

2022 ESG Report

# Creating a more sustainable, inclusive, and growing future for all

*Portia Dlamini of South Africa is part of the network of digital-savvy lifelong learners who have taken part in the McKinsey Forward online learning program for young professionals. It's one of the many learning resources we offer to help create more inclusive, skilled workforces around the world.*



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# Message from our global managing partner

## Accelerating sustainable and inclusive growth for the world



Bob (center) speaking to colleagues at a town hall in Poznań, Poland.

### A letter to all our stakeholders

The events of 2022—the start of a tragic war, food and energy crises, severe climate events, global supply chain issues, and continuing market volatility—challenged governments, businesses, and citizens alike, requiring the world’s immediate and focused attention. As always, we partnered with our clients and our communities to respond—remaining ever committed to our firm’s long-term aspiration: **accelerating sustainable and inclusive growth for the world.**

We have done the analysis to assess how we are actually doing against this aspiration. I am incredibly proud of how—together with our clients—we are driving measurable, society-wide impact. Our clients contribute **20 percent to global GDP growth, create one million jobs per year,** and make up **80 percent of reported CO<sub>2</sub> emissions reductions.** While we are excited by this, we are even more motivated by it.

Seeing the measurable impact in the societies where we live and work is what compels us to accelerate. We are continually raising our sights, with every client engagement, every day: How can we engage even more deeply with our clients on decarbonizing? How many more people can we help reskill or upskill? How can we drive even more economic growth and innovation?

### We are catalyzing decarbonization

In 2022, 3,500 of our colleagues worked on more than 1,600 sustainability engagements with 600 clients across nearly 60 countries and in every industry. We are unashamed to say that this includes working with heavy emitters—*because that’s where the emissions are.* We also continue to make progress against our own net-zero goals (including the introduction of a carbon fee on all air travel) while convening leaders and other organizations to embark on fresh solutions like Frontier, an advance market commitment for carbon removal, and Catalyst Zero, for calculating carbon footprints.

### We are accelerating inclusive growth

Last year, our Leap by McKinsey colleagues helped our clients build nearly 200 new businesses—creating more than 20,000 jobs and \$140 billion in value. Our 10 Actions toward racial equity, launched in 2020, have accelerated change within our firm and are helping combat racism worldwide. Among the many advances this year: we’ve engaged more than 67,000 Black, Asian, Hispanic, and Latino professionals in our Connected Leaders Academy and published 30 insight pieces through the newly established McKinsey Institute for Black Economic Mobility. And, to ensure we are doing what we can to create a more inclusive economy, we have committed \$2 billion to social responsibility efforts by 2030 and have so far contributed nearly \$620 million in cash and in-kind support toward that commitment (more than \$275 million this year). Individually, our colleagues have spent nearly a half million hours on volunteering, board service, and pro bono engagements.

In our own firm, we are doubling down on diversity, tripling our number of Black hires, and electing twice the number of women partners in five years. Our global workforce is 48 percent women, and 52 percent of our client-serving colleagues in the US are from racial or ethnic minority groups. We take great pride in our progress, but we want to make sure we are *distinctively* diverse and have more than tripled our talent recruitment sources from 540 in 2021 to more than 1,700 this past year to ensure that everyone with the skills and talent has a shot at our firm.

### We are setting the standard on accountability and compliance

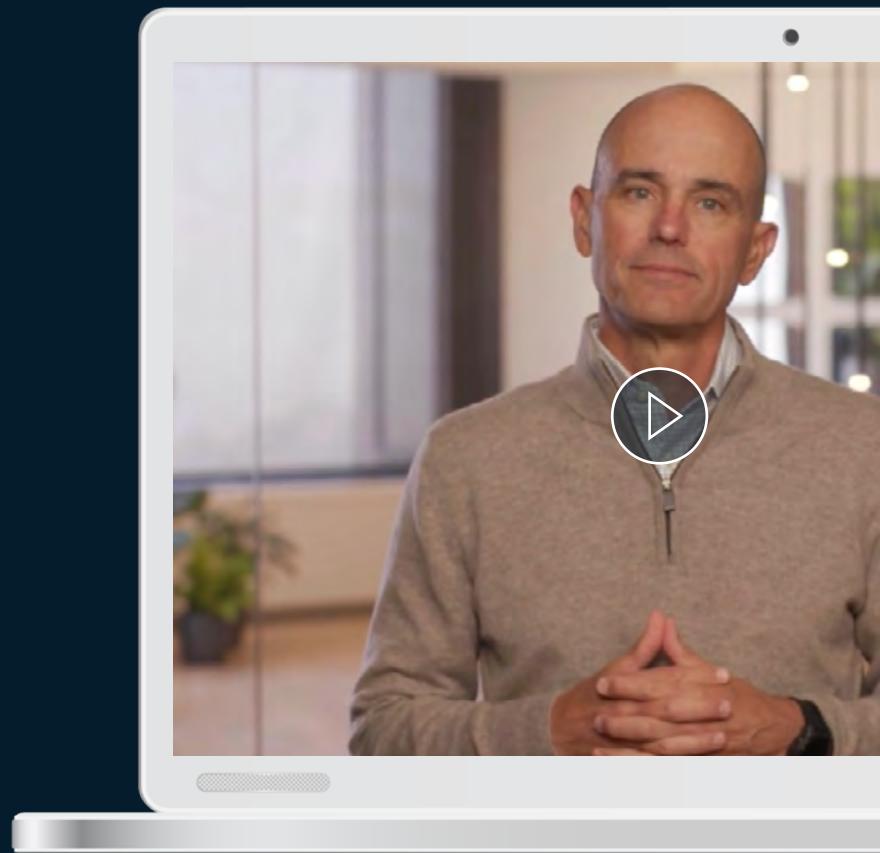
Accountability and compliance are deeply embedded in our processes, mindsets—and in our culture. Since 2018, we have spent nearly \$700 million on strengthening our risk management teams, capabilities, and processes as part of our ambition to lead our industry—and we have recruited some of the world's best talent to help (from companies like Apple, Walmart, Microsoft, and Uber). Among other enhancements, we introduced an industry-leading client service framework (CITIO), which helps us vet each new client and guides our approach to engagements. Our commitment extends to our suppliers and internal systems, where we have improved cybersecurity controls, data and document retention, and process management. Annually, our colleagues participate in a rigorous Professional Standards and Risk training program, and we have a 100 percent completion rate. We will never rest in our pursuit to set the standard.

Our firm's purpose is to help create positive, enduring change in the world. We aspire to do this by accelerating sustainable and inclusive growth through direct and measurable impact in partnership with our clients. Throughout this report, we have shared stories about the many ways in which we are doing just that. We are sharing them not only because we are proud of what we have achieved so far, but because we hope that they are a source of inspiration for even bolder aspirations and innovations in the years ahead. For us, this work is never really done.



**Bob Sternfels** Global Managing Partner, McKinsey & Company

**Hear more from Bob:  
Key highlights from our  
2022 ESG Report**



# About McKinsey

Since 1926, McKinsey has been united by a strong set of values and the drive to deliver positive, enduring change. In a world facing growing inequality and the impact of climate change, our aspiration is to accelerate sustainable and inclusive growth everywhere we operate.

## We partner for impact

We strive to be more than advisers to our clients; we are partners. Together, we aspire to go beyond financial and operational results. Working alongside our clients, we identify potential for growth, lead with transformative technologies, innovate to net zero, and build workforces that will thrive for this generation and the next.

## We are inclusive and distinctive

When it comes to our people, we value potential more than pedigree. We create opportunities for roles and advancement based on skills and demonstrated impact, not just a college degree. Today, 50 percent of our new members are experienced professionals, and we sourced talent from 1,700 institutions in 2022, up from 540 in 2021.

## We are proudly global

Today's biggest challenges don't stop at borders, and solutions require global collaboration. Therefore, we operate as a single global partnership, with nearly 160 nationalities represented across our firm. More than two-thirds of our client engagements draw on teams working across multiple countries. This assures we bring clients the world's best assets and solutions, wherever they may be.

## We are setting the standard for our profession

We also apply the best of our insights and client counsel to our own efforts to create a more sustainable and inclusive world. This includes our efforts on accountability and compliance as we continue to invest in our internal risk, legal, and compliance functions. To learn more, visit our [Governance webpage](#).

**1926**

Founded by James O. McKinsey

**65+**

countries

**\$15B+**

in revenue

**45,000+**

colleagues globally

**130+**

cities

**3,000+**

clients served



# This is our moment to accelerate sustainable and inclusive growth

Leaders today have a rare opportunity. By tackling defining challenges of our time—the net-zero transition and global inequality—they can shape the future for generations to come.

## Embracing the “and”

For many organizations, the simultaneous pursuit of growth and sustainability and inclusion presents trade-offs. We believe leaders today can and must pursue all three in concert. So, every day, around the world, we partner with our clients to embrace the “and” for the benefit of people, planet, and organizational health.

## We’re helping our clients<sup>1</sup> lead on sustainable and inclusive growth. They have:

Contributed

**20%**

to global GDP growth

Created

**1M**

jobs per year

Contributed

**80%**

of reported CO<sub>2</sub> emissions reductions

<sup>1</sup> The following numbers are based on our ongoing analysis of publicly held companies between 2015–2021. We assess the percentage of global gross domestic product (GDP) growth driven by our clients, relative to total global GDP growth. In the same time period, we look at total Scope 1 and Scope 2 CO<sub>2</sub> emissions reductions reported by these publicly held companies, and the percentage of those achieved by our clients. We also establish the average net new jobs created by our publicly held clients during this period.

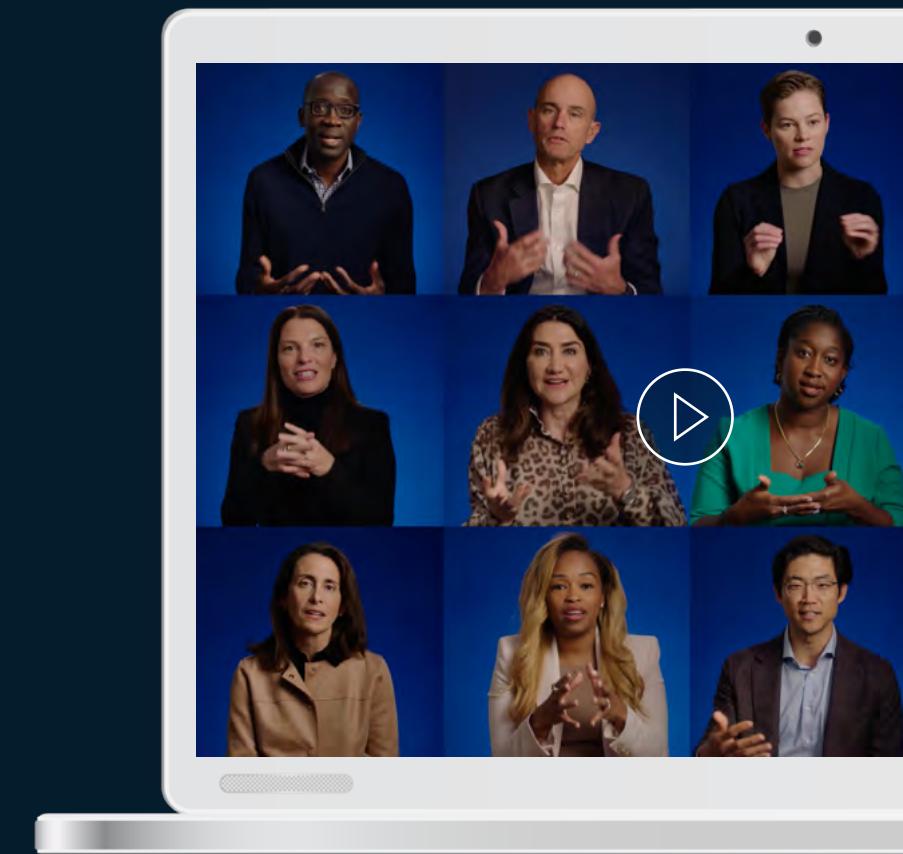
## Starting with growth, creating value for all

We always begin with growth. Growing companies and economies are resilient. They spur prosperity, which provides the resources necessary to address climate change and lift up communities through economic opportunity.

Our ambition is to help bold leaders seize this moment in measurable ways. This report shares progress on our aspirations:

- **To be the leading private sector catalyst for decarbonization,** through our sustainability work with over 600 clients, our investment of more than \$400 million in the last two years, and our firm’s progress toward reaching net zero by 2030.
- **To fuel economic growth and prosperity for all,** through more than 5,000 annual growth engagements, engaging more than 67,000 Black, Asian, Hispanic, and Latino professionals in our Connected Leaders Academy, and diversifying our firm’s own recruiting, adding more than 1,000 new sources of talent in 2022.

**What does it mean to accelerate sustainable and inclusive growth? McKinsey partners from around the world weigh in.**



# Our approach to impact

Our clients are always pushing forward. Striving for the change that changes everything.

We partner with bold leaders every step of the way. We help them improve financial and operational performance—and create lasting stakeholder benefits that can be measured across customers, employees, the environment, and investors.

**We call this holistic impact.**

## To achieve holistic impact, we help leaders:

- **Pinpoint the strategy that will reshape tomorrow.** Together, we find new opportunities for growth, reimaging organizations for success, and designing, building, and scaling new businesses.
- **Transform through technology.** Artificial intelligence (AI) and technology suffuse all our work, forming the engine for sustainable and inclusive growth. Today, nearly 40 percent of our consultants are digital practitioners.
- **Harness innovation to reach net zero.** We help clients set their net-zero strategy and reach it by building new green businesses, investing sustainably, and applying the latest in climate technology.
- **Develop skills and capabilities across their organization.** Collaborating side by side with our clients from idea to impact, we help build the teams, skills, systems, and culture needed to thrive.

By partnering in this way with our clients, who include the world's boldest and most influential leaders, we're accelerating toward a more sustainable, inclusive, and growing future for all.

## Read more about sustainable inclusive growth

- » [Toward a sustainable, inclusive, growing future: The role of business](#)
- » [The path to sustainable and inclusive growth](#)



McKinsey's Green Business Building Summit in Stockholm, Sweden.

# Our client capabilities

We continually strengthen our capabilities to anticipate and meet our clients' evolving needs. Here, we highlight four areas of client service we are rapidly scaling up and two critical ways we collaborate to improve outcomes for our clients. These are core to the way we partner with clients, and to accelerating sustainable and inclusive growth.

## McKinsey Sustainability

More than 3,500 colleagues spent over 30 percent of their time on sustainability work.

**1,600+**

sustainability-related engagements with 600+ clients.

## McKinsey Digital

We have supported 80 percent of the largest tech companies in digital and AI transformations.

**500+**

clients partnered with us on tech delivery in 2022, and Forrester ranked us a Leader for our work in digital transformation and AI.

## People & Organizational Performance

In five years, we've helped 9,000+ clients engage and enable their talent, reshape organizations, and change behaviors at scale.

**1.25M+**

people have been up/reskilled through our client work and pro bono programs.

## McKinsey Transformation

Nearly 1,000 of our colleagues are experts in holistic transformation, including experienced chief transformation offices and restructuring specialists.

**1,200+**

successful, at-scale, end-to-end transformations across 93 countries and over 30 industries.

## Collaborating for impact

Our **Client Capability Network** includes more than 5,000 dedicated people around the world who work alongside our consultants to bring top expertise and proprietary tools to our clients every day.

A dynamic **ecosystem of alliances and acquisitions** enables us to accelerate and scale our impact.

This ecosystem comprises the following:

- Collaborations with more than 500 external companies, including key alliances with Amazon Web Services, Google, Microsoft, Salesforce, SAP, and Workday.
- Tech-forward acquisitions that span cloud, data, analytics, sustainability, and implementation and change acceleration, including five new acquisitions in 2022: Caserta, IncepTech, LOBO, SCM Connections, and S4G.



# Our purpose

To help create positive, enduring change in the world

# Our mission

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

# Our aspiration

To accelerate sustainable and inclusive growth that can be measured in the societies in which we operate

# Our values

- Adhere to the highest professional standards
- Improve our clients' performance significantly
- Create an unrivaled environment for exceptional people

Learn more about [our purpose, mission, and values on our website](#) ▾

# Our approach to ESG

**At McKinsey, our commitment to accelerating sustainable and inclusive growth informs and guides our Environmental, Social, and Governance (ESG) agenda.**

Our ESG priorities, identified through periodic [materiality assessments](#), are integral to the firm's broader sustainable and inclusive growth strategy, all of which is underpinned by our commitment to responsible business practices.

Sustainable and inclusive growth is our "North Star" for articulating and delivering on our ESG priorities. We use our insights to inform how we manage our firm, which in turn impacts how we serve clients and guides how we contribute to communities.

## Our aspiration

To accelerate sustainable and inclusive growth

### Environmental

#### Sustainability

Become the largest private sector catalyst for decarbonization

### Social

#### Inclusive growth

Build inclusive economies, institutions, and workforces that reflect our communities

### Governance

#### Responsible practices

Lead with integrity and set the standard for accountability and compliance in our profession

### How we bring our strategy to life

#### Our clients

We partner with clients to accelerate sustainable and inclusive growth that can be measured in the societies in which we operate.

#### Our insights

We develop research and insights that help leaders pinpoint strategies that will reshape tomorrow.

#### Our actions

We implement our best insights and client counsel to manage our firm responsibly and make progress toward our commitments.

#### Our giving

We support high-impact organizations through pro bono service, board membership, volunteering, capacity building, and charitable contributions.

## Accountability and transparency

We are committed to continually enhancing our transparency and accountability—to our clients, our colleagues, and our stakeholders. We support the World Economic Forum's Stakeholder Capitalism Metrics initiative and serve as a member of the World Business Council for Sustainable Development (WBCSD). We also participate in CDP's environmental impact measurement program and receive annual ratings from EcoVadis, the leading sustainability ratings organization. Our climate reporting is aligned with the Task Force on Climate-related Financial Disclosures (TCFD) and with the four recommendations for Limited Disclosures as outlined by Accounting for Sustainability. Read our [TCFD index](#).

Our voice and platform can also help inform 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 broad-based solutions while maintaining our professional independence and objectivity.

### Our contribution to the UN SDGs

#### Sustainability



#### Inclusion



#### Growth



## 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 in varying degrees to all 17 SDGs. 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 governance

McKinsey operates as "one firm"—united globally 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, a global leadership team known as the Acceleration Team, and the leaders of our offices and practices. Learn more about [our leadership](#).

The Shareholders' Council includes the managing partner and 30 senior partners who are elected by their peers to serve three-year terms. Its committees cover topics such as client service; firm finance and infrastructure; our People model; risk, audit, and governance; and our technology, knowledge, and capabilities.

In addition to their technical competencies across a range of domains and industries, our Shareholders' Council members include experts on environmental sustainability; inclusive economic growth; diversity, equity, and inclusion; and other environmental, social, and governance topics.

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

We also 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.

## Our Governance Committees

Committee	Focus areas
Administrative	Handling administrative and ministerial functions, and assisting with implementation of actions previously approved by the Shareholders' Council or one of the Shareholders' Council committees.
Client	Setting strategic direction, policies, and standards for overall client service and monitoring performance.
Finance and Infrastructure	Overseeing financial policies and providing stewardship of the firm's financial and infrastructure resources.
People	Setting our People mission, strategy, and policies and monitoring performance. Developing standards and criteria for election to partner, and electing partners.
Risk, Audit, and Governance	Providing strategic direction to and oversight of the firm's risk management and compliance activities and overall governance. Providing oversight of internal audit.
Technology, Knowledge, & Capabilities	Setting strategic direction and policies to help build preeminent capabilities, technology assets, and knowledge to deliver against the firm's aspirations and mission, and further innovate the client service.

<sup>2</sup> Percentages may not sum to 100% due to rounding.

<sup>3</sup> In previous reports, the Global Managing Partner (GMP) was not included in the total number of Shareholders' Council members. This year and going forward, we will include the GMP in the count. We have also restated historicals in this report to be consistent with this methodology.

<sup>4</sup> The Acceleration Team was formerly known as the Partnership Service Team.

## ESG oversight

The McKinsey ESG Council consists of senior firm function, client service, and regional leaders across sustainability, people, risk, communications, and legal. The ESG Council provides oversight of our agenda by defining our priorities, setting our direction, and monitoring progress. In 2022, the ESG Council met periodically to review progress against our ESG commitments and initiatives, approve updates to our Human Rights Policy and human rights program, and provide guidance on how to prepare the firm for compliance with upcoming ESG regulations.

At the board level, the Risk, Audit, and Governance Committee of the Shareholders' Council (RAGC) provides strategic direction to and oversight of our ESG priorities and commitments, including our environmental sustainability strategy and climate-related efforts, our social responsibility program, and our risk, ethics, and compliance programs. Our Global Managing Partner and several members of the RAGC and ESG Council review and approve the content of our annual ESG Report.

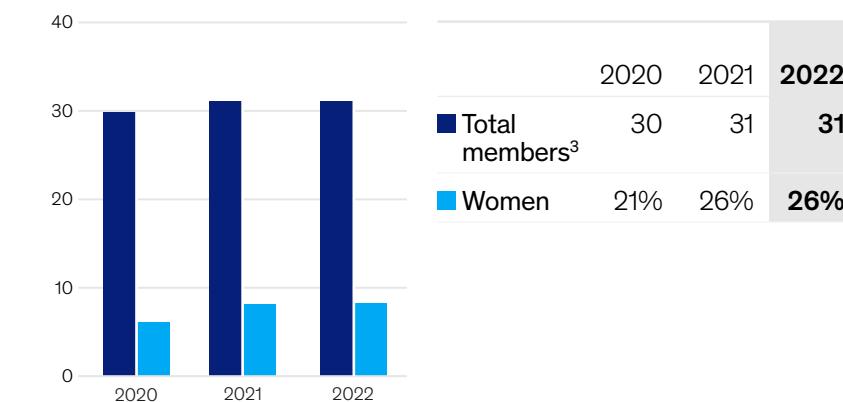
### Read more about ESG

» [Why ESG matters](#)

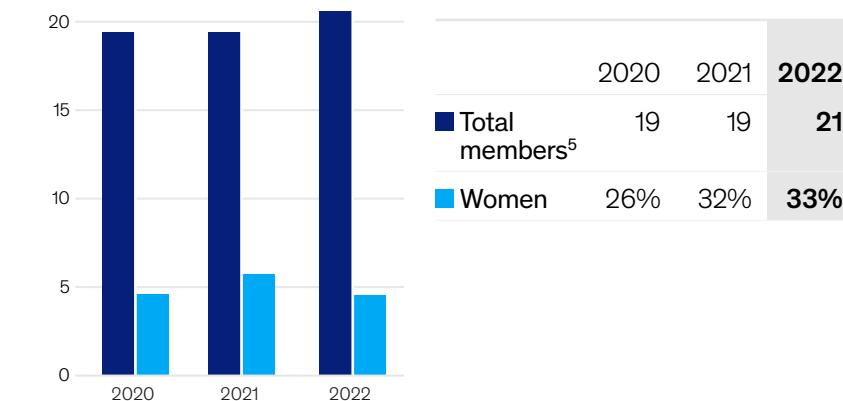
» [How to make ESG real](#)

### Global governance bodies: diversity, equity, and inclusion data<sup>2</sup>

#### Shareholders' Council (firm's board)



#### Acceleration Team (Executive Committee)<sup>4</sup>



# 2022 progress highlights



## Sustainability

**1,600+**

sustainability engagements worked on by 3,500+ colleagues with 600+ clients across nearly 60 countries and in every industry

**100%**

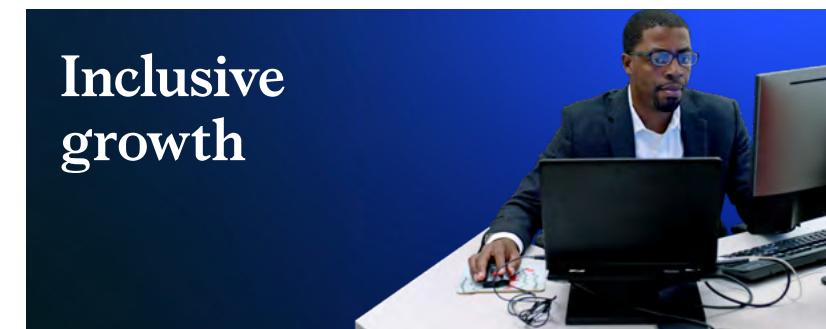
of our air travel is subject to a global internal carbon fee to support our transition to net zero by 2030<sup>7</sup>

**80%**

of reported CO<sub>2</sub> emissions reductions were driven by our clients<sup>6</sup>

**Launched**

Frontier, an advance market commitment to purchase permanent carbon removal with fellow founders Alphabet, Meta, Shopify, and Stripe



## Inclusive growth

**\$140B**

in value and 20,000+ jobs created by the 190+ new businesses imagined, scaled, and built through Leap by McKinsey

**~\$620M**

contributed in cash and in-kind support since 2020 toward our \$2 billion commitment to social responsibility by 2030 (\$275+ million this year)



## Responsible practices

**~\$700M**

invested in strengthening our risk management teams, capabilities, and processes since 2018

**99%**

pay equity for men and women colleagues globally<sup>9</sup>

**100%**

of new clients were vetted against our industry-leading CITIO client service framework<sup>10</sup>

<sup>6</sup> Numbers are based on our ongoing analysis of publicly held companies between 2015–2021. We assess the percentage of global gross domestic product (GDP) growth driven by our clients, relative to total global GDP growth. In the same time period, we look at total Scope 1 and Scope 2 CO<sub>2</sub> emissions reductions reported by these publicly held companies, and the percentage of those achieved by our clients. We also establish the average net new jobs created by our publicly held clients during this period.

<sup>7</sup> Carbon fee was implemented in 2022 for official launch on all air travel January 1, 2023.

<sup>8</sup> 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. In previous reports, this group was referred to as "underrepresented" and is now referred to as "racial/ethnic minority." Race/ethnicity percentages in performance tables may not add up to figure due to rounding.

<sup>9</sup> The pay ratio was calculated using annualized 2022 total compensation of female to non-female firm members, weighted based on segments including employee grouping and level by country, including non-partners and partners. Segments with a total number of colleagues less than ten were excluded.

<sup>10</sup> CITIO is the framework we use to assess a potential client or engagement consisting of five interrelated dimensions: Country, Institution, Topic, Individual, and Operational considerations.

<sup>11</sup> 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 response to the war in Ukraine

## Our people and firm

Russia's invasion of Ukraine in February 2022 ushered in a humanitarian crisis in Europe of a scale not seen since World War II and generated social and economic shocks to countries and sectors around the world. We responded quickly to relocate our more than 580 Ukraine- and Russia-based colleagues and their families, helping them settle into new locations and workplace roles. By May 13, 2022, we had exited the Russian market entirely.

## Giving

Simultaneously, we coordinated resources that helped the broader humanitarian efforts of agencies providing support for refugees, including the relocation of families, strategic plans for economic recovery, and solutions for damaged supply chains.

We contributed \$28 million to relief efforts, including \$18 million in donations from our colleagues and firm to more than 1,600 organizations and \$10 million in pro bono support.

580+

Ukrainian and Russian  
colleagues relocated

May 13, 2022

exited the Russian  
market entirely

\$28M

contributed to relief efforts

530,000

reads of our Ukraine insights

### Pro bono support

We launched several pro bono projects in which more than 50 colleagues participated, including:

#### Refugee relief

- Supporting short-term refugee relief, including services for up to 30,000 refugees across more than 25 reception centers, as well as a survey analysis of 7,000 refugees to help prioritize support measures.
- Assisting with identifying 90,000 available places in schools, capacity for 200,000 people to receive healthcare, and 70,000 housing opportunities, and matching them to refugee needs.

#### Economic recovery

- Conducting workshops to support private sector recovery and investment.
- Working to restore food supply chains and solve critical deficits through the launch of a business-to-business marketplace, demand-supply model, and other measures.

