OUR INTERNAL PRACTICES

Addressing our environmental footprint

We are committed to minimizing our own environmental footprint while supporting others who work to improve environmental sustainability.

Our approach has four components:

1 We minimize our footprint, focusing on greenhouse gas emissions that account for most of that footprint.

2 We offset all emissions we have yet to eliminate, making our firm carbon neutral.

3 We work with our suppliers to foster sustainable practices.

4 We contribute our research and insights to help find structural, long-term solutions to environmental challenges.

For our direct emissions and emissions from purchased energy (Scope 1 and Scope 2 emissions), we have set targets in line with the Paris Agreement. We aim to achieve these targets by improving energy efficiency in our offices, transitioning to 100 percent renewable electricity, and electrifying our company cars.

We also continue to reduce the intensity of our travel, which accounts for most of our indirect emissions (Scope 3 emissions). In 2019, we reduced these emissions by 10 percent per capita compared with 2018. Key drivers of this reduction include a shorter distance flown by our colleagues as well as a change in emission factors for air travel, reflecting the aviation industry's improved efficiency.

19%

reduction in carbon emissions per capita (2017–19)

0

net carbon emissions since 2018

60%

emissions-reduction target by 2030 (Scopes 1 and 2 GHG emissions)

90%

emissions-reduction target by 2050 (Scopes 1 and 2 GHG emissions)

OUR INTERNAL PRACTICES

2019 greenhouse gas emissions

We monitor our GHG emissions and independently verify them in line with the GHG Protocol and best practices. For example, we include radiative forcing in emission factors for air travel. In 2019, our total GHG emissions were 743,000 tCO_2e (market-based).

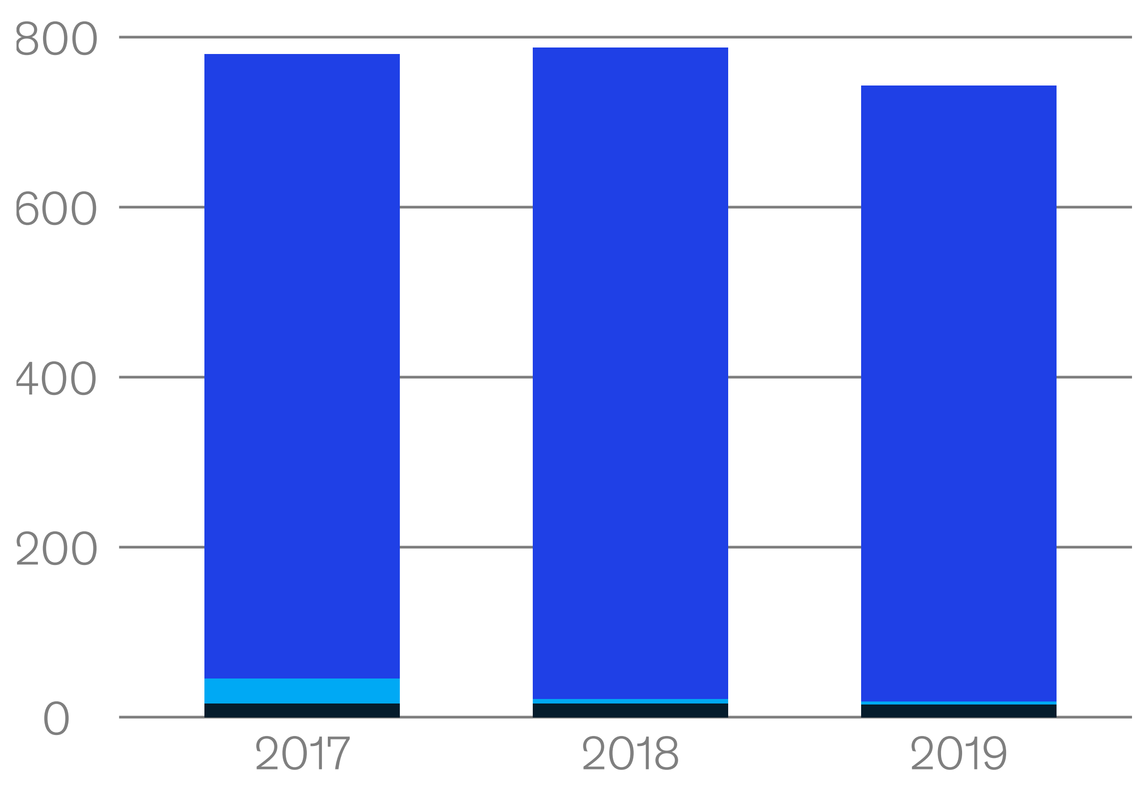
Overall emissions decreased by 6 percent, despite the growth of our firm in 2019. As in previous years, air travel was the largest source of our emissions, accounting for 82 percent of the total.

