Professional Engineers, Sticks & Stones, EUROUT, Grace Hopper, and JumpStart Advisory Group.

We invest to help create better access to McKinsey, including through:
- **learning programs** for women and underrepresented populations, such as Inspire—aimed at top Black, Hispanic, and Latino candidates in the United States—and Next Generation Women Leaders
- **McKinsey Achievement Awards**, which provide recipients with monetary awards to support their academic or professional development and join a mentorship program
- **A Place for You**, a campaign focused on connecting underrepresented talent to careers in management consulting through training and webinars with our consultants and recruiting team

In 2021, we held the McKinsey Juntos Conference in Brazil for young Black talent to connect, meet Black professionals with inspiring stories, develop new skills, engage with large companies, and learn about career opportunities.

Being consciously inclusive in our hiring processes

We work to ensure equity in our hiring processes and maintain a strong pipeline at all phases of our recruiting process.

In 2021, we introduced a full suite of solutions designed to go beyond removing the opportunity for bias in our processes by being consciously inclusive. For example, we launched new job descriptions that emphasize skills over academic pedigree and improved our résumé screening to be more inclusive of the diversity of experiences and skills.

We also launched inclusion nudges across our assessment approach and tools to help applicants write résumés and shine in our interviews. To combat potential biases, we created an inclusion advisor role and launched related training. Further, we scaled our industry-leading game Solve, which assesses candidates' problem-solving skills in an unbiased way by testing intrinsic capabilities and learning flexibility.

3x+
the number of Black colleagues hired as full-time US employees compared to 2020

540
institutions globally as part of hiring sources

49%
of new hires are women

In 2021, we welcomed our largest ever intake of talent to meet the needs of our client service while also ensuring diversity and inclusion. In addition, we:
- substantially expanded our sources, hiring interns and full-time consultants from around 540 institutions globally
- expanded our presence at Historically Black Colleges and Universities in North America and recruited from over 30 of these institutions
- recruited our highest global share of full-time colleagues for McKinsey Black Network, GLAM (LGBTQ+), and our First Generation network
- welcomed more than three times the number of Black colleagues to McKinsey in the United States as full-time employees compared to 2020

Development

We foster a culture of continual learning and growth and embed learning into every aspect of our work. We aim to help everyone reach their potential, and provide colleagues at every level with access to world-class professional development to ensure they are building new skills, expertise, and capabilities.

In 2021, we invested more than $850 million in knowledge development, capability building, and learning.

Culture of development

We believe that responsibility for encouraging our culture of development belongs to all firm members. This includes development through apprenticeship, sponsorship, mentorship, team- and cohort-based learning, on-the-job skill building, and strengths-based feedback. These are embedded into our core client and team operating system and our Way We Work initiatives, where development, learning, and apprenticeship habits are encouraged and tracked by team leaders. Our Mentorship, Apprenticeship, and Sponsorship Survey (MASS) provides insight into how well each colleague's needs are met.

We expect all our colleagues to act as both learners and teachers—for example, new joiners with extensive industry or technology-related experience are able to act as mentors to more senior colleagues.

Continuous learning

Every role at McKinsey has a core learning journey, built around our skills taxonomy, that is designed to balance leadership skills, capabilities for client service, technology acumen, and risk management awareness. Core programming may be:

- universal, such as our One Firm Onboarding curriculum for new colleagues
- hybrid, such as our Business Essentials learning module designed for client-facing colleagues with diverse educational and professional backgrounds
- self-directed, for example, a modular Digital and Analytics Tech Week created to empower colleagues from any background to level up in those skills
- customizable, such as content tailored for specific regions, interest or practice areas, role transitions, or affinity groups

We have created more than 2,500 learning offerings and provide access to tens of thousands more from external content providers.

Colleagues have access to elective and on-demand learning, as well as certifications and credentialing, to broaden skills, deepen expertise, and personalize their own development. In 2021, we introduced a new learner experience platform, providing a one-stop shop that provides colleagues with easy access to all of our learning content.

In 2021, our Learning organization also grew our range of multi-modal programming to be more personalized, inclusive, and sustainable. For example:

- executive assistants piloted a performance support tool for in-the-moment help
- recent hires met in office hubs for connectivity and "masterclass" content
- team leaders learned more about apprenticing others via digital self-serve, region-based meetings, and global virtual content
- partners chose to attend bespoke workshops in person or virtually

$850m
invested in knowledge development, capability building, and learning

2,500+
McKinsey-created learning offerings available

In 2021, McKinsey won more than 30 Brandon Hall Group HCM Excellence Awards, acknowledging outstanding innovations in learning and talent.

Self-authored journeys

We have always celebrated our colleagues' ability to "Make their Own McKinsey"—defining industry, functional, and leadership focus based on personal interest. To continue driving higher performance through greater employee engagement and connection to purpose, we are introducing Leadership Growth Plans for each colleague. We are also restructuring our career paths to encourage more flexibility using rotations and global mobility, as well as the ability to leave for, and return from, external growth opportunities.

Skills- and impact-based advancement

We are moving to a model of professional advancement based on demonstrated impact and skill mastery. Our "skill taxonomy" applies across all roles, giving colleagues opportunities to develop their unique profile of strengths.

Mobility and global expertise

We encourage growth and development by providing opportunities for professional experiences across our client practices, firm functions, and geographies. Through mobility programs, we simplify and accelerate connections between early-tenure colleagues and offices in more than 65 countries to enable them to experience new cultures and client contexts, expand networks, and develop global mindsets.

We work closely with leaders across our firm to identify needs and move partners with relevant expertise. One-third of our partners have lived and worked in multiple countries, and 20 percent of our team leaders, associate partners, and equivalents made an international transfer during their time at the firm.

Continued growth beyond McKinsey

We provide extensive help to colleagues when they choose to grow beyond our firm. We also celebrate the increasing number of alumni rejoining our firm with new skills and expertise.

We have a wide network of alumni in leadership roles around the world and take great pride in their impact in the world. We maintain close ties throughout their post-McKinsey careers and strive to help ensure their continued development and success.

Today our alumni network includes 44,000 former consultants across 125 countries. Over 3,000 are in prominent leadership roles in the private, public, and social sectors, and one in four have founded their own companies—including 40 technology "unicorns." Every year, tens of thousands of alumni and firm members engage and collaborate through our alumni website, career services, communications, and knowledge and connectivity events.

52
average annual training hours per consulting colleague

22
average annual training hours per non-consulting colleague

100%
of colleagues have access to career- or skills-related training

30+
Brandon Hall Group HCM Excellence Awards won

100%
of our people receive regular performance and career development reviews

Caring for our colleagues

When employees feel supported, they thrive, both personally and professionally. We are committed to promoting a culture that protects and nurtures every facet of employee health and well-being, creating an environment where our people can reach their full potential. We approach health and well-being holistically—with benefits and programs that support the mind, body, and purpose.

31,000+

colleagues participated in mental health-related virtual events

One of our core values is to "sustain a caring meritocracy." Our programs and initiatives include employee benefits and perks, our Mind Matters mental health programming and support, our global learning programs, and office-based initiatives.

Mind Matters

Our Mind Matters program aims to advance the conversation on mental health and provide support for colleagues where and when they need it. The program is designed to support our people in proactively managing mental health disorders and challenges. Through it, colleagues and their families can access early intervention and clinical resources, such as free, independent, and confidential support from trained professionals through an Employee Assistance Program.

We have appointed mental health points of contact in all of our locations, creating a safe option for discreet initial discussions and to find internal and external resources. Additionally, we have multiple learning programs to increase awareness, remove taboos, and de-stigmatize mental health topics across the firm. We also launched an ongoing internal storytelling campaign to share our colleagues' inspiring stories, which will be presented in our dedicated mental health intranet site.

Well-being initiatives and habits

We equip colleagues with skills, mindsets, and behaviors to build resilience through balanced well-being and personal health. Our global well-being initiative was put in place to help individuals manage their well-being through a focus on mind, body, and purpose. These concepts have now been formally integrated into our learning programs and embedded in our day-to-day activities. Our well-being programs span a range of topics, including well-being basics like nutrition, physical fitness, meaning, and connection; personal operating models and norms; stress and burnout; mental resilience; empathy; and more.

These topics appear in our flagship programs, in office-learning and function-specific initiatives, and through designated learning days. Well-being is also a core part of our leadership framework for team leaders and partners.

Placing continuous focus on well-being and tracking organizational health through metrics are critical ways we care for our people. Our Way We Work (WWW) program drives well-being habits and rituals that make a real difference in an individual's experience and, thus, positively impact our client service. Through WWW, we combine our strength in building agile, high-performing teams with data science to test and improve team practices. We also gain valuable insights through our bi-weekly Engagement Team Survey. Some habits and rituals promoted in WWW include:

- **setting a high aspiration for holistic impact with an inspiring experience:** connecting our work to a broader vision of our impact and defining what will make our work rewarding
- **operating as one inclusive team:** focusing on how we harness individuals' talents, expertise, and perspective in our work together
- **building alignment and improving together:** excelling at rituals such as regular feedback sessions and one-on-ones designed to surface and resolve issues
- **showing care and appreciation:** understanding each other's aspirations for and beyond client engagement and finding ways to support them, so that people feel valued
- **managing our well-being:** setting work norms to help each other take care of ourselves physically, mentally, and emotionally
- **helping each other grow:** being systematic about making development-oriented feedback and knowledge-sharing part of our day-to-day

We are embracing hybrid working and encouraging our teams to experiment with different co-location models, so that they have more flexibility to balance professional and personal needs and reduce unnecessary travel while maintaining connectivity, apprenticeship, and working relationships. As we track these different models, we are sharing insights with our colleagues to help them select and refine co-location models that work for client, team, and individual needs, rather than prescribing a single model for all situations.

Staying safe and resilient

We believe that all colleagues should always feel safe and secure. From our offices in metropolitan areas, to remote or higher-risk work sites, McKinsey proactively seeks to safeguard the well-being and personal security of colleagues.

Our Security and Resilience (SR) Function is staffed by experienced professionals across the globe who partner with our offices and our Real Estate, Travel, and Technology teams to build internal resiliency and respond to incidents. We partner with leading peers in the industry to help ensure that colleagues can get security, medical, and counselling support, regardless of location. Our SR Function focuses on four contexts:

Workplaces: Partnering with our Real Estate team, our SR Function selects and designs offices that are aligned with safety and security industry standards. Our Workplace Safety and Security program provides ongoing management and monitoring of the safety and security of all our offices.

Travel: Our Travel Safety program aims to safeguard colleagues wherever they travel. The program includes screening airline safety measures, as well as a hotel safety review. The program provides real-time guidance and support for colleagues who travel to higher-risk destinations.

Client service: For clients that may be located in more remote or higher-risk locations, the SR Function has established the Client Engagement Safety program that monitors all client service globally and provides advice and support for those in higher-risk contexts.

Events: The SR Function supports global events to enable colleagues and clients to convene in safe and secure environments—from creating safety protocols for planning to providing on-the-ground support.

Care throughout the COVID-19 pandemic

The COVID-19 pandemic continues to impact how we work and interact with colleagues and clients, and we are still navigating the impact of the pandemic on health and well-being. Our COVID-19 Response team continued to keep us aligned with changing restrictions and public health shifts to establish standards to keep us safe at work and address questions and concerns.

Many of our innovations in flexibility at the start of the pandemic—including in locations, hours, part-time options, caregiver resources, and mental health and wellness—were extended or bolstered in 2021. Local case management teams continued to support colleagues that were ill or exposed to COVID-19, we provided "flex days" (time away from work) for colleagues to care for themselves and their families. We receive valuable insight on colleague sentiment through the weekly "Pulse" surveys that we started during the pandemic.

In 2021, we reengaged with in-person work (at clients and in our locations), apprenticeships, and community-building initiatives in many parts of the world. Using technology and establishing safety protocols, we created foundations for hybrid work and connectivity.

Compensation and benefits

Our compensation decisions are guided by a total rewards philosophy to provide competitive pay and valuable benefits that support our colleagues' physical, financial, and mental well-being.