### Employment and reskilling

- Connecting more than three million refugees to an online job platform, resulting in 17,000 jobs posted and 65,000 job applications submitted.
- Launching [Together](#), an online platform that has helped more than 4,000 Ukrainian women in Europe gain access to jobs, language programs, mentorship, support groups, and professional development opportunities.

### Read more about the war in Ukraine

- » [Twelve disruptions changing the world](#)
- » [Rising risk of a global food crisis](#)
- » [The net-zero transition in the wake of the war in Ukraine](#)

# Sustainability

In this chapter, we share our progress toward achieving net-zero climate impact and how we partner with clients to catalyze and accelerate decarbonization globally.

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# Sustainability at a glance



Coral and schools of fish swimming in Fiji; photographed by Rodolphe Holler for Conservation International.

## \$400M+

invested in the past two years toward our \$1 billion commitment by 2025 to help our clients tackle the climate crisis

## 1,600+

sustainability-related client engagements in 2022

## 3,500+

colleagues spent more than 30% of their time on sustainability topics

## 97%

renewable electricity toward our goal of 100% by 2025

## 30%

reduction in absolute Scope 1 and Scope 2 emissions in 2022 (vs. 2019 baseline)

## 48%

reduction in Scope 3 emissions from travel per colleague in 2022 (vs. 2019 baseline)

**Creating a more sustainable, inclusive, and growing future for all is the defining issue of our time. Addressing climate change is a crucial part of the equation.**

Our sustainability agenda comprises two main priorities. We aspire to be the leading private sector catalyst for decarbonization through our work to help accelerate the transition to net-zero greenhouse gas (GHG) emissions. We are also committed as a firm to achieving net-zero climate impact by 2030, in line with validated, near-term, science-based targets as an important milestone on the pathway toward stabilizing global warming temperatures at 1.5°C.

## Key highlights

Partnered with **Alphabet, Meta, Shopify, and Stripe** to found Frontier, a new \$1+ billion advance market commitment to purchase permanent carbon removal before 2030

Introduced a **global internal carbon fee** on all air travel to accelerate decarbonization and generate funding for carbon reduction efforts

Launched a Global Decarbonization Hub in **Houston** to accelerate **the energy transition** for our communities and clients, successfully delivering 30+ client engagements, including a roadmap to abate up to 50 mega-tonnes of carbon over 10 years for a major oil and gas company

Earned a spot on **CDP's Climate Change A List** for our transparency and leadership

Engaged **1,200+ colleagues across our 120 Green Teams** to reduce our environmental footprint globally

*Our clients*

# Our approach

## We partner with leaders to accelerate sustainability and growth.

More than 3,000 companies have made net-zero commitments. Faced with the twin imperatives of advancing climate solutions and ensuring growth, some leaders could be tempted into either/or choices.

We believe that the best response to this moment is to create strategies that square the dual needs for growth and a climate transition. That's why we are driving sustainable innovation that unlocks the next horizon of growth. By pursuing net-zero and nature commitments, the private and public sectors can address the climate crisis while ensuring the net-zero transition is affordable, secure, and reliable.

# 1,600+

sustainability-related client engagements in 2022

## We serve all industries—and go where the emissions are.

McKinsey Sustainability partners with clients to decarbonize and seize growth opportunities in the energy transition. We serve emitters because that is where the emissions are, and we are accelerating our goal of helping all industry sectors halve carbon emissions by 2030 and reach net zero by 2050.

We aspire to be the largest force for decarbonization in the private sector and the preeminent partner in achieving impact across key topics: hyperscaling green businesses, driving brown to green decarbonization, carbon markets, nature and biodiversity, and sustainable finance. Our McKinsey Platform for Climate Technologies works to scale a suite of 10 critical technologies ranging from hydrogen and battery storage to alternative proteins and nature-based solutions.

## We bring distinctive people and technology to accelerate the net-zero transition.

We are powered by distinctive people and thought leadership. McKinsey Sustainability has grown to more than 3,500 colleagues in just two years, and our work now touches nearly a quarter of our clients. Our research provides leading-edge insights into topics at the top of the CEO agenda, starting with the publication of our carbon abatement curves 15 years ago, continuing with our climate risk and response report in 2020, and our newest research on the global energy transition.



McKinsey-hosted panel on creating a clean, secure, and affordable energy future at COP27, November 2022.

# Our key actions in 2022

## Convening leaders to catalyze climate action

McKinsey works side by side with leading institutions to convene global partnerships that tackle problems that any one institution alone could not. In 2022, McKinsey launched a new series of global Green Business Building summits with a flagship convening in Stockholm that brought together more than 300 C-suite executives from green tech disruptors, incumbents with ambitious green growth agenda, and sustainability investors.

As the Opening Ceremony Partner for Climate Week NYC, McKinsey led conversations on progress toward net-zero goals amid economic uncertainty.

At COP27 in Egypt, McKinsey Sustainability hosted a series of in-person and live-streamed events that reached more than 100,000 people. These events focused on the practical steps leaders can take to achieve sustainability and growth across key areas such as energy, nature, materials, adaptation, and finance.

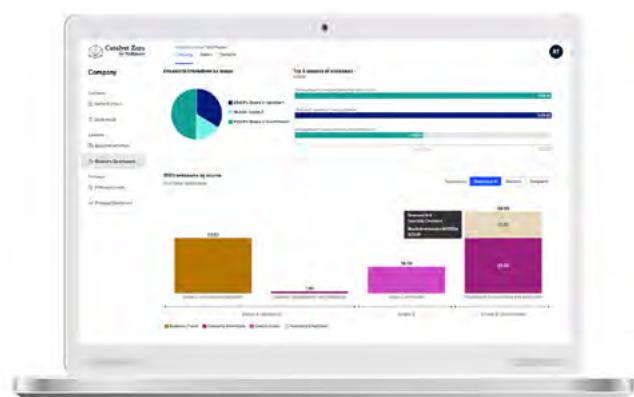
[Replay these discussions on our website](#)

## Accelerating decarbonization transformations with Microsoft and Catalyst Zero

Microsoft and McKinsey have partnered to create a technological solution that can calculate an organization's carbon footprint and build and execute a robust decarbonization plan, supporting businesses in their energy transitions.

Powered by Microsoft's Cloud for Sustainability, the digital platform uses [Microsoft's Sustainability Manager](#) to automate and scale the collection of companies' sustainability-related data and help establish an emissions baseline. Once generated, McKinsey's [Catalyst Zero](#) solution provides a holistic gauge of emissions at company, product, and value chain levels, helping leaders create detailed decarbonization plans.

During delivery, the two systems monitor data feedback against the forecasted impact to calculate performance. An ongoing progress report can help to build transparency and stakeholder confidence.



McKinsey and Microsoft's Catalyst Zero solution helps companies build and execute a robust decarbonization plan.



## Fueling the Gulf Coast's transition to green technologies

McKinsey's Houston office has been accelerating the net-zero transition by collaborating with the Greater Houston Partnership's Houston Energy Transition Initiative and Center for Houston's Future. Support includes a pro bono study on ways to catalyze the energy transition and a roadmap whitepaper detailing the actions required to see the area deliver on this opportunity.

These partnerships culminated in 2022 with the launch of the [Global Decarbonization Hub](#), a joint effort between McKinsey Sustainability and the Global Energy and Materials Practice to unlock opportunities for the community and our clients.

The hub aims to accelerate the Gulf Coast's transition to green technologies by investing \$100 million over the next decade into decarbonization programs that will scale climate technologies and build new businesses across the energy and materials value chains. By 2050, the hub seeks to remove 100 million tons of emissions annually and create 500,000 new jobs.

***Impact story***

## Enduring Earth: Advancing global conservation efforts

In 2022, McKinsey joined the [Enduring Earth](#) initiative to help accelerate ocean, land, and freshwater conservation and support community development worldwide.

The effort brings together governments, local communities, Indigenous peoples, and funders to develop accountable, actionable, and science-based conservation plans that create opportunities for sustainable economic growth.

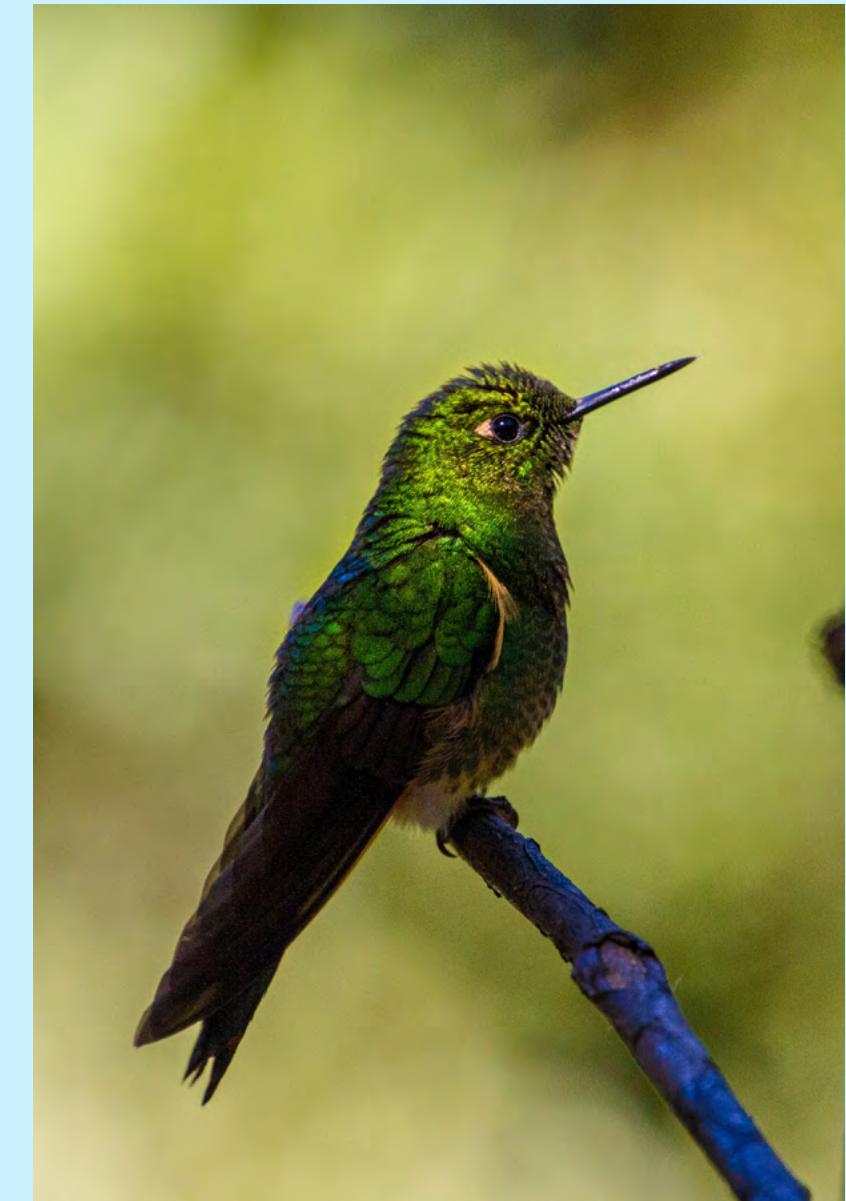
Enduring Earth uses Project Finance for Permanence—also known as a PFP—an innovative and proven model that fully funds conservation efforts to ensure durable and scalable impact. The approach closely follows the project financing methodology commonly used in large infrastructure projects. It ensures all funding and pre-conditions for success are committed in a single-deal moment before funding is released.

That means the commitments of one stakeholder can leverage the commitments of others, like philanthropists or the private sector, and vice versa. Early community buy-in and involvement are critical elements of the process, and this approach ensures communities can be in the driver's seat every step of the way.

McKinsey is contributing to this model through the analysis and optimization of socioeconomic impact, identifying sustainable financing mechanisms, and enabling access to carbon markets. To date, nearly 90 million hectares across five nations have been conserved with the goal of protecting another 600 million hectares across 20 nations by 2030.

# ~90M

hectares conserved across five nations



A hummingbird in Colombia, one of the countries where Enduring Earth is helping conserve ocean, lands, and freshwater. ©Jonny James/Unsplash

***Impact story***

## Africa Carbon Markets Initiative: Accelerating sustainability and job creation across the continent

McKinsey helped to design the Africa Carbon Markets Initiative (ACMI) in partnership with Sustainable Energy for All, the Global Energy Alliance for People and Planet, and the Rockefeller Foundation.

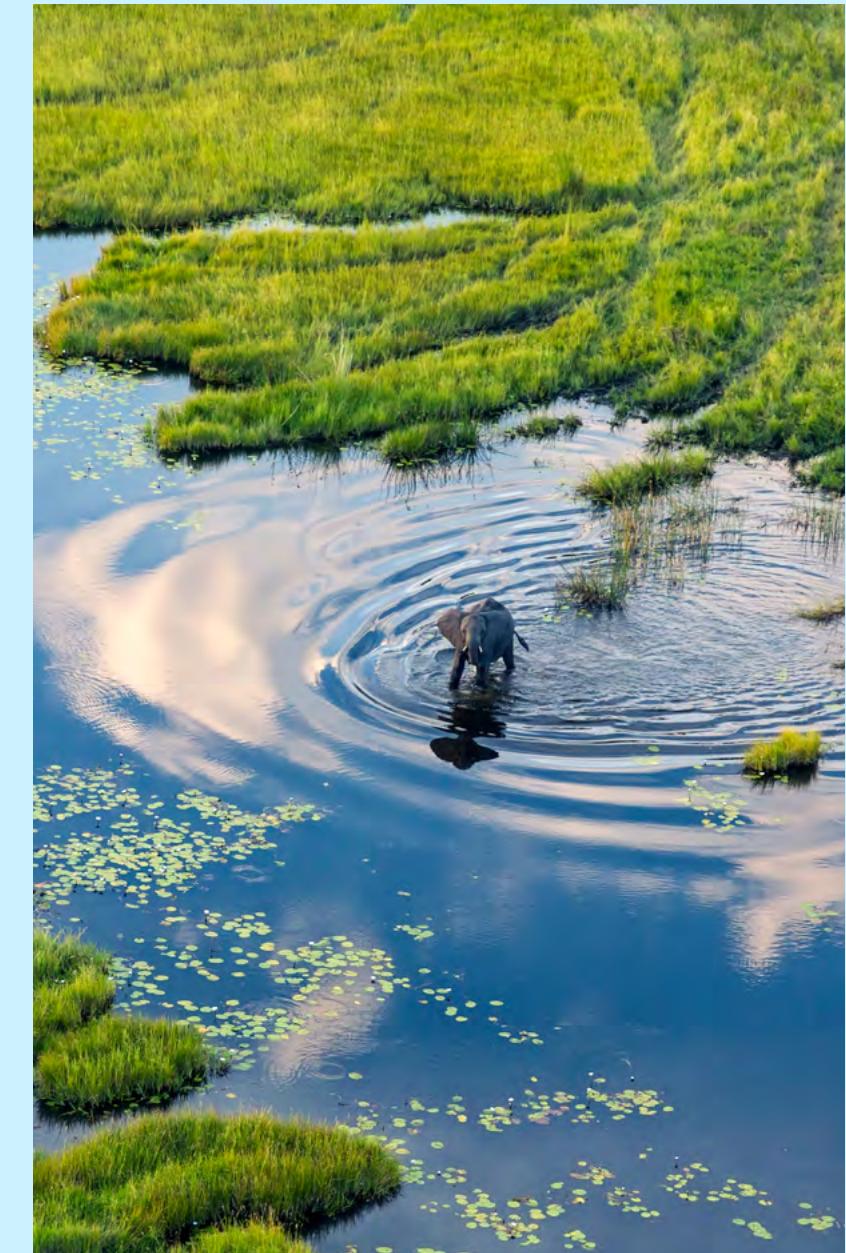
The initiative, launched at COP27, aims to dramatically expand Africa's participation in voluntary carbon markets. McKinsey has supported ACMI from its inception, working with the Global Energy Alliance for People and Planet, through shaping and refining the initiative's ambition, developing its strategy and operating model, and defining and implementing processes to increase efficiencies.

ACMI's ambition is to grow African carbon credit retirements approximately 19-fold from 2020, reaching around 300 metric tons of carbon dioxide equivalent per annum by 2030 and up to 1.5 to 2.5 gigatons of carbon dioxide equivalent by 2050. It also seeks to create and support 30 million jobs by 2030 and more than 100 million jobs by 2050 through the carbon project's development, execution, certification, and monitoring.

ACMI, which launched 13 action plans to accelerate progress in the run-up to COP28, also looks to raise the quality and integrity of African carbon credits to mobilize up to \$6 billion by 2030 and more than \$100 billion per annum by 2050. This effort will ensure equitable and transparent distribution of carbon credit revenue, with a significant portion of the revenue going to support local communities.

# 100M

jobs supported by 2050



***Impact story***

## ALDI SOUTH: Creating a retailer-led sustainable global packaging ecosystem

A leading European grocery retailer with a growing global footprint, the ALDI SOUTH Group uses a range of packaging materials, the majority of which are plastics.

McKinsey partnered with ALDI SOUTH to create a more sustainable packaging ecosystem, allowing the organization to secure greater access to recycled materials—and meet the demands of their customers, who had expressed a desire for less waste and more recycled packaging in surveys.

Together, we built a 360° view of the company's plastic packaging footprint—across countries, polymers, and packaging formats. This information informed a value chain strategy that allowed ALDI SOUTH to see which aspects they should own—and where to partner—on their journey to more sustainable packaging. This will unlock a measurable reduction on plastic packaging, including significant reduction of CO<sub>2</sub> emissions for plastic packaging, for the company globally.

To ensure that ALDI SOUTH could deliver on these goals, we helped them design a new organizational structure dedicated to sustainable packaging. This also included a capability-building effort that ALDI SOUTH launched, upskilling employees, with a focus on product packaging optimization, packaging design, partner management, recycling, and waste management.

As sustainable packaging becomes an increasingly challenging topic for consumer goods companies and retailers alike, these efforts will help the ALDI SOUTH Group—which has more than 7,100 stores in 11 countries—capture opportunities, become a leader in this space, and create value for customers who want to make more sustainable choices.



*Our insights*

# Key publications

**We are accelerating the journey to net zero, publishing in-depth, fact-based insights that meaningfully advance progress and problem-solving on the global energy transition.**

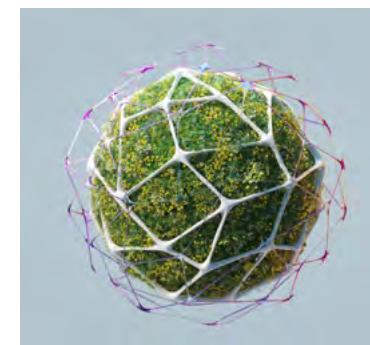
Decarbonization is at the top of the leadership agenda—but the drive to net zero is also at an inflection point. The imperative to transition to an energy system that is clean and sustainable and at the same time affordable and secure presents leaders with a “devilish duality” that makes decision-making fraught with risk.

We help leaders navigate this dilemma through publications covering a range of topics: physical climate risk, sustainability, decarbonization, and approaches to addressing global, regional, and sector-specific energy challenges. Through our research and insights, we seek to generate new thinking, identify practical solutions, and inspire the bold action necessary to realize a safer and more sustainable future. Here are some highlights from our collected sustainability insights in 2022.



[\*\*The net-zero transition:  
What would it cost, what  
it could bring\*\*](#)

Governments and companies are pledging to achieve net-zero emissions of GHGs. What would it take to fulfill that ambition? In this report, we look at the economic transformation that a transition to net-zero emissions would entail.



[\*\*Delivering the climate  
technologies needed  
for net zero\*\*](#)

Developing and deploying climate technologies is critical for the world's net-zero agenda. Growth could await businesses willing to innovate quickly and to collaborate across value chains.



[\*\*Spotting green business  
opportunities in a surging  
net-zero world\*\*](#)

Explore how eight industries may transition to a net-zero world, and how organizations can respond with green businesses that create value along the way.



[\*\*Nature in the balance:  
What companies can do  
to restore natural capital\*\*](#)

This article is the summary of a full report in which we examine the state of natural capital, the economic sectors depending on and affecting it, and the opportunities for companies to help reduce those demands.

*Our insights*

# Key publications (continued)



## [Playing offense to create value in the net-zero transition](#)

Decarbonization will reshape the economy, opening new markets and imperiling others. Now is the moment for companies to spot green growth opportunities and move boldly to take advantage.



## [The energy transition: A region-by-region agenda for near-term action](#)

This article highlights a range of near-term actions that countries and regions around the world could take to ensure they transition their energy system while maintaining focus on the immediate needs of energy reliance and affordability.



## [A devilish duality: How CEOs can square resilience with net-zero promises](#)

Amid turbulence on the path to net zero, leaders will have to be much nimbler to balance resilience with an energy future that is secure, affordable, and clean. Five actions can help.



## [Six characteristics define the net-zero transition](#)

Our analysis of the net-zero transition suggests that it would be universal, significant, and front-loaded, with uneven effects on sectors, geographies, and communities, even as it creates growth opportunities.



## [Decarbonising India: Charting a pathway for sustainable growth](#)

This will be a decisive decade. With intentional action, India can accelerate decarbonization at scale while pursuing economic growth.



## [The raw-materials challenge: How the metals and mining sector will be at the core of enabling the energy transition](#)

As the world gears up for net zero, demand for raw materials is set to soar. The energy transition presents unique challenges for metals and mining companies, which will need to innovate and rebuild their growth agenda.

*Our actions*

# Our path to net zero

**Healthy societies depend on a healthy planet. That's why, in addition to serving clients and sharing insights, McKinsey has committed to achieving net-zero climate impact by 2030.**

## Our approach

Becoming the largest private sector catalyst for decarbonization begins with our own actions.

Our approach to achieving net-zero climate impact by 2030 is informed by our insights and built on three pillars:

1. **Cutting our own emissions** to achieve our validated, [science-based targets](#) to reduce Scope 1, 2, and 3 emissions in line with a 1.5-degree pathway. This is our top priority.
2. **Compensating for remaining emissions** that we have not yet been able to eliminate. We have been carbon neutral since 2018.
3. **Catalyzing climate action now** by working closely with clients, nonprofits, suppliers, and peers to protect nature, accelerate new technologies, and ensure crucial financing.



In 2022, McKinsey made CDP's Climate Change A List

We are committed to transparency and accountability in our actions. In 2022, McKinsey made CDP's Climate Change A List—the gold standard for climate disclosure—for our transparency and leadership.

The Risk, Audit, and Governance Committee (RAGC), a sub-committee of McKinsey's Shareholders' Council (our board), provides strategic direction, oversight, and accountability for climate-related issues. Performance ratings, which inform bonuses for the leaders of our Shareholders' Council, Acceleration Team (our global leadership team), and Sustainability Growth Platform, are connected to the attainment of the firm's goals, including our sustainability goals.

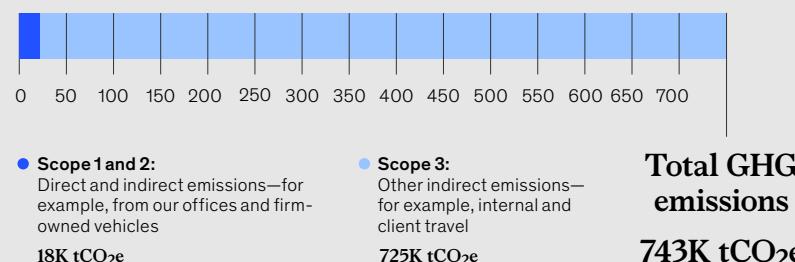


## Net-zero climate impact roadmap

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

**2019**

*Our baseline*



**2025**

*Our validated science-based targets<sup>12</sup>*

**25%**

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

<sup>12</sup> In line with a 1.5°C pathway.

**30%**

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

**2030**

*Our commitment*

**Net-zero climate impact**

## How we are getting there

### *Cutting our own emissions*

Scope 1 and 2:

- Fleet electrification
- Renewable electricity
- Sustainable office space

Scope 3:

- Virtual events
- Hybrid working models
- Sustainable aviation fuel

### *Compensating for remaining emissions*

Natural climate solutions

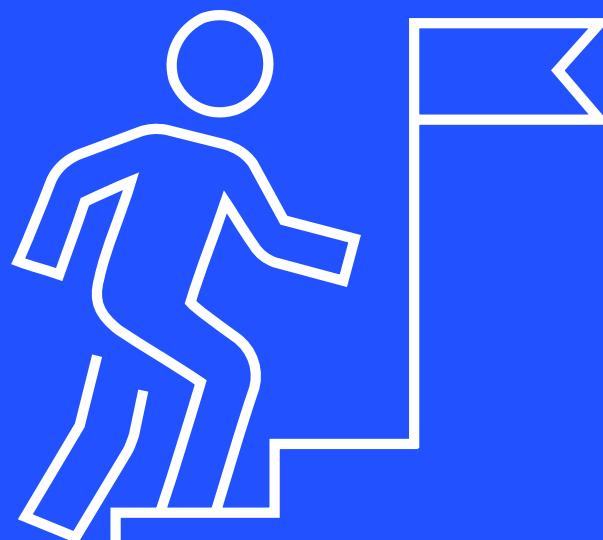
- Permanent carbon removal technologies
- Carbon neutral since 2018

### *Catalyzing climate action now*

- Multi-year initiatives to protect nature, accelerate new technologies, and ensure financing



## 2022 progress toward net-zero impact



### Cutting our own emissions



### Compensating for remaining emissions



### Catalyzing climate action now

#### On track to meet our science-based targets

##### Target

##### Progress in 2022

**25%** absolute reduction in Scope 1 and 2 GHG emissions by 2025 (vs. 2019 baseline)

**30%** reduction vs. 2019

**30%** reduction in Scope 3 GHG emissions from internal and client-related business travel per colleague by 2025 (vs. 2019 baseline)

**48%** reduction vs. 2019

Launched an [internal carbon fee](#) on all air travel

Sourced [97% renewable electricity](#)

#### Shifting to 50% carbon removals by 2025 to reach 100% by 2030

Invested in a portfolio of natural climate solutions [projects](#), for example:

- The Delta Blue Carbon project in Pakistan has restored and protected 224,000+ hectares of mangroves, benefiting 10,400+ people.
- The Southern Cardamom REDD+ Project in Cambodia has helped 16,000+ people build more sustainable livelihoods by protecting 442,000 hectares of forests home to 35 threatened species.
- The CO2OL Tropical Mix reforestation project in Panama has planted 7.5 million trees and helped local residents benefit from increased employment, higher wages, and health and pension benefits.

Launched [Frontier](#) with Alphabet, Meta, Shopify, and Stripe, a new \$1+ billion advance market commitment to purchase permanent carbon removal before 2030

- We signed multi-year offtake agreements with multiple carbon removal providers worth ~\$10 million for our own footprint as part of our commitment to scale the tech-based carbon removal market and compensate for our remaining emissions.

Joined the [Enduring Earth](#) initiative to accelerate ocean, land, and freshwater conservation

Continued to partner with the [LEAF Coalition](#) to scale jurisdictional carbon credits and with the [Sustainable Aviation Buyers Alliance](#) to scale the sustainable aviation fuel market

# Cutting our own emissions

We account for our GHG emissions on an annual basis and have them [independently verified](#)<sup>14</sup> to ensure they align with the Greenhouse Gas Protocol and best measurement practices.<sup>13</sup> In 2022, our total GHG emissions decreased by 28 percent from 2019 due to adopting new ways of working and reducing our internal and client-related travel.

## **Our progress in reducing GHG emissions (market-based)**

	2019 <sup>14</sup>	2020	2021	2022
Scope 1	15	12	12	10
Scope 2	3	3	3	3
Scope 3	725	208	169	519
Total	743	223	183	532

Data in thousand tCO<sub>2</sub>e

Note: Figures in this section may not sum to total because of rounding. Scope 1: Direct emissions (for example, from the 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).

