

The Boston Consulting Group UK

CARBON REDUCTION PLAN

Publication date: July 2023



OUR COMMITMENT TO ACHIEVING NET ZERO

BCG IS COMMITTED TO ACHIEVING NET ZERO CLIMATE IMPACT BY 2030

In September 2020, BCG announced a new global target to achieve net-zero climate impact by 2030. To achieve this, the firm will reduce GHG emissions through a 92% reduction in Scope 1 and Scope 2 emissions per full-time equivalent employee (FTE) and a 48.5% reduction in Scope 3 business travel emissions per FTE by 2025 (against a 2018 baseline year). The Science-Based targets initiative (SBTi) has validated these targets as aligned with the most ambitious goal of the Paris Agreement: to limit a global temperature rise to 1.5°C above preindustrial levels.

In addition, BCG has committed to sourcing 100% of its office electricity from renewable energy sources since 2019 and has maintained CarbonNeutral® company certification through a combination of internal emissions reduction projects and the purchase of carbon credits since 2018.

More details available here - <https://www.bcg.com/about/about-bcg/net-zero>

BASELINE EMISSIONS FOOTPRINT

Baseline emissions are a record of historically produced greenhouse gases, prior to reduction emissions strategies and initiatives. Our baseline emissions (2018) provide a reference point to measure our reduction in emissions.

Baseline Year: 2018

Additional Details relating to the Baseline Emissions calculations:

BCG have compiled the emissions inventory in accordance with The Greenhouse Gas (GHG) Protocol Corporate Standard. An operational control approach has been used to define our organizational boundary. Emissions for all BCG legal entities have been reported on a consolidated basis for BCG UK1 Ltd. All carbon emissions classified under Scopes 1 and 2 have been included, as well as Scope 3 Business Travel emissions, Employee Commuting Emissions, Upstream T&D emissions, and Waste emissions. Downstream T&D emissions are not applicable as BCG do not manufacture or distribute products. Scope 2 emissions have been reported using both the location-based and market-based approaches.

Energy consumptions (kWh) and business travel activity data has been converted to GHG emissions by applying the appropriate 2022 UK Government GHG Conversion Factors. The GHG emissions inventory has been independently audited and verified against the ISO 14064-3 standard.

Emissions	TOTAL (tCO ₂ e)
Scope 1 (Direct fuel consumption)	266
Scope 2 (Market-Based)	473
Scope 2 (Location-Based)	826
Scope 3 (Business Travel, Employee Commuting, Waste, Upstream T&D)	15,932
Total Emissions (market-based)	16,672
Purchased Carbon Offsets	16,672
Net Emissions	0

CURRENT EMISSIONS REPORTING

Reporting Year: 2022	
Emissions	TOTAL (tCO ₂ e)
Scope 1 (Direct fuel consumption)	4
Scope 2 (Market-Based) ¹	0
Scope 2 (Location-Based)	681
Scope 3 (Business Travel, Employee Commuting, Waste, Upstream T&D)	12,050
Total Emissions (market-based)	12,054
Purchased Carbon Offsets	12,054
Net Emissions	0

The global GHG emissions for BCG Inc. are consolidated and reported in the [BCG Annual Sustainability Report](#).

¹ We use a market-based approach to report Scope 2 emissions, which factors in the purchase of renewable electricity. In 2019, we shifted to 100% renewable electricity for our offices and therefore report 0 KtCO₂e Scope 2 (market-based) emissions.