Ensuring that compensation and benefits are equitable is central to our People Strategy. Our Compensation Policy Committee is responsible for supporting the strategy through the design and implementation of firmwide compensation approaches. This includes, among other things, setting our awards principles and strategy, overseeing operational elements of our compensation system, and ensuring integrity and compliance with tax legislation, local requirements, and benefits.

We are committed to equal pay for equal work and have processes in place to help ensure pay equity. Employment decisions, including compensation matters, are based on legitimate business needs, job requirements, and individual qualifications without regard for any other factors. Each colleague and applicant is placed within a predetermined compensation structure based on relevant skills and experience, performance in role, and geographic location.

Central to our pay equity approach are objective benchmarking and market insights from multiple external sources and our robust audit processes ensure that all colleagues are paid equitably throughout their career. These efforts are led by our internal Pay Equity Service Line, a function within Global Compensation, which, in partnership with the legal team for the People function, uses third-party pay equity audit tools to provide an objective evaluation of and feedback on McKinsey's compensation structures. We actively monitor pay equity reporting laws in all countries where we operate. Learn more about the **UK Gender Pay Gap Report 2021** ⬈.

McKinsey is committed to paying all colleagues a living wage. As our pay is based on thorough and objective benchmarks and market insights from multiple reputed external sources, our lowest compensation ranges are above minimum wage, including for entry-level positions.

We offer generous benefits to colleagues and their families across our diverse population spanning over 65 countries. Where possible, we extend benefit plans globally; however, local regulations or market norms inform local practice. Our colleagues' health and well-being is at the core of our benefits philosophy. We aim to deliver comprehensive benefits that help colleagues feel empowered and engaged in their personal and professional lives. Learn more about **Well-being initiatives and habits** ⬈.

McKinsey's holistic benefits package for colleagues and their families includes[9]:

Health and well-being
- Medical, dental, and vision coverage: protecting colleagues' and their families' health with comprehensive benefits, low out-of-pocket costs, and high levels of coverage
- Mental health: helping colleagues and their family members manage their mental health needs at minimal or no cost through a variety of confidential resources, including the global Colleague Support Center, telehealth solutions, and access to in-person psychology and psychiatry services
- Business travel emergency protection: providing 24/7 global support, through International SOS, for emergency medical, security, and logistical issues when working away from home

Financial protection
- Life and accident insurance: safeguarding colleagues' and their families' futures in the event of an accident or death
- Disability insurance: preserving colleagues' income if an illness or injury prevents them from working
- Retirement programs: securing colleagues' futures with savings and investment plans

Family and personal support
- Personal leave policies and support: flexible work arrangements and leaves of absence to allow colleagues time for caregiving or grieving
- Parental leave policies: generous time away from work for new parents
- Adoption and surrogacy assistance: facilitating financial help for colleagues who adopt a child or use a surrogate
- Elective egg preservation: enabling colleagues to choose the family planning path that's right for them, based on their needs and situation

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9   Listed benefits offered to McKinsey colleagues are not exhaustive and may vary by country.

Diversity, equity, and inclusion

McKinsey has long been committed to advancing diversity, equity, and inclusion (DEI) in business, society, and our firm. This commitment is integral to building a firm that attracts, develops, and excites exceptional people. It is also key to our client service strategy ⧉.

Our research underscores that diversity and inclusivity are connected to better business performance and to retaining colleagues. Led by our chief DEI officer, our global DEI team is striving to foster an inspiring and inclusive workplace. Beyond our own workforce, we are increasing our spending and engagement with diverse suppliers. Learn more about **Sustainable procurement ⧉**.

We also partner with others to expand our impact, including UN HeForShe, the Women's Forum, the World Economic Forum (WEF), the Aspen Institute, and The Trevor Project. In 2021, we became a founding signatory member of the WEF's **Partnering for Racial Justice in Business ⧉**. We have also signed on to the WEF's **Stakeholder Capitalism Metrics ⧉**.

Our approach

In 2014, we established a global change movement designed to set internal targets, create transparency about performance through foundational data, and to follow our own research.

To bring our ambition to life, we created a comprehensive program to:
- Appoint visible senior leaders, including a chief diversity and inclusion officer
- Formalize our expertise through a global center of excellence and regional teams to share best practices, define strategies, and implement programs
- Tailor our solutions to colleagues' journeys through initiatives across recruitment, retention, and advancement

Progress snapshot

Across McKinsey, we have increased leadership accountability for our change efforts, created greater data transparency,[10] and advanced best practices. Since launching our **10 Actions ⧉** in June 2020, we have expanded efforts to support Black leadership within our firm and invested in greater inclusion in our communities. We have also collaborated with many of our clients, supporting their efforts to advance DEI.

In the United States, colleagues from underrepresented groups[11] make up 43 percent of our total US workforce and 35 percent of leadership. In 2021, we welcomed our largest class ever of Black and Hispanic/Latino summer interns, more than triple the size of the previous class.

Today, women represent nearly half of our colleagues and new hires globally, and we have tripled the number of women partners in the past ten years. By our 100th anniversary in 2026, we aspire for half of all firm members to be women. Learn more about **Supporting women at McKinsey ⧉**.

Milestones in our DEI journey

1970–79
- First Black partner
- First woman partner

1980–89
- First woman senior partner

1990–99
- McKinsey Black Network founded
- GLAM, LGBTQ+ at McKinsey founded
- First Black woman partner

2000–09
- McKinsey Hispanic and Latino Network founded
- Parents of Special Children at McKinsey founded
- First Black senior partner
- First Black woman senior partner

2010–19
- Asian and Asian Americans at McKinsey founded
- Access McKinsey (for colleagues with disabilities) founded
- Inaugural meeting of The Alliance, a platform for convening a global network of LGBTQ+ senior leaders from public, private, and social sector institutions

2020+
- Indigenous at McKinsey founded
- Founding signatory member of the WEF's Partnering for Racial Justice in Business

10 Where permitted by law.
11 Equal Employment Opportunity (EEO) categories: Black or African American, Asian, Hispanic or Latino, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander (not Hispanic or Latino), Two or More Races.

Engaging our colleagues

We remain deeply committed to grounding each colleague's experience in opportunity and fairness and to creating a culture where everyone feels a deep sense of belonging.

Our engagement with colleagues includes our affinity and resource groups, town halls, and other community-based events that help foster a sense of belonging among colleagues. They also provide the opportunity for communities to form around shared identity or interests.

Throughout the year, signature events, including International Women's Day, Day of Pink, Pride, and Black History Month, encourage our colleagues to come together around priorities such as allyship, belonging, and inclusivity.

Acting to tackle bias

We strive to follow the best practices that we champion in our public research, working to embed accountability for DEI across every stage of a colleague's journey at McKinsey, as well as to build teams that reflect the diversity of our clients, the communities in which we work, and society. We are diligent in minimizing bias across our people processes. Our recruiters and interviewers are trained in anti-bias techniques, and we use tools—such as McKinsey Solve—that help us assess candidates in an unbiased way. More than 1,000 of our senior leaders have taken anti-bias training, and we are continuing to expand our focus on debiasing to the development and advancement processes. Learn more about **Development** ⧉.

Building careers through sponsorship

As part of our talent development approach, we are implementing best practices for sponsorship, which is a commitment that goes beyond mentorship to create opportunities and offer support through transitions and talent-development programs, including:

- **Women's Leadership Workshop:** a global manager training workshop designed to develop the leadership skills and peer network needed for success in leading teams
- **Pathway to Partner:** a program for senior engagement managers that provides an opportunity to build leadership while expanding support networks
- **McKinsey Black Network sponsorship program and Endeavor learning journey:** programs that help advance experienced Black colleagues across several initiatives, including structural support for effective sponsorship, partner-readiness apprenticeship opportunities, and tailored personal coaching and training programs

Supporting women at McKinsey

We aspire for women to be equally represented across all levels of our firm and to have an exceptional environment for growth and advancement.

For the past decade, we have invested in programs to enable women at McKinsey to build exceptional careers, including specific learning-development programs, inclusive leadership and unconscious-bias training, and a global initiative to ensure our women are sponsored, with colleagues and leaders investing in their success. This work has enabled meaningful progress.

As part of our commitment to continue accelerating gender equality across the firm, McKinsey became a signatory to the UN Women's Empowerment Principles in 2021.

Our number of women partners has more than doubled in the past five years, and in 2021 women represented:

48%
of colleagues

49%
of new hires

22%
of leadership[12]

27%
of elected Shareholders Council (firm's board)

To multiply our impact, we continue to partner with organizations working for gender parity, including:
- Lean In
- UN HeForShe
- 30% Club
- Chefsache
- Male Champions of Change
- Valore D

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12 All client-facing partners, associate partners, and other senior firm leaders.

Promoting inclusion and allyship

To bring the best solutions to our clients, we need exceptional people from different backgrounds who bring fresh perspectives and approach our work from multiple angles. The gains that diversity promises are only achieved in an equitable and inclusive environment—a culture in which every colleague feels a deep sense of support, respect, and belonging.

We believe that inclusion is everyone's responsibility and a critical leadership skill. We continue to embed this expectation in our systems and culture. We also integrate principles of inclusion into our learning programs and offer inclusion-focused training for colleagues at all levels. Learn more about **Development** ⃞ and **Talent attraction** ⃞.

Inclusion Allies
Our Inclusion Allies program expands on a long history of colleagues acting as allies to each other. More than 12,400 colleagues are part of this change program designed to develop, connect, and activate a global cohort of inclusive leaders.

One component is our **Inclusion Nudges program** ⃞ effort. Another element of the program is the Everyday Allyship campaign, in which colleagues from historically underrepresented groups share their perspectives on how allies can best support them.

Our networks
Our groups and communities continue to grow and include, among many others, the McKinsey Black Network, Hispanic/Latino Network, Asian and Asian Americans at McKinsey, GLAM (for LGBTQ+ colleagues), Access McKinsey (for colleagues with disabilities), Indigenous at McKinsey, and Parents of Special Children. These networks are cherished communities that support personal and professional advancement.

As we strive for more inclusive workplaces and societies, one element that's often missing is a shared understanding of lived experience. Through our networks and other efforts, we actively seek to bring in diverse voices of our colleagues.

Our Asian voices

Recent years have seen a rise in acts of racism against people of Asian descent. Inspired by insights from Our **Black Voices** ⃞ project, a group of 72 Asian colleagues at McKinsey created Our **Asian Voices** ⃞, to share perspectives on what Asian identity means and what allies can do to support them.

Select recognition for our support of LGBTQ+ colleagues

Human Rights Campaign:
Best Places to Work: Corporate Equality Index score of 100 for LGBTQ+ equality (every year since joining the survey in 2006)

India Workplace Equality Index:
McKinsey India was recognized as a Gold employer by the India Workplace Equality Index for our commitment to advancing equality for LGBTQ+ people

Japan Work With Pride:
Our Japan office earned a Gold rank in the work with Pride Index

Diversity, equity, and inclusion data[13]

Global governance bodies

	2019	2020	2021
Shareholders Council (firm's board)			
Total members	30	29	**30**
Women	23%	21%	**27%**
Acceleration Team (Executive Committee)[14]			
Total members	16	17	**14**
Women	31%	29%	**29%**

Global workforce

	2019	2020	2021
Women, all colleagues	45%	46%	**48%**
Women, managers	39%	42%	**45%**
Women, leadership[15]	20%	21%	**22%**
Women, new hires	49%	47%	**49%**
Women, client-facing colleagues	33%	35%	**37%**
Women, client-facing new hires	40%	42%	**42%**

Global turnover rate

	2019	2020	2021
Turnover rate, all colleagues	Not reported	13%	**17%**

US workforce

	2019	2020	2021
Total number of colleagues	9,301	9,711	**11,330**
Women	48%	49%	**49%**
Race/ethnicity			
Black or African American	4%	5%	**6%**
Asian	26%	26%	**27%**
White	58%	56%	**52%**
Hispanic or Latino	7%	7%	**7%**
Other[16]	3%	3%	**3%**
Undefined[16]	2%	4%	**5%**
Other diversity groups			
Veteran	2%	2%	**2%**
LGBTQ+	5%	5%	**5%**
Disability	1%	1%	**2%**

13 Due to data record updates because of the implementation of a new HR data system, certain figures have been updated from last year's report to reflect more accurate information. All race/ethnicity, veteran, LGBTQ+, and disability data captured in this report is based on self-identification as of January 1, 2022. Percentages may not sum to 100% due to rounding.
14 The Acceleration Team was formerly known as the Partnership Service Team.
15 All client-facing partners, associate partners, and other senior firm leaders.
16 "Other" includes colleagues who identify as American Indian, Hawaiian or Pacific Islander (not Hispanic or Latino), or Two or More Races; "Undefined" refers to colleagues who have not disclosed their race or ethnicity. In previous reports, these two groups were combined into a single category. Beginning with this report and moving forward, we will show the two separately.
17 Non-binary colleagues represent less than 1 percent of total US workforce and are not included in the intersectional view.