**1,200+**

colleagues are members of our 120 Green Teams globally

**61%**

LEED certified (or equivalent)<sup>15</sup> global office space

**9 offices**

have received ISO 14001 environmental management system certification to date

**10,000+**

trees planted by six offices

## **Electrifying firm-owned vehicles (Scope 1 and 2 emissions)**

To decarbonize our fleet of vehicles, we are working toward making electric vehicles (EVs) the default for lease renewals. We have introduced EV-only vehicle policies in Germany, Austria, Belgium, Luxembourg, the Netherlands, and Switzerland—effectively covering more than 50 percent of our global car fleet. Our use of hybrid and EV cars has increased threefold globally since 2019—from 9 percent in 2019 to 27 percent in 2022.

## **Making our office spaces more sustainable (Scope 1 and 2 emissions)**

Sixty-one percent of our global office space is in LEED certified (or equivalent) commercial interiors or office buildings; 49 percent of our global office space is in LEED Gold or Platinum (or equivalent) certified commercial interiors or office buildings. Many of our colleagues 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.

## **Water and waste**

Given the nature of our operations, our environmental footprint is not water intensive. Therefore, we do not measure our water withdrawals globally. In 2022, 61 of our 189 operating locations were in areas of high or extremely high baseline water stress. To date, 24 of these 61 locations have achieved green building certification. We will continue

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.

## **Green Teams**

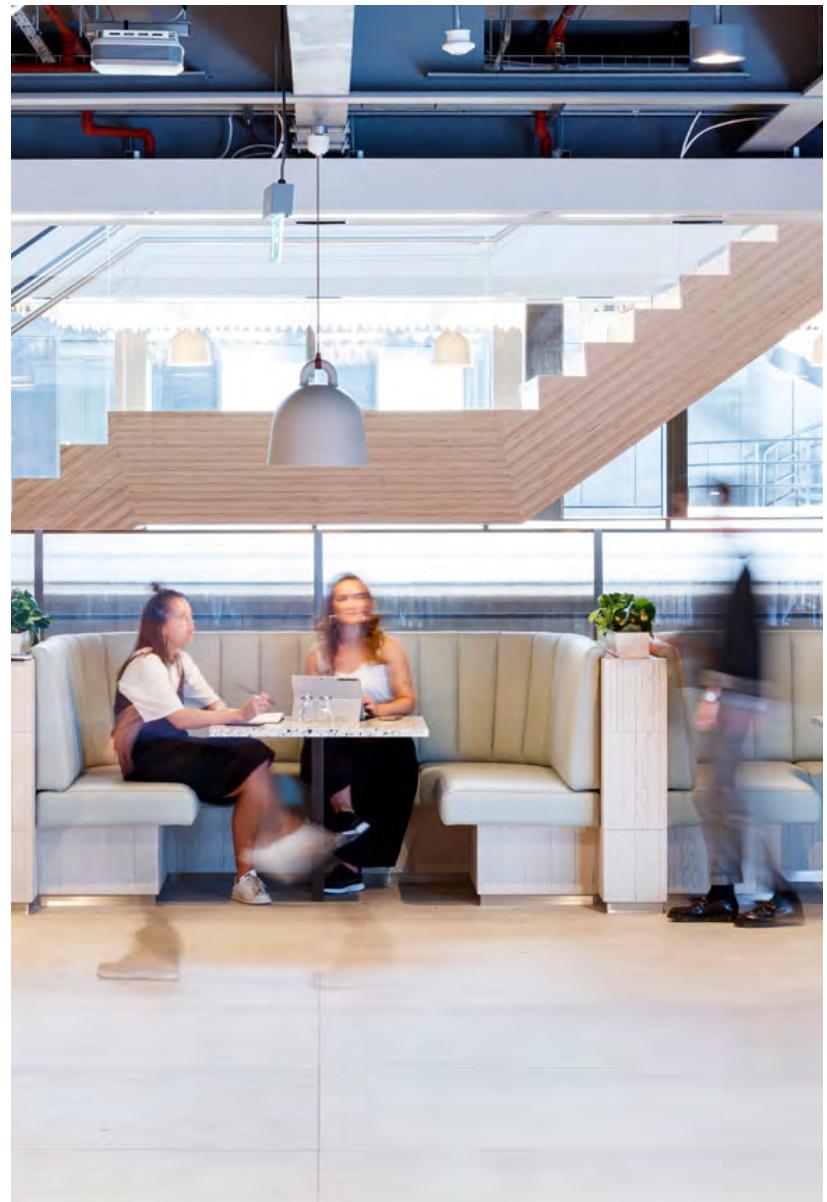
More than 1,200 colleagues were members of our 120 Green Teams in 2022—representing nearly every office. The teams helped build awareness, reduce the firm's environmental footprint, and mobilize our more than 45,000 colleagues to invest their time and effort in local activities to reduce our collective footprint. These ranged from eliminating single-use plastic and improving water efficiency to educating teams about sustainable travel options.

Our Go Green Awards recognize Green Teams who have gone above and beyond to make their McKinsey locations more environmentally sustainable. This year, we recognized five outstanding Green Teams—Manila, Mexico, Brussels, Tampa, and Detroit—that spearheaded initiatives to accelerate recycling, support local urban farms, reduce food and plastic waste, plant trees, and clean up local beaches.

<sup>13</sup> 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), purchased goods, vehicles not owned or controlled, outsourced activities, waste disposal, and use of video conferencing and other digital services as well as the use of electricity and heating at home during work. Scope 1 and 2 emissions were calculated using survey data covering 94% 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.

<sup>14</sup> We have set science-based targets and have committed to reduce absolute Scope 1 and 2 GHG emissions 25% and Scope 3 GHG emissions from business travel 30% per employee by 2025 from a 2019 baseline year.

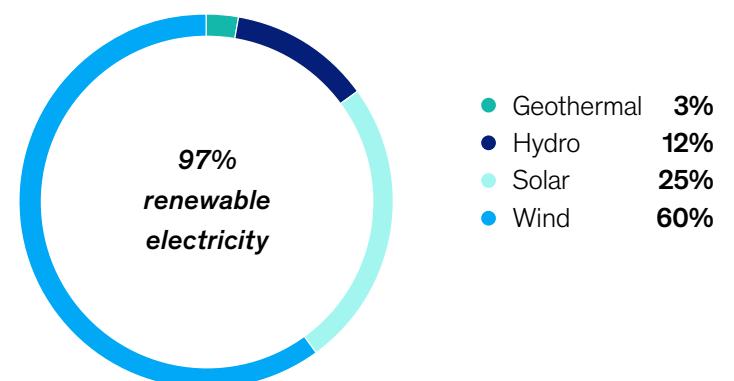
<sup>15</sup> Within commercial interiors or office buildings.



## Transitioning to renewable electricity (Scope 2)

As part of our commitment to the [RE100 climate group](#), we source renewable electricity aligned with RE100 criteria in every country where it's currently available. This means we have shifted 97 percent of our total consumed electricity to renewable sources and aim to reach 100 percent by 2025. Of our 2022 electricity consumption, 0.5 percent originated in Russia. In light of the war in Ukraine, we did not procure electricity certificates for Russia. We have since suspended operations in Russia.

### *Electricity consumption from renewable sources %*



**We introduced a global internal carbon fee on all air travel**

McKinsey's London office, one of several that have received ISO 14001 environmental management system certification.

## Reducing travel, driving sustainability in aviation, and encouraging hybrid working models (Scope 3)

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 necessary travel more sustainable by:

- **Embracing new ways of working:** Our teams are implementing hybrid and remote working models that are more sustainable, inclusive, and productive. For example, we introduced a new event planning tool that optimizes travel by identifying the location and transportation options with the lowest carbon footprint. To ensure lasting change, we launched two major initiatives in 2022:
  - **Driving action through accountability:** We have designated a Senior Partner Science-Based Target Leader per region. Each is accountable for delivering our Scope 3 science-based target and regularly reports progress to our Acceleration Team.
  - **Launching an internal carbon fee:** As of January 1, 2023, we introduced a global internal carbon fee on all air travel to accelerate decarbonization and generate funding for carbon reduction efforts. The fee allows us to continue investing in emerging sustainability technologies, like carbon removal and sustainable aviation fuels, and strengthens colleague awareness of our environmental footprint and commitments. The funds will also be used to continue compensating for our remaining emissions to fund our net-zero transition.

- **Recruiting in a digital environment:** The use of technology throughout our recruiting process allows for greater accessibility and convenience for applicants. In 2022, we held more than 115,000 virtual interviews and recruiting events, allowing potential candidates to learn more about us and the work we do from their homes, reducing our carbon footprint.
- **Driving sustainability in aviation:** We are committed to helping scale 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's Clean Skies for Tomorrow 2030 Ambition Statement](#), targeting 10 percent SAF by 2030. We are partnering with clients to enable SAF production and offtake.

### Reducing our supply chain emissions (Scope 3)

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.<sup>16</sup>

In 2022, we launched the CDP Supply Chain program with suppliers accounting for more than 80 percent of our Scope 3 business travel emissions. Engaging our suppliers through the CDP Supply Chain program will enable us to more easily identify risks and opportunities related to emissions reductions in our own supply chain and will support and encourage our suppliers to reduce their own emissions.

We continue to discuss opportunities with our suppliers to provide our colleagues with more sustainable options.

Learn more about [driving supplier environmental sustainability](#).



We engage  
suppliers accounting  
for 80%+ of our Scope 3  
business travel emissions.

<sup>16</sup> Exceptions may apply such as when travel decreased due to COVID-19.



# Compensating for remaining emissions



We have been carbon neutral since 2018, compensating for all emissions we have not yet been able to eliminate, including those from travel. We achieved this by investing in high-quality carbon reduction projects certified by international standards such as Gold Standard and Verified Carbon Standard in conjunction with Climate, Community & Biodiversity Standards (VCS+CCBS). With the support of third-party due diligence, we continually monitor, reassess, and adjust our portfolio of projects.

## Investing in natural climate solutions

We are investing in natural climate solutions to address the dual climate and nature crises and in technology solutions to help scale the carbon removal market to meet global demand. As we accelerate toward our 2030 net-zero goal, we will transition to 100 percent carbon removals to permanently remove carbon from the atmosphere.

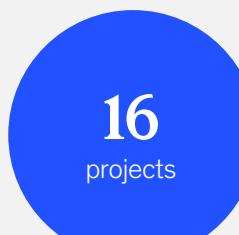
## Innovating the next frontier of carbon removal technologies

The primary drivers to meet the 1.5-degree pathway set by the Intergovernmental Panel on Climate Change are carbon emissions avoidance and emissions reductions. Increasingly, however, atmospheric carbon removals are being identified as a crucial method in limiting global warming.

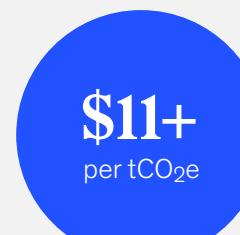
McKinsey Sustainability has partnered with Alphabet, Meta, Shopify, and Stripe to found [Frontier](#), a [new more than \\$1 billion advance market commitment](#) to purchase permanent carbon removal before 2030. By guaranteeing future demand, Frontier seeks to accelerate the development of permanent carbon removal technologies and expand their global supply and accessibility.

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 approach to large-scale financing. We continue to be an active member both in shaping the emerging jurisdictional approach and through our purchasing commitments.

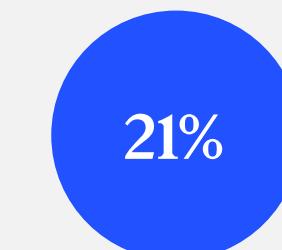
## *Compensating for remaining emissions: By the numbers*



supported worldwide



average carbon price



CO<sub>2</sub> removal projects

- 8% mangroves
- 13% afforestation/reforestation



compensated, including:

- 46% forest protection and conservation (REDD+)
- 33% technology-based avoidance (e.g., landfill gas capture)
- 21% CO<sub>2</sub> removal projects

## Catalyzing climate action now

We work with our clients, nonprofits, and other peer organizations around the world on multi-year conservation initiatives that help protect nature and reduce biodiversity loss. To amplify our impact, we work with these groups to scale the solutions we need to limit global warming to 1.5°C.

### Improving recycling programs and livelihoods

[Delterra](#) is an independent nonprofit founded and supported by McKinsey that is redesigning waste management and recycling systems in Argentina, Brazil, and Indonesia. Up to 70 percent of participants in its flagship program, Rethinking Recycling, now separate their waste, leading to improved material recovery and the diversion of thousands of tons of waste. Delterra has established a second program, Plastic IQ, to help companies rethink their packaging strategies, and is piloting a material traceability tool in Argentina to enable ethical, transparent supply chains. Delterra plans to scale its operations across Asia, Latin America, and Africa in the coming years and is on track to reach 1.5 million people by the end of 2023.



*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 [Sustainable Aviation Buyers Alliance](#) (SABA), which is working to scale and standardize high-quality SAF



The [World Economic Forum and its Clean Skies for Tomorrow Coalition](#), which works toward reforming the aviation industry



[RE100](#), a coalition of 380+ organizations committed to using 100% renewable electricity



The [LEAF Coalition](#), a public-private partnership to protect tropical forests through large-scale financing

[Frontier](#), a \$1+ billion advance market commitment with fellow founding members Alphabet, Meta, Shopify, and Stripe to purchase permanent carbon removal before 2030

[Natural Climate Solutions Alliance](#), which aims to increase private sector investment in natural climate solutions by 1 gigaton of CO<sub>2</sub>e per year by 2025

[Delterra](#), which is building rapidly scalable, self-sustaining recycling ecosystems in emerging economies to help communities redirect waste to productive uses

# Inclusive growth

In this chapter, we share how we're accelerating inclusion and growth as we aspire to bring about an economy that works better and for more people.

## In this chapter

33 *Inclusive growth at a glance*

### *Our clients*

35 Our approach

### *Our insights*

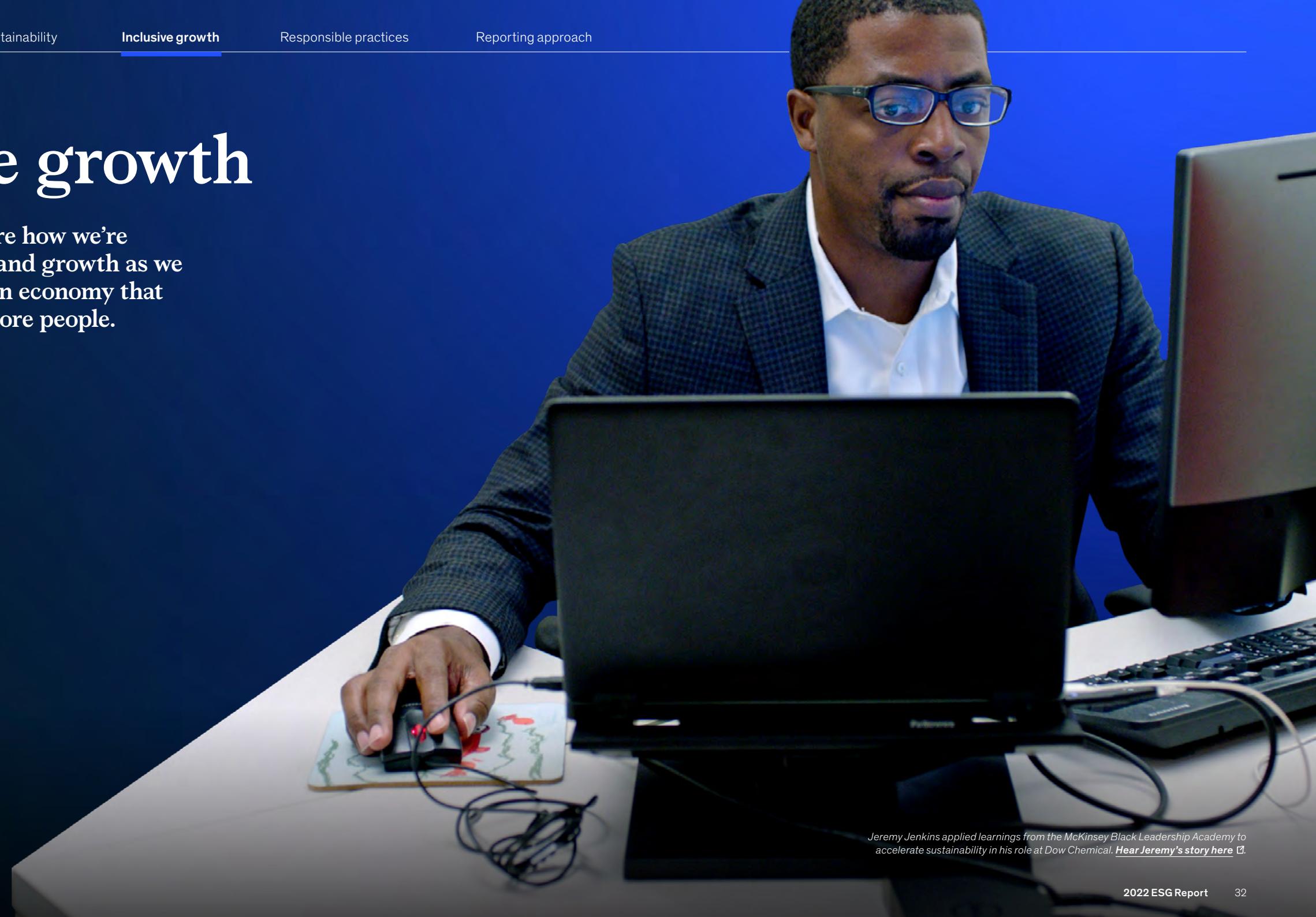
43 Key publications

### *Our actions*

45 Our approach to people

### *Our giving*

52 Our approach to advancing social responsibility



Jeremy Jenkins applied learnings from the McKinsey Black Leadership Academy to accelerate sustainability in his role at Dow Chemical. [Hear Jeremy's story here](#).

# Inclusive growth at a glance

**\$140B**

in value and 20,000+ jobs created by the 190+ new businesses imagined, scaled, and built through Leap by McKinsey

**~\$620M**

contributed in cash and in-kind support since 2020 toward our \$2 billion commitment to social responsibility by 2030 (\$275+ million this year)

**48%**

of our global workforce were women and 52% of client-serving US colleagues were from racial or ethnic minority groups<sup>17</sup>

**67,000+**

Black, Asian, Hispanic, and Latino leaders have enrolled in our Connected Leaders Academy to date

**1,700**

institutions we sourced talent from globally in 2022, up from 540 institutions in 2021

**5,000+**

growth engagements completed per year globally

## Economic growth is at its best when it is inclusive.

Growth has the power to accelerate inclusion. Top-performing companies can uplift communities, create jobs, and expand markets in ways that generate more opportunity for everyone. And inclusion can be a driver for lasting growth. When leaders include people from all walks of life in their search for exceptional talent and new customers, they tap a source of enduring advantage.

We partner with our clients on both sides of this equation, leaving their organizations stronger, more productive, and more resilient. The result? Inclusive economies, institutions, and workforces that reflect our communities.

As a firm, we strive to foster an environment that is distinctive and inclusive. We create opportunities based on skills and demonstrated impact, and we encourage self-authorship, challenging colleagues to reach their fullest potential in an empowering, caring meritocracy.

## Key highlights

Launched **McKinsey Sciences for Growth**, bringing together the best tech-enabled capabilities and people to help the boldest leaders accelerate their growth ambitions

Received **Brandon Hall Group HCM Excellence Awards** for reducing biases in our recruiting processes and for our sourcing and assessment strategy

Enhanced support for our firmwide **support network for colleagues with visible and invisible disabilities, Access McKinsey**, in close consultation with colleagues

Reached **100,000 learners from 60+ countries** across Africa, the Middle East, and beyond through our **Forward program, a free five-month online learning journey** equipping the next generation with the skills necessary to succeed in the future of work

<sup>17</sup> 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. In previous reports, this group was referred to as "underrepresented" and is now referred to as "racial/ethnic minority." Race/ethnicity percentages in performance tables may not add up to figure due to rounding.

## Our 10 Actions toward racial equity

In 2020, we publicly committed to support anti-racism initiatives and racial equity, outlining how we plan to accelerate change within our firm and help combat racism around the world.<sup>18</sup>

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.

We are proud to support the leaders, businesses, and communities working for a more just, inclusive, and equitable society. While we are making progress, having achieved half of our actions, we—and the rest of the world—still have a long way to go.

Find out more about the impact we are having through our 10 Actions initiative throughout this report and read more about our [commitment to diversity, equity, and inclusion](#) for details on other actions we are taking to advance diverse and inclusive workplaces.

<sup>18</sup> 10 Actions progress updates on this page refer to the period June 2020 to December 2022.

<sup>19</sup> For more information on Generation, see [Our approach to advancing social responsibility](#) .

Action commitment	Status update	Action commitment	Status update
<b>1 Double Black leadership and hiring</b>	<b>~70%</b> of the way to our goal to double Black leadership	<b>6 Launch McKinsey Institute for Black Economic Mobility</b>	<b>30 articles</b> published by McKinsey's Institute for Black Economic Mobility
<b>2 Equity and inclusion learning program</b>	<b>Achieved</b>	<b>7 Double spend with diverse suppliers in three years</b>	<b>Achieved</b>
<b>3 Day of Service</b>	<b>Achieved</b>	<b>8 \$2 million to Generation<sup>19</sup></b>	<b>Achieved</b>
<b>4 Minimize bias in people processes</b>	<b>5,000+</b> anti-bias trainings completed to help support the attraction and advancement of Black and diverse colleagues	<b>9 \$200 million in pro bono support over ten years</b>	<b>~\$30M</b> invested in completed pro bono engagements toward our \$200 million commitment by 2030
<b>5 Create a Black Leadership Academy (BLA)</b>	<b>~55,000</b> leaders enrolled in our Black Leadership Academy	<b>10 \$5 million in charitable giving</b>	<b>Achieved</b>

**Our clients**

# Our approach

**We build strategies that unlock the potential of our clients' people and open the way to new markets.**

By strengthening our clients in this way, we strive to advance and accelerate long-term, inclusive growth globally. Our approach focuses on:

## Seeing new potential for growth

Growth is the oxygen that organizations and economies need to thrive. Leaders who build companies that grow help to empower households, promote equitable opportunity, and serve a wide range of stakeholders.

## Fostering greater inclusion in customer bases

Growth opportunities lie in underserved markets at home and abroad. We bring people and technology together to help new enterprises—and new customers—thrive.

## Expanding inclusion in skilled workforces

The best leaders find ways to put the right people to work in the right ways. We help our clients unleash the power of inclusive workforces, translating strategy into action through technology.

Building on our expertise and research, we employ proprietary assessments, analytics-powered digital solutions, and facilitated programs to deliver results for our clients that accelerate inclusive growth. Examples include:



### McKinsey Academy

Our capability-building programs unlock potential across all levels of an organization—from the executive team to middle management to frontline employees—to support broad transformation efforts and add value to their bottom lines.



### Organizational Health Index (OHI)

We apply analytical rigor to organizational health management. Our quantitative diagnostics and proven recipes for success empower senior leaders to measure and achieve the organizational health required to sustain long-term performance.



### Digital Capability Centers

These advanced tech-enabled innovation and learning hubs guide the realization of an organization's digital future, allowing companies to experience the latest digital and analytics opportunities and build the skills they need to apply them.

## Our key actions in 2022

### McKinsey Center for CEO Excellence

Companies have only one truly peerless role—that of the CEO. As much as 45 percent of what drives a company's performance falls into the chief executive's hands. Today, the role demands increasing ethical accountability, social responsibility, and environmental stewardship. The decisions a CEO is responsible for have grown twice as predictive of a company's overall performance over the last 50 years. Launched in 2022 after the publication of our bestselling book—*CEO Excellence: The Six Mindsets That Distinguish the Best Leaders from the Rest*—the McKinsey Center for CEO Excellence seeks to provide leaders with meaningful support and guidance to help them perform at their highest level, maximize their potential, and successfully navigate a complex and constantly evolving world.

### QuantumBlack, McKinsey's integrated AI arm

QuantumBlack, a London-based startup we acquired in 2015, has been an accelerating force for our work in analytics. In 2022, it entered a new chapter by officially becoming the integrated AI arm of McKinsey. The QuantumBlack community has achieved a number of feats: building then donating Kedro, an industry-leading developer tool, to the open-source community; being named a Leader in AI; and supporting women in technology through community efforts and mentorship. Two years ago, most of our AI work was single-use cases. Today, roughly half is transformational—and delivered by QuantumBlack's more than 1,000 technical practitioners across the globe.

### McKinsey Health Institute

Since it was founded in 2022 on the conviction that humanity could add up to 45 billion additional years of high-quality life, the McKinsey Health Institute (MHI) has established itself as a global leader in health. MHI rapidly achieved impact at scale by publishing industry-leading research in areas like brain health, employee health, and healthy aging, and collaborating with partners to build momentum for health as an all-sector priority. Among its accomplishments, MHI co-founded the World Wellbeing Movement, a coalition of global leaders advancing well-being in the public and private sectors; deployed training to help educators around the world better understand child trauma, reaching approximately 30,000 students; and supported the scaling of 988, a nationwide suicide and crisis hotline that saw calls increased by 47 percent, reaching nearly five million people in need. Learn more about [MHI's work to catalyze progress](#).

### Supporting social, healthcare, and public entities

For more than 70 years, we have worked alongside many of the world's leading social, healthcare, and public sector organizations, enabling those who do so much good in the world to operate at the highest level. We are humbled to have the opportunity to support tackling some of the most pressing challenges of our time and are proud of the impact that our clients deliver.

Our mission is central in everything that we do and informs every choice we make. The institutions and topics we engage with are determined by whether our partnership can improve lives, livelihoods, and health. We choose to invest knowledge, research, and capabilities where we believe the most significant opportunities exist for such improvements.



We approach each engagement holistically, conscious that our clients often make complex choices that have far-reaching consequences. We invest in research on critical economic, government health, and social, economic, and government topics through dedicated research centers, including the McKinsey Center for Government and the Center for US Health Systems Reform.

All of this supports leaders to help them make good decisions that drive the positive changes—across their organization, operations, technology, and other capabilities—necessary to deliver against their mission.

## Advancing racial equity

### **Connected Leaders Academy**

Following the murder of George Floyd in 2020, we shared [our 10 Actions toward racial equity](#) as our plan to accelerate change within our firm and to help combat racism across the world. One of the actions was to launch our Black Leadership Academy, which we achieved the same year. Responding to participant feedback, the initiative grew the following year to become the Connected Leaders Academy and welcomed Asian, Latino, and Hispanic cohorts. More than 67,000 participants have enrolled in the academy, and in 2022 we added a program for early career leaders to support self-identified people of color as they advance to managerial roles from entry-level jobs. More than 18,000 participants have enrolled in this program, which is available at no cost to attendees.

### **Black Economic Mobility**

Our annual Black Economic Forum event convenes Black leaders from the public, private, and social sectors, partnering to increase economic mobility in US Black communities and support the next generation of Black businesses and entrepreneurs. In 2022, the forum celebrated its fifth anniversary, with more than 200 leaders attending. We are deeply committed to accelerating Black economic growth. The McKinsey Institute for Black Economic Mobility, for example, is a research institute and think tank dedicated to advancing racial equity and inclusive growth. Its mission is to help private-, public-, and social-sector leaders accelerate Black economic development by providing in-depth research, convening with stakeholders, and translating research into practical assets and capabilities.



Jim Lowery, right, the first Black consultant at McKinsey, at the Black Economic Forum with Princeton University's Dr. Eddie S. Glaude, Jr.

## Tearing the “paper ceiling”: Driving upward mobility for millions of workers

One of the ways we brought our strategy to life in 2022 was by taking a full system view of one of inclusive growth’s key elements—broadening the talent pool.

Based on our insights and extensive research on [skills-based hiring](#) and [human capital](#), we cast a spotlight on a talent pool that employers may overlook—the more than 70 million workers in the US who are STARs, or workers “skilled through alternative routes.” While STARs have the skills for higher-wage work, many are often automatically screened out from job postings that require college degrees.

