

BCG's Net-Zero Pledge

SEPTEMBER 01, 2020

- We will reach net-zero climate impact by 2030.
- We will reduce our footprint through a 90% reduction in Scope 1 and Scope 2 emissions per full-time equivalent employee (FTE) and a 30% reduction in Scope 3 business travel emissions per FTE by 2025.
- We will remove our remaining footprint with the most effective nature-based and engineered solutions at an annual average of \$80 per tonne by 2030.
- From 2030 onward, we will become climate positive by removing more carbon than we emit.

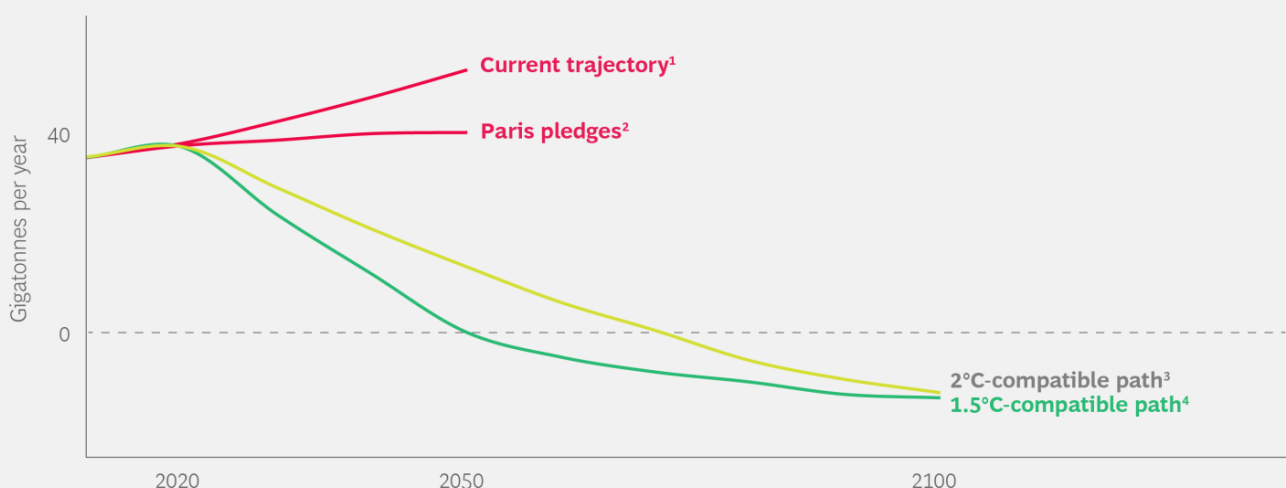
- We are committing \$400 million over the next decade to enable BCG teams to drive climate and environmental impact across industries and countries.

Climate action is one of our most urgent challenges. As we partner with our clients to help them realize their net-zero ambitions, we must also continue to change the way we operate as a firm. Our net-zero commitment and the climate action investments we make today are evidence of the impact we are determined to have.

The science is clear. If we want to limit global warming to 1.5°C and avoid the worst effects of climate change, we, as a planet, need to halve carbon dioxide (CO₂) emissions in this decade and reach net-zero carbon emissions by 2050.

This will require a rapid transition to a low-carbon economy, as well as the scaling of projects and technologies that will remove CO₂ from the atmosphere. Although we've seen an impressive focus on climate action recently, current pledges around the world fall short of the actions needed to reach the 1.5°C goal. (See Exhibit 1.)

Exhibit 1 | Global Net CO₂ Equivalent Emissions Pathways



Sources: IPCC; UNEP Emissions Gap Report; BCG analysis.

Note: Emissions of non-CO₂ forcers are also to be reduced by more than 50% in pathways limiting global warming to 1.5°C.

1. Assumes CO₂ emissions grow from 2018 at same rate as the "current policies" scenario in UNEP 2019 Emissions Gap Report (1.1% CAGR). 2. Assumes countries decarbonize at the same annual rate that was required to achieve their intended nationally determined contributions from 2020–2030. 3. Assumes 25% reduction by 2030 and net zero by 2070. 4. Assumes 45% reduction by 2030 and net zero by 2050.