US workforce, intersectionality of gender + race/ethnicity[17]

Women	2021
Black or African American	7%
Asian	25%
White	54%
Hispanic or Latino	7%
Other[16]	3%
Undefined[16]	4%

Men	2021
Black or African American	5%
Asian	29%
White	50%
Hispanic or Latino	7%
Other[16]	3%
Undefined[16]	7%

We allow colleagues to self-identify as women, men, or nonbinary (used to indicate a gender identity other than exclusively man or woman, recognizing an individual may identify with another term to best express their identity). The share of women's representation describes the number of colleagues identifying as women out of the total population of colleagues identifying as women, men, or nonbinary. The current percentage of nonbinary colleagues, globally and in the US, is less than 1 percent.

US workforce, managers

	2019	2020	2021
Women	44%	47%	50%
Race/ethnicity			
Black or African American	3%	3%	4%
Asian	28%	28%	28%
White	59%	59%	55%
Hispanic or Latino	6%	5%	6%
Other[18]	2%	2%	2%
Undefined[18]	2%	3%	6%

US workforce, leadership[19]

	2019	2020	2021
Women	24%	25%	27%
Race/ethnicity			
Black or African American	2%	2%	2%
Asian	27%	27%	27%
White	63%	61%	60%
Hispanic or Latino	4%	4%	5%
Other[18]	1%	1%	1%
Undefined[18]	4%	4%	4%

US workforce, new hires

	2019	2020	2021
Total number of colleagues	1,776	1,491	3,141
Women	53%	50%	48%
Race/ethnicity			
Black or African American	6%	6%	10%
Asian	26%	31%	31%
White	53%	46%	41%
Hispanic or Latino	8%	7%	7%
Other[18]	4%	4%	4%
Undefined[18]	4%	6%	7%
Other diversity groups			
Veteran	3%	4%	4%
LGBTQ+	6%	8%	5%
Disability	2%	2%	2%

US workforce, client-facing colleagues only

	2019	2020	2021
Total number of colleagues	6,026	6,275	7,445
Women	35%	38%	39%
Race/ethnicity			
Black or African American	3%	4%	5%
Asian	33%	33%	33%
White	53%	50%	46%
Hispanic or Latino	6%	6%	6%
Other[18]	3%	3%	3%
Undefined[18]	3%	5%	7%

US workforce, client-facing new hires only

	2019	2020	2021
Total number of colleagues	1,165	1,099	2,337
Women	44%	47%	40%
Race/ethnicity			
Black or African American	5%	6%	8%
Asian	32%	35%	36%
White	48%	43%	39%
Hispanic or Latino	6%	6%	6%
Other[18]	4%	5%	3%
Undefined[18]	4%	6%	8%

18   "Other" includes colleagues who identify as American Indian, Hawaiian or Pacific Islander (not Hispanic or Latino), or Two or More Races; "Undefined" refers to colleagues who have not disclosed their race or ethnicity. In previous reports, these two groups were combined into a single category. Beginning with this report and moving forward, we will show the two separately.

19   All client-facing partners, associate partners, and other senior firm leaders.

Our firm

Our firm values state that every member of our firm has a responsibility to "uphold the Obligation to Engage." This is a reminder that we are not spectators, but duty bound to participate and find solutions. The Obligation to Engage means we listen, join the conversation and work to make things better. It underpins how we govern our firm and helps foster a nonhierarchical, inclusive working culture.

In this section

Image: Courtesy of Delterra, an independent nonprofit, founded and supported by McKinsey, that is developing and scaling community recycling programs.

2021 highlights:

$190m+
invested toward our $2 billion commitment to social responsibility by 2030

3,900+
nonprofits supported through pro bono engagements, McKinsey Gives and McKinsey Grants

19%
reduction in absolute Scope 1 and Scope 2 emissions (vs. 2019 baseline)

82%
reduction in Scope 3 emissions from travel per colleague (vs. 2019 baseline)

100%
of colleagues completed annual Professional Standards and Risk training[20]

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20 This figure does not include firm members exempted from the training because they weren't actively working at the time of the program (for example, leave of absence, left the firm).

Giving back to communities

Our global workforce, based in more than 130 cities, are passionate about supporting the places where they live and work. Through volunteering efforts, pro bono engagements, donations, and developing independent nonprofits, we are driving global impact.

Our Giving Back strategy seeks to:

- **Enable all colleagues to give back** through programs such as McKinsey Serves, McKinsey Grants, McKinsey Gives, Day of Service, and INservice Awards
- **Support communities** where we live and work through regional and local pro bono client service
- **Move the needle on global issues** through two nonprofits we have founded and continue to support as well as our Fund for Social Good

To drive our global impact, in 2019, we committed $2 billion in cash and in-kind support for social responsibility efforts by 2030. In 2021, we contributed $190+ million toward this commitment, bringing our total contribution to $341+ million.

To instill a culture of giving back and to maintain a high bar for impact, we have formally integrated social responsibility oversight into our governance structure, overseen by McKinsey's Risk, Audit, and Governance Committee. A dedicated Social Responsibility Council—composed of senior leaders—is responsible for governing global cash and in-kind giving in line with our firmwide Social Responsibility Policy. Regional and local pro bono work is guided by local committees.

	2019	2020	**2021**
Spending in cash, in-kind, and colleague donations[21]	-	$151m+	**$190m+**
Hours dedicated to social responsibility initiatives	125,000	222,000	**321,000**

3,900+
nonprofits supported through pro bono engagements, McKinsey Gives and McKinsey Grants

150+
pro bono engagements

130+
pro bono clients served

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21   Represents spending toward our $2 billion commitment, which we made in 2019 and started tracking in 2020.

Enabling colleagues to give back

McKinsey provides a variety of opportunities for colleagues to donate time, expertise, and financial support to causes that contribute positively to society. Each program allows colleagues to tailor their giving to reflect their personal goals and address the needs of their communities:

- **McKinsey Serves:** Enabling colleagues, individually and collectively, to support our communities through paid volunteer time. In 2021, our colleagues put over 25,000 hours toward community service.
- **McKinsey Grants:** Providing financial grants to colleague-selected nonprofits that are making a difference locally. In 2021, we provided nearly $4 million to local organizations in over 150 locations.
- **McKinsey Gives:** Donating to causes that are making a positive impact, with individual contributions amplified by a match from the firm. In 2021, colleagues contributed more than $3 million in donations, which were matched by the firm, benefiting over 3,400 charitable organizations worldwide.

Day of Service

In 2021, we hosted our second annual Day of Service, an event where McKinsey colleagues commit to giving back to local communities through volunteerism. As our theme, we chose building sustainable, inclusive economies and societies—reflecting the overarching leadership challenge we see in this moment. Across 150 of our offices, over 20,000 colleagues contributed more than 28,000 hours of pro bono service attached to this event.

We volunteered with over 350 nonprofits on activities such as:
- In Beirut, Lebanon, colleagues were trained by CodeBrave to mentor Syrian refugee students.
- In Beijing, Shenzen, and Shanghai, China, colleagues helped "build" a local library by painting walls and donating 500+ books.
- In Boston and Waltham, United States, colleagues were paired with minority-owned small businesses to complete one-off projects for a more inclusive economy.
- In Jakarta, Indonesia, colleagues worked with Yayasan to produce marketable, recyclable arts and crafts such as tables and installations, and run a fundraising call for partner nonprofits Yayasan Amal Mulia and Habitat for Humanity.
- In London, UK, colleagues hosted a "tech tea party" with Age UK to help elderly people with IT questions like: How do I fix my email? How do I call my son on Zoom? How do I buy opera tickets online?

3,400
nonprofit recipients of our 1:1 match of colleague donations

400
colleagues from 110 locations nominated for INservice Awards

20,000+
colleagues volunteered with local nonprofits on our Day of Service

INservice Awards

McKinsey's INservice Awards recognize colleagues who represent our collective commitment to service.

In 2021, selection committees, consisting of mixed-tenure colleagues, chose 22 individuals from more than 400 nominees representing 110 locations. The award recipients stood out for their extraordinary efforts to build sustainable, inclusive economies and societies through service, and for bringing impact and entrepreneurship to their volunteering efforts.

2021 INservice Award winner: Eleanor Brown, Australia & New Zealand

In Australia, **McKinsey's research** ⧉ across the nonprofit sector demonstrated that a greater focus on talent development was one of the biggest levers to enable the sector to help lead COVID-19 pandemic recovery. However, lack of access to high-quality leadership and capability-building programs was a major barrier for many organizations.

Our Australia and New Zealand (AUO) team focused their social impact efforts on addressing this issue, by developing a series of free leadership development training programs. Led by Eleanor, in 2021, these programs involved over 50 volunteer McKinsey faculty and facilitators and reached over 1,300 nonprofit leaders. AUO has committed to building on the programs' success by doubling both their content and reach in 2022.

"This work has shown me that at its best, McKinsey is an unparalleled global platform to drive social impact, by convening the best thinking from across the public, private, and nonprofit sectors."

Find out more about McKinsey AUO's fee-waived leadership capability-building programs for nonprofit leaders ⧉.

Supporting local communities

We have a long-standing commitment to empowering our teams to drive impact with nonprofit organizations around the world. Our colleagues engage in regional and local pro bono efforts to support nonprofits on accelerating sustainable and inclusive growth. Throughout 2021, we prioritized pro bono engagements that targeted the ongoing impacts of COVID-19, racial inequalities, and climate change.

Regional highlights

In North America, we partnered with Feeding America to address food security challenges exacerbated by COVID-19. Our work helped deliver 5 billion meals, impacting the lives of more than 45 million Americans.

In Latin America, our annual Juntos Conference aspires to help 50,000 future young Black professionals in Brazil to develop the business skills they will need to thrive as leaders. In 2021, we had over 4,900 participants.

In the Eastern Europe, Middle East, and Africa region, our free "Forward" learning program equips the next generation of talent across industries and roles, with a focus on skills for the future of work.

In Greater China, we are helping provide after-school shelters and support centers for low-paid workers' children to offer safe places for training, creative activities, and educational sessions. Since 2020, we have built structures across 300 cities in support of our goal to reach 150,000 children by 2025.

In India, we continue to support a **wide range of nonprofit efforts** ⧉ on the themes of education, healthcare, COVID-19 recovery, and disaster relief.

Addressing global issues

Enduring philanthropic efforts

Generation ⧉ and **Delterra** ⧉ are independent nonprofits, founded and supported by McKinsey, that are training and placing vulnerable populations into jobs, and developing and scaling community recycling programs.

Generation

Creating opportunities for meaningful employment

Building on our ten-plus years of research into the journey from education to employment, in 2014, we founded **Generation** ⧉, an independent nonprofit organization. Generation represents our most ambitious philanthropic investment to transform the lives of people and communities through stable, meaningful employment. Generation's approach, inspired by McKinsey research, bridges the gap between employee and employer and aims to transform how everyone involved in the education-to-employment pathway approaches the goal of employment success.

In partnership with around 6,000 nonprofits, governments, and employers, Generation has helped train and place more than 57,000 people from vulnerable populations into jobs across 35 professions in 16 countries since its launch. Eighty-four percent of these graduates were placed within three months of completing their program, with an average 3–4x wage increase.