We first applied these insights to our own firm, making significant investments in recruiting, hiring, and growing STARs through a comprehensive approach that recognizes candidates’ skills and experience, problem-solving ability, and intrinsic capabilities. For example, by moving from traditional case studies to a game-based assessment, nearly 150,000 candidates over the past two years have been able to demonstrate their critical-thinking and leadership traits even if they don’t have prior business or case-study experience.

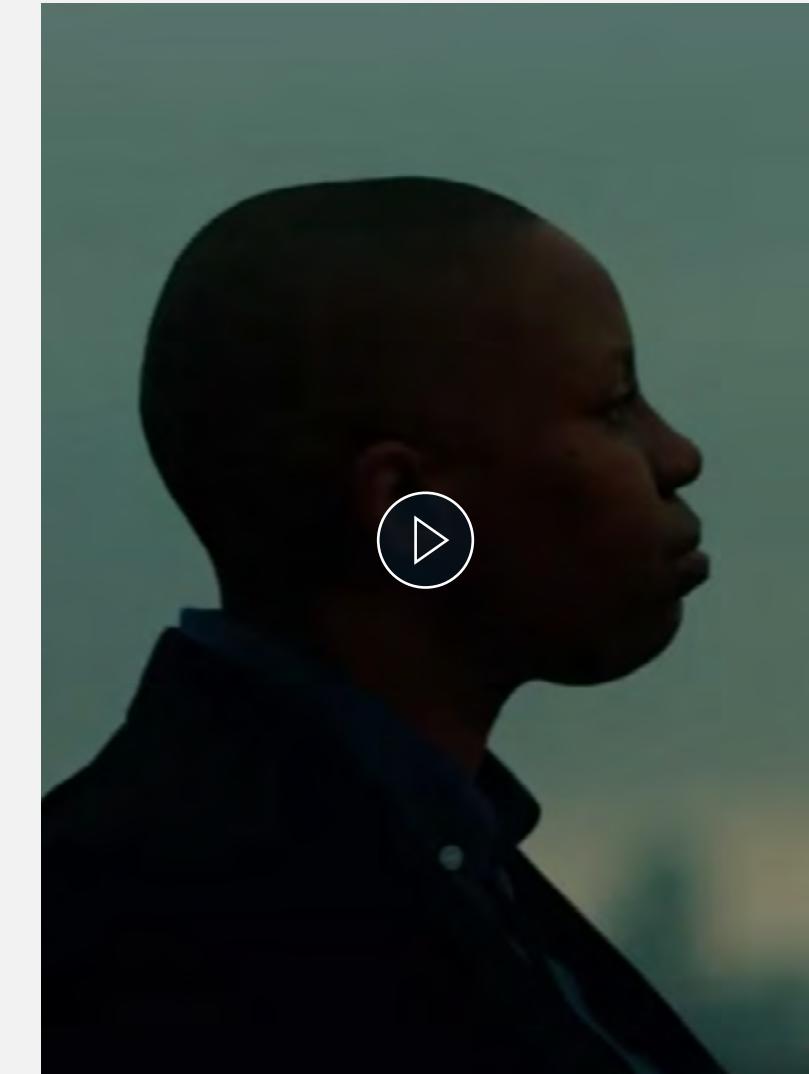
Our People & Organizational Performance technology organization led by McKinsey Partner, and a STAR, Carolyn Pierce, is at the forefront of putting outdated systems to the test, with many entry-level roles already open to STARs who have the relevant experience and skills.

We then took what we learned from our own work to our engagements with clients, building data-driven solutions that help other employers implement new ways of screening for knowledge, skills, and capacity to learn.

To accelerate progress beyond our firm, in 2022 we began [providing pro bono data and analytics support](#) to Opportunity@Work for a national campaign with the Ad Council to “[Tear the Paper Ceiling](#),” the invisible barrier that keeps millions of Americans from jobs that allow upward mobility—an advance into higher economic and social positions. By partnering to demonstrate the value and transfer of skills developed through work experience, we encourage more employers to reimagine their hiring practices and build better ways to screen for talent and create opportunities for STARs.

**“We know there are better ways to screen for talent and now we have the research and tools to back that up.”**

**Carolyn Pierce**, McKinsey partner



LaShana Lewis, CEO, entrepreneur, and a STAR.

**Impact story**

## JobsOhio: Revitalizing the state's economy through innovative solutions

After the Great Recession, Ohio's economy needed help to counter deep losses in manufacturing jobs. In 2011, using profits from the beverage industry, the state formed JobsOhio, a first-of-its-kind nonprofit to stimulate economic growth through new industries. To date, Ohio has seen nearly one million jobs created or protected.

As a key early partner, McKinsey helped develop JobsOhio's growth plan. Ten sectors were identified for their employment potential. These included aerospace and aviation, healthcare, logistics and distribution, and technology.

In 2018, McKinsey partnered with JobsOhio to evaluate performance. Insights informed the growth strategy for JobsOhio 2.0, which broadened its focus to building innovation districts in Cleveland, Columbus, and Cincinnati. These multi-organization partnerships created 60,000 jobs and established Ohio as a global leader in healthcare, life sciences, and technology.

# ~60,000

jobs created through multi-organization partnerships

In 2020, as COVID-19 began to spread, McKinsey again partnered with JobsOhio to create Ohio to Work, to assist displaced workers. The partners also designed a program through which JobsOhio pays tuition costs for technical degrees. Enrollees who secure jobs paying good wages gradually repay JobsOhio through a marginal percentage of their income. JobsOhio then reinvests the funds in its next enrollee group.

A decade of growth and economic investment in Ohio has helped to attract the largest single private sector company investment in the state. In 2022, Intel announced that it would open a new chip manufacturing plant in Central Ohio, creating 3,000 new jobs at the plant with an average salary of \$135,000.



**"We've valued McKinsey's partnership over the last several years. Their data-driven approach, combined with creative thinking, led to solutions that supported our success in creating hundreds of thousands of jobs."**

**JP Nauseef**, President and CEO of JobsOhio

**Impact story**

## Manufacturing Africa: Strengthening Africa's manufacturing sector and creating jobs for a fast- growing population

Africa's population is growing faster than any other continent's and is set to double by 2050. New generations of young people will require economic opportunities—an estimated 18 million new jobs will be needed annually until 2035.

A competitive manufacturing sector would help address this gap and also provide Africa with a clearer strategic role in the global economy. Yet across the continent, many countries have struggled to develop their manufacturing base and move into high-value services due to a lack of investment resources.

Manufacturing Africa is a multi-year program created by the UK government's Foreign, Commonwealth & Development Office. It seeks to bring £1.2 billion in foreign investment to Africa's manufacturing sector, creating 90,000 new jobs and enabling an inclusive economic

transformation across five countries—Ethiopia, Kenya, Nigeria, Senegal, and Rwanda.

As part of Manufacturing Africa, McKinsey has worked closely on efforts to develop and support various manufacturing sectors, including global health and vaccine manufacturing, food security and agri-processing, and ESG and sustainability efforts.

This work has expanded the capacity of investment promotion agencies, which has contributed to manufacturing deals. For example, Manufacturing Africa worked with a major East African waste management company to update and test its model for business expansion, refine its investment thesis, and focus on developing innovative products to drive revenue.

Through additional foreign investment and strategic expansion, the company plans to increase the amount of organic waste collected and treated annually from 12,000 tons to one million. The waste will then be converted into valuable products like animal feed, fertilizer, and biomass fuel briquettes.

Now in its third year, Manufacturing Africa has helped to close 26 manufacturing deals, attracting more than \$800 million in foreign direct investment, which has the potential to create more than 14,000 jobs.

# \$800M+

attracted through 26 manufacturing deals



**Impact story**

## DRNSW: Upskilling in rural corners of Australia

Upskilling and reskilling today's workforce—in non-degree, skill-building programs—is critical to attracting and retaining talent while driving market competitiveness. One organization that understands this is Australia's [Department of Regional New South Wales](#) (DRNSW), a government agency supporting regional communities through agriculture, local infrastructure projects, soil conservation, environmental stewardship, economic development, [and more](#).

At the onset of the pandemic, DRNSW took stock of its employees' digital capabilities. The department uncovered a range of opportunities to increase the team's digital fluency and partnered with McKinsey to do so.

The first step was to reframe DRNSW's transformation from a learning and development opportunity to skills training—which does not happen in a classroom but while employees are on the job and able to immediately operationalize it. McKinsey created a program rooted in human-centered design, informed by a deep study of the individual's and organization's needs, addressed in small groups and individual coaching.

# 80%

of learners reported productivity improvement and increased capability within their role

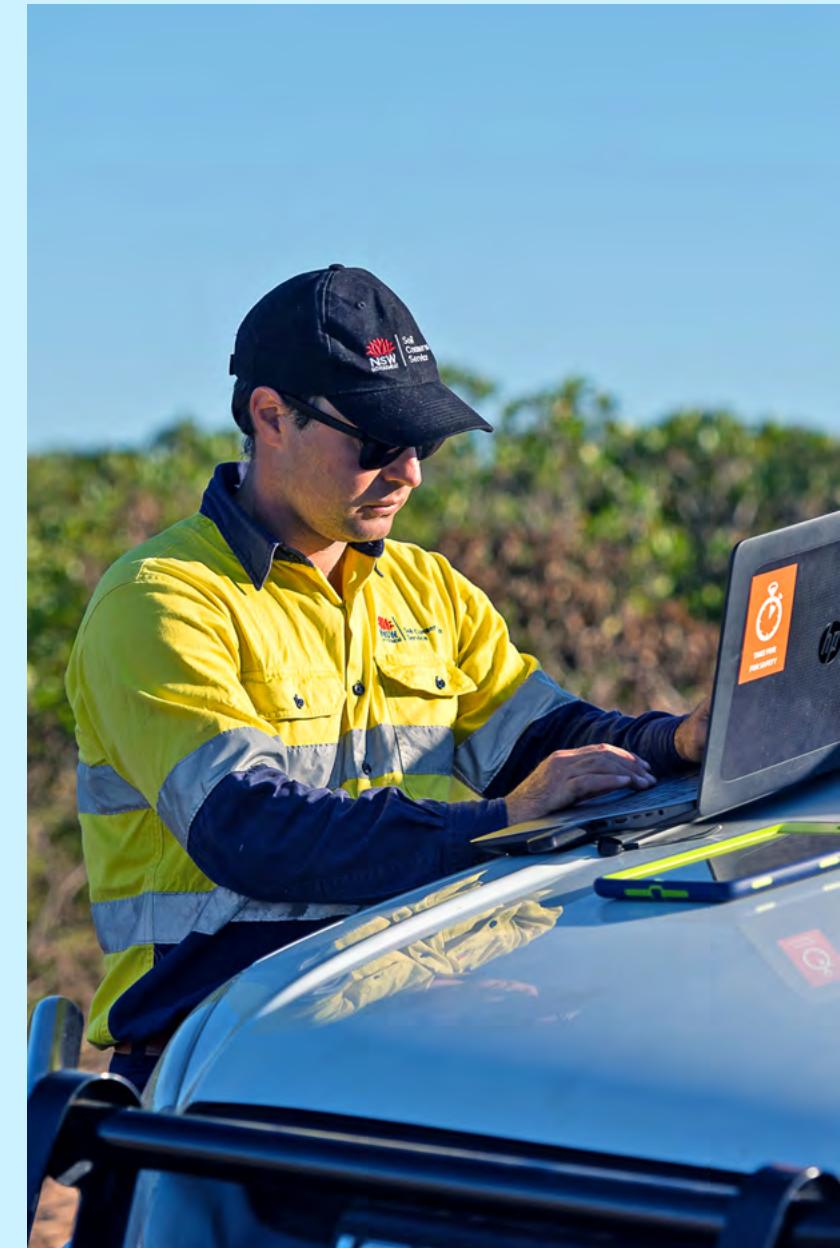
# 92%

employee satisfaction with the skills program

Another core element of the DRNSW Digital Skills Program is the "skills hub," critical for engaging the broader DRNSW organization and ensuring sustained impact as the program scaled. This new operational unit consists of a DRNSW squad with capability-building specialists, human-centered designers, instructional designers, and program delivery experts.

"Other agencies couldn't believe we built, piloted, and started scaling this entire new approach to capability building in six months when this can typically take two or three years in government," says Donna Mcleod, director of workforce capability and talent at DRNSW. "It was a phenomenal delivery."

The program won the [Best in Class award](#) in the public sector category from Good Design Australia, one of the most prestigious design awards in the world. But the biggest testament to its success is the difference it has made in the careers of the employees.



**Impact story**

## Minuto de Dios University: Bridging the education access gap for thousands of Colombian students

McKinsey is supporting the transformation of Colombia's leading university, Minuto de Dios. An institution with more than 100,000 students, Minuto de Dios has historically targeted underserved communities throughout the country to tackle profound inequalities in education access.

The engagement has advanced the university's mission of providing affordable higher education for all Colombians, offering additional and better programs to more people, in more places. The transformation has included over 140 impact initiatives to simultaneously strengthen the quality of the academic programs and enhance the overall financial performance of the organization to foster sustainable growth.

This includes setting up a National Center for Innovative Pedagogy and a portfolio of national virtual and hybrid courses, which ensures students from remote regions across the country have access to the best educators at the university. In its pilot phase, these courses are already benefiting over 25,000 students. The university has also worked to improve their information systems to bolster operational efficiency, and capability-building programs for the organization to execute a sustainable transformation.

Through the effort, the university aims to increase its student population by 41 percent to 140,000 students over the next two years, improve its standing in Colombia's national standardized tests, and achieve positive financial impact of more than \$30 million. In the first period under the implementation, 16,400 new students joined the university, representing 14 percent growth versus the previous cycle.

The transformation has been underpinned by an ambitious endeavor to cultivate the university's talent. Over 2,000 people have benefited from McKinsey's Ability to Execute program, which is designed to build individuals' capabilities at scale to drive and sustain transformational change.

# 2,000+

people upskilled across the university



*Our insights*

# Key publications

**We're helping to build an economy that works for all, publishing original research and analysis to grow, broaden, and sustain prosperity for all segments of society, in populations across the globe.**

Achieving a more equitable and inclusive economy is an imperative of our time. Economic mobility depends on growth—and according to our research, growth is at its best when it propels broad-based prosperity, increasing well-being and reducing inequality across all strata of society. Our reports and articles enable leaders to support and expand inclusive growth, including by creating and improving access to jobs, advancing equity for diverse demographics, and equipping workers with the skills they need for our fast-changing future. Through actionable insights and data-driven solutions, we aspire to create an economy that not only works better but, vitally, that works better for everyone. Here are some highlights from our inclusive growth insights in 2022.



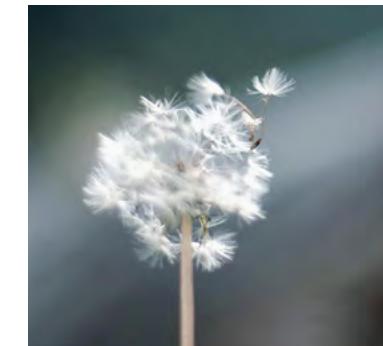
## [Women in the Workplace 2022](#)

Conducted in partnership with LeanIn.Org, this is the eighth edition of the largest study of women in corporate America.



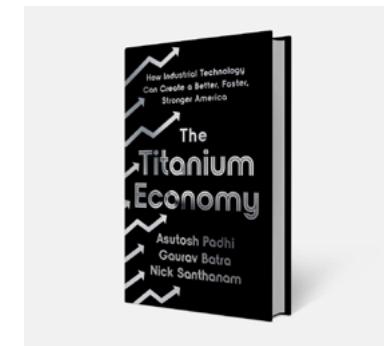
## [Hybrid work: Making it fit with your diversity, equity, and inclusion strategy](#)

New research details what empowered employees love about hybrid work models and the risks to diversity, equity, and inclusion if managers get the evolving flexible workplace wrong.



## [Addressing employee burnout: Are you solving the right problem?](#)

Employers have invested unprecedented resources in employee mental health and well-being. With burnout at all-time highs, leaders wonder if they can make a difference. Our research suggests they can.



## [The Titanium Economy: How to overcome the challenge of filling high-quality jobs](#)

Thriving industrial technology companies use apprenticeships, upskilling, and upward mobility to staff and retain their workforces.

*Our insights*

# Key publications (continued)



## [The childcare conundrum: How can companies ease working parents' return to the office?](#)

The status quo work culture no longer works for most families—particularly those with very young children. But companies' support for childcare can turn worker attrition into attraction.



## [Meeting the challenge of moms' "double double shift" at home and work \[Podcast\]](#)

As the United States emerges from the pandemic, how can businesses build a more inclusive working environment to improve outcomes for women in the workforce?



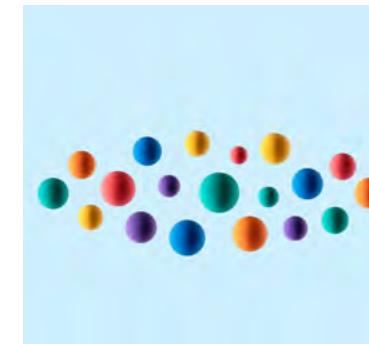
## [The economic state of Latinos in the US: Determined to thrive](#)

US Latinos are a driving force of the US economy and account for the fastest-growing portion of US GDP.



## [The overlooked contributions and hidden challenges of Asian Americans \[Podcast\]](#)

Asian Americans play a key role in creating a more sustainable and inclusive economy. This report explores the challenges this group faces and how companies can better support them.



## [What is diversity, equity, and inclusion?](#)

Companies that are diverse, equitable, and inclusive are better able to respond to challenges, win top talent, and meet the needs of different customer bases.



## [Closing the racial wealth gap by investing in Black consumers \[Podcast\]](#)

Organizations that incorporate racial equity into their strategic agenda can promote growth and advance Black economic mobility. How can business leaders realize this transformative growth?

**Our actions**

# Our approach to people

**During COVID-19, the worker-employer contract fundamentally and permanently changed.**

We are deeply committed to examining and reinvigorating our People approach to create inclusive opportunities for people of all backgrounds to both serve clients and run our firm.



We operate as a single global partnership, united by a common purpose, shared values, and a two-part mission that includes creating an unrivalled environment for exceptional people. Our values reflect our expectation that every colleague works to make our firm both distinctive and inclusive. Those values are:

- **be nonhierarchical and inclusive**
- **sustain a caring meritocracy**
- **develop one another through apprenticeship and mentoring**
- **uphold the obligation to engage as well as dissent**
- **embrace diverse perspectives with curiosity and respect**
- **govern ourselves as a “one firm” partnership**

During COVID-19 and since, [we and our clients have seen three workplace trends accelerate](#): the search for meaning, the desire for flexibility, and the pace of technological transformation.

## Building a distinctive and inclusive workforce

These trends led us to reexamine our talent model in 2022 and revitalize our People mission. We established new foundational pillars: the personalization of work to encourage flexibility and “self-authored” career paths, skills development, and demonstrated impact. The result is a diverse, inclusive, and caring approach to people in which individuals can pursue their own ambitions.

Our People strategy touches every aspect of how we recruit, motivate, develop, and retain exceptional talent. Using a rapidly growing number of cutting-edge tools and techniques, we are assessing for exceptional skills, regardless of academic background. Our formal and informal skills-development systems increasingly aim to help participants succeed in a growing range of roles. We are placing more emphasis on coaching and daily feedback.

We tripled our recruitment sources from 540 to 1,700 globally.

## Attracting top talent

**Our approach to attracting talent is central to McKinsey's dual mission—to help our clients substantially improve their performance, and to build a firm that attracts, develops, excites, and retains exceptional people.**

### Diversifying our talent sources

We look at talent differently. We don't assess potential candidates by where they are or where they studied—but rather by their skills and their potential. The exceptional people we need may come from anywhere, and we are dedicated to attracting distinctive and diverse talent to our teams. We want those teams to reflect the diversity of our clients, the communities in which we work, and society.

Building a firm of colleagues from different backgrounds and profiles is critical for us to deliver distinctive client service while making our firm a richer and better place. We are expanding our talent pools and evolving our recruiting and assessment processes while continuously working to mitigate the potential for bias.

**49%**  
of new hires were women

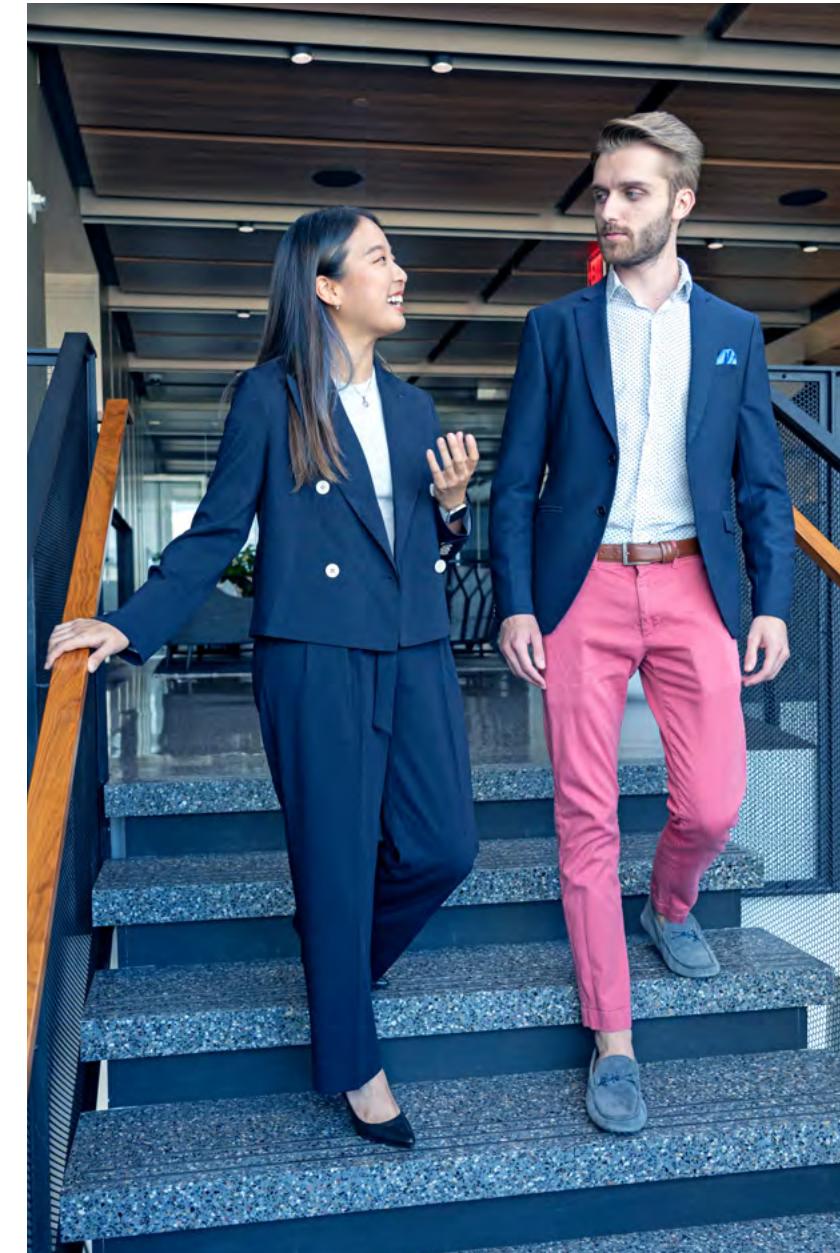
#### 2022 progress highlights

- Almost half our new joiners today were experienced professionals.
- 49% of new hires were women.
- 53% of US new hires and 47% of our US workforce were from racial or ethnic minority groups.<sup>20</sup>
- In North America, we launched the Business Insights Leadership Development Program (BUILD), a two-year rotational program offered to students from New York public colleges and universities created to support our commitment to the New York Jobs CEO Council.
- In Latin America, we supported colleagues in developing their English proficiency through classes and coaching offered in programs like our Women Tech Academy in Brazil.
- We tripled our recruitment sources from 540 to 1,700 institutions globally.

### Ranked 1# in Germany and #4 in the US on Glassdoor's Best Places to Work list 2023



<sup>20</sup> 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. In previous reports, this group was referred to as "underrepresented" and is now referred to as "racial/ethnic minority." Race/ethnicity percentages in performance tables may not add up to figure due to rounding.





Alberto, an engagement manager and leader of the McKinsey Black Network in Brazil, at the Juntos Conference he helped found.

## Reaching talent of the future

We want individuals from all backgrounds to get to know us, engage with us, and explore what it takes to help our clients succeed. We run:

- learning programs customized for women and racial/ethnic minority populations in management consulting, such as [The First Year Leadership Academy](#)
- the [Proud Leaders](#) speakers series in Europe, creating connections across the LGBTQ+ community, sharing research, and highlighting trans and nonbinary voices
- [A Place for You](#), a program aimed at connecting underrepresented talent to careers in management consulting through training and webinars
- preparation for students studying at Historically Black Colleges and Universities (HBCUs) for a meaningful start in consulting and building leadership skills for top Black, Hispanic, and Latino candidates in MBA programs in the United States

We also partner with external organizations to move conversations, actions, and commitments forward around diversity, equity, and inclusion. These include [AfroTech](#), the [Society of Hispanic Professional Engineers](#), [Reaching Out MBA](#), [HeForShe](#), [New York Jobs CEO Council](#), and [MAKERS](#), to name a few. Additionally, we continue to convene the [Juntos Conference](#) in Brazil, designed for young Black talent to connect, meet Black professionals, develop new skills, engage with large companies, and learn about career opportunities.

## Being consciously inclusive in our hiring process

To understand and overcome personal biases and to ensure fairness in our hiring processes, we employ a full suite of consciously inclusive solutions. Our job descriptions emphasize skills, and our improved résumé screening process is more inclusive of a diverse set of experiences and skills.

To combat potential biases, we provide inclusion training for all of our assessors to ensure evidence-based hiring decisions, in conjunction with a trained and dedicated inclusion adviser. We are also expanding the use of [Solve](#), our game-based assessment that allows candidates to demonstrate their critical-thinking and problem-solving skills in an environment that is less likely to lead to typical job assessment biases.

In 2022, we received Brandon Hall Group HCM Excellence Awards for reducing biases in our recruiting processes and for our sourcing and assessment strategy.



## 2022 DEI progress

We foster an environment that is distinctive and inclusive, and measure our progress toward building teams that reflect the diversity of our clients, the communities in which we work, and society.

**48%**

global workforce were women

**28%**

leadership were women<sup>21</sup>

**47%**

US workforce were from racial or ethnic minority groups<sup>23</sup>

**49%**

new hires were women

**33%**

Acceleration Team (Executive Committee) were women<sup>22</sup>

**52%**

US client-serving colleagues were from racial or ethnic minority groups<sup>23</sup>

<sup>21</sup> The leadership definition has been updated to better reflect leadership roles at the firm. These roles include all partners, associate partners, and other senior firm leaders. Historical leadership numbers have been restated to be consistent with this definition.

<sup>22</sup> In previous reports, the Global Managing Partner (GMP) and Extended Acceleration Team (AT) were not included in the total number of Acceleration Team members. This year and going forward, we will include the GMP and the Extended AT in the count. We have also restated historicals in this report to be consistent with this methodology.

<sup>23</sup> 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. In previous reports, this group was referred to as "underrepresented" and is now referred to as "racial/ethnic minority." Race/ethnicity percentages in performance tables may not add up to figure due to rounding.



# Diversity, equity, and inclusion

## McKinsey has long been committed to advancing diversity, equity, and inclusion (DEI) in our own firm, for our clients, and in broader society.

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 inclusion are connected to better business performance and talent retention. We understand that advancing DEI requires long-term commitment and dedication and that progress can be slow. Like many of our peers, we are not where we aspire to be. Yet we are proud of the progress we have made to date and are determined to continue our journey.

### Championing DEI within our firm and with our clients

First, we aim to deliver on our talent ambition by attracting, developing, and retaining exceptional people from racial or ethnic minority groups. We support this work by creating and maintaining a caring meritocracy where all colleagues feel included and can thrive. We seek to foster an inclusive culture in which colleagues representing a vast range of diverse backgrounds and perspectives can find meaning in their work experiences, team collaboration, and professional development opportunities.