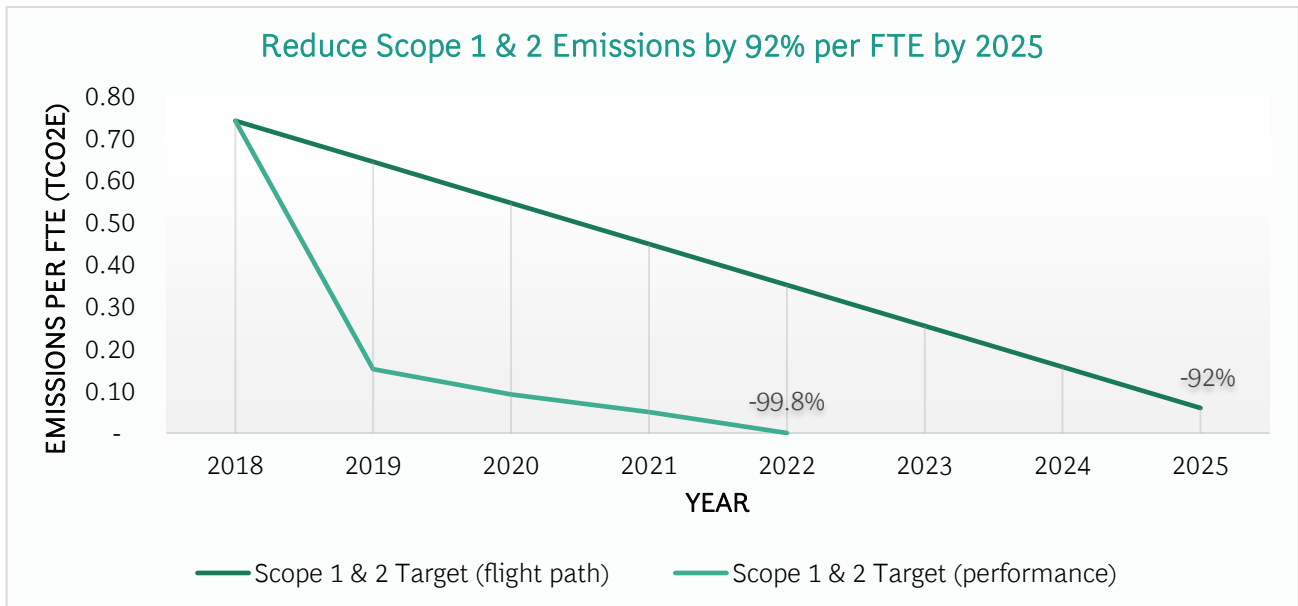
EMISSIONS REDUCTION TARGETS

WE ARE ON TRACK TO BECOME NET ZERO BY 2030

In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets. The Science-Based targets initiative (SBTi) has validated these targets as aligned with the most ambitious goal of the Paris Agreement: to limit a global temperature rise to 1.5°C above preindustrial levels.

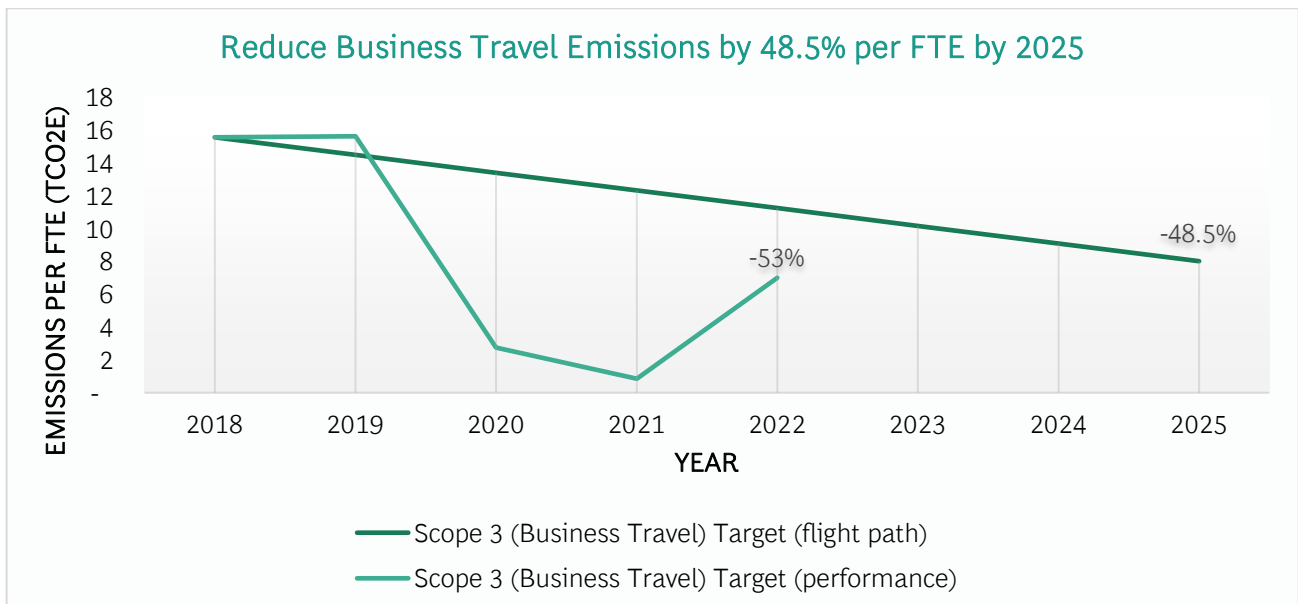
REDUCE SCOPE 1 AND 2 EMISSIONS BY 92% PER FULL-TIME EQUIVALENT EMPLOYEE BY 2025 (AGAINST OUR 2018 BASELINE YEAR)

Progress against these targets can be seen in the graph below:



REDUCE SCOPE 3 (BUSINESS TRAVEL) EMISSIONS BY 48.5% PER FTE EMPLOYEE BY 2025 (AGAINST OUR 2018 BASELINE YEAR)

Progress against these targets can be seen in the graph below:



CARBON REDUCTION PROJECTS

SCOPE 1 AND 2

As a result of the actions we have taken to decarbonise our operations, our Scope 1 and 2 emissions intensity has reduced by almost 100% per FTE compared to our 2018 baseline year.