Emissions per capita decreased by 10 percent, from 26.4 tCO_2e per capita in 2018 to 23.8 tCO_2e per capita in 2019.

19%

decrease in emissions per capita (2017–19)

Market-based GHG emissions by Scope (thousand tCO_2e)



	2017	2018	2019
Scope 1	16	16	15
Scope 2	29	5	3
Scope 3	735	767	725
Total	780	787	743

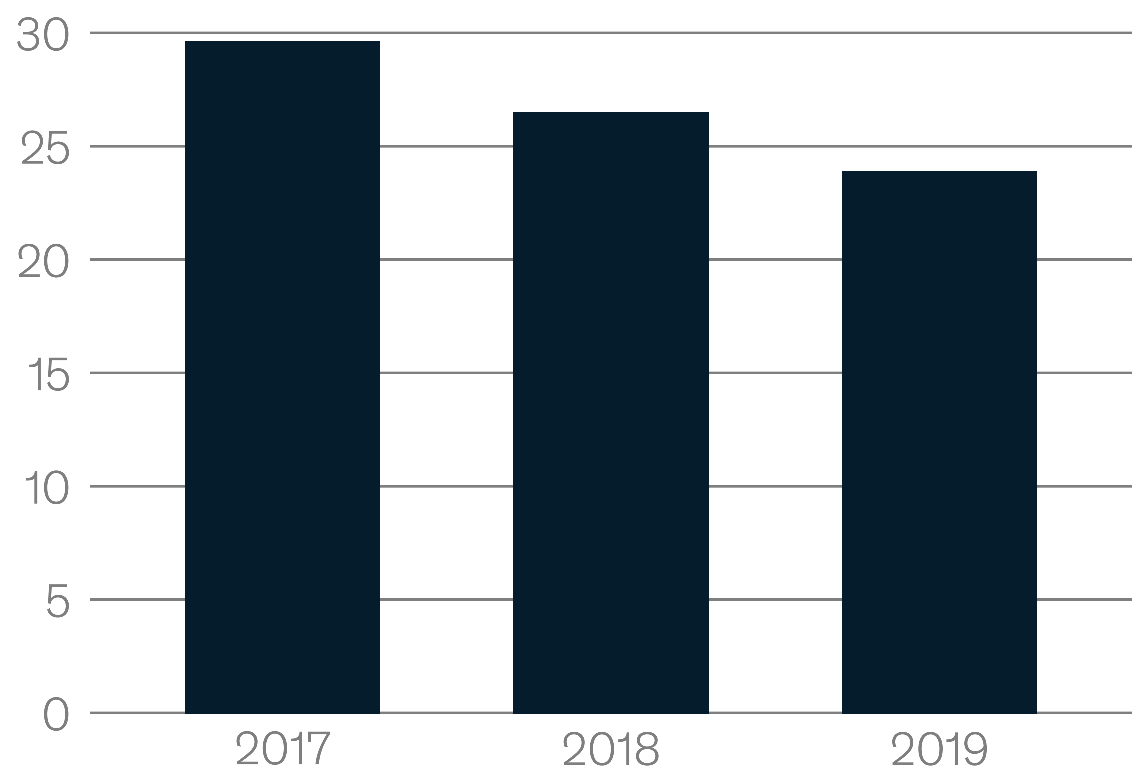
Note: Figures may not sum to total, because of rounding.

Scope 1: Direct emissions (for example, from combustion of fuels in owned or controlled boilers)

Scope 2: Indirect emissions from the generation of purchased electricity, heat, or steam

Scope 3: Other indirect emissions (for example, business travel, purchased goods)

Market-based GHG emissions per capita (tCO_2e)



	2017	2018	2019
Per capita	29.5	26.4	23.8

Transitioning to 100 percent renewable electricity by 2025

RE 100

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

We set a target of reaching this goal by 2025 and have made progress. Ninety-five percent of our electricity consumption came from renewable sources in 2019, compared with 87 percent in 2018. Several of our offices began using renewable electricity for the first time in 2019, contracting directly with providers or through the purchase of energy attribute certificates, such as renewable-energy certificates (RECs).

