

Acting responsibly

# Charting a net-zero future for our firm

### Supporting the SDGs



In 2020, we remained committed to our environmental goals and continued to raise our ambitions. The global pandemic disrupted our way of working, including a shift to remote working and sharp reduction in business travel, our largest source of greenhouse gas (GHG) emissions. Consequently, our emissions declined significantly in 2020 versus 2019.

While we recognize that these were unique circumstances, we are committed to building on the lessons we learned over the past year, including exploring alternative working models that are more sustainable. We also set science-based targets, which have been validated by the Science Based Targets initiative, to reduce our emissions in line with a 1.5-degree pathway. For our remaining footprint, we committed to remove carbon from the atmosphere, mainly through nature-based solutions, such as reforestation projects, to reach net-zero climate impact by 2030.

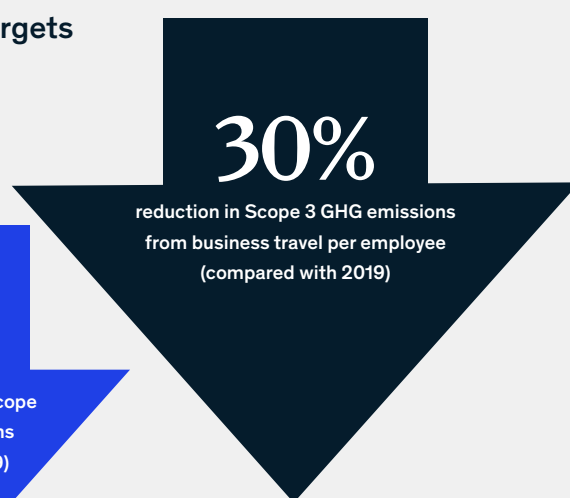
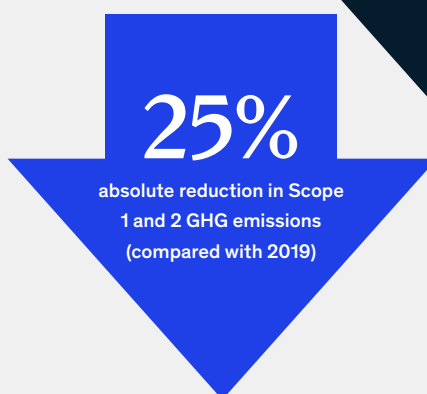
These new targets build upon our previous commitments to climate action in support of UN Sustainable Development Goal 13: to reduce emissions, transition to 100 percent renewable electricity, and become carbon neutral by fully offsetting our emissions every year.

## We are committed to managing our environmental footprint in the following ways:

- 1 We rigorously measure, independently verify, and report on our progress annually.
- 2 We minimize our footprint, focusing on our largest sources of greenhouse gas emissions.
- 3 We invest in carbon-reduction projects to offset all emissions we have yet to eliminate.
- 4 We work with our suppliers to foster sustainable practices.

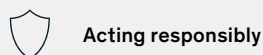
### Our science-based targets

By 2025...



