Our firm

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

In this section

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

2021 highlights:

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

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

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

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

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

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

Giving back to communities

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

Our Giving Back strategy seeks to:

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

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

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

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

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

150+
pro bono engagements

130+
pro bono clients served

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

Enabling colleagues to give back

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

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

Day of Service

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

We volunteered with over 350 nonprofits on activities such as:

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

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

400
colleagues from 110 locations nominated for INservice Awards

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

INservice Awards

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

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

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

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

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

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

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

Supporting local communities

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

Regional highlights

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

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

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

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

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

Addressing global issues

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

Generation

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

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

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

Highlights from McKinsey's support to Generation in 2021 include:
- 27 Fellows supported Generation during 6–12-month rotations
- McKinsey Design provided pro bono support to Generation to create a holistic digital experience for learners. McKinsey also produced the initial design for an online hub where learners interact with Generation's content and delivery
- The McKinsey Podcast hosted Mona Mourshed, Generation CEO and former McKinsey partner, to discuss the specific challenges facing mid-career workers
- McKinsey offices supported the launch of Generation in Chile, Colombia, and Thailand
- In Brazil, McKinsey supported the creation of additional programs targeted at Black and Pardo learners

delterra

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

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

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

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

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

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

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

Environmental sustainability

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

Climate change and emissions

Our path to a net-zero future

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

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

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

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

Our science-based targets

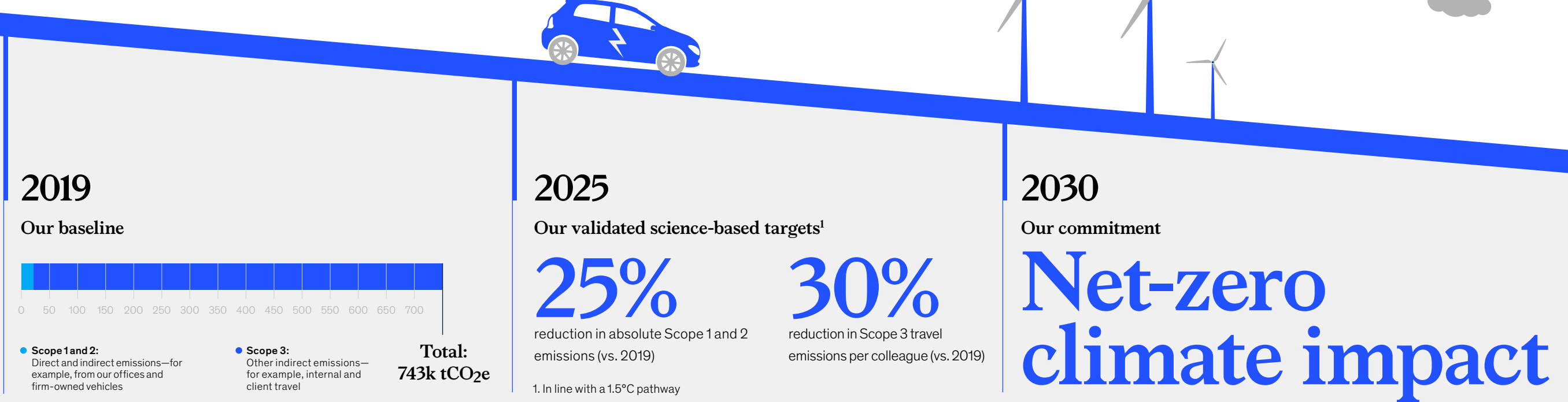| Target:	Progress in 2021:
25% absolute reduction in Scope 1 and 2 GHG emissions by 2025 (vs. 2019 baseline)	**19%** reduction vs. 2019
30% reduction in Scope 3 GHG emissions from internal and client-related travel per colleague by 2025 (vs. 2019 baseline)	**82%** reduction vs. 2019

Net-zero climate impact roadmap

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

2019

Our baseline

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

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

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

Total: 743k tCO$_2$e

2025

Our validated science-based targets[1]