In 2021, as part of a new funding coalition, we committed an additional $30 million cash and in-kind support to Generation. To advance our **10 Actions** ⧉ to support racial equity, we have partnered with Generation USA on a $2 million effort to train and place Black learners in Black-owned small- and medium-sized businesses.

Highlights from McKinsey's support to Generation in 2021 include:

- 27 Fellows supported Generation during 6–12-month rotations
- McKinsey Design provided pro bono support to Generation to create a holistic digital experience for learners. McKinsey also produced the initial design for an online hub where learners interact with Generation's content and delivery
- The McKinsey Podcast hosted Mona Mourshed, Generation CEO and former McKinsey partner, to discuss the specific challenges facing mid-career workers
- McKinsey offices supported the launch of Generation in Chile, Colombia, and Thailand
- In Brazil, McKinsey supported the creation of additional programs targeted at Black and Pardo learners

delterra

Scaling self-sustaining, community-owned recycling programs

In 2018, McKinsey launched Rethinking Recycling, an initiative to create a globally scalable model to manage waste and help communities increase the amount of material recycled into productive use. Three years after its launch, Rethinking Recycling transitioned to become the flagship initiative of **Delterra** ⧉ , a new environmental nonprofit.

In its first three years, the initiative improved the livelihoods of 450 waste workers, increasing their salaries by up to 200 percent and providing access to healthcare and safe working environments, often for the first time.

To drive Delterra's continued success, McKinsey is providing $6 million in multi-year funding and a $3.5 million challenge grant. Building on pilot projects in Argentina and Indonesia, the program is now projected to give up to 15 million people access to daily segregated waste collection services by 2025.

Learn about how Rethinking Recycling was able to pivot to **support essential waste workers in the Barrio 31 settlement of Buenos Aires, Argentina** ⧉ during COVID-19.

Fund for Social Good

The Fund for Social Good (FFSG) is a firmwide program to source and scale initiatives with the potential to have an impact on complex global problems that accelerate sustainable and inclusive growth. Through FFSG pro bono initiatives, we bring the breadth and depth of McKinsey's expertise and innovative solutions to help address issues that no one organization can tackle alone.

Since FFSG's inception in 2020, we have accepted proposals from colleagues, with several proposals funded in 2021, including:

Conservation: We are supporting two of the large nature conservation efforts, providing technical capability and in-country support to:

- **Enduring Earth Alliance** ⧉**:** an ambitious collaboration to accelerate ocean, land, and freshwater conservation worldwide and to help address the climate and biodiversity crises and support communities and their development.
- **Blue Nature Alliance** ⧉**:** a global partnership with an ambitious goal to catalyze the conservation of 18 million square kilometers (or about 5 percent) of the world's ocean over five years. Learn more about the **partnership** ⧉.

Environmental sustainability

Climate change is the defining issue of our time, and we hope our actions inspire others on the journey toward building a more sustainable and inclusive future.

Climate change and emissions

Our path to a net-zero future

We are committed to achieving net-zero climate impact by 2030. As a critical milestone on that journey, in 2021, we set science-based targets for greenhouse gas (GHG) emissions reduction in line with a 1.5°C pathway that were validated by the **Science Based Targets initiative** ⬀. As a firm, we can and need to go beyond to meet our 2030 commitment. Our approach is built on three pillars:

• decarbonize our own operations in line with climate science
• invest in natural climate solutions that address both the climate and nature crises
• accelerate progress through partnerships

Our environmental sustainability strategy and climate-related efforts are overseen by McKinsey's Risk, Audit, and Governance Committee. We support the Task Force on Climate-related Financial Disclosures (TCFD) and are aligning our reporting with the TCFD's four recommendations for Limited Disclosures as outlined by Accounting for Sustainability. Learn more about **TCFD Index** ⬀.

We are a long-standing participant in the CDP Climate Change questionnaire and received a B score in 2021.[22]

Our science-based targets

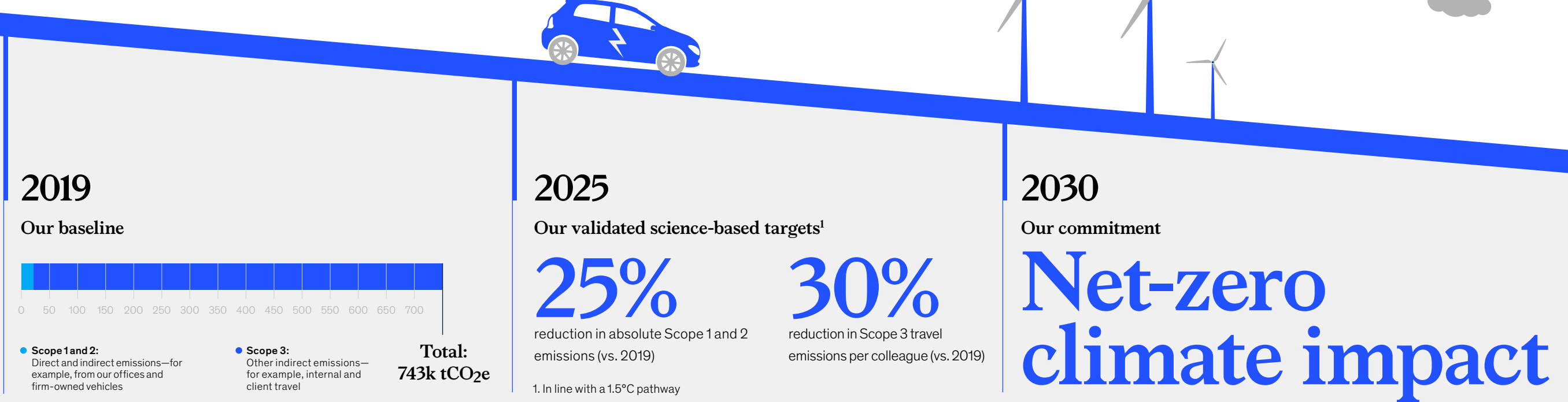| Target:	Progress in 2021:
25% absolute reduction in Scope 1 and 2 GHG emissions by 2025 (vs. 2019 baseline)	**19%** reduction vs. 2019
30% reduction in Scope 3 GHG emissions from internal and client-related travel per colleague by 2025 (vs. 2019 baseline)	**82%** reduction vs. 2019

22 McKinsey submitted a non-public response to CDP in 2021. We shared our response with the customers that requested it.

Net-zero climate impact roadmap

We are committed to achieving net-zero climate impact by 2030, with interim science-based targets as an important milestone.

2019

Our baseline

| 0 | 50 | 100 | 150 | 200 | 250 | 300 | 350 | 400 | 450 | 500 | 550 | 600 | 650 | 700 |

● **Scope 1 and 2:**
Direct and indirect emissions—for example, from our offices and firm-owned vehicles

● **Scope 3:**
Other indirect emissions—for example, internal and client travel

**Total:
743k tCO$_2$e**

2025

Our validated science-based targets[1]

25%
reduction in absolute Scope 1 and 2 emissions (vs. 2019)

30%
reduction in Scope 3 travel emissions per colleague (vs. 2019)

1. In line with a 1.5°C pathway

2030

Our commitment

Net-zero climate impact

How we are getting there

Decarbonizing our own operations

Scope 1 and 2
- Fleet electrification
- Renewable electricity
- Sustainable office space

Scope 3
- Virtual events
- Hybrid working models
- Sustainable aviation

Investing in natural climate solutions

- Help address both climate and nature crises
- Protect and rebuild forests
- Carbon neutral since 2018

Accelerating progress through partnerships

- Founder in innovative alliances to scale high-impact solutions

The LEAF Coalition
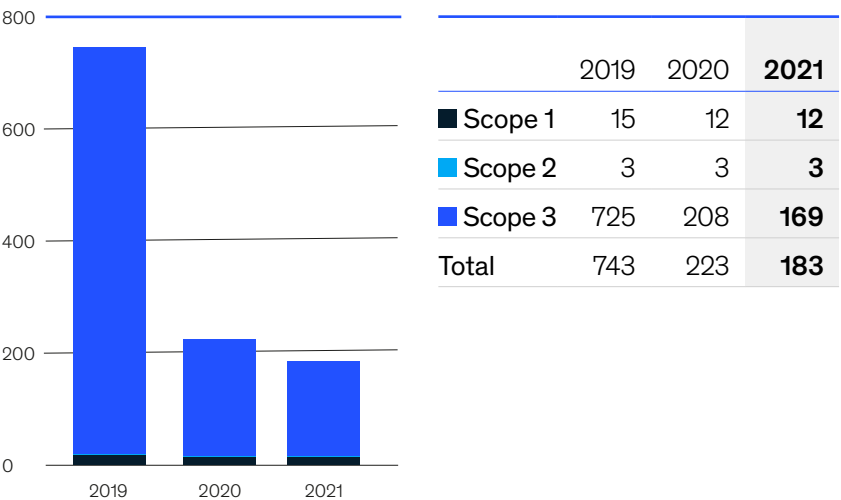Lowering Emissions by Accelerating Forest finance

Natural Climate Solutions Investment Accelerator

SABA
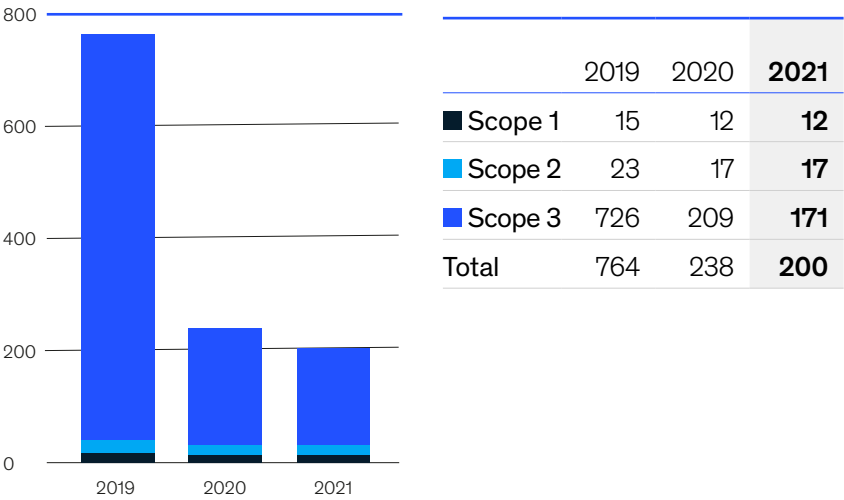SUSTAINABLE AVIATION BUYERS ALLIANCE

Decarbonizing our own operations

We account for our GHG emissions on an annual basis and have them independently verified to ensure they align with the Greenhouse Gas Protocol and best measurement practices.[23] In 2021, our total GHG emissions decreased by 75 percent from 2019 due to our continued remote work model and the associated reduction in internal and client-related travel.

