Our Commitment to Net-Zero Climate Impact

At BCG, we have boldly committed to achieving net-zero climate impact by 2030 and thereafter to become climate positive, removing more carbon from the atmosphere than we emit each year. (See Exhibit 6.)

We follow the GHG mitigation hierarchy by first avoiding and reducing emissions within our value chain, and then compensating for and neutralizing our remaining emissions. We have set validated near-term science-based targets, which aim to cut our GHG emissions intensity in half by 2025. Our targets are aligned with the most ambitious goal of the Paris Agreement: to limit global temperature rise to 1.5°C above preindustrial levels. We have already achieved a significant reduction in our Scope 1 and Scope 2 emissions and have established a clear decarbonization plan for our Scope 3 business travel emissions.

In addition to reducing our GHG emissions, since 2018 we have purchased and retired a volume of independently verified carbon credits equivalent to our remaining unabated emissions and maintained CarbonNeutral® company certification.[9] As part of our journey toward net-zero climate impact, we are transitioning our carbon credit portfolio to 100% carbon dioxide removal (CDR) credits by 2030. Our goals are to support high-quality nature-based solutions and to help pioneer the most promising technological solutions, such as direct-air capture and storage.

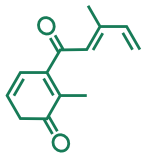
In alignment with best practice such as WWF's Blueprint, we have quantified and publicly communicated the price we expect to pay to reduce, avoid, and remove emissions as we work toward net-zero.[10] We expect to pay a blended carbon price of $35 per metric ton in 2025, rising to approximately $80 per metric ton by 2030. In 2022, our blended carbon price was $16 per metric ton, an increase versus $11 per metric ton in 2021.

We recognize that the requirements and expectations for credible net-zero strategies will continue to evolve with scientific and technological developments and ongoing stakeholder engagement. As we progress on this journey, we will learn and adapt our approach through collaboration with experts, NGOs, clients, and other key stakeholders.

Our net-zero program is governed by the Global Internal Sustainability Steering Committee and led by BCG's chief sustainability officer, David Webb, who was appointed to this position in 2022. For more details, see the Governance section of this report (page 11).

Additional Information

- BCG's Net-Zero Strategy
- Environmental Responsibility Statement
- Taskforce on Climate-Related Financial Disclosure (TCFD) Index
- CDP Climate Disclosure



$16

our blended carbon price in 2022 per metric ton

9. Our CarbonNeutral® company certification covers our full reported Scope 1, Scope 2, and Scope 3 GHG inventory, excluding upstream well-to-tank emissions for air travel, which are included only in our business travel emissions target. The credits we currently purchase are a mix of avoided-emissions projects (such as preventing deforestation), which aim to keep additional carbon from entering the atmosphere, and removal projects (such as reforestation and direct-air capture), which remove CO_2 directly from the atmosphere.
10. Source: World Wide Fund for Nature (WWF) report: *Beyond Science-Based Targets: A Blueprint For Corporate Action On Climate And Nature.*

Exhibit 6 - Our Net-Zero Roadmap

1 Measure

We measure, analyze, verify, and report our climate impact **annually**.

2018 emissions baseline

- **31** $KtCO_2e$ — Absolute Scope 1 and Scope 2 emissions in 2018
- **553** $KtCO_2e$ — Absolute Scope 3 emissions in 2018

2 Reduce

We have set science-based targets to reduce emissions intensity along our value chain.

2025 science-based targets

- **92%** per FTE — Reduction in Scope 1 and Scope 2 emissions by 2025 vs. 2018 baseline
- **48.5%** per FTE — Reduction in Scope 3 business travel emissions by 2025 vs. 2018 baseline

3 Remove

We address our remaining emissions by purchasing high-quality carbon credits.

2030 net-zero commitments

- **100%** — Remaining emissions removed with high-impact carbon credits

4 Improve

We engage experts, NGOs, and standard setters to continually improve our approach.

Stakeholders (*non-exhaustive*)

SCIENCE BASED TARGETS — DRIVING AMBITIOUS CORPORATE CLIMATE ACTION
CDP — DISCLOSURE INSIGHT ACTION
GREENHOUSE GAS PROTOCOL
VCMI — Voluntary Carbon Markets Integrity Initiative
WWF
Natural Climate Solutions Alliance
WORLD ECONOMIC FORUM

Source: BCG analysis.