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

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

1. In line with a 1.5°C pathway

2030

Our commitment

Net-zero climate impact

How we are getting there

Decarbonizing our own operations

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

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

Investing in natural climate solutions

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

Accelerating progress through partnerships

- Founder in innovative alliances to scale high-impact solutions

The LEAF Coalition
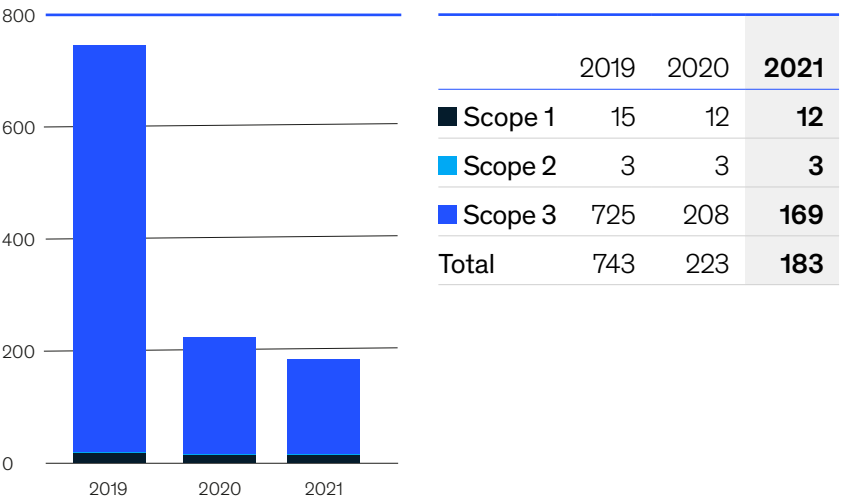Lowering Emissions by Accelerating Forest finance

Natural Climate Solutions Investment Accelerator
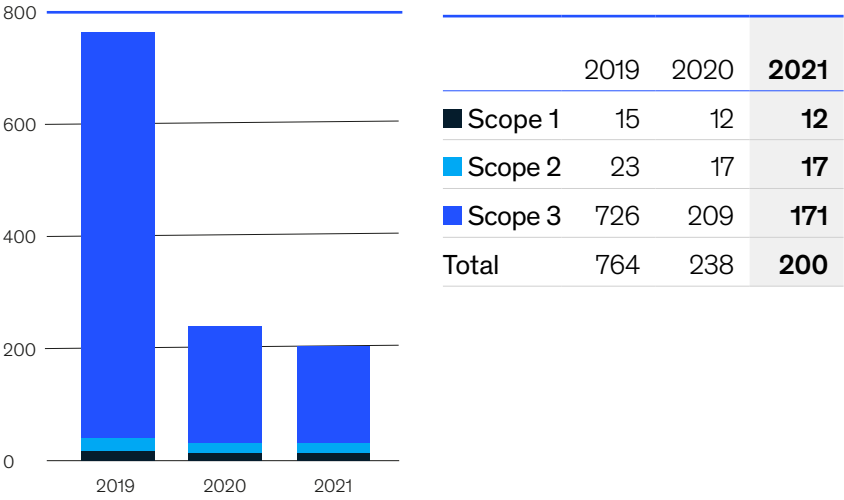
SABA
SUSTAINABLE AVIATION BUYERS ALLIANCE

Decarbonizing our own operations

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

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

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

Location-based GHG emissions by scope (thousand tCO_2e)

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

Market-based GHG emissions per capita (tCO_2e)

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

Location-based GHG emissions per capita (tCO_2e)