At this critical juncture, BCG is proud to announce our next climate action steps in three key areas where we can have a major impact:

- Achieving net-zero climate impact by 2030
- Partnering with clients to drive climate action
- Helping to shape the global climate agenda

ACHIEVING NET-ZERO CLIMATE IMPACT BY 2030

While our single greatest impact will come through our client work, we also want to lead by example by reducing the negative climate impact of our own operations and value chain.

The world needs to reach net-zero carbon emissions by 2050, but those that can move faster should do so. This is why we are committing to reach net zero by 2030. As we progress, we will continually learn, innovate, and collaborate. This commitment embodies our **firm's purpose**—“unlocking the potential of those who advance the world”—a goal we strive to reach by driving inspired impact for our clients, our communities, our people, and our planet.

Our net-zero ambition is grounded in four principles:

1. Measuring, Monitoring, and Transparently Reporting. High-quality data is the backbone of any effective climate program. We will continue to measure, analyze, independently verify, and report our progress toward net-zero climate goal in our **Annual Sustainability Report**.

We measure and include within our footprint the climate impact of greenhouse gas (GHG) emissions as well as that of non-GHG sources, such as the radiative-forcing impact of air travel.¹ Thus, we say that our commitment is to achieve net-zero climate impact, as opposed to net-zero GHG emissions.

2. Setting Targets to Reduce the Climate Impact of Our Footprint. To address the impact of our operations and wider value chain, we have set targets across the full scope of emissions. This includes the following:

- Scope 1: direct emissions from fuel consumption
- Scope 2: indirect emissions from the generation of power and heat
- Scope 3: value chain emissions, specifically the climate impact of our business travel, which makes up more than 80% of our total footprint

Using 2018 as our baseline year, we have commenced progress towards these reduction targets. (See Exhibit 2.)

Exhibit 2 | BCG's 2018 Baseline and Change in Emissions/FTE for 2018–2019

GHG emissions source	2018 baseline (thousand tCO ₂ e)	2018–2019 change per FTE
Scope 1	6	–82%
Scope 2 (market-based)	25	
Scope 3 – Business travel	438	–9.5%
Scope 3 – Other	104	
Total emissions (market-based)	573	–15%

Source: BCG analysis.
 Note: Includes both greenhouse gas emissions and non-GHG climate impact, such as radiative forcing. In 2019, BCG shifted to 100% renewable electricity to power its offices, resulting in 0 tCO₂e Scope 2 emissions (market-based).

We will reduce direct energy and electricity GHG emissions by 90% per FTE by 2025 (compared with our 2018 baseline year).

This target is based on the latest science and is aligned with best-practice guidance on limiting warming to 1.5°C.

In 2019, we shifted to 100% renewable energy to power our offices, so we are already 82% of the way toward our target. We did this by moving our direct electricity supply to renewable sources where feasible and buying unbundled Energy Attribute Certificates to reach 100% renewable electricity. We will continue to pursue new ways to increase energy efficiency in our operations to achieve the remainder of this target.

We will reduce business travel emissions by at least 30% per FTE by 2025 (compared with our 2018 baseline year).

As we deliver client service, we amplify value through collaboration across our teams and with our clients. Bringing the best of BCG to our clients is at the heart of our operating model. This, combined with the growth of BCG, creates a travel-intensive footprint. While preserving the core of our business model and our employee value proposition, we will innovate and transform to reduce business travel emissions by at least 30% per FTE by 2025, compared with our 2018 baseline year.