**A-**  
score on CDP's Climate Change questionnaire





Supporting the SDGs

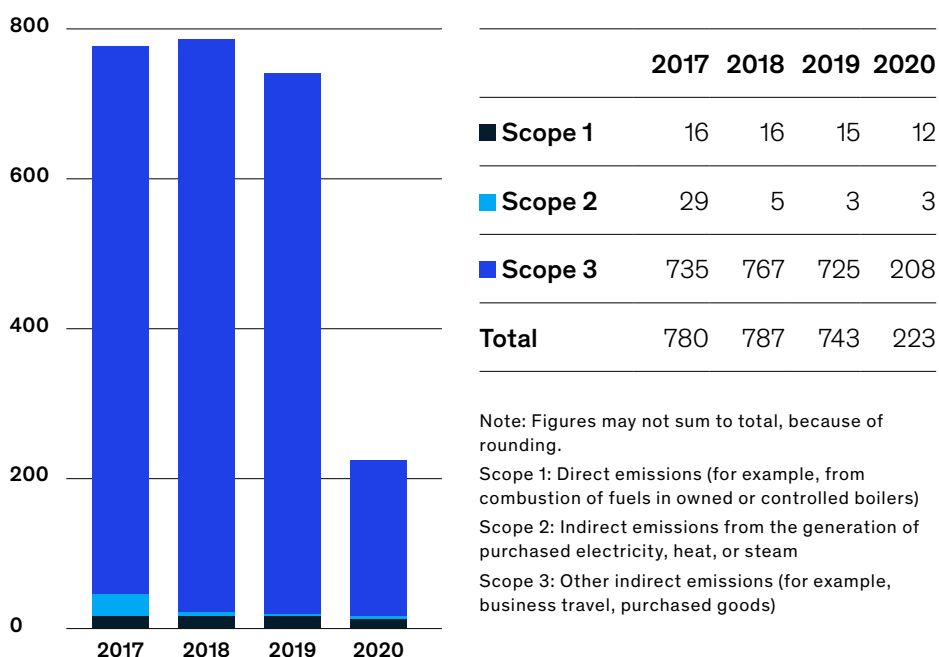


# 2020 greenhouse gas emissions

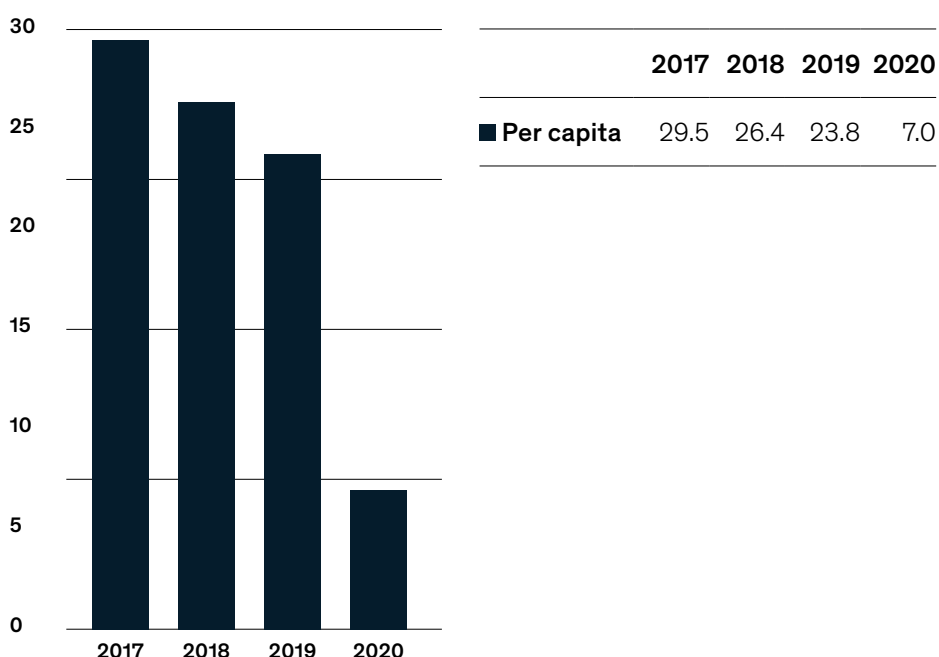
We monitor our greenhouse gas (GHG) emissions and have them independently verified to ensure they align with the Greenhouse Gas Protocol and best practices. For example, we calculate our air-travel emissions using radiative forcing, which takes into account the higher global-warming potential of aircraft emissions in flight. In 2020, our total GHG emissions were 222,500 tCO<sub>2</sub>e (market-based).

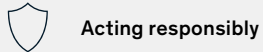
Our emissions in 2020 declined significantly, mainly driven by the shift to working remotely and the associated sharp reduction in travel as a result of the global pandemic. Overall emissions decreased by 70 percent, and emissions per capita also decreased by 70 percent, from 23.8 tCO<sub>2</sub>e in 2019 to 7.0 tCO<sub>2</sub>e in 2020.

Market-based GHG emissions by scope (thousand tCO<sub>2</sub>e)



Market-based GHG emissions per capita (tCO<sub>2</sub>e)





# Transitioning to 100 percent renewable electricity

## Supporting the SDGs

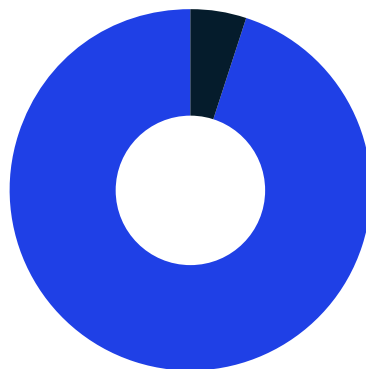


In 2018, McKinsey became the first global consultancy to join RE100, a coalition of more than 300 organizations committed to using 100 percent renewable electricity.

We set a target of reaching this goal by 2025, and each year have made progress against this goal. In 2020, 95.0 percent of our electricity consumption came from renewable sources, compared with 94.9 percent in 2019 and 86.7 percent in 2018. We contract directly with local providers or purchase energy-attribute certificates, such as renewable-energy certificates (RECs) in line with RE100’s technical criteria.<sup>1</sup>

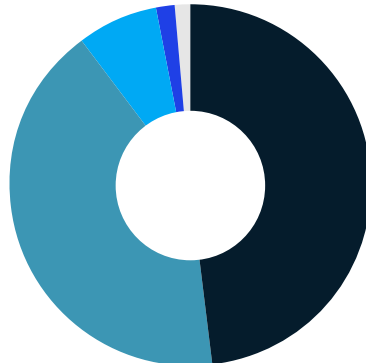
Because our colleagues often—and, in many cases, primarily—worked from home in 2020, and many continue to do so, part of our electricity consumption shifted from our offices to our homes, which we capture in our Scope 3 emissions. In addition, to support the transition to renewable electricity even in a remote-working model, several of our Green Teams explored and shared opportunities for colleagues to switch to renewable electricity for home use.