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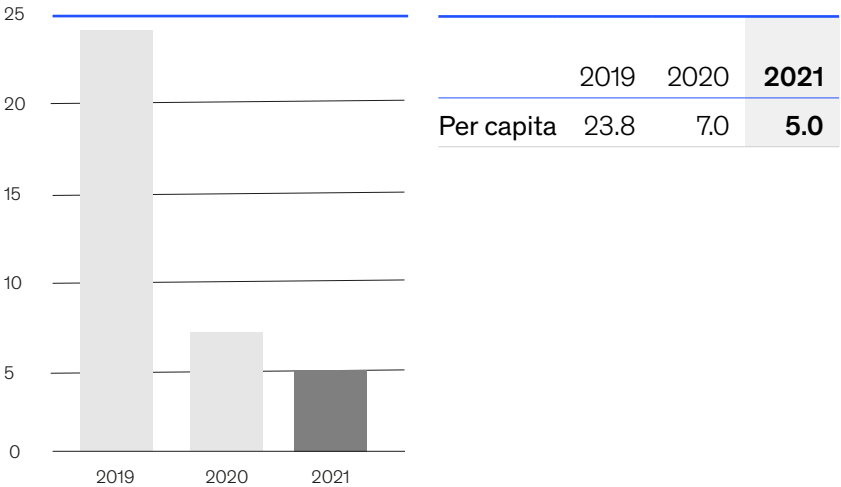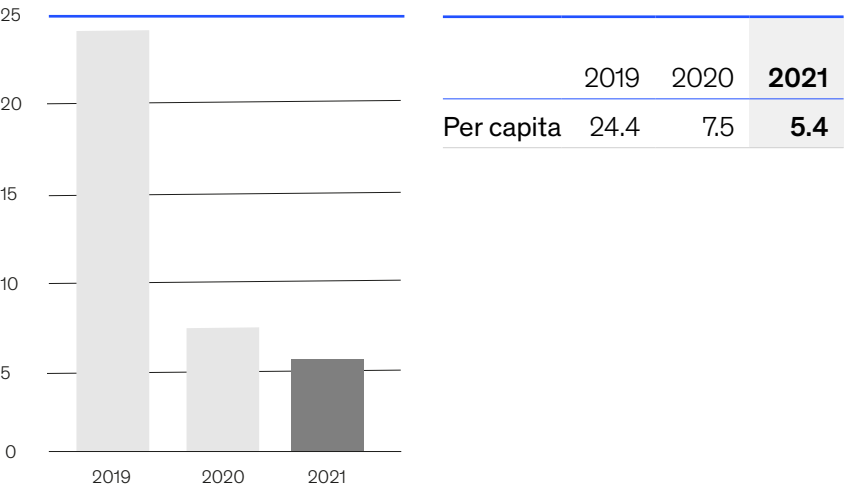
Note: Figures may not sum to total because of rounding. Scope 1: Direct emissions (for example, from combustion of fuels in owned or controlled boilers, diesel backup generators, and vehicles); Scope 2: Indirect emissions from the generation of purchased electricity, heat, or steam; Scope 3: Other indirect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

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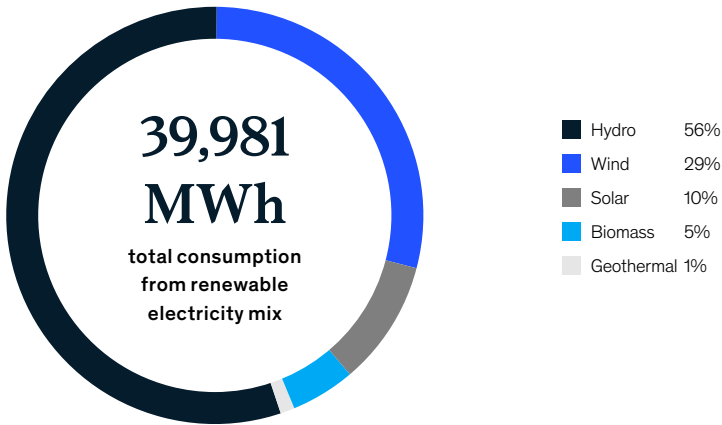
Energy consumed MWh
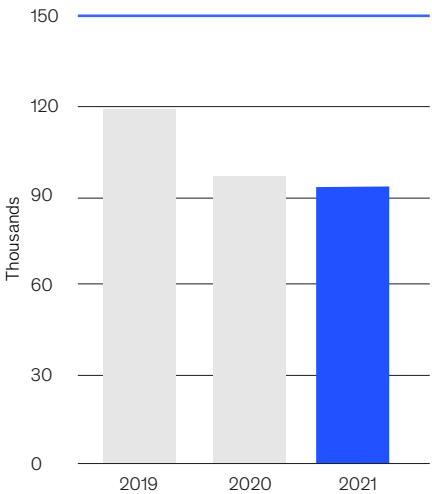
2019	2020	**2021**
119,267	95,791	**91, 886**