Since moving to our new London office in 2021, which is fully electrified, we have reduced absolute Scope 1 emissions by 98%. Combined with using 100% renewable electricity to power our offices we have also reduced Scope 2 (market-based) emissions by 100%. Our London office is a flagship for the sustainable office of the future. BCG chose a BREEAM Excellent and LEED Gold building, designed to achieve 28% lower embodied carbon intensity than the RICS benchmark.

This all-electric building relies on air-source heat pumps on the roof to provide heating and cooling, avoiding the need for carbon-intensive gas boilers. In addition, an 80m² array of solar thermal panels located on the roof supplies heat for hot water, further reducing the building's energy requirements, and the building is powered by 100% renewable electricity, backed by Renewable Energy Guarantee of Origin (REGO) certificates. The office meets the highest specifications for office fittings, furniture, and technology that balance environmental and wellness credentials.

BUSINESS TRAVEL

To realize our net-zero ambition, we focus primarily on reducing our largest source of emissions: business travel. We have committed to cutting business travel emissions by 48.5% per FTE by 2025 versus our 2018 baseline year, making it one of the most ambitious such targets in our industry

Our business travel emissions intensity in 2022 was 53% lower than in our 2018 baseline year. Of this reduction, approximately 46% came through changes in the way we travel and 9% through aviation efficiency gains, and purchase of sustainable aviation fuel (SAF) in 2022. We are thoughtfully evolving our operating model to reduce business travel emissions, while maintaining our excellence in client service and seeking to enhance our employee value propositions.

As part of our efforts to further reduce emissions from business travel, we are establishing a clear policy and budget to allow for our staff to stay over during the weekend when they're needed at a client or other-related work site for back-to-back weeks. This initiative would enable us to reduce flight emissions by close to half if fully used, considering current travelling schedules plan for return trips each week for on-site client work. Furthermore, travel by rail continues to proportionally increase against our 2018 baseline.

SUPPORT FOR SUSTAINABLE AVIATION FUEL

In addition to transforming our travel norms, we are exploring other ways to further reduce our climate impact, including supporting the use of sustainable aviation fuel for BCG flights. SAF can result in up to 85% fewer lifecycle CO₂ emissions compared with conventional fossil jet fuel, but the market is still nascent. BCG is an early adopter of SAF and in 2022, we signed new SAF partnerships directly with Qantas and Air Canada by participating in Air Canada's Leave Less Travel Program, and we continued to deepen our engagement with our existing partners, including SkyNRG, Neste, and United Airlines.

GLOBAL GREEN TEAMS

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

Although the initiatives in place enable us to reach our targets, transparently communicating and engaging on our Net Zero ambition is key to achieving them.

One example of such communication is our monthly Office Update, during which our office emissions are shared with our UK workforce, together with context on where we stand compared to our ambition and our plans to achieve it.

Beyond these monthly updates, travelling and sustainability concerns during cases can be flagged during our “PTO Surveys” a method put in place by BCG to ensure the wellbeing of teams during case work. These surveys enable our consultants to align personal wellbeing with net zero ambitions through tailored questions and accountability mechanisms.

NEUTRALISING THE EMISSIONS WE’RE UNABLE TO AVOID

As a certified CarbonNeutral® company we purchase and retire a volume of carbon credits equivalent to our reported emissions, in accordance with The CarbonNeutral Protocol.

We have begun directing more of our voluntary carbon credit purchases toward carbon dioxide removal (CDR) projects, with the added objective of advancing the most promising frontier solutions, such as direct-air capture and storage. We have committed to using 100% CDR projects by 2030. Globally, we expect to pay a blended price of about USD35 per metric ton in 2025 on carbon avoidance and removal, rising to approximately USD80 per metric ton on 100% carbon removal in 2030 (as we shift from primarily avoided emissions credits to exclusively removal credits).

In 2022, globally we retired carbon credits from 9 projects and our ratio of CDR projects increased from about 44% in 2021 to 48% in 2022. Of the credits retired in 2022, 95% were issued from forestry-related projects, 4% from mangroves, and the remainder from soil carbon capture and biochar projects. These actions demonstrate our ongoing support for advancing natural climate solutions. Our blended average price was USD16 per metric ton in 2022, an increase over the USD11 per metric ton we paid last year.

DECLARATION AND SIGN-OFF

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standards for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard² and uses the appropriate Government emission conversion factors for greenhouse gas company reporting³.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard⁴.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

SIGNED ON BEHALF OF THE BOSTON CONSULTING GROUP UK LLP

Name: Louis Watt

Role: Managing Director and Partner

Signature: 

Date: 3 July 2023

² <https://ghgprotocol.org/corporate-standard>

³ <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

⁴ <https://ghgprotocol.org/standards/scope-3-standard>