Second, we aim to better serve our clients with diverse teams, convening key stakeholders to advance the DEI agenda globally. We build capabilities along with our clients' diverse populations and advise them on their own DEI journeys.

Third, we aim to highlight the importance of taking a role in societal change by leading the knowledge agenda on DEI, building value-adding partnerships, and contributing toward a more just and equitable society through supplier diversity, pro bono work, and more. Learn more about our [DEI client work](#), [supplier diversity](#) and [pro bono work](#).

### Driving measurable progress

Across McKinsey, led by our own research, we have increased our leadership accountability for our change efforts, created greater data transparency,<sup>24</sup> and advanced various programmatic efforts to tackle key obstacles. Since launching our [10 actions](#) in June 2020, we've more than tripled the number of Black hires in the US. Our pro bono efforts, including our partnerships with [Homeboy Industries](#), and the [Greater Washington Partnership](#) in the US and [Black Equity Organisation](#) in the UK, have made a great impact on local communities.

Our groups and communities continue to grow and include, among many others, the McKinsey Black Network, Hispanic and Latino Network, Asians at McKinsey, GLAM (for LGBTQ+ colleagues), Access McKinsey (for colleagues with disabilities, chronic illnesses, and mental health challenges), and PRISM (Progressing Representation and Inclusion in Social Mobility).

Today, women represent nearly half of our colleagues and new hires globally. By our 100th anniversary in 2026, we aspire for half of all firm members to be women. For more information, review our detailed [DEI data](#).

### Delivering on our DEI talent ambition

Our DEI leadership is driving a comprehensive program to:

- have senior leaders who are visible, committed role models and who hold themselves accountable for DEI progress
- set clear and ambitious DEI aspirations and track progress to permit course correction when necessary
- find and attract the most exceptional and diverse talent
- drive programmatic solutions tailored to root causes and integrate them into existing processes and colleagues' journeys

### Select recognition for our support of LGBTQ+ colleagues



<sup>24</sup> Where permitted by law.

***Creating accountability***

We know from research that senior leaders play critical roles in creating inclusive environments and configuring teams that will benefit from a diversity of perspectives, experiences, and expertise. To encourage such developments, we have embedded in every employee's evaluation specific expectations, tailored to roles, for inclusive behavior. We have equipped evaluators with individualized performance reports on inclusive leadership performance where relevant.

***Building careers through sponsorship***

Our research also highlights that formal sponsorship and actively working to create opportunities significantly improve the chances for advancement success. We approach sponsorship rigorously by measuring each colleague for how much and how well they perform as sponsors. We then design individual interventions to ensure all colleagues receive the support they need to be successful.

Additionally, we have tailored training and professional development programs focused on sponsorship for women and diverse colleagues. These include role-based programs, like Pathway to Partner, and programs designed to support specific groups, like Women's Leadership Workshop and the [McKinsey Black Network](#) sponsorship program. These programs focus on skill building, creating robust support networks, and providing tailored personal coaching and training.

# 2018

hired our first Chief Diversity and Inclusion Officer

***Acting to tackle bias***

We strive to follow the best practices that we champion in our research and we are diligently minimizing unconscious bias across our people processes. Learn more about [our approach to being consciously inclusive in our hiring process](#).

***Supporting colleagues with disabilities, chronic illnesses, and mental health challenges***

In 2022, we enhanced support for Access McKinsey—a group founded to support colleagues with disabilities, chronic illnesses, and mental health challenges. In close consultation with some Access McKinsey members, we assembled a broad task force, which included Access McKinsey members, to identify and implement accessibility enhancements and increase firm awareness of issues central to the community. Early initiatives included creating a centralized website for accessibility resources and extending tailored learning programs to colleagues in the group. We sought to improve colleagues' experience with the accommodations process and the Human Resources team consolidated general accommodations process guidelines, which are being adapted to local legal conditions, to support colleagues more consistently. In 2022, McKinsey celebrated International Day of Persons with Disabilities, with colleagues joining panel discussions to better understand disability and accessibility needs, and how to be better accessibility allies. Learn more about how we are [caring for our colleagues](#).

***Building inclusion and allyship***

We believe that inclusion is every individual's responsibility as well as a critical leadership skill. We continue to embed this expectation in our systems and culture by integrating inclusion principles into learning programs and offering focused training for colleagues at all levels.

Learn more about [colleague development](#) and [talent attraction](#).

Almost 14,000 colleagues are part of our Inclusion Allies program, designed to develop, connect, and activate a global cohort of inclusive leaders through training, initiatives, mentoring, and research. In 2022, we launched our "Inclusion Champions Badges" program that formally acknowledges and makes visible our most active allies contributing to building a more inclusive firm.

***We aim to be distinctive and inclusive, and we value potential more than pedigree***

## Better serving our clients

The business case for DEI is growing stronger. An increasing number of companies recognize diverse teams and leadership as critical for enabling talent acquisition, enhancing innovation, and improving customer insights.

We strive to serve our clients by example. We make a priority of bringing diverse perspectives to our clients through our teams. We also convene experts and key stakeholders to advance DEI thought leadership globally. By helping our clients build the next generation of diverse leaders and advising them on their DEI efforts, we support our clients' efforts to make substantial, lasting performance improvements.

### Convening LGBTQ+ leaders

After two years of the global pandemic, we were finally able to bring together a record number of global LGBTQ+ senior leaders for The Alliance in Athens, Greece. This gathering focused on LGBTQ+ inclusion in the workplace. It featured McKinsey's research on transgender/nonbinary inclusion; intersectional identities in the US, the UK, and Brazil; and the condition of LGBTQ+ individuals in high-risk geographies (concentrating on LGBTQ+ refugees).



Senior LGBTQ+ leaders from around the world gathered in Athens, Greece, to discuss inclusion in the workplace.

## Taking a role in societal change

We are committed to being role models for the prioritization of DEI efforts. We hope that others will follow and ultimately drive positive societal change. Our collective DEI efforts include producing cutting-edge knowledge, building value-adding partnerships, ensuring supplier diversity, and conducting pro bono work. With our best-in-class partners across the globe, we share a commitment to expand economic opportunity and support communities. Learn more about our [supplier diversity](#) and [pro bono work](#).

### Developing insights to accelerate action

Our broad portfolio of DEI research continues to be a leading voice on the subject and catalyzes change across industries. In 2022, our [Women in the Workplace report](#) was the largest study on the state of women in corporate America and was one of our top three most read reports of the year globally.

We have deepened our research focus on the experience of racial or ethnic minority groups in North America, and possible ways to maximize their economic opportunities. Recent work includes [the economic state of Latinos in the US](#), the [invisible challenges faced by Asian Americans in the workplace](#), and a series of detailed articles on the [Black consumer experience](#).

We plan to expand our global research. In 2022, we were proud to present research on socioeconomic [Diversity Matters in Latin America](#), as well as our latest report in Germany on how [new careers can potentially enable more diverse leadership](#).

Our Women Matters series continued to bring focus to different markets, for example, [investigating the progress of gender parity in Mexico](#). We went beyond gender parity to examine how successful French companies have been in their search for [executives with diverse national origins and socioeconomic backgrounds](#).

### Partnering to drive impact

We collaborate with partners, such as HeForShe, Women's Forum, Aspen Institute, and The Trevor Project, to expand our impact. In 2022, we teamed up with [Openly](#), a global news platform dedicated to underreported global news for and about LGBTQ+ people. We also partnered with the World Economic Forum to launch the [Global Parity Alliance](#), a cross-industry group of companies taking action to accelerate DEI in the workplace and beyond.

### Read more about accessible leadership

- » [How parenting through a medical diagnosis inspired a new way to lead and live](#)
- » [Leadership lessons from the world's best CEOs \[Podcast\]](#)

*Our giving*

# Our approach to advancing social responsibility

We are committed to creating a more inclusive economy by enabling people to meet their basic needs, access opportunities, and achieve economic empowerment through access to essentials, quality jobs, and skilling.

We have committed \$2 billion to social responsibility efforts by 2030 and have so far contributed nearly \$620 million in cash and in-kind support toward that commitment (more than \$275 million this year). Through our social responsibility strategy, we seek to:

- drive our social responsibility investments toward at-scale efforts that increase inclusive growth
- engage our colleagues through giving and volunteering, and support all colleagues to participate in and serve their local communities

A dedicated committee of senior leaders is responsible for advising on giving in line with our firmwide Social Responsibility Policy. Regional and local pro bono work is guided by local committees.

## Driving at-scale efforts to increase inclusive growth

### Fund for Social Good

We support and fund multi-year partnerships with leading institutions around the world, tackling complex problems and finding creative solutions that advance and accelerate sustainable and inclusive growth. Established in 2020, the Fund for Social Good has committed to multi-year support of diverse projects, including:

- **African Agricultural Transformation Initiative (AATI):** This project aims to drive inclusive agricultural transformation in Africa. Co-founded by partners including the [Alliance for a Green Revolution in Africa](#), the [Bill & Melinda Gates Foundation](#), the International Fund for Agricultural Development (IFAD), and McKinsey.

# ~\$620M

contributed in cash and in-kind support since 2020 toward our \$2 billion commitment to social responsibility by 2030 (\$275+ million this year)

## 4,000+

nonprofits supported through pro bono engagements, McKinsey Gives, and McKinsey Grants

## 488,500

hours dedicated to social responsibility through volunteering, board service, pro bono engagements, and fellowships at nonprofits

## \$28M

contributed to Ukraine war relief efforts, including \$18 million in donations from our colleagues and firm to more than 1,600 organizations and \$10 million in pro bono support

## 100%

of McKinsey offices in 65+ countries volunteered with local organizations for our third annual Day of Service

AATI builds on McKinsey's impact on agriculture and food systems across Africa, including work to increase food production that helped contribute to 11 million fewer undernourished people, 150,000 fewer deaths from hunger, and 100,000 new jobs. AATI launched support to its first wave of countries to accelerate effective and sustainable food system changes based on country needs, priorities, and existing infrastructure. Learn more about [the AATI partnership](#).

- **Conservation:** Through our work with partners like [Blue Nature Alliance](#) and [Enduring Earth](#), over the next few years we will conserve more than one billion hectares of land and create or protect over 200,000 jobs through the implementation of 30 mega conservation projects around the world.

In 2022 alone, our conservation work helped implement three mega conservation projects, creating 10,000 direct jobs and protecting 78 million hectares. A critical component of this collaboration is creating jobs for remote and Indigenous communities in places around the world where nature conservation is particularly important. Such communities are incredibly hard to reach with standard stimulus or other growth measures. They're more dependent on intact natural capital, and they are the first to benefit from jobs created directly in nature conservation or as a by-product of conservation.

Learn more about the [Blue Nature Alliance](#).

Learn more about [Enduring Earth](#).

## Examples of pro bono efforts around the world

### Forward

In 2022, we were proud to celebrate the landmark achievement of reaching the first 190,000 learners through the Forward program—our free, five-month online learning journey. Forward, which targets those with fewer than five years of work experience, is designed to equip the next generation of talent with the tools necessary to succeed in the working world. Digital courses and sessions are focused on transferable skills like adaptability, problem-solving, communication, and being digitally savvy. In the initial 18 months of the program, we reached learners in more than 70 countries across Africa and the Middle East, as well as in Pakistan, Türkiye, and Azerbaijan.

### McKinsey.org

In 2022, McKinsey launched McKinsey.org as a philanthropic initiative to bring the firm's capability-building solutions at no cost to nonprofits that are accelerating inclusive growth around the world. By sharing the best of McKinsey's programs to nurture leaders and foster more effective organizations, McKinsey.org aims to unlock the full potential of nonprofits. It offers programs designed to uplift entire organizations, including:

- **Ability to Execute (A2E) for Nonprofits:** Designed to empower employees with a new way of working, and build the capabilities needed to drive and sustain organizational change.
- **Organizational Health Index (OHI) for Nonprofits:** Helps an organization align around a common mission, execute with excellence, and continually renew itself to serve its mission more effectively.



The Akanksha Foundation, one of the nonprofits we support through our capacity-building programs.

**78%**

of Forward graduates who completed the full program experienced career or role growth due to applying the new skillsets and attitudes learned

**15M**

beneficiaries reached through 100 nonprofits in 60 countries participating in McKinsey.org programs

## Generation

In 2014, we founded [Generation](#), an independent nonprofit organization that transforms the education to employment system to prepare, place, and support people into life-changing careers that would otherwise be inaccessible. Our continued support for Generation is one of the ways we're helping foster a more inclusive economy. Together, we're enabling people to meet their basic needs, access opportunities, and achieve economic empowerment through quality jobs and skilling. In 2022, 22,000 participants graduated from Generation, a 185 percent increase from 2021. In partnership with about 11,000 nonprofits, governments, and employers, Generation has helped train and place more than 75,000 people into jobs across 35 professions in 17 countries. Its global graduates have earned \$630 million in wages to date.

# 75,000

people across 17 countries trained and placed in jobs through Generation

## Juntos

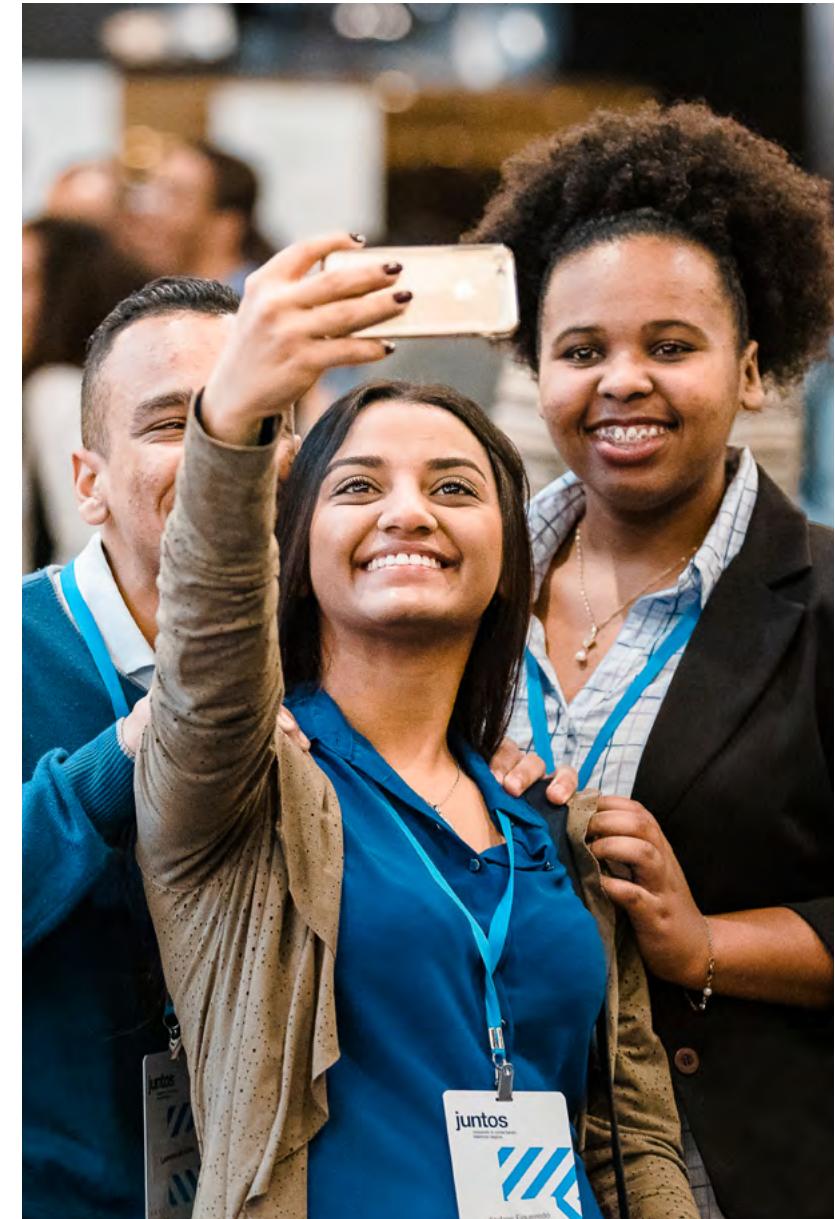
In 2018, we created the [Juntos Conference](#) in Brazil to address the disparity between the representation of Black Brazilians in senior roles in the private sector compared to the general population. It works to create a platform for networking and professional development in partnership with other large companies committed to racial justice. Through training, panels, and career fairs, the annual Juntos Conference supports the creation of an inclusive environment to help Black professionals succeed.

Our 2022 conference was the largest to date, offering virtual and in-person sessions for the first time. In total, over 4,000 participants registered for the conference, with over 1,000 in attendance at our in-person events in São Paulo, Salvador, and Porto Alegre in Brazil. The conference is supported year-round by the [Juntos Ecosystem](#), an online platform that offers further development solutions.

## Ownership Works

Along with more than 60 organizations across the private, public, and social sectors in the United States, McKinsey helped to launch [Ownership Works](#). This nonprofit is dedicated to implementing broad-based employee programs to generate at least \$20 billion of wealth for working families by 2030.

The initiative aims to improve awareness of shared stock ownership programs and equip more organizations with the necessary tools to implement these for their employees. As a result, Ownership Works provides low- and moderate-income households and people of color with access to the single largest source of wealth in America: stock ownership.



Participants at McKinsey's annual Juntos Conference in Brazil.

# Responsible practices

In this chapter, we describe how we're meeting our commitment to lead with integrity and set the standard for accountability and compliance in our profession.

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# Responsible practices at a glance



**~\$700M**

invested in strengthening our risk management teams, capabilities, and processes since 2018

**100%**

of new clients were vetted against our industry-leading CITIO client service framework<sup>25</sup>

**100%**

of colleagues completed annual Professional Standards and Risk training<sup>26</sup>

**99%**

pay equity for men and women colleagues globally<sup>27</sup>

**Our aspiration at McKinsey is to lead with integrity and set the standard for accountability and compliance in our profession—and then to keep raising it.**

To achieve this, we are proactively building and maintaining a culture of responsible practices, informed by our values. Our values are integral to everything we do—from how we assess risks and ensure data privacy, to the buying choices and practices we employ to drive positive impact across our supply chain. We have built and refined a model of ethical business that blends global best practices with the best of McKinsey's high standards for client-service professionalism, including improvements to our professional standards, client service policies, and firm culture.

## Key highlights

**At least three hours** of ethics, integrity, and/or compliance learning completed per colleague

Shared our **new global parental leave policy**, which extends firmwide parental leave (in most regions) and includes a reintegration program to support colleagues' career growth upon their return to work

Achieved our 10 Actions goal to **double our spending with diverse suppliers** within three years

Established a cross-functional **Human Rights Working Group** to operationalize our approach to human rights due diligence and management

Updated our Acceptable Use of Technology Policy and implemented **enhanced cybersecurity measures** and controls

<sup>25</sup> CITIO is the framework we use to assess a potential client or engagement consisting of five interrelated dimensions: Country, Institution, Topic, Individual, and Operational considerations.

<sup>26</sup> 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).

<sup>27</sup> The pay ratio was calculated using annualized 2022 total compensation of female to non-female firm members, weighted based on segments including employee grouping and level by country, including non-partners and partners. Segments with a total number of colleagues less than ten were excluded.

# Developing and caring for our colleagues

We aspire to be the gold standard for an inclusive and distinctive performance culture. One that celebrates, supports, and cares for all colleagues in ways that empower them to grow personally and professionally.

## Developing our colleagues

We are building a culture that supports and encourages continual, self-authored growth to create unparalleled leadership development.

We help our people develop through formal and informal learning opportunities. Through programming, apprenticeship, and on-the-job experiences with world-class teams, colleagues build and apply skills, deepen their expertise, advance toward their aspirations, and create unrivaled impact for our clients.

# \$850M+

invested in knowledge development, capability building, and learning

### Fostering a development culture

We believe that firm members have a collective responsibility to foster our development culture. Our annual Mentorship, Apprenticeship, and Sponsorship Survey provides insight into how well each colleague's needs are being met and helps shape our development priorities. These are embedded into our culture through our Way We Work (WWW) function, a single operating system focused on the elements critical to achieving distinctive client impact and a great team experience.

Team leaders encourage development habits and track them via a bi-weekly team survey. Best practices are incorporated into the WWW's core team rituals. Our research shows that teams who practice these rituals have higher team feedback scores on development and apprenticeship. Team rituals include:

- **Joint client-team kickoffs:** Colleagues share their development goals and create a plan for how to grow together.
- **1:1s:** Individuals who work most closely together share development feedback regularly.
- **Retros:** Teams discuss how the collaboration is going and if the team is meeting the bar on apprenticeship, developmental feedback, and other development topics.
- **High-impact handovers:** Every colleague receives a formal end-of-engagement feedback conversation before they transition to a new engagement.

### Unlocking growth through continuous learning

We provide development opportunities for every role, allowing peers to focus on working toward skill proficiency and meeting performance expectations in a connected, collaborative environment. Our programs are designed to balance leadership skills, capabilities for client service, technology acumen, and risk management awareness. Core programs may be:

- universal in content yet local in delivery, such as our One Firm Onboarding curriculum for new colleagues
- modular and hybrid, such as our Business Essentials program for client-facing colleagues with diverse educational and professional backgrounds
- digital and self-directed, such as our Tech Week, created to empower colleagues from any background to raise their proficiency in those skills
- customizable and facilitated, 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.

In 2022, our Learning Research and Innovation Lab developed a contemporary apprenticeship model for "intentional" learning—making the "invisible," such as an individual's thought processes, visible—and nonhierarchical learning and teaching.

### **Self-authored journeys**

We have reimagined Leadership Growth Plans for each colleague to provide them with an evolving set of aspirations, next steps, and support partners that will grow as they grow. 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.

We empower our colleagues to personalize their jobs and their development in ways that support flexibility and well-being, so they may find success through building skills, deepening expertise, and achieving impact.

### **Skills and impact-based advancement**

We are moving to a model of professional advancement based on demonstrated skill proficiency and impact. Our leadership model is rooted in a universal skill taxonomy that sets clear expectations, recognizes experience, and gives colleagues in every role opportunities to identify strengths and next steps. At the same time, our technological competency models offer a map for deepening expertise in specific areas.

Pairing the two models, plus learning and applying skills in the course of work, empowers colleagues to develop their unique profiles and advance, based on development inputs and outputs rather than tenure.

**2,500+**

McKinsey-created learning offerings available

**62**

average annual training hours per consulting colleague

**23**

average annual training hours per nonconsulting colleague

### **Mobility and global expertise**

We encourage growth and development by providing opportunities for professional experiences across our client practices, firm functions, and geographies. Mobility offers colleagues the chance to experience new cultures and client contexts, expand their networks, and develop global mindsets within our one-firm community.

We work closely with leaders across our firm to identify needs and move partners with relevant expertise. In 2022, five percent of our firm moved internationally across more than 65 countries. Our mobility programs provided nearly 300 early-tenure colleagues with short-term global experience and apprenticeships.

### **Growing after McKinsey**

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

Today, our alumni network includes more than 50,000 former colleagues across 140 countries. Nearly 1,000 are CEOs or C-suite leaders in leading private, public, and social sector organizations globally, and one in four have founded their own companies—including nearly 50 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.

**100%**

of colleagues had access to career- or skills-related training

**100%**

of our people received regular performance and career development reviews

# Caring for our colleagues

**As the effects of mental and emotional stress have become more prominent elements of every organization's workplace, we demonstrate care for our people and promote a culture of supportive, diverse, and empowering meritocracy.**

We approach health and well-being holistically—with benefits and programs that support mind, body, and financial well-being. We ask for feedback around different People topics in our weekly, firmwide Pulse survey, leveraging text analytics on anonymized data to improve the design of our initiatives for the populations that need them most.

## Championing mental health

Our Mind Matters program aims to advance the discussion about mental health and provide support for colleagues where and when they need it. The program is designed to support our people by proactively managing mental health disorders and challenges. 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 contacts in all our locations to address mental health issues, creating a safe option for discreet initial discussions and to find internal and external resources. Additionally, multiple learning programs and an ongoing storytelling campaign serve to increase awareness, remove taboos, and destigmatize mental health topics across the firm.

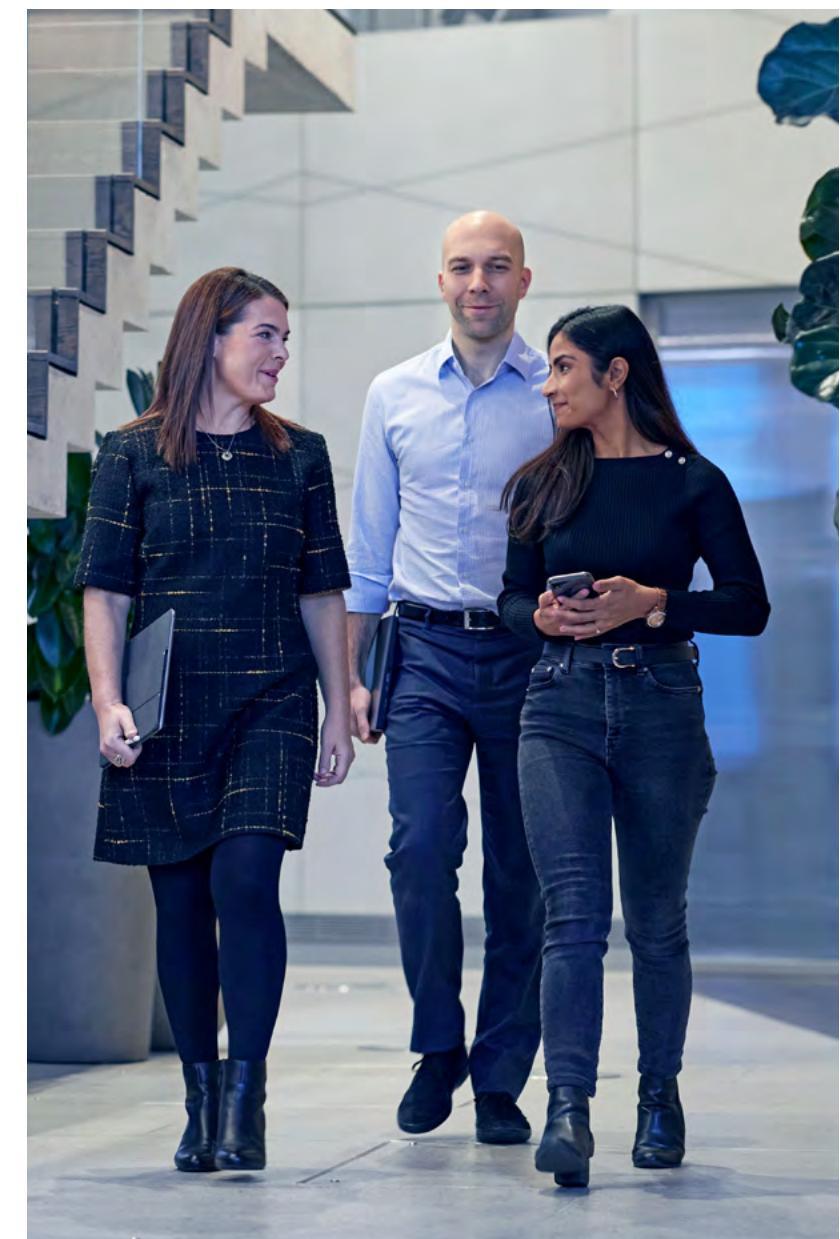
We are also members of [One Mind At Work](#) and the [MindForward Alliance](#). These organizations provide access to guides, toolkits, and resources, as well as events and networking opportunities, to develop and implement a gold standard for mental health and well-being in the workplace.

## Promoting resilience and well-being

We equip colleagues with skills, mindsets, and behaviors to build resilience through balanced well-being and personal health. We established a global well-being initiative 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 day-to-day activities via our WWW operating system. Our well-being offerings span a range of topics, including basics such as nutrition, physical fitness, meaning, and connection to others.

These topics appear in our flagship programs, 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.