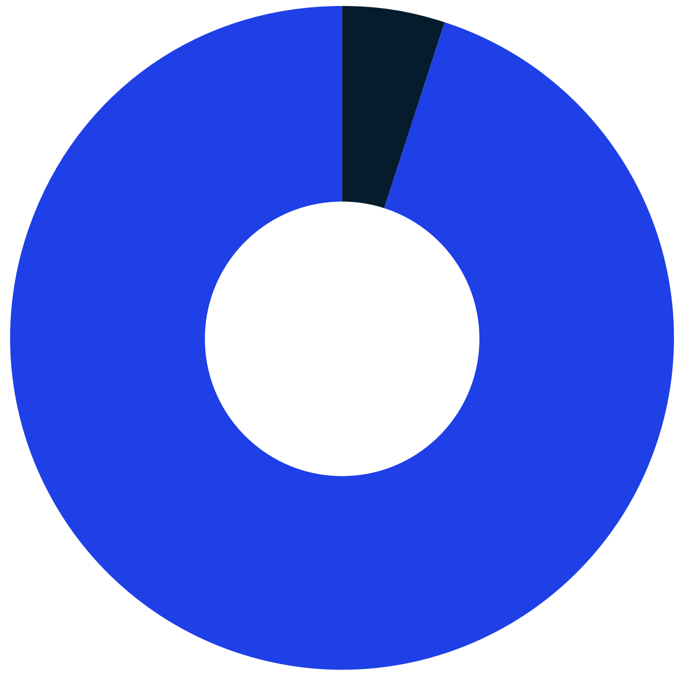
We share what we have learned during our transition toward renewable electricity with our clients and suppliers and encourage them to make a similar commitment.

Learn more about RE100

95%

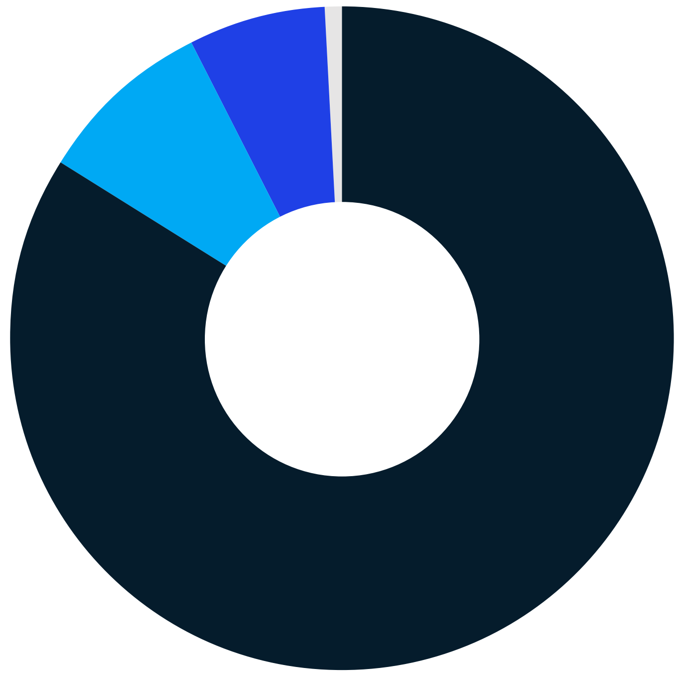
of our electricity consumption came from renewable sources in 2019

Renewable electricity, 2019



Non-renewable	5%
Renewable	95%

Renewable electricity mix, 2019



Wind	83.9%
Hydro	8.8%
Solar	6.6%
Geothermal	0.7%

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

OUR INTERNAL PRACTICES

Offsetting emissions

As part of our commitment to carbon neutrality, we offset all emissions we have not yet been able to eliminate, including those from travel. We do so by investing in carbon-reduction projects that are independently verified to international standards (such as Gold Standard and Verified Carbon Standard).

The projects in which we invest tend to focus on nature-based solutions (such as reforestation, forest conservation, and sustainable agroforestry), a focus chosen by colleagues in a firm-wide poll. To offset our 2019 carbon footprint, we invested in ten different projects worldwide, offsetting 743,000 tCO_2e.

These projects provide additional benefits beyond the avoidance or sequestration of carbon—for example, more biodiversity or sustainable livelihoods for local communities. Each project contributes to several SDGs.

Climate Neutral Company 2019 by South Pole

Brazil
Rainforest conservation

China
Solar cookstoves

India
Domestic biogas

Kenya
Forest protection

Laos
Sustainable agroforestry

Panama
Permanent reforestation

Rwanda
Borehole rehabilitation

Thailand
Wastewater treatment

Turkey
Landfill gas capture

Zimbabwe
Forest protection

Learn more about our carbon-reduction projects

Greenhouse gas reporting methodology

Our 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.

Our methodology follows best practices, such as using internationally accepted 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 98% of our offices. When data was 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), and industry benchmarks (waste disposal).

Download the full 2019 Social Responsibility Report

Download the 2019 Social Responsibility Appendix

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_2e)

	Market-based			Location-based		
	2017	2018	2019	2017	2018	2019
Scope 1: Direct GHG emissions	15.8	15.7	14.7	15.8	15.7	14.7
Scope 2: Energy indirect GHG emissions	29.0	5.1	3.4	28.3	26.4	22.9
Scope 3: Other indirect GHG emissions	735.0	766.7	724.8	735.0	769.6	726.2
Total GHG emissions	779.8	787.5	742.9	779.1	811.7	763.8

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