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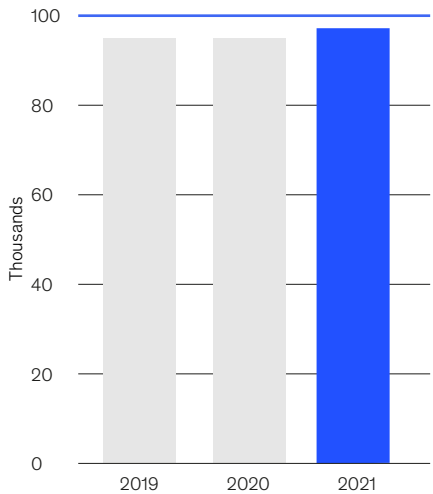
2019	2020	**2021**
94.9	95.0	**97.2**

Electricity consumption from renewable sources %[24]

39,981 MWh

total consumption from renewable electricity mix

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

Electricity and energy-use emissions

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

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

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

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

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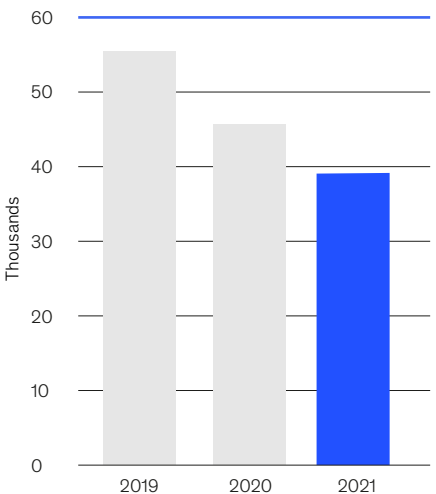
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24 Total does not add up to 100% due to rounding.
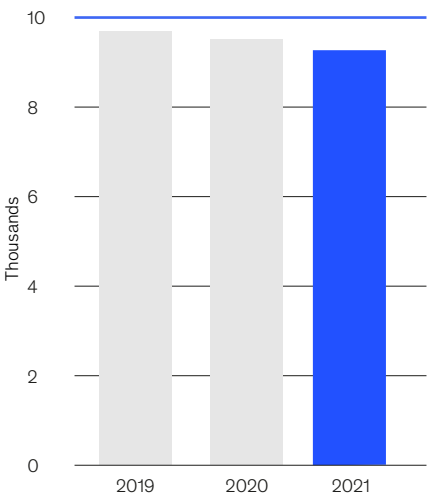
Electricity purchased or acquired MWh
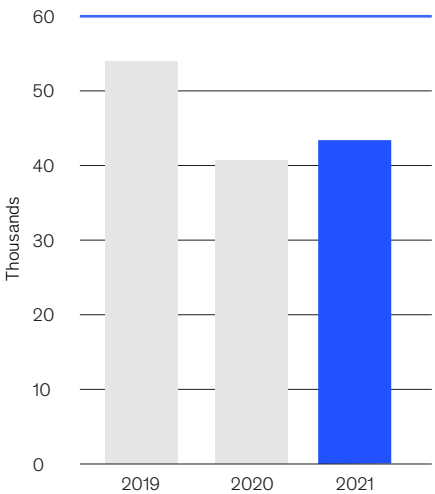
2019	2020	**2021**
54,095	40,651	**43,435**