To care for our people, we devote long-term focus on well-being and tracking organizational health through metrics. Our WWW function drives team habits and rituals for well-being. We believe that these approaches make a real difference in an individual's experience and, by extension, have a positive impact on serving our clients.



Our bi-weekly engagement team survey serves to take the pulse of our team's performance and individual well-being. For example, at the beginning of a project, we test whether team members have a shared understanding of how they will set boundaries and manage their well-being, and how they will foster a sense of belonging for all team members.

Our ongoing research shows that teams who practice WWW rituals enjoy lifestyles that are significantly more sustainable, a factor we believe is critical to well-being. Sustainability benefits our clients as well. Evidence points to the fact that McKinsey teams reporting the highest sustainability scores are more likely to report higher client satisfaction scores. Finally, we also see a correlation between the WWW rituals and an individual's sense of connectivity, care, and respect.

We embrace hybrid work. For most of our firm members and teams, hybrid work offers the ideal balance to achieve the best outcomes. We continue to research hybrid work, including encouraging teams to learn what works well in remote versus in-person settings. By leveraging data and input from our teams around the world, we can make better co-location decisions, refine models, and better inform workplace practices and team experiences that work for client, team, and individual needs.

## Ensuring colleagues' safety

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 Firm Security Team (FST), staffed by experienced professionals across the globe, partners with our offices and our Human Resources, Real Estate, Travel, and Technology teams. Together, they build internal resiliency and respond to incidents. Typically, the security team focuses on four contexts: workplaces, travel, client service, and events. We partner with leading providers in the industry to help ensure that colleagues can get security, medical, and counseling support, regardless of location.

## Providing competitive compensation and benefits

Our compensation decisions are guided by a total rewards philosophy to provide competitive pay and valuable benefits.

Ensuring that compensation and benefits are equitable is central to our People strategy. Our Compensation Policy Committee supports the strategy through the design and implementation of compensation, by overseeing our benefits, and by ensuring integrity and compliance with tax legislation and local requirements.



We are committed to equal pay for equal work; we have processes in place to help ensure pay equity. We are proud to report a 2022 weighted pay ratio of 99 percent, which represents the ratio of female to non-female colleagues based on total compensation by employee grouping and level by country.<sup>28</sup> Employment decisions, including compensation matters, are based on legitimate business needs, job requirements, and individual qualifications. Each colleague is compensated based on relevant skills and experience, performance in the role, and location.

Central to our pay equity approach are objective benchmarking and market insights from multiple external sources, as well as robust audit processes that ensure all colleagues are paid equitably throughout their careers. These efforts are led by our Global Compensation function. In partnership with the Legal team for the People function, we use 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, such as the Gender Pay Gap, the reporting requirement in the UK. McKinsey is committed to paying all colleagues a living wage; our lowest compensation ranges are above the applicable minimum wage, including for entry-level positions.

We offer generous benefits to colleagues and their families across our diverse population spanning more than 65 countries. Our colleagues' health and well-being are 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](#).

#### ***Our parental leave program***

We launched a re-boarding program at the firm for partners returning from parental leave that is now being extended around the world. This includes extended time to bond with and care for a new infant for parents, re-boarding benefits, coaching, and support for a phased return to client work.

The program inspired a newly expanded global parental leave policy for all colleagues that we shared in 2022. This policy extends firmwide parental leave (in most regions) and includes a reintegration program to help ensure returning colleagues can maintain their career growth.

#### **Our benefits**

**McKinsey's holistic benefits package for colleagues and their families includes:<sup>29</sup>**

##### ***Health and well-being***

- » Medical, dental, and vision coverage
- » Mental health
- » Business travel emergency protection

##### ***Financial protection***

- » Life and accident insurance
- » Disability insurance
- » Retirement programs

##### ***Family and personal support***

- » Personal leave policies and support
- » Parental leave policies
- » Adoption and surrogacy assistance
- » Elective egg preservation

<sup>28</sup> The pay ratio was calculated using annualized 2022 total compensation of female to non-female firm members, weighted based on segments including employee grouping and level by country, including non-partners and partners. Segments with a total number of colleagues less than ten were excluded.

<sup>29</sup> Listed benefits offered to McKinsey colleagues are not exhaustive and may vary by country.

# Ethics and compliance

**McKinsey has a proud history as a professional services firm committed to our values.**

We aim to lead our profession with a world-class Ethics and Compliance program that builds and maintains the trust of our clients and colleagues and society more broadly. We believe that the trust we earn enables our firm to drive impact for our clients and our communities. We continually invest in a culture that educates and supports our colleagues to do what's right and that inspires a shared commitment to ethics, integrity, and professionalism in our daily actions. We do this by maintaining and proactively building a culture of ethics, integrity, and compliance across our firm.



We proactively maintain a culture of ethics, integrity, and compliance across our firm.

## Governance and oversight

Building and maintaining a culture of integrity are the responsibilities of every firm member. Our ethics and compliance program is led by our global chief ethics and compliance officer and an Ethics and Compliance team dedicated to:

- fostering a firmwide culture of ethics and integrity
- identifying, analyzing, and addressing legal and regulatory risks
- establishing proper governance and controls for those risks
- developing and delivering relevant and risk-based learning in conjunction with dedicated risk learning experts
- monitoring compliance with policies and controls and continuously improving our program

The Ethics and Compliance team works closely with key stakeholders across our firm globally to ensure our risk-based programs are effective and sustainable. At the board level, these efforts are overseen by the Risk, Audit, and Governance Committee of McKinsey's Shareholders' Council.

Other global committees and groups are in place to support our governance structure, including our Professional Standards Committee, which addresses potential violations of firm policies or values by partners, and a network of trained professionals who manage and review personal conduct issues.

# Our Code of Professional Conduct and policies

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 those elements are anchored in our values. We expect all colleagues to comply with, and others working on our behalf—such as contractors, advisers, and other suppliers—to act in a manner consistent with, our Code.

We do 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 our business—and we never ask a third party to do so on our behalf. Our firm is committed to compliance with the anti-corruption laws of all jurisdictions in which we operate, including the US Foreign Corrupt Practices Act and the UK Bribery Act. Our Code and Global Anti-Corruption Policy reflect our commitment and hold our firm members, and the third parties we engage, accountable for maintaining those standards.



## Ethics and compliance programs

McKinsey's ethics and compliance programs are designed to address the risks that reflect the breadth and complexity of our clients' needs, the scope and scale of our operations, and our commitment to the highest standards of integrity and professionalism. Risk areas addressed by our programs include:

- » anti-corruption and bribery
- » antitrust and competition
- » civil rights
- » conflicts of interest
- » data protection and privacy
- » immigration
- » information security
- » personal investments
- » recruiting and hiring

Our Anti-Corruption Compliance program, overseen by our Ethics and Compliance team, is designed to effectively address our risks and incorporates regulatory guidance and best practices. We educate our firm members on our policies and procedures and provide them with multiple avenues for escalation, including seeking guidance from our Ethics and Compliance and Legal professionals, our [Got a Concern? helpline](#) and our Ask Risk system. Any violation of policy or law must be reported and carries appropriate consequences.

We work to build and maintain the trust of our clients, the communities in which we operate, and the talented colleagues who join our firm. We also expect our suppliers to adhere to our Supplier Code of Conduct, which includes standards related to anti-corruption. We have embedded risk-based anti-corruption due diligence procedures in third-party onboarding processes. Learn more about [working with suppliers](#).

## Training and compliance certification

We support our firm members through training and communication efforts to keep our commitment to ethics, integrity, and compliance top of mind. Upon joining the firm, all new hires are required to:

- understand and adhere to McKinsey's Code and policies
- participate in an in-person or virtual onboarding session where they learn about our firm values and what's expected of them as colleagues

# 100%

of colleagues completed annual Professional Standards and Risk training and certified compliance with firm policies and McKinsey Code<sup>30</sup>

All active McKinsey colleagues are required to participate in Professional Standards and Risk training and certify compliance with firm policies on an annual basis. Some of the topics covered in annual mandatory learning include anti-corruption, conflicts of interest, information security, anti-harassment, workplace conduct, environmental sustainability, and human rights.

In 2022, 100 percent of our active colleagues were assigned and completed the annual learning and certification.<sup>30</sup> In addition to firmwide training, colleagues receive additional learning tailored to their functions and roles. Our annual Values Day, a celebrated global event for all colleagues, is an opportunity for us to reflect on what it means to live our values.

## Raising concerns

Every firm member has the obligation to raise concerns about values, ethics, and professional conduct without the fear of retaliation. We aspire 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 [Got a Concern? global helpline](#) allows colleagues to raise concerns in a confidential manner and, where legally permissible, anonymously.

All good faith allegations of violations of the firm's standards are subject to review. Violation of our Code or policies can lead to disciplinary action, up to and including termination. To increase transparency and build trust, firm members are provided information on the types of concerns submitted and the discipline imposed for violations.

<sup>30</sup> This figure does not include firm members who qualified for an exemption (such as a leave of absence).

# Risk management

## McKinsey assesses risks to our firm in the short, medium, and long term across many areas.

This includes risks in areas such as legal, regulatory environment, market, and technology, as well as those arising from the physical impact of climate change. We also continually seek opportunities to better identify, analyze, and mitigate risk. Central to our approach is our risk framework, which provides the insight, controls, and technology we need to anticipate and proactively address risks.

We routinely and systematically undertake risk assessments. These assessments incorporate diverse qualitative and quantitative inputs, as well as external benchmarks, to produce a comprehensive view of risk by considering our potential exposure to elements of our Risk Taxonomy.<sup>31</sup> The Risk Taxonomy is itself regularly refreshed to ensure that we have an up-to-date view on new or emerging risk types. Risk assessments help us to understand the nature of the risks we face and what policies and controls we have in place to mitigate those risks. Assessment outcomes are shared with firm leadership, including the Shareholders' Council, our elected board of directors, and provide insights as to where further efforts or investment in risk mitigation would be most important.

<sup>31</sup> McKinsey's Official Risk Taxonomy covers 12 Level 1 risk areas, each of which is further divided into a number of Level 2 risk areas. Responsibility for risk ownership of most areas lies with the chief risk officer, with some elements lying with the chief financial officer, chief people officer, or the firm's general counsel.

Our collective risk management functions cover a broad spectrum of risks facing our firm and include groups focused on:

- Client Service Risk
- Enterprise Risk Management, Cyber and Data Risk
- Geopolitical Risk, Ethics & Compliance
- Physical Security

McKinsey's chief risk officer oversees these groups. Our Internal Audit group provides an independent assessment of the effectiveness of our controls in mitigating important risks, reporting its findings directly to the Risk, Audit, and Governance Committee (RAGC) of the Shareholders' Council.

### Read more about risk management

- » [Seizing the momentum to build resilience for a future of sustainable inclusive growth](#)
- » [How Europe's CEOs can build resilience to grow in today's economic maelstrom](#)



## Engaging our colleagues

Our risk management program's success depends greatly upon colleagues understanding what is expected of them in terms of protecting our clients, our people, and our firm. To ensure such understanding, we also have a team dedicated to making risk management efficient and effective. We support this effort with technology and process and through the work of colleagues in our firm learning group dedicated to creating engaging and comprehensive risk training. Colleagues receive regular messaging from the global managing partner, the chief risk officer, the chair of the RAGC, and regional leaders on what is expected of them and where and how to seek guidance in complex situations, including reaching out to our internal "Ask Risk" helpline.

# 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 to systematically identify and manage risk before committing to a client project.

Read more about our [client and engagement selection on our website](#).

# 100%

of new clients were vetted against our industry-leading CITIO framework, which also guides our approach to engagements

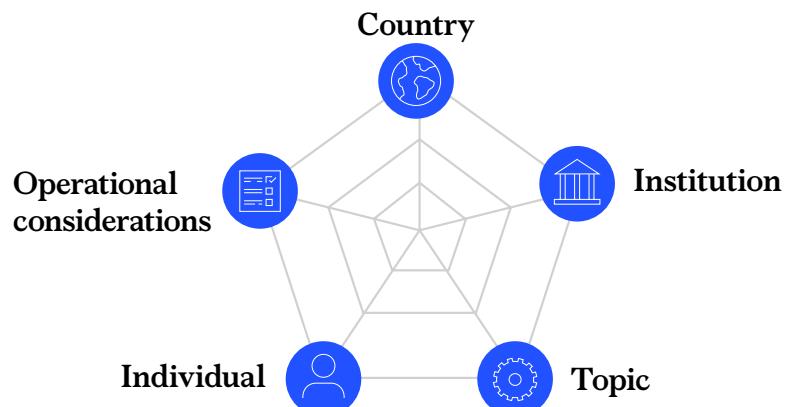
## Client and engagement selection

### Internal frameworks (CITIO)

We have policies and guidelines governing what work we will and will not do. In 2022, we updated our Client Service Policy. This strengthened and clarified the expectations and responsibilities of partners regarding client and engagement selection, and enhanced roles for practice and office leaders in engagement review and approval.

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.

#### Our CITIO dimensions



Within each of these dimensions, we have defined criteria that our colleagues must apply when assessing a potential client or engagement to ensure we consider potential unintended consequences of the work.

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.

In the government sector, we do not serve defense, intelligence, justice, or police institutions in nondemocratic countries (for which we base our assessment on the Economist Intelligence Unit’s Democracy Index), with limited exceptions for international aid and humanitarian work approved by our firm’s risk leadership. We also do not serve political parties, political advocacy groups, legislatures, or individual legislators’ offices; nor do we take part in political advocacy or lobbying on behalf of our clients.

### Dedicated oversight and decision-making support

Client service matters that require consideration beyond our standard processes are reviewed by our Client Service Risk team, with a subset of the most complex cases 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.

# Working with suppliers

**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 procurement operations and buying decisions.**

We enable this by striving to source from and 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 from our chief financial officer and input from a range of firm leaders. 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 decisions.

### Supplier standards and values

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

Since we strive to partner with suppliers that share our values and commitment to responsible conduct, we ask suppliers to agree to our Supplier Code of Conduct.<sup>32</sup> This code sets the standards and values we expect of all our suppliers and is embedded in our standard contract template. The code is available to download on our [Supplier Standards webpage](#) in 12 languages.



**We strive to partner with suppliers that share our values and commitment to responsible conduct.**

### Supplier due diligence

Our supplier due diligence process is part of a risk-based approach to identify, prevent, mitigate, account for, and support remediation of any adverse ESG impacts in our supply chain. It supports McKinsey's commitment to the UN Guiding Principles on Business and Human Rights.

As one component of our due diligence process, during supplier sourcing and selection stages the standard request for proposal templates used by our sourcing team includes questions used to screen potential suppliers on practices and policies in areas including environmental sustainability, diversity, and data privacy. New suppliers go through an onboarding process that includes risk-based screening to ensure the supplier follows applicable laws and meets our standards.<sup>33</sup> This process includes additional questions for suppliers with potentially higher ESG risk based on considerations such as spend level, country risk, and category risk. Our process is to carry out periodic diligence checks to assess changes in suppliers' circumstances at intervals determined by the suppliers' risk profile.

<sup>32</sup> Some exceptions apply.

<sup>33</sup> Some exceptions apply (e.g., suppliers for which an alternative third-party vetting process is utilized).

In 2022, we strengthened our supplier due diligence processes by adding a supplementary ESG-specific risk analysis tool and launching collaboration with a third-party supplier assessment platform. The supplier assessments conducted through this platform require document verification and review by an independent third party against globally recognized standards and frameworks. Moving forward, based on assessment results, McKinsey may request corrective actions from suppliers to address ESG improvement areas.

### Training for procurement colleagues

In 2022, we deployed a training program to all colleagues on our procurement team. The mandatory training covered information on sustainable procurement fundamentals and expectations of our procurement colleagues related to our Sustainable Procurement and Responsible Buying Policy. By the end of the year, 100 percent of eligible Optimize colleagues had completed this training.

**We doubled our spending with diverse suppliers within three years, achieving our Action 7 goal ☐**

**100%**

of eligible Optimize colleagues completed Sustainable Procurement and Responsible Buying Policy training

**25%+**

total spend with diverse suppliers achieved with Black-owned businesses

**15+<sup>34</sup>**

of our nondiverse suppliers reported on their own spend with diverse suppliers in collaboration with McKinsey

## Advancing supplier diversity

We believe that our supply chain should reflect the diversity of the communities in which we live and work. In 2020, as part of McKinsey's 10 Actions, we announced Action 7: the goal to double spending with diverse suppliers<sup>34</sup> within three years. In 2022, we are proud to have surpassed this goal.<sup>35</sup>

To make progress toward our Action 7 goal, we built and implemented category-specific strategies, grew our network of supplier diversity champions, expanded the integration of supplier diversity considerations into our sourcing processes, increased external engagement with diverse suppliers and nonprofit certification agencies, and more.

We continue to identify opportunities to expand our engagement of diverse-owned businesses through our outreach with advocacy and community-based diverse supplier organizations. We are proud corporate members of nine nonprofit organizations dedicated to supporting diverse suppliers. Our membership and outreach better position us to identify and engage diverse suppliers, participate in valuable programming, share in best practices, and maintain awareness about the needs of diverse suppliers. For a full list of our nonprofit partners, please visit our [Supplier Diversity Program webpage](#).

Beyond our procurement practices, we use McKinsey's unique capabilities and resources to help strengthen diverse-owned businesses. Since 2020, the [McKinsey Inclusive Business Accelerator](#) has supported Black-owned businesses, convening over 1,100 Black business leaders via conferences and networking events, delivering over 500 hours of capability building, and touching more than 3,000 employees through impact partnerships.

Moving forward, we will continue to grow and strengthen our supplier diversity efforts globally, including in geographies that are currently less represented in our program.



Inside McKinsey's Denver office, furnished by Corporate Concepts, a woman-owned business that creates better workplace experiences.

<sup>34</sup> 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.

<sup>35</sup> Applies to specific categories of diverse suppliers. Improved tracking contributed to progress against the goal.

## Driving supplier environmental sustainability

We are committed to engaging with our suppliers to promote environmental sustainability. Because indirect emissions from travel typically account for more than 80 percent of our carbon footprint,<sup>36</sup> we have made engaging with our travel-related suppliers a priority. For example, in 2022, we launched the CDP Supply Chain program with suppliers accounting for more than 80 percent of our Scope 3 business travel emissions. Engaging our suppliers through the CDP Supply Chain program will enable us to more easily identify risks and

opportunities related to emissions reductions in our own supply chain and will support and encourage our suppliers on their own emissions reduction journeys. In addition to our CDP Supply Chain launch, we also hosted our first supplier summit, attended by representatives from more than 25 suppliers, to share our expectations and explore areas for further collaboration and innovation on environmental sustainability. Finally, our Green Hotels program engages over 1,000 hotel properties on sustainability topics annually, using information collected from the process to encourage our colleagues to select environmentally sustainable properties.

### Read more about supply chain management

- » [Expand diversity among your suppliers—and add value to your organization](#)
- » [Future-proofing the supply chain](#)

# Top 1%

EcoVadis Sustainable Procurement score in our industry

**A- score**

on CDP's Supplier Engagement Rating, reflecting our commitment to engaging suppliers on climate change

**1,000+**

hotel properties engaged on sustainability

<sup>36</sup> Exceptions may apply such as when travel decreased due to COVID-19.

# Human rights

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

## Our policies and governance

We adhere to the principles set forth in the United Nations Global Compact (UNG), the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights.

Our [Human Rights Statement](#) affirms our commitment to respecting human rights across our entire value chain. 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 [Code of Professional Conduct](#) defines a set of expectations for the behavior of all firm members and for those working on our behalf.

Our Workplace Conduct Policy outlines our commitment to and expectation that all firm members be able to work in an environment free from harassment and discrimination. Our Recruiting and Hiring Policy establishes the requirement for all personnel processes to be merit-based and applied without discrimination.

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.

McKinsey's ESG Council oversees our approach to respecting human rights across the value chain. In 2022, we established a cross-functional Human Rights Working Group made up of representatives from Ethics and Compliance, Client Service Risk, Global Social Responsibility, Legal, People, and Procurement functions to operationalize our approach to human rights due diligence and management.

## Human rights due diligence

As a firm, we have processes in place to identify, assess, and address potential human rights violations—whether among our colleagues, in our client work, or in the supply chain. Learn more about [ethics and compliance](#), [working with clients](#), and [working with suppliers](#), at McKinsey.

### In our own operations

Our Workplace Conduct 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 found responsible for harassment, discrimination, or retaliation will be subject to disciplinary action, up to and including termination of employment.

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

As a UNGC 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](#).



We do not tolerate  
retaliation of any kind  
against anyone who,  
in good faith, reports  
potential or actual ethical  
or legal violations.

## In our client work

We will not perform client work that supports or enables human rights violations. As outlined in our [client service approach](#), our commitment to human rights informs whom we serve and on what topics. All work undertaken by the firm, including new and existing clients, undergoes a CITIO risk review in which human rights are embedded in every aspect of the following:

- **Country (of work)**, for example, does the country in question have specific human rights concerns we need to consider?
- **Institution (client)**, for example, has the institution been associated with enabling or engaging in human rights violations in any form?
- **Topic (scope of work)**, for example, does the topic create any risk of human rights impact (that is, impact on vulnerable populations)?
- **Individual (within the client with whom we'll be working)**, for example, do any of the individuals with whom we would work have an association with human rights concerns?
- **Operational considerations (consistency with firm policies)**

Should we identify red flags based on initial diligence research, we can undertake supplemental diligence that may include more in-depth public record research, a review of an entity's policies and procedures, and communications with the entity to solicit more information.

## In our supply chain

Our supplier due diligence process supports McKinsey's commitment to the UN Guiding Principles on Business and Human Rights. This report contains the [full description of our supplier due diligence process](#).

### Raising concerns

Every firm member has the right to report human rights concerns without fear of retaliation. We do not tolerate retaliation of any kind against anyone who, in good faith, reports potential or actual ethical or legal violations. In addition to clearly defined internal channels, we have a global [Got a Concern? helpline](#) that enables colleagues to raise concerns relating to any human rights issues confidentially and, where legally permissible, anonymously.

In addition, external parties—in particular, our suppliers and those working with them—can report any human rights concerns. We review all complaints and ensure that further inquiry and review are handled in accordance with applicable laws. For additional information, please see the [Ethics and compliance section](#) of this report and [McKinsey's Human Rights Statement](#).

# Data privacy and information security

We are committed to meeting high standards of data privacy and information security, whether the data belongs to our clients, partners, or firm members.

## Read more about data privacy and information security

- » [Why digital trust truly matters](#)
- » [Creating a technology risk and cyber risk appetite framework](#)

# 100%

of colleagues completed cybersecurity and data privacy training<sup>37</sup>



## Our approach to data privacy

We follow regulatory requirements and best practices to meet our data privacy obligations. Our approach is governed by our Data Protection and Privacy Policy, which builds on the requirements of the European General Data Protection Regulation and other data protection laws globally.

This policy applies to all our data processing activities. It is reviewed annually, and all firm members are required to confirm their compliance yearly. 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

In 2022, we improved our data archival and retention programs to enhance our client data and document management policy. We also updated our Acceptable Use of Technology Policy and improved cybersecurity measures and controls.

As part of our annual Professional Standards and Risk training, all colleagues must complete data privacy training and certify compliance with our policies. Our cyber awareness program provides ongoing training and best practice reminders, including phishing detection.



## Our approach to information security

Our strategy focuses on the people, processes, and technology that we have in place to maintain our clients' trust and protect their information. We have had no reportable cybersecurity incidents resulting in a data breach or loss event since 2020. Our program takes a risk-based approach to implement strong defenses built upon:

- industry-leading technologies
- regular training for our people
- 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/International Electrotechnical Commission 27001 standards and are assessed annually by an independent third party.

### Assessing vendor security

We also assess third-party vendors to confirm they apply adequate measures to protect the personal data they process on behalf of McKinsey. Contracts with appropriate protections are ensured by our Legal team.

<sup>37</sup> This is part of our Professional Standards and Risk training, which is also referenced in the Ethics and compliance section. 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).

# Reporting approach

In this chapter, we share our approach to reporting, from engaging our stakeholders to creating value.

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# Report scope

McKinsey & Company's 2022 Environmental, Social, and Governance (ESG) Report ("the Report") is our annual report detailing our commitments, programs, and performance on ESG priorities. All information reflects McKinsey & Company's worldwide operations, covering the period from 1 January 2022 to 31 December 2022, unless otherwise noted.

The Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards for this reporting period. It also includes our disclosure against World Economic Forum International Business Council's (WEF IBC) Stakeholder Capitalism metrics, and serves as our fifth Communication on Progress (CoP) to the UN Global Compact alongside—for the first time this year—the CoP questionnaire. We are also reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Disclaimer: The analyses and conclusions contained in this report refer to the period of the calendar 2022 and to information and data available to McKinsey and do not purport to contain or incorporate all the information. Although its content reflects McKinsey's current expectations regarding future events, the analyses and conclusions contained in this report are based on various assumptions, being based upon factors and events subject to uncertainty. Statements of expectation, forecasts, and projections relate to such future events and are based on assumptions that may not remain valid for the whole of the relevant period. Future results could be materially different from any forecast contained in the analyses. The analyses contained herein were undertaken by McKinsey as of the dates noted herein. McKinsey undertakes no obligation to revise or update any such analyses or any forward-looking statements.  
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Our GHG emissions inventory and renewable energy use data as well as select social responsibility contributions data were independently verified by Grant Thornton at a limited assurance level. See Grant Thornton's Report of Independent Public Accountants on [page 101](#).

For questions about this report, please contact us at  
[social\\_responsibility@mckinsey.com](mailto:social_responsibility@mckinsey.com)



# Stakeholder engagement

**Our firm, and the decisions that we make, affect a range of external and internal stakeholders. We use information from engaging these stakeholders to inform our firm's strategy, practices, and external reporting.**

These tables summarize the most common ways we engage our stakeholders, what we heard from them in 2022, and how we responded.