Note: $KtCO_2e$ = metric kilotons of carbon dioxide equivalent; FTE = full-time equivalent employee.

Net-Zero Strategy Launch Video

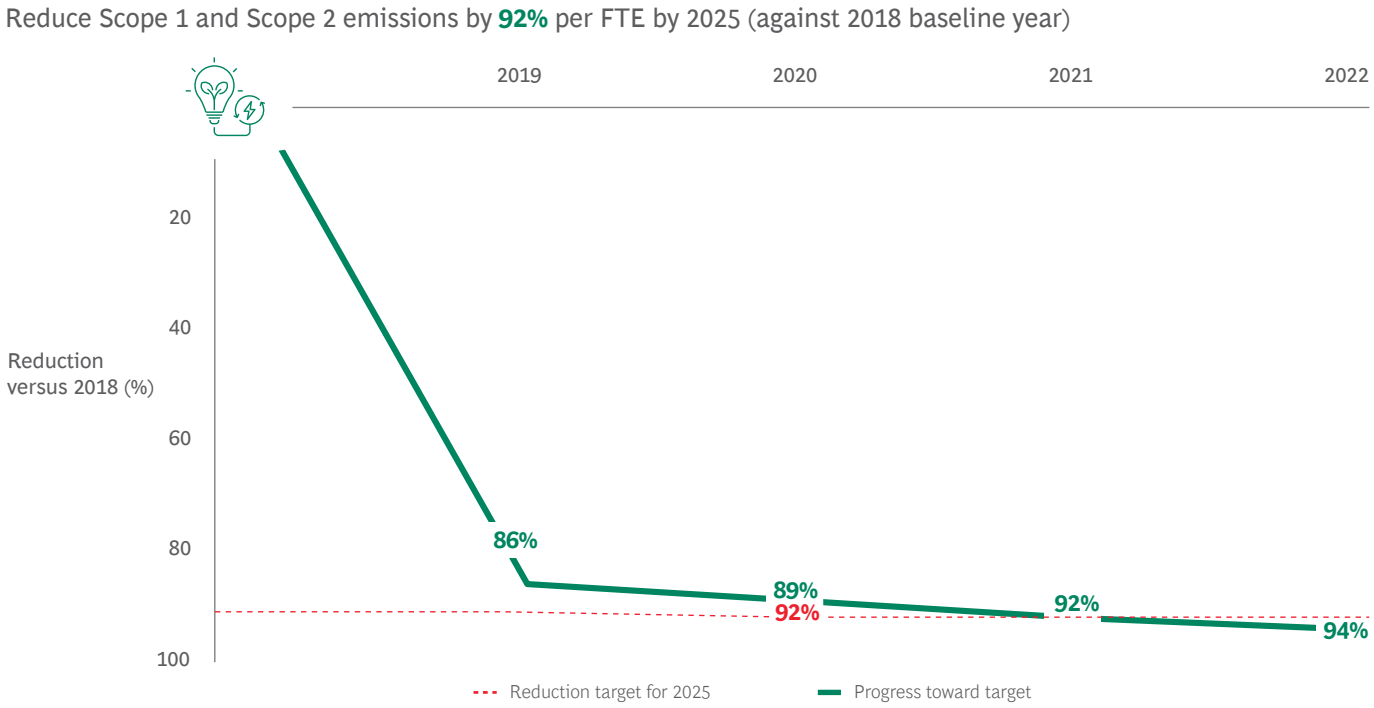
Closing the Loop on Waste

Across our offices and operations, we aim to embed the principles of the waste hierarchy (avoid, reduce, reuse, and recycle). For example, we avoid and reduce paper consumption by applying paperless office principles, and we increase rates of general office waste recycling by installing recycling facilities for all major waste streams across all offices to the extent possible. For our most material waste streams, such as electronic waste, we partner with specialist companies that reuse components to extend their life cycle and ensure proper recycling for all nonreusable components. In light our relatively low volumes of waste generation, we do not currently report total waste volumes or set formal targets on this topic.

Engaging Our Employees in Our Climate Journey

We educate all employees and raise their awareness of climate issues, as well as providing tangible actions that they can take to contribute to BCG's net-zero commitment. To complement the broad range of online and in-person learning events that we host, we support local action through our global network of green teams, which has grown to more than 1,300 active members. Distributed across more than 80 BCG offices, the teams focus on designing and implementing initiatives to reduce our environmental impact at the local office level.