**Market-based GHG emissions by scope (thousand tCO_2e)**

	2019	2020	**2021**
■ Scope 1	15	12	**12**
■ Scope 2	3	3	**3**
■ Scope 3	725	208	**169**
Total	743	223	**183**

Location-based GHG emissions by scope (thousand tCO_2e)

	2019	2020	**2021**
■ Scope 1	15	12	**12**
■ Scope 2	23	17	**17**
■ Scope 3	726	209	**171**
Total	764	238	**200**

Market-based GHG emissions per capita (tCO_2e)

	2019	2020	**2021**
Per capita	23.8	7.0	**5.0**

Location-based GHG emissions per capita (tCO_2e)

	2019	2020	**2021**
Per capita	24.4	7.5	**5.4**
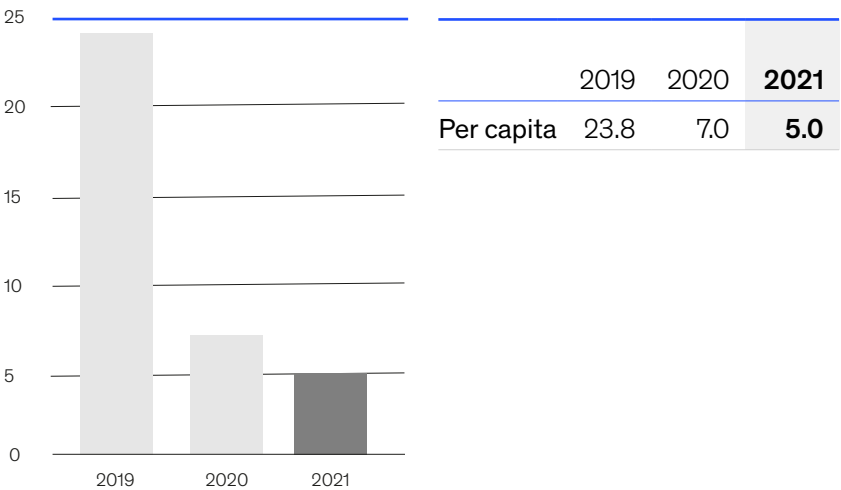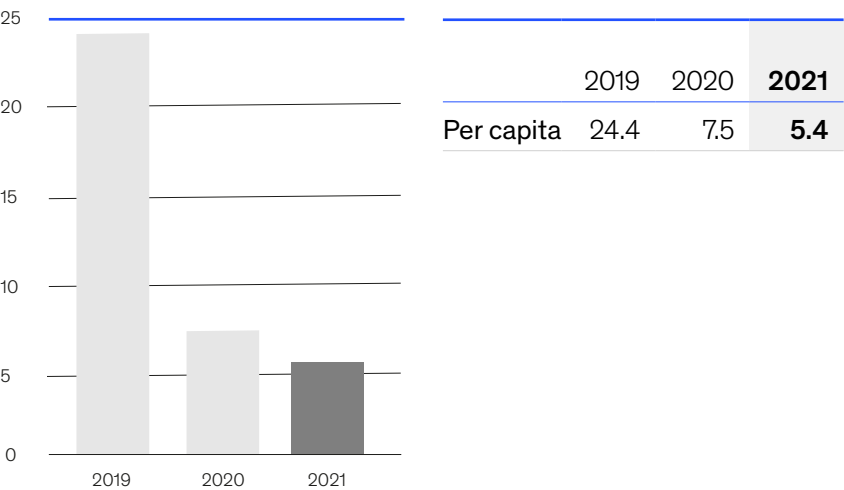
Note: Figures may not sum to total because of rounding. Scope 1: Direct emissions (for example, from combustion of fuels in owned or controlled boilers, diesel backup generators, and vehicles); Scope 2: Indirect emissions from the generation of purchased electricity, heat, or steam; Scope 3: Other indirect emissions (for example, related to business travel or purchased goods).

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23 Our GHG emissions inventory methodology follows best practices, such as using scientifically robust and up-to-date emission factors and including a radiative forcing index of 1.9 for air travel. Our reporting covers all material emission sources and complies with the criteria of South Pole's Climate Neutral Company label. Scope 1 covers all direct GHG emissions, such as fugitive emissions and those from combustion in owned or controlled boilers, diesel backup generators, and vehicles. Scope 2 covers indirect GHG emissions from the generation of purchased electricity, heat, or steam. Scope 3 encompasses other indirect emissions, such as those from business travel, upstream emissions from purchased fuels and electricity (for example, well-to-tank emissions, transmission, and distribution losses), and emissions related to purchased goods, vehicles not owned or controlled, outsourced activities, and waste disposal. Based on the impact of COVID-19 on our offices globally in 2021, we also included emissions associated with the use of video conferencing and other digital services as well as the use of electricity and heating at home during work time. Scope 1 and 2 emissions were calculated using survey data covering 97 percent of our offices. Scope 3 emissions were calculated based on mileage (air travel, ground transportation, and employee commuting), stay duration (hotels), energy consumption (related to work from home, cloud computing, and upstream emissions from purchased fuels and electricity), spend (purchased goods and outsourced activities) and survey data (waste disposal and consumption of water bottles). Wherever data was missing, estimates were used for all scopes.
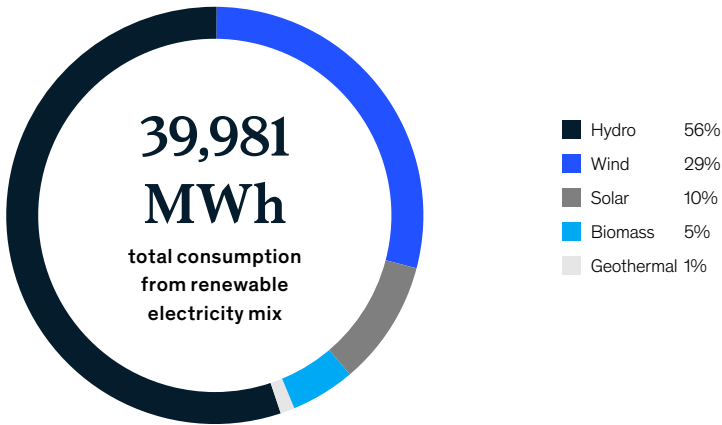
Energy consumed MWh
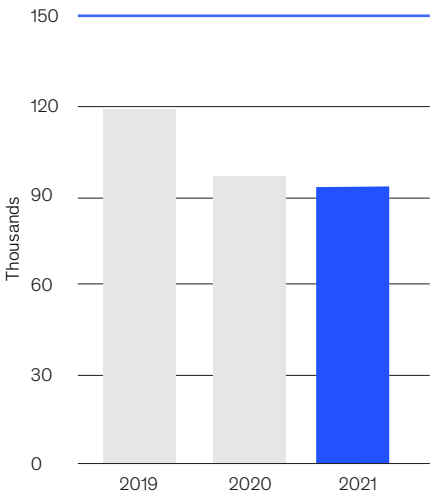
2019	2020	2021
119,267	95,791	**91, 886**

Renewable energy consumed %
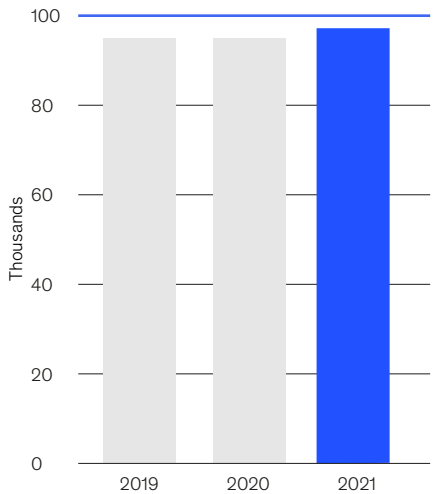
2019	2020	2021
94.9	95.0	**97.2**

Electricity consumption from renewable sources %[24]

39,981 MWh
total consumption from renewable electricity mix

|	
■ Hydro	56%
■ Wind	29%
■ Solar	10%
■ Biomass	5%
▢ Geothermal	1%

Electricity and energy-use emissions

While Scope 1 and 2 emissions represent a smaller fraction of our overall carbon footprint, we are working diligently to reduce these emissions. Energy and electricity use by our firm-owned vehicles and offices are the largest sources of these emissions, and we are taking the following actions to reduce them:

- **Electrifying our fleet:** To decarbonize our fleet of vehicles, we are working toward making electric vehicles (EVs) the default for lease renewals. In December 2021, our Germany office introduced an EV-only vehicle policy; from 2022, only electric/hybrid vehicles will be offered by our Belgium/Luxembourg office; and around 65 percent of our Netherlands office fleet was composed of electric/hybrid vehicles by the end of 2021.

- **Transitioning to renewable electricity:** As part of our RE100 commitment, we have transitioned 97.2 percent of our consumed electricity to renewable sources across almost all locations and aim to reach 100 percent by 2025.

- **Making our global office space more sustainable:** We target the highest environmental standards for new offices and major renovations (Leadership in Energy and Environmental Design—LEED—Gold or Platinum, or equivalent), and 45 percent of our global office space is already in LEED Gold or Platinum (or equivalent) certified buildings. Learn more about **Sustainable workplaces** ⬈.

Many of our colleagues still work remotely or have a hybrid working model, which has shifted some of our electricity consumption from our offices to colleagues' homes. We capture this transition in our Scope 3 emissions.
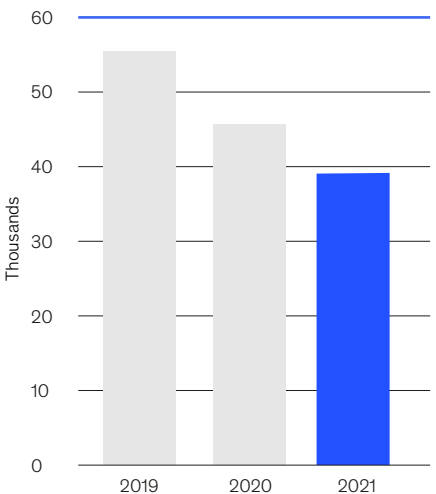
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24 Total does not add up to 100% due to rounding.
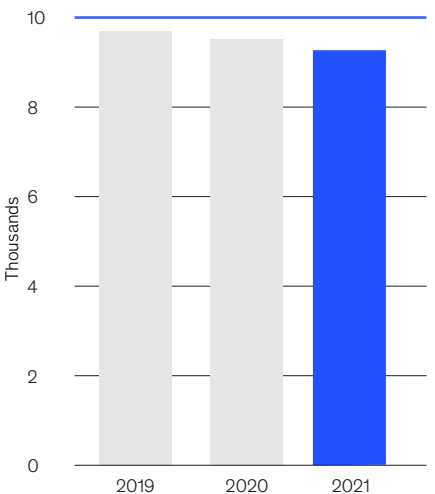
Electricity purchased or acquired MWh
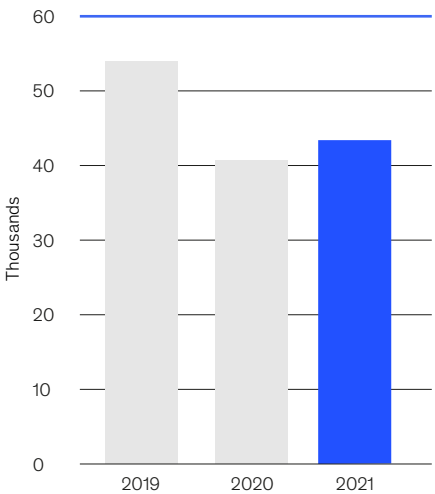
2019	2020	**2021**
54,095	40,651	**43,435**

Fuel consumed MWh

2019	2020	**2021**
55,480	45,624	**39,163**

Heat purchased or acquired MWh

2019	2020	**2021**
9,693	9,516	**9,288**

Internal and client-related travel emissions

Air travel is the largest component of our carbon footprint (82 percent of our 2019 baseline for our science-based targets). Building on the approach adopted during pandemic-related restrictions, we are reimagining our travel and making travel more sustainable by:

- **Reducing travel and optimizing hybrid working models:** Our teams are implementing hybrid and remote working models that are more sustainable, inclusive, productive, and result in a better impact and experience for clients and colleagues. We now ask all our client teams to be intentional about their travel and co-location choices by offering them five options to choose from to ensure we achieve our carbon emissions targets. In addition, we have many local initiatives—for example, our Germany office introduced a voluntary "Stay the Weekend" initiative that allows colleagues to stay where their client work is based over a weekend to reduce travel.

- **Transitioning significant recruiting activity to a virtual environment:** Throughout 2020 and 2021, we hosted more than 75,000 virtual interviews and recruiting events, avoiding travel in each case. Feedback has been overwhelmingly positive, so we plan to keep many of these events virtual to reduce our footprint and increase accessibility.

- **Improving sustainability in aviation:** We are committed to helping aviation become more sustainable by scaling up the use of sustainable aviation fuel (SAF). We are founding members of the **Sustainable Aviation Buyers Alliance** ⬀ and signatories to the **World Economic Forum (WEF) Clean Skies for Tomorrow Ambition Statement** ⬀, targeting 10 percent SAF by 2030. We are partnering with clients to enable SAF production.