## Clients

### Engaging our stakeholders

#### Ongoing

- Client request for proposals (RFPs)
- Client engagements
- Client impact survey
- Industry collaborations
- Client requests/inquiries
- Virtual events and webinars

What we heard McKinsey should do in 2022	How we responded
<b>Upskilling</b> Provide support with upskilling and capacity-building	Introduced our new <a href="#">Sustainability Academy</a> to help clients upskill workers for the net-zero transition
<b>Climate action</b> Use its position as a trusted partner to accelerate clean energy efforts	Opened a new <a href="#">Global Decarbonization Hub</a> in Houston to accelerate clean energy efforts as part of our ambition to be the largest private sector catalyst for decarbonization
Innovate bold, state-of-the-art ideas, tools, and technologies to help clients accelerate climate action	Launched <a href="#">Catalyst Zero</a> , a new decarbonization solution designed to help clients find and remove carbon across their businesses, backed by data intelligence from Microsoft
<b>Racial equity</b> Continue to champion racial equity	Trained 10,000+ Black leaders through the <a href="#">Black Leadership Academy</a> , developed research on 20+ topics to date and worked with 20+ partner nonprofits to launch 25+ projects Continued publishing original research on diversity, equity, and inclusion (DEI) and economic mobility

# Colleagues

## Engaging our stakeholders

### Regularly

- Pulse survey (weekly)
- People survey (annually)
- All-colleague survey on priority ESG topics for the firm

### Ongoing

- Recruiting engagements

## Efforts from Bob Sternfels, Global Managing Partner

- “What’s on your mind” sessions (bi-monthly)
- “What’s on your mind” emails (monthly)
- Dedicated sessions with partners and colleague meetings around the world

	What we heard McKinsey should do in 2022	How we responded
<b>Personal and professional challenges</b>	<p>Some colleagues experienced acute personal challenges due to disruptions such as the invasion of Ukraine and the second COVID-19 wave in India</p> <p>Early tenure consulting colleagues noted a decline in their professional development experience due to COVID-19-related limitations</p>	<p>Identified impacted locations and populations so the Mind Matters team could enact interventions to better support colleagues</p> <p>Launched mentorship programs across firm targeting new joiners, and worked with initiative leaders to identify opportunities to intervene and improve their experience</p>
<b>Sustainable workplaces</b>	<p>Colleagues were interested in the environmental implications of returning to the office after the pandemic</p> <p>Top ESG topics for firm according to colleagues worldwide:</p> <ul style="list-style-type: none"><li>• climate change and emissions</li><li>• employee well-being</li><li>• DEI</li><li>• enabling clients' environmental and social impact</li><li>• resource efficiency</li></ul>	<p>Assured colleagues that sustainability was crucial to McKinsey's return-to-office equation, including embracing hybrid working models and sustainable office infrastructure</p> <p>Continue using the all-colleague ESG survey results to prioritize action on material ESG topics</p>
<b>ESG considerations</b>	<p>Colleagues of all tenures expressed interest in contributing to the firm's ambition to accelerate sustainable and inclusive growth for the world</p>	<p>Shared ways for colleagues to get involved with the sustainability practice in direct-to-colleague channels</p>

# Suppliers

## Engaging our stakeholders

### Ongoing

- Supplier RFPs
- Qualification and onboarding (ESG risk screen)
- Supplier Code of Conduct expectations
- ESG supplier assessments
- Capability conversations with diverse suppliers
- Tier 2 reporting from select nondiverse suppliers

### Select suppliers

- Quarterly business reviews
- Supplier summits/training
- ESG supplier assessments
- Science-based target expectations

What we heard McKinsey should do in 2022	How we responded
<b>Supplier engagement</b>	
Increase direct supplier engagement and capacity-building	Hosted McKinsey's first virtual Supplier Sustainability Summit on ESG and science-based target expectations
Communicate the importance of emissions reductions to suppliers	Launched CDP Supply Chain and invited 80+ suppliers to participate
Increase visibility at supplier diversity advocacy events	
<b>Supplier diversity</b>	
Share supplier diversity successes and learnings	Participated in four national supplier diversity conferences, global monthly and quarterly member meetings, and Women of Color Bi-Monthly Seminars Communicated progress against supplier diversity goals
<b>Supplier due diligence</b>	
Continue to strengthen supplier due diligence processes to further align with the UN Guiding Principles on Business and Human Rights	Launched an ESG risk supplier assessment and corrective action platform

# Communities

## Engaging our stakeholders

### Ongoing

- Local McKinsey office engagement in 130+ cities
- Partnership with 4K+ nonprofits
- Webcasts, in-person and virtual events for alumni
- Alumni newsletters/emails for affinity groups
- Global monthly alumni newsletter, including alumni features and recent McKinsey research

What we heard McKinsey should do in 2022	How we responded
<b>Giving back</b> Continue to equip colleagues to give back to their local communities	Increased efforts to educate colleagues about <a href="#">company donation matching and paid volunteer time off</a> , resulting in global increases
<b>Community presence</b> Increased transparency around work in communities and with nonprofit partners	Shared more stories about work with community partners, such as <a href="#">Homeboy Industries and Greater Washington Partnership</a>
<b>Humanitarian crises</b> Continue to step up to support humanitarian crises beyond support for those affected by the war in Ukraine	Increased efforts to deliver longer-term support to refugees of the <a href="#">war in Ukraine</a> Developed a global crisis response framework to improve ability to provide effective and fast support for humanitarian crises in the future
<b>ESG leadership</b> Continue playing a leadership role in ESG and advancing conservation, engaging alumni in these efforts	Prioritized ESG content in alumni communications and events strategy to help them serve as ambassadors and change agents in their organizations and communities

# Civil society

## Engaging our stakeholders

### Ongoing

Continued engagement with various organizations on topics including:

- gender equality
- responsible business practices
- climate change and environmental sustainability
- economic inclusion

Visit our website for a list of [our key memberships](#).

What we heard McKinsey should do in 2022	How we responded
<b>Decarbonization</b>  Enhance and verify its disclosure around climate change Accelerate investment in high-quality natural climate solutions credits in addition to decarbonization efforts Provide a clear market (demand) signal to drive progress for Sustainable Aviation Fuel (SAF) and carbon removals	Recognized as part of CDP's Climate Change A List—the gold standard for climate disclosure—for transparency and leadership  Disclosed anticipated demand for sustainable aviation fuel/carbon removals as a market signal  Employed third-party due diligence on carbon offsetting program to ensure the integrity of these carbon credits
<b>Diversity, equity and inclusion (DEI)</b>  Design a global solution for advancing DEI beyond the firm Re-engage communities and colleagues on DEI following the pandemic-induced setback on progress	Launched the <a href="#">Global Parity Alliance</a> to accelerate DEI outcomes in partnership with the World Economic Forum  Convened the Alliance in person to unite leaders and continue driving DEI priorities and LGBTQ+ equality and greater acceptance in the workplace and society

# Materiality assessment

**Our world is constantly evolving—  
as must our approach to our impacts  
as a company, in line with our  
purpose, mission and values.**

We conduct periodic materiality assessments to identify and prioritize ESG topics, both those that are most significant to our stakeholders and those where we can have the greatest positive impact. The results inform our ESG priorities 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 perform light-touch materiality updates annually to capture any shifts in stakeholder expectations. In 2022, we conducted a survey asking our colleagues to prioritize the ESG topics that matter most to them. The results informed this report.

## Our materiality assessment process at a glance

### 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

Importance to external stakeholders	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 ESG standards	Data privacy and security Recruiting, training, and development Community engagement and pro bono Employee well-being
Compensation and benefits	Resource efficiency Economic performance Responsible innovation	

## Importance to McKinsey

# 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.**

As a global professional services firm, our client service is where we have the greatest opportunity for impact. To enable client impact, our more than 45,000 colleagues around the world work with organizations across the private, public, and social sectors to solve complex problems and create positive change for all their stakeholders.

Our partnership-based business model along with McKinsey's unique capabilities, technology assets and external collaborations all contribute to how we create holistic impact with clients. Our research and insights help shape public debate, accelerate action, and enable solutions across the most pressing issues, including ESG topics.

At the same time, we create value as a firm by attracting, developing, exciting, and retaining exceptional people. We do this by thoughtfully recruiting and training colleagues, by creating opportunities to support local communities through volunteerism and pro bono work, and by providing resources and support for employee well-being. All of this is underpinned by our commitment to lead with integrity and set the standard for accountability and compliance for our profession.

## 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

**Aspiration  
To accelerate 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

# Performance data

## Our firm

	2020	2021	2022
Number of colleagues	34,000+	38,000+	<b>45,000+</b>
Number of alumni	40,000+	44,000+	<b>50,000+</b>
Number of clients	n/r*	3,000	<b>3,000+</b>
Revenue	\$12B+	\$15B+	<b>\$15B+</b>

## Sustainability

	2020	2021	2022
Number of sustainability-related client engagements	n/r	1,200+	<b>1,600+</b>
Number of colleagues focused on sustainability, including green business-building, decarbonization, and nature-based capital	1,000+	2,000+	<b>3,500+</b>

\*n/r: not reported.

<sup>38</sup> Figures in this section may not sum to total because of rounding.

<sup>39</sup> We have set science-based targets and have committed to reduce absolute Scope 1 and 2 GHG emissions 25% and Scope 3 GHG emissions from business travel 30% per employee by 2025 from a 2019 baseline year.

<sup>40</sup> Certain of these metrics for the year ended December 31, 2022 were subject to review by our independent certified public accountants in accordance with attestation standards established by the American Institute of Certified Public Accountants as stated in their report appearing on [page 101](#). Refer to Appendix 1 on [page 102](#) for the complete list of metrics subjected to review.

<sup>41</sup> Updated 2021 per capita number due to a data error found in the previously reported stats.

<sup>42</sup> Updated 2021 Fuels and Purchased electricity due to a data error; total reported energy consumption is unchanged.

<sup>43</sup> 2022 data inclusive of commercial interiors and/or office buildings.

### GHG emissions (thousand tCO<sub>2</sub>e)<sup>38</sup>

	2019 <sup>39</sup>	2020	2021	2022 <sup>40</sup>
Scope 1	15	12	12	<b>10</b>
Scope 2 (market-based)	3	3	3	<b>3</b>
Scope 2 (location-based)	23	17	17	<b>19</b>
Scope 3	725	208	169	<b>519</b>
Total emissions (market-based)	743	223	183	<b>532</b>

### GHG emissions intensity (tCO<sub>2</sub>e)<sup>38</sup>

	2019	2020	2021	2022
Emissions per colleague (market-based)	23.8	7.0	5.3 <sup>41</sup>	<b>13.1</b>

### Energy consumption (MWh)

	2020	2021	2022
Fuels	45,624	41,149 <sup>42</sup>	<b>38,873</b>
Purchased electricity	40,651	41,449 <sup>42</sup>	<b>45,289</b>
Purchased heat	9,516	9,288	<b>8,771</b>
Total energy consumed	95,791	91,886	<b>92,933</b>
Renewable electricity consumed (%)	95.0	97.2	<b>97%</b>

### Electricity consumption from renewable sources (%)

	2020	2021	2022
Biomass	2%	5%	<b>0%</b>
Geothermal	1%	1%	<b>3%</b>
Hydro	7%	56%	<b>12%</b>
Solar	42%	10%	<b>25%</b>
Wind	48%	29%	<b>60%</b>

### Sustainable workplace

	2020	2021	2022
Number of office locations with Green Teams	100+	100+	<b>120</b>
Percent global office space in LEED certified (or equivalent) commercial interiors or office buildings	65%	59%	<b>61%<sup>43</sup></b>
Percent global office space in LEED Gold or Platinum (or equivalent) certified commercial interiors or office buildings	46%	45%	<b>49%<sup>43</sup></b>

# Inclusive Growth

Diversity, equity, and inclusion<sup>44</sup>

## Global governance bodies

	2020	2021	2022
<b>Shareholders' Council (firm's board)<sup>45</sup></b>			
Total members	30	31	<b>31</b>
Women	21%	26%	<b>26%</b>
<b>Acceleration Team (Executive Committee)<sup>46</sup></b>			
Total members	19	19	<b>21</b>
Women	26%	32%	<b>33%</b>

## Global workforce

	2020	2021	2022
Women, all colleagues	46%	48%	<b>48%</b>
Women, managers	42%	45%	<b>45%</b>
Women, leadership <sup>47</sup>	25%	26%	<b>28%</b>
Women, new hires	47%	49%	<b>49%</b>
Women, client-serving colleagues <sup>48</sup>	35%	37%	<b>38%</b>
Women, client-serving new hires <sup>48</sup>	42%	42%	<b>41%</b>

## US workforce

	2020	2021	2022
Total number of colleagues	9,713	11,342	<b>14,791</b>
Women	49%	49%	<b>50%</b>
<b>Race/ethnicity</b>			
Black or African American	5%	6%	<b>7%</b>
Asian	27%	28%	<b>29%</b>
White	57%	54%	<b>52%</b>
Hispanic or Latino	7%	8%	<b>8%</b>
Other <sup>49</sup>	3%	3%	<b>3%</b>
Undefined <sup>49</sup>	1%	0%	<b>0%</b>
<b>Other diversity groups</b>			
Veteran	2%	3%	<b>3%</b>
LGBTQ+	5%	6%	<b>6%</b>
Disability	3%	3%	<b>6%</b>

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, male, or nonbinary. The current percentage of nonbinary colleagues is less than 1%.

<sup>44</sup> All figures have been updated from last year's report to reflect more accurate information. Race/ethnicity data captured in this report is based on self-identification and reflects new survey data as of January 1st, 2023. Percentages may not sum to 100% due to rounding.

<sup>45</sup> In previous reports, the Global Managing Partner (GMP) was not included in the total number of Shareholders' Council members. This year and going forward, we will include the GMP in the count. We have also restated historicals in this report to be consistent with this methodology.

<sup>46</sup> In previous reports, the Global Managing Partner (GMP) and Extended Acceleration Team (AT) were not included in the total number of Acceleration Team members. This year and going forward, we will include the GMP and the Extended AT in the count. We have also restated historicals in this report to be consistent with this methodology.

<sup>47</sup> The leadership definition has been updated to better reflect leadership roles at the firm. These roles include all partners, associate partners, and other senior firm leaders. Historical leadership numbers have been restated to be consistent with this definition.

<sup>48</sup> This population was referred to in previous reports as "client-facing" and is now referred to as "client-serving." All historical and current data records have been updated to reflect the updated definition.

<sup>49</sup> "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.

## Diversity, equity, and inclusion (continued)

### US workforce, intersectionality of gender + race/ethnicity<sup>50</sup>

	2020	2021	2022
<b>Women</b>			
Black or African American	6%	7%	<b>8%</b>
Asian	24%	27%	<b>27%</b>
White	59%	55%	<b>53%</b>
Hispanic or Latino	7%	8%	<b>8%</b>
Other <sup>51</sup>	3%	3%	<b>4%</b>
Undefined <sup>51</sup>	0%	0%	<b>0%</b>
<b>Men</b>			
Black or African American	4%	5%	<b>6%</b>
Asian	30%	30%	<b>31%</b>
White	56%	54%	<b>52%</b>
Hispanic or Latino	8%	8%	<b>8%</b>
Other <sup>51</sup>	2%	3%	<b>3%</b>
Undefined <sup>51</sup>	1%	0%	<b>0%</b>

### US workforce, managers

	2020	2021	2022
<b>Women</b>	47%	50%	<b>49%</b>
<b>Race/ethnicity</b>			
Black or African American	3%	4%	<b>5%</b>
Asian	29%	30%	<b>29%</b>
White	59%	57%	<b>57%</b>
Hispanic or Latino	5%	6%	<b>6%</b>
Other <sup>51</sup>	3%	3%	<b>3%</b>
Undefined <sup>51</sup>	0%	0%	<b>0%</b>
<b>Other diversity group</b>			
Veteran	2%	3%	<b>3%</b>
LGBTQ+	4%	5%	<b>5%</b>
Disability	2%	3%	<b>5%</b>

### US workforce, leadership<sup>52</sup>

	2020	2021	2022
<b>Women</b>	31%	32%	<b>34%</b>
<b>Race/ethnicity</b>			
Black or African American	2%	2%	<b>3%</b>
Asian	26%	26%	<b>26%</b>
White	65%	65%	<b>64%</b>
Hispanic or Latino	5%	5%	<b>6%</b>
Other <sup>51</sup>	1%	2%	<b>2%</b>
Undefined <sup>51</sup>	1%	0%	<b>0%</b>
<b>Other diversity group</b>			
Veteran	2%	2%	<b>2%</b>
LGBTQ+	4%	4%	<b>4%</b>
Disability	3%	3%	<b>4%</b>

<sup>50</sup> Nonbinary colleagues represent less than 1% of total US workforce and are not included in the intersectional view.

<sup>51</sup> "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.

<sup>52</sup> The leadership definition has been updated to better reflect leadership roles at the firm. These roles include all partners, associate partners, and other senior firm leaders. Historical leadership numbers have been restated to be consistent with this definition.

## Diversity, equity, and inclusion (continued)

### US workforce, new hires

	2020	2021	2022
Number of colleagues	1,491	3,193	<b>4,568</b>
Women	50%	47%	<b>51%</b>
<b>Race/ethnicity</b>			
Black or African American	6%	10%	<b>10%</b>
Asian	33%	32%	<b>30%</b>
White	48%	43%	<b>42%</b>
Hispanic or Latino	7%	7%	<b>9%</b>
Other <sup>53</sup>	4%	4%	<b>4%</b>
Undefined <sup>53</sup>	2%	3%	<b>5%</b>
<b>Other diversity group</b>			
Veteran	4%	3%	<b>3%</b>
LGBTQ+	8%	6%	<b>8%</b>
Disability	5%	5%	<b>2%</b>

### US workforce, client-serving colleagues only<sup>54</sup>

	2020	2021	2022
Number of colleagues	6,182	7,335	<b>9,714</b>
Women	38%	39%	<b>41%</b>
<b>Race/ethnicity</b>			
Black or African American	4%	5%	<b>6%</b>
Asian	34%	35%	<b>35%</b>
White	52%	50%	<b>48%</b>
Hispanic or Latino	6%	7%	<b>7%</b>
Other <sup>53</sup>	3%	3%	<b>3%</b>
Undefined <sup>53</sup>	1%	0%	<b>0%</b>

### US workforce, client-serving new hires only<sup>54</sup>

	2020	2021	2022
Number of colleagues	1,080	2,335	<b>3,080</b>
Women	47%	40%	<b>44%</b>
<b>Race/ethnicity</b>			
Black or African American	7%	9%	<b>8%</b>
Asian	36%	37%	<b>36%</b>
White	45%	42%	<b>37%</b>
Hispanic or Latino	7%	7%	<b>8%</b>
Other <sup>53</sup>	4%	4%	<b>4%</b>
Undefined <sup>53</sup>	1%	3%	<b>6%</b>

<sup>53</sup> "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.

<sup>54</sup> This population was referred to in previous reports as "client-facing" and is now referred to as "client-serving." All historical and current data records have been updated to reflect the updated definition.

## Learning and development

	2020	2021	<b>2022</b>
Investment in knowledge development, capability building, and learning	\$700M+	\$850M+	<b>\$850M+</b>
Average training hours per consulting colleague	43	52	<b>62</b>
Average training hours per nonconsulting colleague	18	22	<b>23</b>
Percent colleagues receiving regular performance and career development reviews	100%	100%	<b>100%</b>
Percent colleagues with access to career- or skills-related training	100%	100%	<b>100%</b>

## Turnover

	2020	2021	<b>2022</b>
Turnover rate, all colleagues	12.6%	17%	<b>13.9%</b>

## Our giving

	2020	2021	<b>2022</b>
Number of pro bono engagements	150+	150+	<b>170+</b>
Number of pro bono clients served	n/r*	130+	<b>150+</b>
Spend toward \$2 billion commitment to social responsibility by 2030 (in cash and in-kind)	\$151M+	\$190M+	<b>\$275M+<sup>55</sup></b>
Hours dedicated to social responsibility initiatives	222,000	321,000	<b>488,500<sup>55</sup></b>
Number of nonprofits supported through pro bono engagements, McKinsey Gives, and McKinsey Grants	n/r	3,900+	<b>4,000+</b>

\*n/r: not reported.

<sup>55</sup> This metric for the year ended December 31, 2022 was reviewed by our independent certified public accountants in accordance with attestation standards established by the American Institute of Certified Public Accountants as stated in their report appearing on page 101.

# Responsible Business Practices

## Ethics and compliance

	2020	2021	2022
Percent colleagues completing annual Professional Standards and Risk training <sup>56</sup>	100%	100%	<b>100%</b>
Investment in strengthening our risk management teams and capabilities (since 2018)	n/r*	\$600M+	<b>~\$700M</b>

## Working with suppliers

	2020	2021	2022
<b>Supplier diversity</b>			
Percent of diverse spend achieved with Black-owned businesses	n/r	n/r	25%+
Number of nondiverse suppliers collaborating on Tier 2 reporting	n/r	15+	15+

## Supplier environmental sustainability

Number of hotel properties engaged on sustainability	n/r	1,000+	1,000+
Percent of Scope 3 business travel emissions represented by suppliers engaged on sustainability	n/r	n/r	80%+

## Training

Percent of Optimize colleagues completed Sustainable Procurement and Responsible Buying Policy training	n/r	93%	100%
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\*n/r: not reported.

<sup>56</sup> 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).

# GRI content index

McKinsey & Company has reported in accordance with the GRI Standards for the period January 1, 2022 to December 31, 2022.

Disclosure number	Disclosure title	Location of McKinsey response
GRI 1	Foundation 2021	
GRI 2	General disclosures 2021	
2-1	Organizational details	<a href="#">Introduction/About McKinsey</a> <a href="#">About us</a> <a href="#">Our offices</a>
2-2	Entities included in the organization's sustainability reporting	<a href="#">Reporting approach/Report scope</a>
2-3	Reporting period, frequency and contact point	<a href="#">Reporting approach/Report scope</a>
2-4	Restatements of information	No significant restatements required.
2-5	External assurance	<a href="#">Reporting approach/Report scope</a> <a href="#">Reporting approach/Independent assurance statement</a>
2-6	Activities, value chain and other business relationships	<a href="#">Introduction/About McKinsey</a> <a href="#">Responsible practices/Working with suppliers</a> <a href="#">Responsible practices/Working with clients</a> <a href="#">Industries</a>
2-7	Employees	<a href="#">Reporting approach/Performance data</a>
2-8	Workers who are not employees	Not reported due to confidentiality constraints.
2-9	Governance structure and composition	<a href="#">Introduction/Our governance</a> <a href="#">Our leadership</a>

Disclosure number	Disclosure title	Location of McKinsey response
2-10	Nomination and selection of the highest governance body	<a href="#">Introduction/Our governance</a> <a href="#">Our leadership</a>
2-11	Chair of the highest governance body	<a href="#">Introduction/Our governance</a> <a href="#">Our leadership</a>
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">Introduction/ESG oversight</a>
2-13	Delegation of responsibility for managing impacts	<a href="#">Introduction/ESG oversight</a> <a href="#">Reporting approach/TCFD index</a>
2-14	Role of the highest governance body in sustainability reporting	<a href="#">Introduction/ESG oversight</a>
2-15	Conflicts of interest	<a href="#">Client service policies</a> <a href="#">Code of Professional Conduct</a>
2-16	Communication of critical concerns	<a href="#">Responsible practices/Raising concerns</a>
2-17	Collective knowledge of the highest governance body	<a href="#">Introduction/Our governance</a>
2-18	Evaluation of the performance of the highest governance body	<a href="#">Introduction/Our governance</a> Not all disclosures are reported due to confidentiality constraints.
2-19	Remuneration policies	<a href="#">Sustainability/Our path to net zero</a> <a href="#">Responsible practices/Providing competitive compensation and benefits</a>



Disclosure number	Disclosure title	Location of McKinsey response
2-20	Process to determine remuneration	<a href="#">Responsible practices/Providing competitive compensation and benefits</a>
2-21	Annual total compensation ratio	<a href="#">Responsible practices/Providing competitive compensation and benefits</a> Not all disclosures are reported due to confidentiality constraints.
2-22	Statement on sustainable development strategy	<a href="#">Introduction/Message from our global managing partner</a> <a href="#">Introduction/Accelerating sustainable and inclusive growth for the world</a> <a href="#">Introduction/Our approach to impact</a> <a href="#">Introduction/Our approach to ESG</a>
2-23	Policy commitments	<a href="#">Code of Professional Conduct</a> <a href="#">Supplier Code of Conduct</a> <a href="#">Supplier Standards</a> <a href="#">Environmental statement</a> <a href="#">Human rights statement</a> <a href="#">Client service policies</a>
2-24	Embedding policy commitments	Details for how we embed our policy commitments are included throughout the report for relevant material topics.
2-25	Processes to remediate negative impacts	<a href="#">Responsible practices/Ethics and compliance</a> <a href="#">Responsible practices/Raising concerns</a> <a href="#">Responsible practices/Human rights</a> <a href="#">Human rights statement</a>
2-26	Mechanisms for seeking advice and raising concerns	<a href="#">Responsible practices/Raising concerns</a> <a href="#">Code of Professional Conduct</a> <a href="#">Supplier Code of Conduct</a> <a href="#">Human rights statement</a>
2-27	Compliance with laws and regulations	Not reported due to confidentiality constraints.

Disclosure number	Disclosure title	Location of McKinsey response
2-28	Membership associations	Highlighted throughout the report. <a href="#">Sustainability/Our key actions in 2022</a> <a href="#">Sustainability/Catalyzing climate action now</a> <a href="#">Our commitment to environmental sustainability</a>
2-29	Approach to stakeholder engagement	<a href="#">Reporting approach/Stakeholder engagement</a>
2-30	Collective bargaining agreements	This information is not tracked globally as most McKinsey colleagues are not covered by collective bargaining agreements.
GRI 3	<b>Material topics 2021</b>	
3-1	Process to determine material topics	<a href="#">Reporting approach/Materiality assessment</a>
3-2	List of material topics	<a href="#">Reporting approach/Materiality assessment</a>
GRI 201	<b>Economic Performance 2016</b>	
3-3	Management of material topics	<a href="#">Introduction/About McKinsey</a>
201-2	Financial implications and other risks and opportunities due to climate change	<a href="#">Reporting approach/TCFD index</a>
GRI 205	<b>Anti-Corruption 2016</b>	
3-3	Management of material topics	<a href="#">Responsible practices/Ethics and compliance</a>
205-1	Operations assessed for risks related to corruption	<a href="#">Responsible practices/Risk management</a>
205-2	Communication and training about anti-corruption policies and procedures	<a href="#">Responsible practices/Responsible practices at a glance</a> <a href="#">Responsible practices/Ethics and compliance</a> <a href="#">Responsible practices/Working with suppliers</a>



Disclosure number	Disclosure title	Location of McKinsey response
GRI 302	Energy 2016	
3-3	Management of material topics	<a href="#">Sustainability/Our path to net zero</a> <a href="#">Environmental statement</a>
302-1	Energy consumption within the organization	<a href="#">Sustainability/Sustainability at a glance</a> <a href="#">Sustainability/Cutting our own emissions</a> <a href="#">Reporting approach/Performance data</a>
GRI 303	Water and Effluents 2018	
3-3	Management of material topics	<a href="#">Sustainability/Cutting our own emissions</a>
303-1	Interactions with water as a shared resource	<a href="#">Sustainability/Cutting our own emissions</a>
GRI 305	Emissions 2016	
3-3	Management of material topics	<a href="#">Sustainability/Our path to net zero</a> <a href="#">Reporting approach/TCFD index</a>
305-1	Direct (Scope 1) GHG emissions	<a href="#">Sustainability/Cutting our own emissions</a> <a href="#">Reporting approach/Performance data</a>
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Sustainability/Cutting our own emissions</a> <a href="#">Reporting approach/Performance data</a>
305-3	Other indirect (Scope 3) GHG emissions	<a href="#">Sustainability/Cutting our own emissions</a> <a href="#">Reporting approach/Performance data</a>
305-4	GHG emissions intensity	<a href="#">Sustainability/Cutting our own emissions</a> <a href="#">Reporting approach/Performance data</a>
305-5	Reduction of GHG emissions	<a href="#">Sustainability/Sustainability at a glance</a> <a href="#">Sustainability/Our path to net zero</a> <a href="#">Sustainability/Cutting our own emissions</a>

Disclosure number	Disclosure title	Location of McKinsey response
GRI 306	Waste 2020	
3-3	Management of material topics	<a href="#">Sustainability/Cutting our own emissions</a> <a href="#">Environmental statement</a>
306-2	Management of significant waste-related impacts	<a href="#">Sustainability/Cutting our own emissions</a>
GRI 308	Supplier Environmental Assessment 2016	
3-3	Management of material topics	<a href="#">Responsible practices/Working with suppliers</a> <a href="#">Supplier Code of Conduct</a>
308-1	New suppliers that were screened using environmental criteria	<a href="#">Responsible practices/Working with suppliers</a>
GRI 401	Employment 2016	
3-3	Management of material topics	<a href="#">Inclusive growth/Our approach to people</a> <a href="#">Inclusive growth/Attracting top talent</a> <a href="#">Responsible practices/Caring for our colleagues</a>
401-1	New employee hires and employee turnover	<a href="#">Reporting approach/Performance data</a>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<a href="#">Responsible practices/Providing competitive compensation and benefits</a>
401-3	Parental leave	<a href="#">Responsible practices/Providing competitive compensation and benefits</a>
GRI 403	Occupational Health and Safety 2018	
3-3	Management of material topics	<a href="#">Responsible practices/Caring for our colleagues</a>
403-1	Occupational health and safety management system	<a href="#">Responsible practices/Caring for our colleagues</a>
403-6	Promotion of worker health	<a href="#">Responsible practices/Caring for our colleagues</a>



Disclosure number	Disclosure title	Location of McKinsey response
GRI 404	Training and Education 2016	
3-3	Management of material topics	<a href="#">Responsible practices/Developing our colleagues</a>
404-1	Average hours of training per year per employee	<a href="#">Responsible practices/Developing our colleagues</a> <a href="#">Reporting approach/Performance data</a>
404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Responsible practices/Developing our colleagues</a>
404-3	Percentage of employees receiving regular performance and career development reviews	<a href="#">Responsible practices/Developing our colleagues</a> <a href="#">Reporting approach/Performance data</a>
GRI 405	Diversity and Equal Opportunity 2016	
3-3	Management of material topics	<a href="#">Inclusive growth/Diversity, equity, and inclusion</a>
405-1	Diversity of governance bodies and employees	<a href="#">Introduction/Our governance</a> <a href="#">Inclusive growth/Diversity, equity, and inclusion</a> <a href="#">Reporting approach/Performance data</a>
405-2	Ratio of basic salary and remuneration of women to men	<a href="#">Responsible practices/Providing competitive compensation and benefits</a>
GRI 412	Human Rights Assessment 2016	
3-3	Management of material topics	<a href="#">Responsible practices/Human rights</a> <a href="#">Human rights statement</a>
412-2	Employee training on human rights policies or procedures	<a href="#">Responsible practices/Human rights</a>

Disclosure number	Disclosure title	Location of McKinsey response
GRI 413	Local Communities 2016	
3-3	Management of material topics	<a href="#">Inclusive growth/Our approach to advancing social responsibility</a>
413-1	Operations with local community engagement, impact assessment and development programs	<a href="#">Inclusive growth/Our approach to advancing social responsibility</a> <a href="#">Reporting approach/Performance data</a>
GRI 414	Supplier Social Assessment 2016	
3-3	Management of material topics	<a href="#">Responsible practices/Working with suppliers</a> <a href="#">Supplier Code of Conduct</a>
414-1	New suppliers that were screened using social criteria	<a href="#">Responsible practices/Working with suppliers</a>
GRI 418	Customer Privacy 2016	
3-3	Management of material topics	<a href="#">Responsible practices/Data privacy and information security</a> <a href="#">Code of Professional Conduct</a> <a href="#">Supplier Code of Conduct</a>
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<a href="#">Responsible practices/Responsible practices at a glance</a> <a href="#">Responsible practices/Data privacy and information security</a>
<b>McKinsey-specific material topics</b>		
Client selection		
3-3	Management of material topics	<a href="#">Responsible practices/Working with clients</a> <a href="#">Client service policies</a>

Disclosure number	Disclosure title	Location of McKinsey response
	Enabling clients' social and environmental impact	
3-3	Management of material topics	<a href="#">Sustainability/Sustainability at a glance</a> <a href="#">Sustainability/Our clients</a> <a href="#">Sustainability/Our insights</a> <a href="#">Inclusive growth/Inclusive growth at a glance</a> <a href="#">Inclusive growth/Our clients</a> <a href="#">Inclusive growth/Our insights</a> <a href="#">McKinsey sustainability</a> <a href="#">Insights on sustainability</a>
	ESG standards	
3-3	Management of material topics	<a href="#">Introduction/Our approach to ESG</a>
	Research and Insights	
3-3	Management of material topics	Examples included throughout the report. <a href="#">Sustainability/Our insights</a> <a href="#">Inclusive growth/Our insights</a> <a href="#">Featured insights</a>
	Responsible innovation	
3-3	Management of material topics	<a href="#">Introduction/Our approach to impact</a> <a href="#">Our solutions</a>
	Public stance on social issues	
3-3	Management of material topics	<a href="#">Introduction/Accountability and transparency</a>

# WEF IBC index

McKinsey has signed on to the Stakeholder Capitalism Metrics defined by the World Economic Forum's International Business Council.