Exhibit 9 - Scope 1 and Scope 2 Science-Based Target



Source: BCG analysis.

Note: FTE = full-time equivalent employee.

Neutralizing Our Remaining Climate Impact

We are investing in a portfolio of high-quality carbon abatement solutions on the voluntary carbon market. We are pursuing three objectives:

- Increase the proportion of CDR credits in our portfolio, transitioning to a net-zero portfolio composed entirely of CDR credits by 2030, and continue to support high-quality avoided emissions credits as we make this transition.
- Continue to increase our focus on quality and integrity across the portfolio.
- Work to advance the most promising nascent methodologies and technologies, including the most promising CDR to capture and store carbon permanently.

At the same time, we seek to maintain a balance in volume, purchasing and retiring a volume of independently verified carbon credits equivalent to our reported footprint, and thereby achieving CarbonNeutral® company certification.[17]

We believe that being transparent about the type, quality, and blended cost of the credits we purchase is an important step in helping to scale high-quality solutions. That's why we report on the progress we've made on those fronts each year. See Exhibit 10 for a detailed breakdowns of our carbon credit portfolio.[18]

2022 Progress

Expanded CDR Credit Volumes and Share of Portfolio

In 2022, we expanded the CDR share of our portfolio to 48%, up from 44% in 2021. We have diversified our impact by supporting three new types of pioneering CDR projects:

Mangroves Restoration (Delta Blue Carbon project, Pakistan). Mangroves can store up to five times as much carbon as tropical forests. In addition to removing CO_2 from the atmosphere, this project is improving livelihoods in local communities and protecting ecosystems within a region that has been identified as among the 40 most biologically rich in the world.

Soil Carbon Sequestration (Carbon by Indigo project, US). We partnered with Indigo Ag, the first company to produce verified, agriculture-based carbon credits at scale, to support farmers across 5.5 million acres of US farmland in their transition toward more sustainable farming practices. Indigo's second credit issuance, projected for early 2023, will further demonstrate how changes resulting from sequestering carbon increase soil quality and crop yields while supporting farming livelihoods.

Biochar (Biochar project by NetZero, Cameroon). This project stabilizes atmospheric carbon in agricultural soils for hundreds of years. The technology extracts the carbon captured in crop residues through a pyrolysis process (heating at high temperature in oxygen-deprived conditions). The resulting product—solid carbon called *biochar*—is extremely stable and can be used as a soil amendment, achieving long-term carbon removal and improving soil health and crop productivity.

17. To maintain CarbonNeutral® company certification, we purchase and retire a volume of independently verified carbon credits equivalent to our full reported Scope 1, Scope 2, and Scope 3 GHG inventory (as enumerated in Exhibit 10. Our current portfolio is a mix of avoided emissions credits and CO_2 removal credits.
18. We partner with a carbon market specialist to help align our purchases with emerging best practices and ensure that the projects meet our strict selection criteria. All of the carbon credits we purchased and retired in 2022 were independently verified against the leading voluntary standards (including the Gold Standard and VCS), which have been approved by the International Carbon Reduction and Offset Alliance.

Greenhouse Gas Reporting Methodology

BCG creates a greenhouse gas (GHG) inventory annually. We take an operational control approach to defining our reporting boundary and compile our inventory in line with the requirements of the GHG Protocol Corporate Standard, covering all material Scope 1, Scope 2, and Scope 3 GHG emissions sources. Our GHG emissions inventory is independently audited and verified against the ISO 14064-3 standard.

Scope 1 and Scope 2 Emissions

We gather energy consumption data from our offices globally. Where possible, we collect actual consumption data from invoices, from landlords, or directly from energy suppliers. When we cannot obtain this data, we use industry benchmarks to estimate energy consumption on the basis of occupied floor space. We follow the Scope 2 market-based accounting approach to account for our purchase of renewable electricity.

Scope 3 Business Travel Emissions

Business travel is our most material emissions source and makes up the majority of our GHG inventory. Our business travel emissions include flights, hotel nights, rail, rental cars, and taxis. To calculate those emissions, we use the distances traveled per mode and class of transport and the number of hotel nights, as provided by our global travel agent, and multiply the travel activity by the conversion factors produced by the UK government. To account for travel booked by individuals outside our travel agent system, we apply a small uplift factor to flight, rail, and hotel emissions. For taxi emissions, since we do not have a global record of all taxi journey mileage, we convert expenses data into mileage using an external benchmark dollars-per-mile conversion rate to estimate the total distance traveled. We then look at the average emissions intensity (gCO_2/Km) for our largest taxi service provider to convert the distance traveled to emissions.