Mitigating our remaining footprint

We have been carbon neutral since 2018, compensating for all emissions we have not yet been able to eliminate, including those from travel. We have achieved this by investing in high-quality carbon reduction projects certified by international standards such as the Gold Standard and Verified Carbon Standard.

Our focus is on investing in natural climate solutions. We are also investing selectively in technology solutions. As we move toward our 2030 net-zero ambition, we will continue shifting our focus toward carbon removal from the atmosphere, including through reforestation, as a way to help address the dual climate and nature crises.

In 2021, McKinsey joined the **Lowering Emissions by Accelerating Forest finance (LEAF) Coalition** ⧉ as an initial participant—one of the largest-ever public-private efforts to protect tropical forests through an innovative,

scalable approach to large-scale financing addressing both supply and demand, including safeguards for Indigenous people and local communities.

To offset our 2021 carbon footprint, we invested in nine carefully selected projects worldwide with a strong focus on natural climate solutions, offsetting more than 183,000 tCO_2e. Learn more about the **projects we've invested in** ⧉.

Reducing supply chain emissions

We are committed to engaging with our suppliers to help them improve the social and environmental impact of the goods and services they offer.

Because indirect emissions from travel account for more than 90 percent of our carbon footprint, we have made engaging with our travel-related suppliers on sustainability issues a focus of our sustainable procurement efforts.

We continue to discuss opportunities with our suppliers to rebuild better together and provide our colleagues with more sustainable options. Learn more about **Driving supplier environmental sustainability** ⧉.

Scaling high-impact initiatives through pro bono support

We aim to accelerate progress by supporting projects with a high potential for positive impact, including by contributing analytics and financial modelling support. Our pro bono partners include:

- **Blue Nature Alliance** ⧉**:** a global partnership aiming to catalyze conservation of 18 million square kilometers of ocean over five years. We have helped develop financial models and plan large-scale marine protected areas in the Atlantic and Pacific Oceans. **Learn more about the partnership** ⧉.
- **Delterra** ⧉: Rethinking Recycling, Delterra's flagship initiative, builds rapidly scalable, self-sustaining recycling ecosystems in emerging economies to help communities redirect waste to productive uses. Learn more about **Giving back to communities** ⧉.

Accelerating our progress through partnerships

Addressing the climate crisis depends on collaboration and coordinated action. To amplify our impact, we work closely with our clients, peers, suppliers, nonprofits, and other organizations to scale the solutions we need to limit global warming to 1.5°C.

This includes our support for:

the **World Business Council for Sustainable Development** ⧉ and its efforts to accelerate a net-zero, nature-positive, and equitable future

the **WEF** ⧉ and its Clean Skies for Tomorrow Coalition that is working toward reforming the aviation industry

the UN's **Race To Zero** ⧉ campaign to support a healthy, resilient, and zero-carbon recovery

RE100 ⧉, a coalition of more than 300 organizations committed to using 100 percent renewable electricity

Business for Nature ⧉, a global coalition calling for governments to adopt policies to reverse nature loss in this decade

Sustainable workplaces

Our offices play an important role in addressing our environmental footprint. While many colleagues will work remotely more often, we are also returning to working from our offices and at client sites where possible and will continue to find new ways to create a more sustainable workplace.

As our commitment to sustainability remains woven into our broader policies and practices, it is also reflected in our real estate standards. We aspire to the highest environmental standards for new offices and major renovations, and 45 percent of our global office space is already in LEED Gold or Platinum (or equivalent) certified buildings. In 2021, our Atlanta and Brussels offices were added to our list of properties with LEED Gold and Building Research Establishment Environmental Assessment Method (BREEAM) Excellent certifications and additional projects are under way.

Water and waste

Our environmental footprint is not water intensive given the nature of our operations, and therefore, we do not measure our water withdrawals globally. However, 54 of our 174 operating locations are in areas of high or extremely high baseline water stress. To date, 22 of these 54 locations have achieved green building certification at the LEED Gold or Platinum level or equivalent.

We will continue to find ways to minimize our water consumption while contributing to structural solutions—for example, by supporting the UN Water Resilience Coalition as a knowledge partner and adviser.

Our teams in various offices continue to develop waste management and recycling activities. For example, our India office Green Team focused on reducing materials usage and waste diverted to landfill by installing reverse osmosis water units, switching to recycled paper, and replacing flexible banners and printouts with digital screens.

Green Teams

In more than 100 McKinsey locations, our 1,100+ colleagues were members of our Green Teams in 2021, helping to reduce the firm's environmental footprint and build awareness on environmental sustainability. Green Teams are helping us mobilize our 38,000+ colleagues to invest time and talent in local efforts to reduce our footprint. For example:

Germany: The German Green Team launched a "Stay the Weekend" initiative that enables team members who travel for work to stay in their hotels over the weekend. The initiative has helped to lower emissions from travel and improve work-life balance by reducing time spent commuting and enabling team members to explore new locations.

Brazil: By replacing bathroom faucet aerators with low-flow models, the Brazil Green Team helped our local office reduce water usage and improve overall water use efficiency. The team also ran a series of events to encourage green initiatives while working from home, including a McKids Day, a recycling-at-home workshop, and a composting information campaign.

Japan: As part of an ongoing forest conservation campaign, the Tokyo Green Team spent a day helping plant jolcham oak saplings at the Miwa Satoyama Field in Machida.

45%	**59%**	**100+**
of our global office space is in LEED Gold or higher (or equivalent) certified office buildings	of our global office space is in green building certified office buildings	Green Teams globally

Ethics and values

McKinsey aspires to meet the highest professional, legal, and ethical standards and uphold the trust our clients and other stakeholders place in us. We maintain and proactively build a culture of ethics, integrity, and compliance across our firm.

We are against corruption in all its forms. We will not offer, accept, solicit, or pay a bribe, in any form or of any value, to any person—including to get business or secure any advantage in connection with the firm's business—and we will never ask a third party to do so on the firm's behalf.

Our policies and professional standards apply to every member of the firm. Topics addressed by our policies, standards, and procedures include but are not limited to:
- anti-corruption and bribery
- confidentiality and anti-competitive practices
- conflicts of interest
- the employment of relatives
- information security
- personal investments

Any breach of these policies or standards carries serious consequences and is subject to comprehensive investigation and subsequent appropriate action.

Approach to risk management

McKinsey assesses risks and opportunities to our firm in the short, medium, and long term across a number of areas such as legal, regulatory environment, market, and technology, as well as risks and opportunities arising from the acute physical impacts of climate change.

We continually seek ways to better identify, analyze, and mitigate risk. Central to our approach is our risk framework, which provides the insight, integration, and technology we need to anticipate and proactively address risks. We routinely and systematically undertake risk assessments. These reviews incorporate diverse qualitative and quantitative inputs, as well as external benchmarks, to produce a comprehensive view of risk. They also inform the integration of cross-cutting risk mitigation work across McKinsey. Our collective risk management functions, which include Enterprise Risk Management and specialist risk areas, are overseen by McKinsey's chief risk officer.

Training and compliance certification

We are a values-driven organization supported by our training on and awareness of professional standards. All new hires are required to:
- understand and adhere to McKinsey's Code of Professional Conduct
- participate in an in-person or virtual onboarding session where they learn about our firm values

All active McKinsey colleagues are required to participate in annual Professional Standards and Risk training, which includes topics such as ethics and anti-corruption, and certify compliance with firm policies and the Code of Professional Conduct. Specific additional training is provided based on function and role. In 2021, the firm also required all colleagues to complete a regulatory training program covering anti-corruption, sanctions, and data privacy risks. In addition, the firm members received training on harassment and discrimination prevention. Our annual Values Day, a required event for all colleagues globally, helps our people reflect together on what it means to live our values.

McKinsey Code of Professional Conduct

Our **Code of Professional Conduct** ⧉ (Code) defines a set of behavioral expectations for all firm members. It helps colleagues understand the core elements of our policies and how they are anchored in our values. We expect all colleagues to comply with our Code, and we expect others working on our behalf, such as contractors, advisers, and other suppliers, to act in a manner that is consistent with it.

100%
of colleagues completed annual Professional Standards and Risk training and certified compliance with firm policies and McKinsey Code of Professional Conduct[25]

$600m+
invested in strengthening our risk management teams and capabilities since 2018

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25 This figure does not include firm members exempted from the training because they weren't actively working at the time of the program (for example, leave of absence, left the firm).

Oversight and governance

McKinsey is committed to upholding international labor standards and opposing bribery and corruption. Underscoring this commitment, we became a participant of the United Nations Global Compact in 2018. We comply with the anti-corruption laws of all the jurisdictions in which we operate, including the US Foreign Corrupt Practices Act and the UK Bribery Act.

We expect our leaders to model our values and professional standards, including, among other principles, inclusivity and allyship, ethical behavior, and apprenticeship.

The firm's anti-corruption efforts are overseen at a board level by the Risk, Audit, and Governance Committee, along with other relevant committees. Our Compliance team shapes and manages related internal firm practices, in close partnership with specialists on our Legal team. In 2021, a new global chief compliance officer joined the firm as we continue enhancing our program governance.

To ensure consistency and fairness, we have a clear governance structure and approach to consequence management for all firm members. This structure includes, among others, the following global committees and groups:
- Professional Standards Committee, which addresses potential violations of firm policies or values by partners
- Client Service Risk Committee, which provides advice and decisions on the most complex risks we face in client service
- a network of trained professionals who manage personal-conduct situations and support internal reviews of alleged violations
- a consequence-management system, adjusted to the nature of complaints and potential violations

Addressing potential violations and breaches

Any potential allegation of the firm's ethical standards is subject to comprehensive investigation. Substantiation of violations of McKinsey's Code of Professional Conduct and firm policies can lead to disciplinary action up to and including termination.

Grievance mechanisms

Every firm member has the right and obligation to raise concerns about values, ethics, and professional conduct without fear of retribution. Our aspiration is to create an environment where everyone feels comfortable seeking advice or raising concerns directly with a colleague.

However, we recognize there are times when colleagues may feel the need for an opportunity to raise a concern or ask a question without coming forward directly to a colleague. For those instances, our global hotline allows colleagues to raise concerns relating to potential violations of the law and the firm's policies, professional standards, and values in a confidential manner and, where legally permissible, anonymously.

Additionally, firm ombuds are available to all colleagues to provide informal, confidential advice and address any concerns they may have. These channels are communicated within every firm policy, our Code of Professional Conduct, the firm's intranet channel, and context-specific guidance in our firm learning programs.

Third-party compliance

We work to build and maintain the trust of the clients we serve, the communities in which we operate, and the talented people who join our firm. We expect all our suppliers to adhere to our Supplier Code of Conduct, which includes our standards related to anti-corruption. We have embedded risk-based anti-corruption due diligence procedures in third-party onboarding processes. Learn more about **Sustainable procurement** ⤢.

Working with clients

As we seek to create positive, enduring change in the world, we are committed to living the values on which our firm was founded almost 100 years ago.

To that end, we regularly evaluate and update our processes, including the policy determining which clients we serve and on what topics, as well as how we address conflicts of interest, ensuring we systematically identify and manage risk before committing to a client project.

Read more about our **client and engagement selection** ↗.

Client selection

Internal frameworks

We have policies and guidelines governing what work we will and will not do. In 2019, we adopted a comprehensive framework and set of criteria to evaluate our client service. In 2021, we further strengthened our approach, including through a specific requirement to assess if potential clients have been found to have instances of prejudicial discrimination.

Our Client Service Policy requires that we evaluate the clients we serve and the likely impacts of our work before committing to any new client engagement. The policy includes five interrelated dimensions (referred to as "CITIO"): Country, Institution, Topic, Individual, and Operational considerations.

Within each of these dimensions, we have defined specific criteria that our colleagues must apply when assessing a potential client or engagement to ensure we consider potential unintended consequences of the work—for example, whether the work could adversely impact vulnerable populations.

Some criteria describe "bright lines"—work we will not perform under any circumstances—while others require discussion and special approval or extra oversight related to scope and delivery.

We also have policies and guidelines for specific areas of our client service, such as our enhanced rules governing our work for public, social, and state-linked sector (PSSS) clients. These rules ensure that we conduct our rigorous risk reviews, which include matters such as the impact and value for money of our service and contracting arrangements, for our work serving public and social sector clients.