Fuel consumed MWh

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

Heat purchased or acquired MWh

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

Internal and client-related travel emissions

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

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

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

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

Mitigating our remaining footprint

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

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

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

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

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

Reducing supply chain emissions

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

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

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

Scaling high-impact initiatives through pro bono support

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

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

Accelerating our progress through partnerships

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

This includes our support for:

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

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

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

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

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

Sustainable workplaces

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

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

Water and waste

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

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

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

Green Teams

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

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

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

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

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

Ethics and values

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

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

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

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

Approach to risk management

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

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

Training and compliance certification

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

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

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

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

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

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

Oversight and governance

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

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

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

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

Addressing potential violations and breaches

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

Grievance mechanisms

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

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

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

Third-party compliance

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

Working with clients

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

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

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

Client selection

Internal frameworks

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

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

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

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

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

Our CITIO dimensions
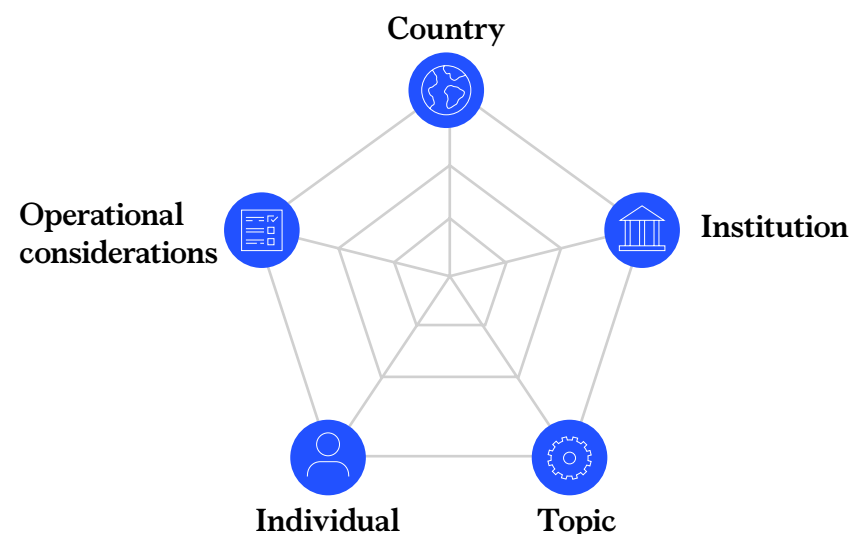
Dedicated oversight and decision-making support

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

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

Conflicts of interest

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

Data privacy and information security

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

100%

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

Guardians of Trust

awarded since 2019 in recognition of our information security program

Data privacy

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

Our Data Protection and Privacy Policy governs all client and firm data processing activities. It is reviewed annually, and all firm members are required to confirm their commitment to comply with it each year. The Policy requires that personal data is:

- only collected, accessed, used, and shared strictly as necessary to support the firm's and our clients' fair and lawful processing purposes
- deleted when there is no longer a legitimate purpose for retaining them, in accordance with applicable laws

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

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

McKinsey Code of Professional Conduct

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

Information security

Our information security strategy focuses on the people, processes, and technology that we have in place to maintain our clients' trust and protect their information. As in 2020, we had no cybersecurity incidents resulting in a data breach or loss event in 2021. Our program takes a risk-based approach to implement strong defenses built upon:

- industry-leading technologies
- regular training for our people (including phishing detection)
- designing products and systems with built-in security

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

Vendor security

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

Training

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

Human rights

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

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

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

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

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

Our colleagues

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

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

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

Client service

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

Supply chain

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

Training

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

Grievance mechanisms

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

Sustainable procurement

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

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

Our approach

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

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

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

Supplier standards and values

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

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

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

Supplier screening and assessments

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

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

Training for procurement colleagues

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

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

Advancing supplier diversity

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

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

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

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

Driving supplier environmental sustainability

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

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

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

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

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