For air travel emissions calculations, we consider four key components within our reporting:

- Direct GHG emissions resulting from the combustion of fuel to power the aircraft, known as tank-to-wake (TTW) emissions
- Indirect GHG emissions generated in the upstream production and transportation of the aircraft fuel, known as well-to-tank (WTT) emissions; the sum of WTT and TTW emissions is referred to as well-to-wake or life cycle emissions
- Non-GHG emissions generated during the flight, such as nitrogen oxides, sulfur oxides, and particulate matter, as well as the formation of contrails that contribute to effective radiative forcing (ERF)
- Emissions reductions from the purchase of sustainable aviation fuel (SAF)

Although the impact of aviation on the global climate system clearly extends beyond the single effect of direct GHG emissions, the science in this area is nascent and the mitigation levers for addressing non-GHG factors remain largely untested. Accordingly, we have adopted the following recommendations from the SBTi Aviation Sector Guidance:

- In reporting progress toward our science-based targets (as detailed in Exhibit 6 on page 47), we include both direct (TTW) and indirect (WTT) emissions, but we currently exclude non-GHG emissions.
- In reporting our full GHG inventory, and for our 2030 net-zero strategy, we include direct (TTW) GHG and non-GHG emissions. The conversion factors that we use apply an uplift of 1.9 to the CO_2 emissions to account for the warming impact of non-GHG emissions.

In accordance with emerging best practices and guidance, we report our emissions with and without the application of SAF reductions.

Other Scope 3 Emissions

To calculate supply chain emissions, we collect data on the economic value of purchased goods and capital goods, and we multiply those figures by third-party emissions factors ($tCO_2e/\$$ spending) to estimate the full life cycle emissions. For purchased services, we use supplier-specific scope 1 and 2 data from public CDP disclosures where possible and allocate these to BCG using a $tCO_2e/\$$ spending allocation method. When supplier-specific information is unavailable, we use industry and sector averages to estimate emissions for the remaining service suppliers.

To calculate fuel- and energy-related activities that are not included in Scope 1 or Scope 2—such as WTT emissions and transmission and distribution (T&D) losses—we measure our electricity and fuel consumption and apply the relevant emissions factors. We estimate other, smaller emissions sources—such as employee commuting, waste, and upstream transportation and distribution—on the basis of the best available data. In 2022, we included an estimate of GHG emissions from remote working within the employee commuting Scope 3 category.

Restatements

No significant restatements for historical emissions have been identified.

Table 1 - GHG Emissions Inventory and Target Boundaries

CATEGORY	NET-ZERO TARGET BOUNDARY	SBTI SCOPE 1 & 2 TARGET BOUNDARY	SBTI SCOPE 3 TARGET BOUNDARY	EMISSIONS ($KTCO_2E$) 2018	EMISSIONS ($KTCO_2E$) 2022	DIFFERENCE (%)
Scope 1	Included	Included	N/A	6	3	–49%
Scope 2 (market based)[1]	Included	Included	N/A	25	0	–100%
Scope 2 (location based)	Excluded	Excluded	N/A	29	17	–40%
Scope 3						
Business travel						
Direct air travel GHGs (tank to wake)	Included	N/A	Included	214	130	–39%
Indirect air travel GHGs (well to tank)	Excluded	N/A	Included	44	27	–39%
Air travel GHG emissions reductions from SAF	Included	N/A	Included	0	4	
Air travel non-GHG impact[2]	Included	N/A	Excluded	191	116	–39%
Other business travel emissions sources[3]	Included	N/A	Included	43	32	–25%
Other Scope 3 sources[4]	Included	N/A	Excluded	106	129	+22%
Total emissions (net-zero boundary)				584	410	30%
Total emissions (net-zero boundary including SAF savings)[5]				584	406	30%

[1] We use a market-based approach to report Scope 2 emissions, which factors in the purchase of renewable electricity. In 2019, we shifted to 100% renewable electricity for our offices and therefore report 0 $KtCO_2e$ Scope 2 (market-based) emissions.