Our CITIO dimensions

Country
Institution
Topic
Individual
Operational considerations
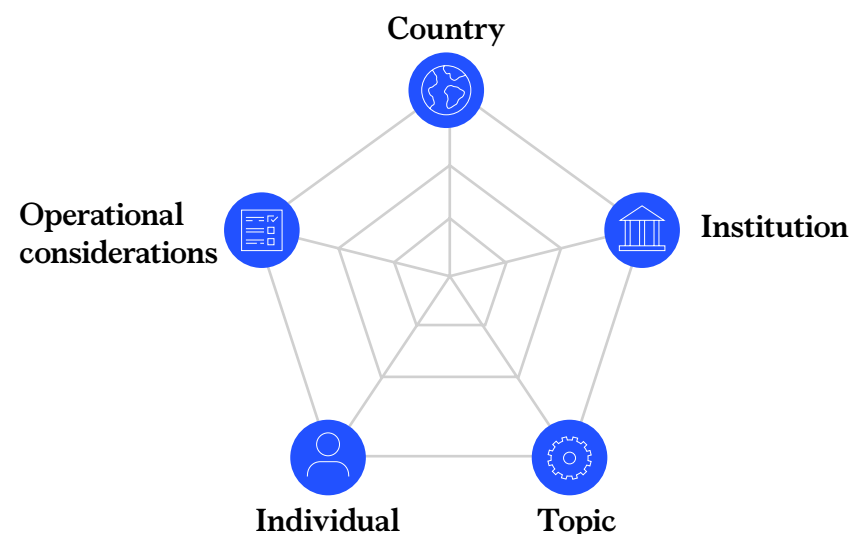
Dedicated oversight and decision-making support

Client service matters that require consideration beyond our standard processes are escalated to a global decision-making body, the Client Service Risk Committee (CSRC). Composed of senior firm leaders and supported by risk, legal, and communications professionals, the CSRC provides advice and makes decisions on the most complex risks we face in our client service.

This process is designed to ensure we offer transparent and independent advice and decision-making, and uphold our firm's high professional standards. For engagements that fail to meet these standards, the firm declines the work.

Conflicts of interest

Protecting our clients' confidential information is core to our DNA. We are steadfastly committed to guarding against conflicts of interest. We are also subject to our government and public sector clients' conflict of interest requirements, and we review conflicts—both actual and potential—accordingly. If potential conflicts cannot be appropriately addressed, we will not do the work.

Data privacy and information security

Protecting client information is one of our core values and is essential for maintaining the trust our firm depends on. We are committed to meeting the highest standards of data privacy and information security, whether the data belongs to our clients, partners, or firm members.

100%

of colleagues completed data privacy training and 80%+ completed cybersecurity training in 2021

Guardians of Trust

awarded since 2019 in recognition of our information security program

Data privacy

We follow regulatory requirements and best practices to meet our data privacy obligations. Our approach is governed by our Global Data Privacy Program, which builds on the requirements of the European General Data Protection Regulation and other data protection laws. Our Data-privacy team designs and leads the Global Data Privacy program with operational support from our risk and compliance teams.

Our Data Protection and Privacy Policy governs all client and firm data processing activities. It is reviewed annually, and all firm members are required to confirm their commitment to comply with it each year. The Policy requires that personal data is:
- only collected, accessed, used, and shared strictly as necessary to support the firm's and our clients' fair and lawful processing purposes
- deleted when there is no longer a legitimate purpose for retaining them, in accordance with applicable laws

The Data-privacy team provides firm members and contractors with guidelines for protecting personal data in connection with our activities, including recruiting, promotional events, communications, and client engagements.

In 2021, we strengthened our existing document and client data management policies and procedures by introducing a new global Client Data and Document Management Policy and implementation program. We also clarified and strengthened our information security practices for colleagues in both a refreshed Acceptable Use of Technology policy and various programs to protect information systems in a remote working environment.

McKinsey Code of Professional Conduct

Our **Code of Professional Conduct** ⧉ defines a set of expectations for the behavior of all firm members, including respecting data privacy and security.

Information security

Our information security strategy focuses on the people, processes, and technology that we have in place to maintain our clients' trust and protect their information. As in 2020, we had no cybersecurity incidents resulting in a data breach or loss event in 2021. Our program takes a risk-based approach to implement strong defenses built upon:
- industry-leading technologies
- regular training for our people (including phishing detection)
- designing products and systems with built-in security

Our Security Operations Center offers best-in-class security incident detection, analysis, containment, and mitigation. All systems and controls are designed to meet International Organization for Standardization (ISO)/International Electrotechnical Commission (IEC) 27001 standards and are assessed annually by an independent third party.

Vendor security

We also assess third-party vendors to confirm that each one commits to applying adequate technical and organizational measures to protect the personal data it processes on behalf of McKinsey. Contracts with appropriate protections are ensured by our Legal team.

Training

All new McKinsey colleagues and contractors are required to complete information security and data privacy training. This includes two award-winning, gamified e-learning modules that help learners identify high-risk situations, practice taking risk-mitigating actions, and understand their data protection responsibilities. As part of our annual Professional Standards and Risk training, all colleagues are required to complete data privacy training and certify compliance with our data privacy and information security policies. Our cyber awareness program provides ongoing training and reminders of cyber best practices, including refresher courses on phishing detection training for colleagues.

Human rights

We strive to create a work environment that supports, inspires, and respects all colleagues, applicants, and clients.

We adhere to the principles set forth in the **United Nations Global Compact** ⧉, the **Universal Declaration of Human Rights** ⧉, and the **International Labour Organization's Declaration on Fundamental Principles and Rights at Work** ⧉.

Our **Human rights statement** ⧉ outlines colleagues' right to agree to terms and conditions of employment voluntarily, without coercion, and to freely end their employment with appropriate notice. Any colleague failing to meet the expectations set out in the statement are subject to disciplinary action, up to and including separation from McKinsey.

Our **Code of Professional Conduct** ⧉ defines a set of expectations for the behavior of all firm members and for those working on our behalf.

We stand against the use of child, forced, or exploited labor, as well as forced or exploitative working conditions. We will not assist clients in such practices in any way in any part of the world.

Our colleagues

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

The policy enables reporting of all incidents of discrimination, harassment, or retaliation, regardless of the offender's identity or position, via clearly designated reporting channels. Individuals who are found to be responsible for harassment, discrimination, or retaliation will be subject to disciplinary action, up to and including termination of employment.

As a United Nations Global Compact participant, we uphold the freedom of association and the effective recognition of the right to collective bargaining. We adapt our practices to different locations based on local legislation. Learn more about our **Commitment to diversity, equity, and inclusion** ⧉ and **Compensation and benefits** ⧉.

Client service

As outlined in our client service approach (**Working with clients** ⧉), our commitment to human rights informs who we serve and on what topics. We will not do work that supports or enables human rights violations. We do not tolerate physical violence, threats, bullying, or verbal abuse of any kind in the workplace, whether in our own or in our clients' locations.

Supply chain

We expect all suppliers to comply with McKinsey's **Supplier Code of Conduct** ⧉, which prohibits all forms of forced labor, child labor, and human trafficking, and requires compliance with all laws regarding discrimination, harassment, and retaliation. Learn more about our **UK Modern Slavery Act Statement** ⧉. As a firm, we have processes in place to address suspected violations, whether among our colleagues or in the supply chain. Learn more about **Ethics and values** ⧉ and **Sustainable procurement** ⧉.

Training

We support our human rights-related policies with regular awareness building and training. New colleagues must adhere to the McKinsey Code of Professional Conduct and participate in an onboarding session that informs them about the firm's values, including inclusion, anti-discrimination, and anti-harassment. Annually, all colleagues must certify they comply with the firm's core policies and complete Professional Standards and Risk training.

Grievance mechanisms

In addition to clearly defined internal channels, we have a global hotline that enables colleagues to raise concerns relating to any human rights issues confidentially and, where legally permissible, anonymously. We do not tolerate retaliation of any kind against firm members who in good faith report potential or actual ethics or legal violations.

Sustainable procurement

As a global firm with offices in more than 65 countries, we have a significant opportunity and responsibility to drive positive social and environmental impact through our buying choices and practices.

We continue to strengthen our practices, and engage with suppliers on reducing emissions to address climate change and on creating a supply chain that promotes diversity, equity, and inclusion (DEI). McKinsey strives to partner with suppliers that share our values and commitment to responsible conduct.

Our approach

McKinsey's Sustainable Procurement program sits within our Responsible Buying program, which is led by our Optimize team with oversight by our chief financial officer. Optimize enables our Responsible Buying program through various services covering travel, events, real estate, sourcing, technology, purchasing, and more.

The Responsible Buying program integrates ESG, risk, and operations requirements into our procurement processes. It includes training for our colleagues and engagement with our suppliers on key topics. The program is designed to be holistic and to make it easy for colleagues and suppliers to make more responsible buying choices.

McKinsey leadership and colleagues across the firm are committed to this agenda and senior leaders contribute insight and expertise. For example, we have an Affinity Group Advisory Committee—composed of senior leaders representing relevant stakeholder groups—that collaborates to advance our supplier diversity program.

Supplier standards and values

We seek to partner with and buy from suppliers that adhere to the same level of integrity and environmental, social, and governance (ESG) standards to which we hold ourselves. Our Supplier Code of Conduct (the Code) is available in ten languages and sets the standards and values we expect, including to:
- act ethically and with integrity
- maintain data privacy and security
- embrace inclusion and diversity
- ensure fair employment and wages
- reduce environmental impact
- provide working conditions that support safety, well-being, and health

During onboarding, we ask suppliers to agree to the Code or indicate that they have a comparable code in place. Our standard contract template for supplier services incorporates the Code and sets out our expectations of suppliers.

McKinsey's global Sustainable Procurement Policy outlines our ambition to deliver positive social and environmental impact through our selection, purchase, use, and disposal of products and services, and through the way in which we work with our suppliers to improve the social and environmental impact of the goods and services they offer.

Supplier screening and assessments

During supplier sourcing and selection stages, our standard request for proposal templates utilized by our sourcing team include a questionnaire used to screen potential suppliers on practices and policies in areas including environmental sustainability, DEI, and data privacy.

New suppliers[26] go through a rigorous onboarding process that includes risk-based due diligence to ensure the supplier follows applicable laws and meets our standards. We carry out periodic diligence checks to assess changes in suppliers' circumstances at intervals determined by the suppliers' risk profile. In 2021, we launched a new supplier onboarding platform that further enhances our ESG screening and monitoring capabilities, including a questionnaire for suppliers with a potentially higher ESG risk based on considerations such as spend level, country risk, and category risk. Existing suppliers selected based upon spend and risk level will be recertified on the platform in 2022. We plan to use data collected through this platform to strengthen future reporting.

Training for procurement colleagues

In 2021, we deployed a new training program called Buying Responsibly to all colleagues on our Procurement team. The mandatory training addresses the full buying life cycle and highlights how ESG considerations should be integrated throughout the process. By the end of 2021, 93 percent of eligible procurement colleagues had completed this training.

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26 Some exceptions apply (for example, hotels paid indirectly via reimbursement to colleagues, for which an alternative third-party vetting process is utilized).

Advancing supplier diversity

We believe that our supply chain should reflect the diversity of the communities in which we live and work. By the end of 2021, we had achieved 67 percent of our **10 Actions** goal to double our spending with diverse suppliers[27] within three years.[28]

To drive progress toward our goal, we are growing our network of supplier diversity champions, building action plans within many top-spend categories, developing relationships with our existing diverse suppliers, and communicating this issue's importance to many of our largest suppliers. For example, in 2021, McKinsey's Technology and digital function adopted a more purposeful reseller strategy, redirecting spend from a large, fragmented group of IT resellers to a smaller number of diverse-owned suppliers that have been providing high-quality service. By the end of 2021, we achieved around $36 million growth in net new spend with diverse-owned IT suppliers, procuring hardware, software, and professional services.