These metrics are designed to encourage comparable disclosures related to governance, planet, people, and prosperity.

Theme	Core metric	Location of McKinsey response
<b>Principles of Governance</b>		
Governing purpose	1. Setting purpose	<a href="#">Introduction/About McKinsey</a>
Quality of governing body	2. Governance body composition	<a href="#">Introduction/Our governance</a> <a href="#">Reporting approach/Performance data</a> <a href="#">Our leadership</a>
Stakeholder engagement	3. Material issues impacting stakeholders	<a href="#">Reporting approach/Stakeholder engagement</a> <a href="#">Reporting approach/Materiality assessment</a>
Ethical behavior	4. Anti-corruption	<a href="#">Responsible practices/Ethics and compliance</a> <a href="#">Code of Professional Conduct</a>
	5. Protected ethics advice and reporting mechanisms	<a href="#">Responsible practices/Raising concerns</a> <a href="#">Code of Professional Conduct</a> <a href="#">Supplier Code of Conduct</a> <a href="#">Supplier Standards</a>
Risk and opportunity oversight	6. Integrating risk and opportunity into business process	<a href="#">Responsible practices/Risk management</a> <a href="#">Reporting approach/TCFD index</a>
<b>Planet</b>		
Climate change	7. Greenhouse gas (GHG) emissions	<a href="#">Sustainability/Cutting our own emissions</a> <a href="#">Reporting approach/Performance data</a>
	8. TCFD implementation	<a href="#">Reporting approach/TCFD index</a>

Theme	Core metric	Location of 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 (i.e., offices located primarily in urban areas), we are committed to understanding and minimizing any potential impacts. We 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	<a href="#">Sustainability/Cutting our own emissions</a>
<b>People</b>		
Dignity and equality	11. Diversity and inclusion	<a href="#">Inclusive growth/Diversity, equity, and inclusion</a> <a href="#">Reporting approach/Performance data</a>
	12. Pay equality	<a href="#">Responsible practices/Providing competitive compensation and benefits</a>
	13. Wage level	<a href="#">Responsible practices/Providing competitive compensation and benefits</a>
	14. Risk for incidents of child, forced or compulsory labor	<a href="#">Responsible practices/Human rights</a>
Health and wellbeing	15. Health and safety	<a href="#">Responsible practices/Caring for our colleagues</a>
Skills for the future	16. Training provided	<a href="#">Responsible practices/Developing our colleagues</a> <a href="#">Reporting approach/Performance data</a>

Theme	Core metric	Location of McKinsey response
<b>Prosperity</b>		
Employment and wealth generation	17. Absolute number and rate of employment	<a href="#">Reporting approach/Performance data</a>
	18. Economic contribution	<a href="#">Introduction/About McKinsey</a>
	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	<a href="#">Responsible practices/Developing our colleagues</a>
Community and social vitality	21. Total tax paid	As a private firm, we do not extensively report financial information.

# TCFD index

The Task Force on 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 enable a company to show how it is responding to change and the resilience of its strategies. The disclosure below is based on information reported in McKinsey's 2021 CDP Climate Report (submitted in 2022). For our full 2021 CDP Climate Report, see our policies, statements, and disclosures section on our [2022 ESG Report page](#).

CDP reference	TCFD recommendation	Disclosure
<b>Governance</b>		
C1.1a, C1.1b	a. Describe the board's oversight of climate-related risks and opportunities	<p>The Risk, Audit, and Governance Committee (RAGC), a sub-committee of McKinsey's Shareholders' Council (our senior governing body, akin to a board), provides strategic direction, oversight, and accountability for climate-related issues within the organization. The RAGC (or a subset of its representatives such as the chief financial officer) is responsible for creating the framework and supporting policies that are necessary to address climate-related issues. This includes reviewing and guiding the strategy and annual budgets, setting performance objectives, monitoring and overseeing progress against climate-related goals and targets, reviewing material climate-related risks, and approving global policies relating to social responsibility.</p> <p>Furthermore, our air-travel emissions footprint is reviewed quarterly by the Acceleration Team (AT) for progress against our science-based targets (SBTs), and the AT discusses actions needed and decisions required from the RAGC. The AT is our global leadership body composed of the managing partner and firm leaders representing regions, industries, client capabilities, finance, people, and risk functions.</p> <p>The ESG Council, represented by senior firm function and client service leaders, oversees our ESG agenda, including environmental sustainability topics, by defining our priorities, setting our direction, and monitoring progress. A member of the ESG Council sits on the Shareholders' Council, and the leader of the Council (senior partner of ESG/Social Responsibility) reports directly and frequently into the RAGC.</p>
C1.2	b. Describe management's role in assessing and managing climate-related risks and opportunities	<p>Our chief financial officer, who is a member of both the RAGC and the AT, has standing quarterly meetings with the Environmental Sustainability Team, the global senior partner leader of our client-facing sustainability growth platform, and the senior partner of ESG/Social Responsibility to review progress against our targets as well as discuss, review, and decide on topics such as carbon budgets, carbon prices, sustainable aviation fuels, and carbon removals.</p> <p>The global leader of McKinsey Sustainability and the North America Sustainability leader (senior partners) are responsible for McKinsey Sustainability: our 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.</p> <p>The senior partner of ESG/Social Responsibility is responsible for the design and implementation of McKinsey's sustainability strategy. They are supported by the leader of Global Social Responsibility, as well as the director of Environmental Sustainability who has overall day-to-day responsibility for addressing climate change and sustainability more broadly within the firm.</p> <p>Within each of our offices, the local managing partner (senior partner level) has responsibility for the impact of climate change on the office's operations. Furthermore, each region has an SBT regional leader (senior partner level) who is accountable for achieving our 2025 near-term SBTs. The director of Environmental Sustainability convenes the SBT regional leaders on a quarterly basis to review progress and discuss best practices, roadblocks, and actions planned. The results of the quarterly meeting are reported out to the AT (see above).</p>

CDP reference	TCFD recommendation	Disclosure
<b>Strategy</b>		
C2.1a, C2.3, C2.3a, C2.4, C2.4a	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	<p>We consider climate-related risks and opportunities in the short (0–2 years), medium (2–5 years), and long (5+ years) term as part of our business strategy.</p> <p><b>Risks</b></p> <p>In our climate-related risk assessments, we have considered current regulation, emerging regulation, legal, market, technological, and reputational risks, as well as acute and chronic physical risks. Based on input from McKinsey's internal functions, sustainability practice experts, and others, we have not identified inherent climate-related risks with the potential to have a substantive financial or strategic impact on the firm.</p> <p><b>Physical risks:</b> As a global firm that operates in 65+ countries, we have offices that are likely to be exposed to both acute and chronic physical risks in the near, medium, and long term. In our analysis, we assessed the impact of physical risks, including riverine and coastal flooding, extreme heat, and hurricanes, aligned to different climate pathways (1.5 and 2 degrees Celsius). We used McKinsey Climate Resilience Analytics downscaled CMIP5 models, as well as data from the World Resources Institute (WRI) and WindRisk Tech. The forecasted future impacts do not represent a substantive safety, financial, or strategic impact above the 4% threshold on revenues.</p> <p><b>Transition risks:</b> We have assessed current regulation, emerging regulation, legal, market, reputational, and technological risks across short, medium, and long-term horizons and different scenarios (including the UN Principles for Responsible Investment's (UNPRI) Inevitable Policy Response's "Required Policy Scenario") where relevant. We do not expect the cost of the transition risks to have a substantive financial or strategic impact on our business as they do not cross the materiality threshold of 4% of overall revenues.</p> <p><b>Opportunities</b></p> <p>In April 2021, we launched McKinsey Sustainability, our new client service platform to better support all industries as they undergo the transformation needed to cut carbon emissions by half by 2030 and reach net zero by 2050. We anticipate further opportunities to deliver sustainability consulting to clients across industries (for example, energy and finance) and geographies (for example, US and Europe) as decarbonization fundamentally reshapes the economy. As we continue to partner with our clients on their climate transition journeys, we believe that sustainability consulting represents \$1+ billion per year for us over the next three years. In 2022, McKinsey Sustainability supported clients on their climate transition journey on 1,600+ engagements. More than 3,500 colleagues spend 30%+ of their time on sustainability-related engagements, including green business building, decarbonization, and nature-based capital. <a href="#">Learn more about how we supported clients on sustainability in 2022</a>.</p>

CDP reference	TCFD recommendation	Disclosure
C2.3a, C2.4a, C3.1, C3.2a, C3.2b, C3.3, C3.4	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	<p><b>Business strategy</b></p> <p><b>Products and services:</b> In 2021, we launched our new client service platform, "McKinsey Sustainability," with the goal of helping all industry sectors transform to reach net zero by 2050 along with other sustainability goals and tailored to regional contexts. We use our thought leadership, innovative tools and solutions, top talent, and a vibrant ecosystem of industry associations and knowledge platforms focused on innovating to net zero. Our plans focus on four key levers of decarbonization: helping clients drive a "brown to green" transition of the global economy's installed base; building new green businesses and innovations; retiring and repurposing the highest carbon intensity assets; and scaling nature-based solutions.</p> <p><b>Supply chain and/or value chain:</b> Climate-related risks and opportunities—including reputational (for example, expectations of colleagues and clients), regulatory (for example, carbon tax), and physical (for example, risk to our buildings due to severe weather)—have influenced our strategy. These risks and opportunities will continue to impact our supply chain strategy in the short, medium, and long term. Because indirect emissions from travel typically account for more than 80% of our carbon footprint,<sup>57</sup> we have made engaging with our travel-related suppliers a priority. <a href="#">Learn more about our supplier engagement in 2022</a>.</p> <p><b>Investment in research and development (R&amp;D):</b> We believe that the climate crisis is a defining issue of our time, so in 2021, we committed to investing \$1 billion in our capabilities over the next five years to help our clients lead a wave of innovation and growth to safeguard our planet. We work with leading institutions to develop distinctive thought leadership and convene partnerships that tackle problems that institutions cannot tackle alone.</p> <p><b>Operations:</b> As a global firm, we have set 2025 validated SBTs and committed to net-zero climate impact by 2030. Each region has an SBT regional leader (senior partner level) who is accountable for achieving our 2025 near-term SBTs to ensure we meet our commitments.</p> <p><b>Financial planning</b></p> <p><b>Revenue</b></p> <p>Climate change is leading companies to manage risks and seize opportunities, driving increased demand for management consultancy and advisory services on sustainability. This increased demand for our expertise has a positive impact on our client service and revenue. The impact is currently moderate and is expected to increase in line with the global transition to a low-carbon economy, although it has not been deemed to have a substantive financial or strategic impact on the firm. This is evaluated in short-term financial planning. We are actively engaged with this challenge every day. In 2022, 3,500+ colleagues partnered with 600+ clients on 1,600+ sustainability-related client engagements across nearly 60 countries.</p> <p><b>Assets:</b> As an advisory firm, our "assets" are not physical locations or business units in the traditional sense, but our proprietary knowledge and our reputation. We continue to make a substantial investment in research and knowledge building. This is factored into our financial planning, in developing an understanding of a wide range of sustainability and resource productivity topics with the aim of informing and progressing the debate with an independent fact base, tools and frameworks, and analysis of risks and opportunities. The impact of these activities is low in comparison to the company-wide financial planning process and has not been deemed to have a substantive financial or strategic impact on the firm in the short term.</p> <p><b>Capital expenditure:</b> We have committed to 2025 SBTs and net-zero climate impact by 2030. We have also been carbon neutral since 2018. Therefore, capital expenditures and investments in energy-efficient buildings are included in the financial planning process.</p> <p><b>Acquisitions and divestments:</b> McKinsey acquired Sweden-based Material Economics, experts in sustainability and circularity in December 2021. In March 2021, McKinsey acquired Vivid Economics and Planetrics to help clients navigate climate change, bringing us significant additional analytical capabilities.</p>

<sup>57</sup> Exceptions may apply such as when travel decreased due to COVID-19.

CDP reference	TCFD recommendation	Disclosure
C3.2, C3.2a, C3.2b	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<p>In 2022, a cross-functional team composed of McKinsey climate scientists, consultants, economists, leaders in the sustainability practice, and risk and finance professionals conducted climate-related scenario analysis to project the financial and strategic implications of evolving physical and transition impacts of our firm's strategy and business model (using 2021 data). Our choice of climate scenarios weighed alignment to temperature pathways and policy actions. These scenarios were assessed across multiple timeframes to capture near-, medium-, and long-term impacts.</p> <p><b>Parameters and assumptions used in our climate-related scenario analysis depending on temperature alignment of scenario included:</b></p> <ul style="list-style-type: none"><li>• <b>The 1.5°C scenario</b>, which uses UNPRI's Inevitable Policy Response "Required Policy Scenario," capping warming to 1.5 degrees Celsius over pre-industrial levels by 2100. It quantifies strong impacts from transitional risks (for example, carbon prices) and innovation, and is included to reflect the net-zero pathway many governments and companies have publicly committed to.</li><li>• <b>The 1.6°C–2°C scenario</b>, which uses UNPRI's "Forecast Policy Scenario," capping warming to 1.8 degrees Celsius over pre-industrial levels by 2100. This is based on a high-conviction forecast of forceful policy in response to climate change and related implications for energy, vehicles, and carbon prices.</li></ul> <p><b>Results of the climate-related scenario analysis</b></p> <p><b>Cost of emissions change:</b> Based on evolving carbon prices globally, carbon emissions are likely to become increasingly expensive over time. Our scenario analysis included three point-in-time calculations in 2025, 2030, and 2050. The main source of these emissions is business travel (approximately 80% of firm emissions in 2019). As part of our analysis, forecasted carbon prices from UNPRI's "Required Policy Scenario" were weighted across geographies based on our emissions. According to UNPRI's, "Required Policy Scenario", carbon prices of \$45–85 per ton and \$87–175 per ton will be needed by 2030 and 2050 respectively. Carbon pricing from regulations are not likely to have a substantive financial or strategic impact on our business as we do not operate in an emissions-intensive industry and we have committed to reaching net zero by 2030.</p> <p><b>People and physical assets most exposed:</b> As a global firm that operates in 65+ countries, we have offices that are likely to be exposed to both acute and chronic physical risks in the near, medium, and long term. In our scenario analysis, we assessed the impact of physical risks, including riverine and coastal flooding, extreme heat, and hurricanes, aligned to different climate pathways (1.5 and 2 degrees Celsius). We used McKinsey Climate Resilience Analytics downscaled CMIP5 models, as well as data from WRI and WindRisk Tech. Our analysis found that approximately 31.5K colleagues are based in metropolitan areas that may be exposed to severe flooding globally and approximately 12.5K to hurricanes, especially in the Eastern US and Western Pacific. Despite these exposures, our investments in business continuity planning and the nature of our business mean these acute physical events do not present a substantive safety, financial, or strategic impact on our business.</p> <p><b>Effect on sectors we serve:</b> We work with clients across sectors, sizes, and geographies. To assess the climate transition and physical impacts on the companies we serve, we conducted scenario analysis using Planetrics, our climate analytics suite. The analysis evaluated the impacts of decarbonization on the average valuations of companies in the sectors and regional industries that we serve. The analysis included three scenarios: the Required Policy Response (to limit warming to 1.5 degrees Celsius above pre-industrial levels by 2100), the Forecasted Policy Response (to limit warming to 1.8 degrees Celsius above pre-industrial levels by 2100), and Network for Greening the Financial System's (NGFS) "Hot-house World," where little policy action is taken. We found downside risk from carbon pricing and demand destruction to be mostly concentrated in hard-to-abate sectors after 2040. However, we believe that our work in decarbonization, climate resilience, and in helping grow new green industries may help our clients identify opportunities and take bold action.</p> <p><b>McKinsey has developed a suite of climate risk analysis tools and capabilities that assisted in our climate scenario analysis:</b></p> <p><b>Climate Resilience Analytics</b> Climate Resilience Analytics is McKinsey's core team of experts who analyze and generate insights from the quantitative impact of climate change for our clients. The team works across nearly all sectors at McKinsey that are being impacted by climate change, such as the public, energy, and financial sectors.</p> <p><b>Vivid Economics</b> Vivid Economics is a strategic economics consultancy with broad sustainability and macroeconomics capabilities McKinsey acquired in 2021.</p> <p><b>Planetrics</b> The Planetrics team, part of McKinsey Sustainability, is a specialist in the design of climate-change risk and opportunity modeling at the level of regions, sectors, and assets.</p>



CDP reference	TCFD recommendation	Disclosure	
C2.1, C2.2, C2.2a	a. Describe the organization's processes for identifying and assessing climate-related risks	<p><b>Identification:</b> Climate risk identification is integrated into firmwide risk management through our annual risk assessment, year-round monitoring, and situational identification. Outputs are taken into consideration as we define operational resilience requirements and actions. Risk and opportunity identification is embedded within our "cells" (geographic offices, industry practices, functional practices, and growth platforms), which are most similar to the traditional meaning of "assets" within an organization. Specifically, the partners of the firm who lead each geographic office are responsible for identifying and evaluating risks, including climate-related risks, arising from the operations of their local offices. With support from the broader firm, they work through local operating committees and management teams.</p> <p>In a top-down approach, an internal working team of sustainability experts identifies climate-related transition risks across all climate-related risk categories based on current sources of emissions, regulatory and standards research, and interviews with colleagues across the firm.</p> <p><b>Assessment:</b> Our collective risk management functions are overseen by our chief risk officer. The risk management functions routinely and systematically undertake risk assessments, which include climate where relevant. These reviews incorporate diverse qualitative and quantitative inputs as well as external benchmarks and third-party verification of emissions to produce a comprehensive view of risk. They also inform the integration of cross-cutting risk mitigation work across McKinsey. 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.</p>	
C2.1, C2.2	b. Describe the organization's processes for managing climate-related risks	Our response to climate risk is unique to the risk type and materiality. Responses may be executed by internal functions as well as local managing partners or McKinsey Security, supported and reviewed by our risk management function. Any physical security risk to the well-being of our colleagues takes precedence over any other risk. Materiality is determined by a combination of factors, such as the ability to impact 4% of firm revenue, client relationships, and the ability to attract and retain colleagues. Examples of responses include documented guidance for extreme weather, scenario training for local security coordinators and leadership, and reviews of our physical premises.	
C2.1, C2.2	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	We identify, assess, and respond to climate risks across our direct operations through a risk management process that is integrated into our multidisciplinary company-wide risk management process. We complete these assessments more than once a year, and look at short-, medium-, and long-term horizons.	<p>Central to our climate risk management is our risk framework, which provides the insight, integration, and technology we need to anticipate and proactively address risks. We are in the process of enhancing our climate risk identification and assessment capabilities, for example, with the recent incorporation of more advanced scenario analysis into our climate reporting.</p> <p>We continually seek ways to better identify, analyze, and mitigate risk. Providing strategic direction for the management of climate-related risks is our Shareholders' Council, akin to a board of directors.</p>

CDP reference	TCFD recommendation	Disclosure
<b>Metrics and Targets</b>		
C4.2, C4.2a, C4.2b, C9.1	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	We provide annual updates on climate-related metrics, including Scope 1, 2, and 3 greenhouse gas (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 (ESG) Report. For a historical view on metrics and description of GHG accounting methodology, please see the <a href="#">Sustainability/Our actions section of this report</a> .
C6.1, C6.3, C6.5, C6.5a	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Please see the <a href="#">Sustainability/Our actions section of this report</a> for our GHG emissions reporting.
C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	<p>We have committed to reducing our emissions to achieve net-zero climate impact by 2030. As a critical milestone on that journey, we have set science-based targets that have been validated by the Science Based Targets initiative (SBTi) in line with a 1.5-degree pathway. From a 2019 baseline, by 2025, we aim to:</p> <ul style="list-style-type: none"><li>• reduce our Scope 1 and 2 GHG emissions by 25%, mainly through electrifying our fleet, transitioning to renewable electricity, and making our global office space more sustainable</li><li>• reduce our Scope 3 GHG emissions from internal and client-related travel by 30% per colleague, mostly through hybrid working models and sustainable aviation fuels</li></ul> <p>In 2018, we became the first global consultancy to join RE100, a coalition of organizations committed to using 100% renewable electricity. We contract directly with local providers or purchase energy attribute certificates, such as renewable energy certificates, in line with RE100's technical criteria.</p> <p>As a firm, we can and need to go beyond to meet our 2030 commitment. See the <a href="#">Sustainability/Our actions section of this report</a> for more information on our firm's path to net zero.</p>

# Independent assurance statement

## Report of independent certified public accountants

### Management

#### McKinsey & Company

We have reviewed management of McKinsey & Company's assertion that the environmental and social responsibility metrics set forth in Appendix 1 are presented in accordance with the criteria set forth therein. McKinsey & Company's management is responsible for its assertion. Our responsibility is to express a conclusion on management's assertion based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to management's assertion in order for it to be fairly stated. The procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement. The procedures we performed were based on our professional judgment and consisted primarily of analytical procedures and inquiries. In addition, we obtained an understanding of McKinsey & Company's business processes relevant to the review in order to design appropriate procedures.

The preparation of the Subject Matter requires management to evaluate the criteria set forth in Appendix 1, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information.

Measurement of certain amounts, some of which may be referred to as estimates, is subject to substantial inherent measurement uncertainty. Obtaining sufficient appropriate review evidence to support our conclusion does not reduce the inherent uncertainty in the amounts and metrics. The selection by management of different but acceptable measurement techniques could result in materially different amounts or metrics being reported.

Based on our review, we are not aware of any material modifications that should be made to management of McKinsey & Company's assertion that the environmental and social responsibility metrics set forth in Appendix 1 of McKinsey & Company for the year ended December 31, 2022, are presented in accordance with the criteria set forth therein, in order for it to be fairly stated.

*Grant Thornton LLP*

GRANT THORNTON LLP

New York, New York

June 7, 2023



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# Appendix 1: McKinsey & Company management assertion

Management of McKinsey & Company is responsible for the completeness, accuracy, and validity of the performance metrics included in the tables below as of or for the year ended December 31, 2022 (the reporting year). The metrics have been rounded to the nearest whole number unless otherwise indicated.

Management asserts that the metrics reported in the tables are presented in accordance with the assessment criteria set forth below.

Management is responsible for the selection of the criteria, which management believes provide an objective basis for measuring and reporting on these performance metrics. The preparation of the metrics requires management to establish the criteria, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. McKinsey & Company bases its estimates and methodologies on historical experience, available information, and various other assumptions that it believes to be reasonable. Emissions data presented are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

Data relied upon in reporting on performance metrics was obtained from financial reporting systems, time-tracking systems, accounts payable records, and other internal records.

## Metrics related to contribution toward \$2B commitment to social responsibility by 2030

Metric description and assessment criteria	Metric value USD '000
<b>Charitable donations and cash expenses</b> Includes all monetary donations made to nonprofit entities during the reporting year. This category includes cash expenses such as meals, travel reimbursement, supplies, and related costs associated with delivering social responsibility activities	50,575
<b>In-kind contributions</b> <b>Pro-bono</b> Value of time for the work recorded by McKinsey team members on pro bono engagements <sup>58</sup> is captured using market rates for similar services in local market	206,388
<b>Social responsibility activities</b> Value of time recorded by McKinsey team members on volunteering initiatives such as volunteers time off, Day of Service, fellowships, and Connected Leaders Academy using an estimate of the payroll and related costs associated with personnel participating in social responsibility activities	20,740

Metric description and assessment criteria	Metric value USD '000
<b>Total in-kind contributions</b>	227,128
<b>Total value of 2022 contribution toward \$2B commitment to social responsibility by 2030</b>	277,703

In 2022, a total of 488,526 hours were contributed to pro-bono and social responsibility activities.

## Metrics related to greenhouse gas emissions

Metric description and assessment criteria	Metric value tCO <sub>2</sub> e (in '000s)
<b>Scope 1<sup>59</sup></b>	10
<b>Scope 2, market-based<sup>59</sup></b>	3
<b>Scope 2, location-based<sup>59</sup></b>	19
<b>Scope 3, business travel<sup>59</sup></b>	469
<b>Scope 3, purchased goods and services<sup>59</sup></b>	28

In 2022, a total of 532 thousand tCO<sub>2</sub>e of carbon offsets were purchased to cover the firm's total emissions reported for the year and achieve carbon neutrality.

<sup>58</sup> Pro bono engagements include services provided at no cost or significantly reduced cost to qualifying organizations (e.g., nonprofits).

<sup>59</sup> Measured using the World Resources Institute and World Business Council for Sustainability Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), GHG Protocol Scope 2 Guidance, and Corporate Value Chain (Scope 3) Accounting and Reporting Standard (collectively, the "GHG Protocol").

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