[2] Additional warming impacts generated during a flight, such as nitrogen oxides, sulfur oxides, and particulate matter, as well as the formation of contrails that contribute to effective radiative forcing.

[3] Other business travel emissions include hotel nights, train travel, rental cars, and taxi journeys.

[4] Other Scope 3 emissions include purchased goods and services, capital goods, employee commuting, fuel- and energy-related emissions, and waste.

[5] In accordance with the WEF Clean Skies for Tomorrow guidance, we adopt a dual reporting approach, including and excluding emissions reductions from the use of Sustainable Aviation Fuel certificates.

Performance Data Tables

DRIVING SOCIAL IMPACT	TARGET	YEAR	2019	2020	2021	2022
Number of societal and planetary impact client cases	–	–	560	900	1,300	1,500
Number of clients with societal and planetary impact cases	–	–	340	510	660	780
Percentage of largest clients with a societal and planetary impact case[30]	50%	Annually	–	52%	68%	72%
Total investment in societal and planetary impact initiatives ($million)[31]	–	–	180	280	310	460

PROTECTING OUR PLANET	TARGET	YEAR	2019	2020	2021	2022
Number of climate and sustainability cases	–	–	170	360	780	980
Number of clients with climate and sustainability cases	–	–	120	240	450	520
Total investment in climate and sustainability initiatives ($million)[32]	$2 billion	2030	–	80	160	270
Share of BCG's operations covered by CarbonNeutral® company certification	100%	Annually	100%	100%	100%	100%
Reduction in Scope 1 and Scope 2 emissions per full-time equivalent (vs. 2018 baseline)	92%	2025	86%	89%	92%	94%
Reduction in business travel emissions per full-time equivalent (vs. 2018 baseline)	48.5%	2025	9%	82%	87%	60%
Electricity consumption from renewable energy sources (%)	100%	Annually	100%	100%	100%	100%
Proportion of carbon dioxide removal (CDR) projects in carbon credit portfolio	100%	2030	30%	40%	44%	48%
Employees receiving climate training materials and communications (%)	100%	Annually	100%	100%	100%	100%

Note: A dash in place of a data point in any cell of this table indicates either that no target or target year has been set or that data was not available to report.

30. BCG began tracking this metric in 2020. "Largest clients" refers to top 50 BCG clients.
31. Includes both cash and in-kind support.
32. Includes consulting support, external secondments, net-zero partnership costs, and marketing initiatives.

GRI 201: ECONOMIC PERFORMANCE	
Disclosure	**2022 Response (page number)**
3-3 Management of material topics	About BCG (page 5) Governance (page 11)
201-1 Direct economic value generated and distributed	Perfomance data tables (page 91)
201-2 Financial implications and other risks and opportunities due to climate change	TCFD index (page 89) 2022 CDP Disclosure
201-3 Defined benefit plan obligations and other retirement plans	Working at BCG (page 60) Employee well-being (page 72)
201-4 Financial assistance received from government	Confidentiality constraints mean we are unable to report all disclosures.

GRI 205: ANTI-CORRUPTION	
GRI 3-3 Management of material topics	Anti-bribery and corruption (page 76) Materiality assessment (page 13)
205-1 Operations assessed for risks related to corruption	Global risk management (page 78)

GRI 205: ANTI-CORRUPTION	
205-2 Communication and training about anti-corruption policies and procedures	Anti-bribery and corruption (page 76) Perfomance data tables (page 91) BCG Code of Conduct BCG Supplier Code of Conduct
205-3 Confirmed incidents of corruption and actions taken	Anti-bribery and corruption (page 76) Perfomance data tables (page 91) Confidentiality constraints mean we are unable to report on all of the required disclosures.

GRI 305: EMISSIONS	
GRI 3-3 Management of material topics	Measuring our climate impact (page 48) Materiality assessment (page 13)
305-1 Direct (Scope 1) GHG emissions	Measuring our climate impact (page 48) Perfomance data tables (page 91)
305-2 Energy indirect (Scope 2) GHG emissions	Measuring our climate impact (page 48) Perfomance data tables (page 91)
305-3 Other indirect (Scope 3) GHG emissions	Measuring our climate impact (page 48) Perfomance data tables (page 91)
305-4 GHG emissions intensity	Measuring our climate impact (page 48) Perfomance data tables (page 91)