To broaden the reach of our supplier diversity program, we engage in partnerships with organizations such as the National Minority Supplier Development Council, Women's Business Enterprise National Council, WEConnect International, Supply Nation, Minority Supplier Development UK, and others that support and promote supplier diversity.

Beyond our procurement practices, we aim to use McKinsey's unique capabilities and resources to help strengthen diverse-owned businesses. **McKinsey Inclusive Business Accelerator** (MIBA), an initiative led by our Operations Practice, seeks to advance racial equity and economic empowerment in the United States by serving small- and medium-sized Black-owned businesses and their leaders. The initiative offers capability building, networking opportunities, and fee-free consulting support on operations topics. In 2021, MIBA Empower events were attended by over 600 Black business leaders, including Black executives and owners of Black-owned small- and medium-sized businesses. Now in its second year, MIBA has continued to provide fee-free consulting services to Black-owned businesses across industries to help them further grow their success.

Driving supplier environmental sustainability

Beyond integrating ESG principles and requirements into procurement processes and decisions, we are committed to partnering with our suppliers to share what we have learned from our own sustainability journey to help improve the social and environmental impact of the goods and services they offer. Since indirect emissions from travel account for more than 80 percent of our carbon footprint, we have made engaging with our travel-related suppliers on sustainability issues a focus. We continue exploring opportunities with our suppliers—including more than 50 of the world's largest airlines and hotel groups—to rebuild better together and provide our colleagues with more sustainable options as we return to business travel.

Sustainability topics we have discussed with our travel suppliers include setting science-based targets, transitioning to SAFs, reducing single-use plastics, and switching to renewable energy sources. Through our Green Hotels sustainable procurement strategy, we engage the top hotel chains in our supply chain and collect environmental sustainability information from over 1,000 hotel properties as part of our annual request for proposal process.

In 2021, we received an A score on CDP's Supplier Engagement Rating, reflecting our commitment to engaging suppliers on climate change and supporting the transition toward a net-zero economy.

1,000+	**30+**	**15+**
hotel properties engaged on sustainability	key suppliers engaged on their own supplier diversity practices	non-diverse suppliers collaborating on Tier 2 reporting

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27 Diverse suppliers are defined as those that are 51%+ owned, operated, controlled, and managed by diverse individuals—for example, minority-, woman-, veteran-, disability-, and LGBTQ+-owned businesses.
28 Applies to specific categories of diverse suppliers. Improved tracking has contributed to progress against the goal.

Reporting

About this report

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

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

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

GRI Content Index

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

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

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

GRI Content Index

Disclosure number	Description	McKinsey response
102-20	Executive-level responsibility for economic, environmental, and social topics	**Overview/Our ESG framework**
102-21	Consulting stakeholders on economic, environmental, and social topics	**Overview/Stakeholder engagement**

Stakeholder Engagement

Disclosure number	Description	McKinsey response
102-40	List of stakeholder groups	**Overview/Stakeholder engagement**
102-41	Collective bargaining agreements	This information is not tracked globally as most McKinsey colleagues are not covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	**Overview/Stakeholder engagement**
102-43	Approach to stakeholder engagement	**Overview/Stakeholder engagement**
102-44	Key topics and concerns raised	**Overview/Stakeholder engagement** **Overview/Materiality assessment**

Reporting Practice

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

GRI Content Index

Disclosure number	Description	McKinsey response
Topic-Specific Standards		
GRI 201: Economic Performance 2016		
103-1, 103-2, 103-3	Management approach	**Overview/Materiality assessment** **Overview/About McKinsey**
201-2	Financial implications and other risks and opportunities due to climate change	**Reporting/TCFD Index**
GRI 205: Anti-Corruption 2016		
103-1, 103-2, 103-3	Management approach	**Overview/Materiality assessment** **Our firm/Ethics and values** **Code of Professional Conduct** **Supplier Code of Conduct**
205-2	Communication and training about anti-corruption policies and procedures	**Our firm/Ethics and values** **Our firm/Sustainable procurement**
GRI 302: Energy 2016		
103-1, 103-2, 103-3	Management approach	**Overview/Materiality assessment** **Our firm/Climate change and emissions** **Environmental Statement**
302-1	Energy consumption within the organization	**Our firm/Climate change and emissions**

Disclosure number	Description	McKinsey response
GRI 303: Water & Effluents 2018		
103-1, 103-2, 103-3	Management approach	**Overview/Materiality assessment** **Our firm/Sustainable workplaces**
303-1	Interactions with water as a shared resource	**Our firm/Sustainable workplaces**
GRI 305: Emissions 2016		
103-1, 103-2, 103-3	Management approach	**Overview/Materiality assessment** **Our firm/Climate change and emissions** **Reporting/TCFD Index**
305-1	Direct (Scope 1) GHG emissions	**Our firm/Climate change and emissions** **Reporting/Independent assurance statement**
305-2	Energy indirect (Scope 2) GHG emissions	**Our firm/Climate change and emissions** **Reporting/Independent assurance statement**
305-3	Other indirect (Scope 3) GHG emissions	**Our firm/Climate change and emissions** **Reporting/Independent assurance statement**
305-4	GHG emissions intensity	**Our firm/Climate change and emissions** **Reporting/Independent assurance statement**
305-5	Reduction of GHG emissions	**Our firm/Climate change and emissions** **Reporting/Independent assurance statement**

GRI Content Index

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

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

GRI Content Index

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

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

GRI Content Index

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

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

WEF IBC Index

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

Theme	Core metric	McKinsey response
Principles of Governance		
Governing purpose	1. Setting purpose	**Overview/About McKinsey**
Quality of governing body	2. Governance body composition	**Overview/Our ESG approach** **Our people/Diversity, equity, and inclusion**
Stakeholder engagement	3. Material issues impacting stakeholders	**Overview/Stakeholder engagement** **Overview/Materiality assessment**
Ethical behaviour	4. Anti-corruption	**Our firm/Ethics and values** **Code of Professional Conduct**
	5. Protected ethics advice and reporting mechanisms	**Our firm/Ethics and values**
Risk and opportunity oversight	6. Integrating risk and opportunity into business process	**Our firm/Ethics and values** **Reporting/TCFD Index**
Planet		
Climate change	7. Greenhouse gas (GHG) emissions	**Our firm/Climate change and emissions**
	8. TCFD implementation	**Reporting/TCFD Index**

Theme	Core metric	McKinsey response
Nature loss	9. Land use and ecological sensitivity	We recognize the importance of nature and biodiversity conservation. While we believe McKinsey's direct impact on land use and biodiversity is limited due to the nature of our services (that is, offices located primarily in urban areas), we are committed to understanding and minimizing any potential impacts. Over the course of the next year, we will conduct an assessment to better understand the impact of our offices on nature and develop a plan for managing it, including measurable targets, commensurate with our impact and type of industry. While this work is under way, we will continue contributing to structural solutions related to nature and biodiversity through our research and insights and client work.
Freshwater availability	10. Water consumption and withdrawal in water-stressed areas	**Our firm/Sustainable workplaces**

WEF IBC Index

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

TCFD Index

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

Disclosure recommendation	Disclosure
Governance	
a) Describe the board's oversight of climate-related risks and opportunities	The Risk, Audit, and Governance Committee (RAGC) of our Shareholders Council, which is equivalent to other companies' board of directors, has ultimate oversight of the firm's environmental sustainability matters, including climate-related issues. Its remit includes reviewing and guiding the firm's ESG strategy, annual budgets, setting performance objectives, and monitoring and overseeing progress against climate-related goals. For example, in 2021, RAGC approved the firm's science-based targets (SBTs) to reduce our GHG emissions in line with a 1.5 degree Celsius pathway and our commitment to reach net-zero climate impact by 2030. McKinsey has a designated senior partner responsible for leading our ESG and Global Social Responsibility efforts, including all of the firm's efforts toward environmental sustainability and climate-related risks and opportunities. This individual provides periodic updates to the RAGC.
b) Describe management's role in assessing and managing climate-related risks and opportunities	The Director of Acting Responsibly is responsible for measuring our GHG footprint annually, analyzing the results and assessing opportunities to reduce further our GHG footprint, elevating these opportunities to the relevant leaders within the firm, implementing these opportunities throughout the firm, or working with relevant cells (geographic offices, industries, functional practices, and growth platforms) to implement them, ensuring that our targets/commitments/progress are in line with latest climate science, and proactively identifying and addressing any risks related to climate change/environmental sustainability that will impact the firm. This individual reports into the senior partner leading ESG and Global Social Responsibility efforts.

In 2021, RAGC approved additional governing bodies to our ESG oversight structure, spanning across an ESG Council, represented by senior firm functional, regional, and client service leaders. The ESG Council defines our ESG priorities, sets our strategy, and monitors progress, and is supported by the ESG Working Group and ESG Next-Generation Group to help operationalize the strategy and embed ESG initiatives across the firm.

Additionally, local managing partners are responsible for leading each geographic location to achieve our global commitments and strategy. Within each of our offices, the local managing partner has responsibility for the environmental footprint and climate impact of the office's operations, and for ensuring that the office contributes toward achieving the firm's SBTs. |

TCFD Index

Disclosure recommendation	Disclosure

Strategy

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	McKinsey considers climate-related risks and opportunities across short- (0–1 years), medium- (1–3 years), and long-term (3–8 years) horizons as part of our business strategy, covering three areas: our internal operations, our client service, and our knowledge work. As we continue to refine our approach to identifying and assessing these risks and opportunities, we will take into account further long-term horizons (for example, until 2050).

Risks
Climate risk assessment is integrated into multi-disciplinary, firmwide risk management processes. As we assess these risks, we continue to evolve our capabilities and are developing a comprehensive physical and transition risk assessment involving all relevant stakeholders within the firm, including our client service lines, to further inform our risk processes. We continue to identify and monitor climate-related risks to ensure no major disruptions to our operating model. The risks we identified include:

Transition risks
- **Legal and regulatory risk:** As a global firm, we operate in 65+ countries, most of which have climate change laws or policies. We monitor current and emerging policy, regulatory, and legal risks, to understand how McKinsey may be affected.
- **Technology risk:** McKinsey considers technology part of our environmental footprint strategy, particularly in relation to how it can be used to reduce GHG emissions. As a service-based firm, IT is also paramount to our core operations and is therefore considered as part of business-as-usual risk assessments.
- **Reputation risk:** McKinsey's reputation in this field is built on our client work, as well as the large body of often publicly available research and tools on climate change issues. Maintaining this reputation helps to support the opportunities for our practice across a number of areas, particularly for our sustainability-focused client service platform McKinsey Sustainability.

Physical risks
- **Weather events and shifts in climate patterns:** As a global firm operating in 65+ countries, McKinsey is located in areas that may be exposed to acute physical risks related to climate change, such as extreme weather events, hurricanes, cyclones, floods, and temperature extremes, as well as chronic risks such as sea-level rise and heat stress. As part of our business continuity planning and firm security programs, we consider both acute and chronic climate risks to our offices and operations, IT networks, and colleague safety.

TCFD Index

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

TCFD Index

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

TCFD Index

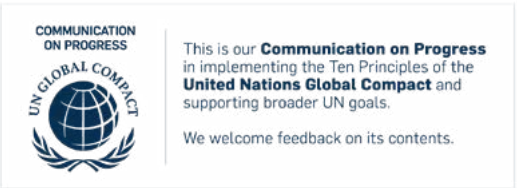| Disclosure recommendation	Disclosure
c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario	As part of our strategic planning processes, we seek to understand how different climate scenarios impact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

TCFD Index

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

TCFD Index

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

UNGC Communication on Progress

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

COMMUNICATION ON PROGRESS
UN GLOBAL COMPACT

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

We welcome feedback on its contents.

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

Independent assurance statement

Greenhouse gas emissions and carbon credits verification

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

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

The verification process included checking and assessing the following:

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

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

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

Table 1: Scope of GHG emissions

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

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Dr Xiangyu Sheng Director Air Quality & Climate change

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Creating sustainable futures

Learn more online at:
mckinsey.com/about-us/social-responsibility ⤴

We welcome your comments and questions
regarding this report. Please contact us at:
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