Renewable electricity, 2020



■ Non-renewable	5%
■ Renewable	95%

Renewable electricity mix, 2020



■ Wind	48.2%
■ Solar	41.7%
■ Hydro	7.3%
■ Biomass	1.5%
■ Geothermal	1.3%



**95%**  
of our electricity consumption came from renewable sources in 2020

[Learn more about RE100](#)

[Read more about how our Green Teams are helping make remote work more sustainable](#)

<sup>1</sup> RE100’s technical criteria require companies to, among other things, source renewable electricity from within the market boundary of the market in which they are consuming the electricity. Due to a lack of sourcing options in some markets, we have not yet been able to reach 100 percent renewable electricity to date.

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# Offsetting all our emissions

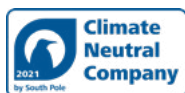
Supporting the SDGs



We have been carbon neutral since 2018, compensating for all emissions we have not yet been able to eliminate, including those from business travel. We have achieved this by investing in carbon-reduction projects certified by international standards (such as Gold Standard and Verified Carbon Standard). To offset our 2020 carbon footprint, we invested in nine different projects worldwide, offsetting 222,500 tCO<sub>2</sub>e.

These projects provide additional benefits beyond their climate impact. Many promote biodiversity while contributing to more sustainable livelihoods for local communities. Each project contributes to several SDGs.

To reach net-zero climate impact by 2030, we will neutralize the impact of our remaining footprint by investing in projects that remove carbon from the atmosphere. This represents a shift in our approach as we transition, over the next decade, from mainly investing in projects that **avoid** carbon being emitted into the atmosphere to investing in projects, such as reforestation, that **remove** carbon from the atmosphere. Meanwhile, we remain committed to protecting forests as well. In fact, achieving a 1.5-degree pathway requires nearly halting deforestation by the end of this decade, which would, in addition, also help tackle the rapid loss of biodiversity and ecosystems. We will continue to offset our emissions while working toward net zero.



The Southern Cardamom project in Cambodia protects a diverse set of ecosystems—from dense rainforests to flooded grasslands, lakes, and coastal mangroves—and addresses local drivers of deforestation.



The borehole rehabilitation project provides rural communities in Rwanda with access to clean well water, eliminating the need to purify drinking water through boiling.



The Kasigau Corridor project in Kenya is replacing unsustainable agriculture practices and livelihoods with a range of sustainable alternatives, while promoting community health.

[Learn more about our portfolio of carbon-reduction projects](#)

[Read our insights on the role of carbon credits in addressing climate change](#)

Images courtesy of South Pole

# GHG reporting methodology

Our greenhouse gas (GHG) emissions are calculated in line with the GHG Protocol Corporate Standard, covering material emission sources across Scopes 1, 2, and 3.

Scope 1 emissions include 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; and 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.

In 2020, we included several new emission sources for the first time, including home energy use (to reflect the pandemic-related shift to remote work), and cloud computing—both in Scope 3.

Our 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. Our GHG footprint was independently verified under the ISO 14064-3 standard.

Scope 1 and 2 emissions are calculated using survey data covering 97 percent of our offices. When data were missing, estimates were used. Scope 3 emissions are mainly calculated based on mileage (air travel and ground transportation), stay duration (hotels), energy consumption (upstream emissions from purchased fuels and electricity), spend (purchased goods and outsourced activities), industry benchmarks (waste disposal), and usage data (cloud computing).

## Market-based and location-based reporting

The table below provides an overview of our GHG footprint using both a market- and location-based approach. The market-based figures reflect our procurement choices, such as renewable-energy purchases via contractual mechanisms, whereas the location-based figures reflect the average carbon intensity of the grids where our energy consumption occurs.

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

	Market-based			Location-based		
	2018	2019	2020	2018	2019	2020
Scope 1: Direct GHG emissions	15.7	14.7	11.6	15.7	14.7	11.6
Scope 2: Energy indirect GHG emissions	5.1	3.4	3.2	26.4	22.9	17.1
Scope 3: Other indirect GHG emissions	766.7	724.8	207.8	769.6	726.2	209.3
Total GHG emissions	787.5	742.9	222.5	811.7	763.8	238.0

Note: Figures may not sum to total, because of rounding.