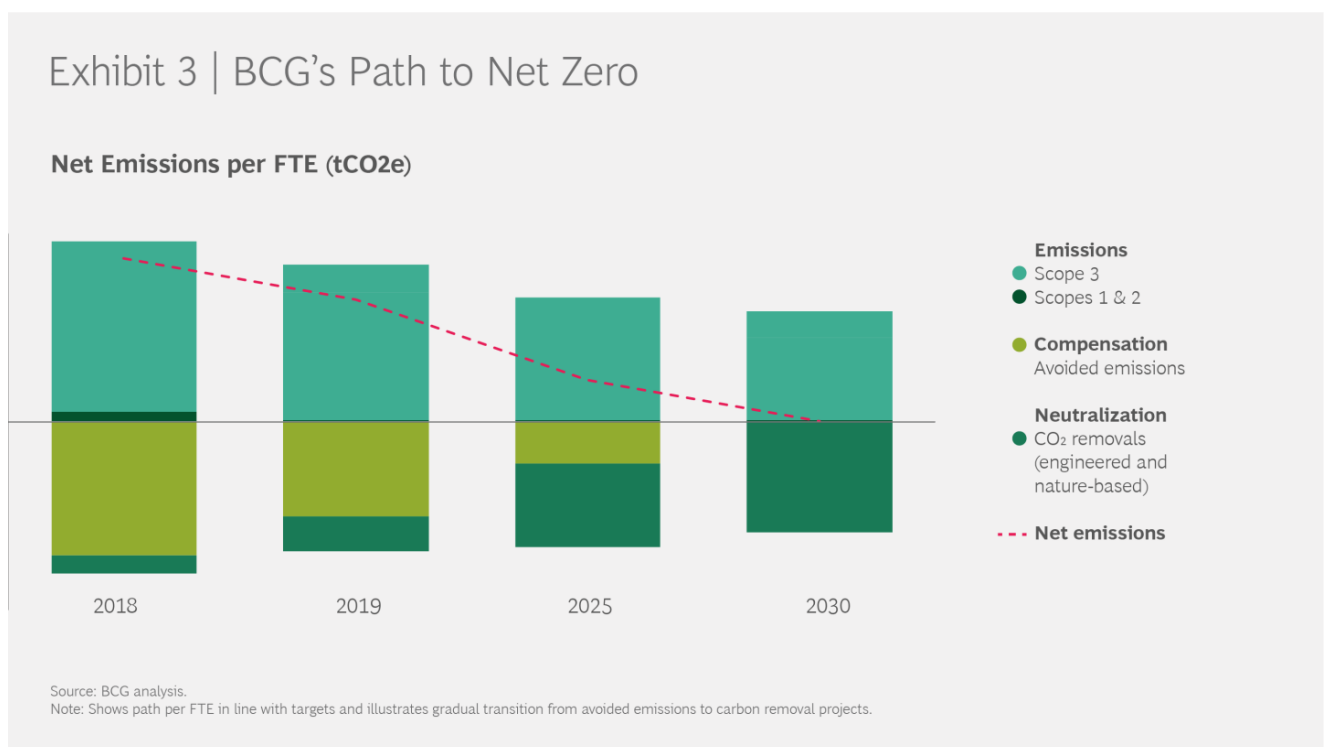
This shift has already begun as we replace some in-person meetings with virtual ones and transition to less carbon-intensive modes of travel. We are building on the valuable lessons learned during COVID-19 to increase opportunities for virtual collaboration and introduce alternative client delivery models. We are excited to work with our clients and our teams to experiment with new ways to deliver service and support careers at BCG.

To achieve our business travel emissions target, we are exploring a range of additional emissions reductions levers, including the use of sustainable aviation fuels (SAF). SAF can lead to a more than 80% reduction in life cycle CO₂ emissions versus standard jet fuel. While the SAF market is nascent (typically less than 0.1% of global aviation fuel demand), we believe this shouldn't be an excuse for waiting. Since 2019, we have participated in the WEF-led Clean Skies for Tomorrow (CST) coalition as an active member of a workstream focused on creating a scalable SAF marketplace. BCG is also a founding member of the Sustainable Aviation Buyers

Alliance ([SABA](#)), a coalition working to accelerate investment in SAF. BCG will continue deepening its collaboration with airlines and the broader SAF value chain to try new approaches that can stimulate and help shape the future of the market.

3. Neutralizing Our Remaining Footprint. BCG has been carbon neutral since 2018.² This means that in addition to reducing our climate impact, we have compensated for the remaining impact by purchasing independently verified carbon credits. These credits primarily finance important “avoided emissions” projects—preventing deforestation, for example—that aim to keep additional carbon from entering the atmosphere. They also support a smaller proportion of nature-based removals, including afforestation projects to create new “carbon sinks.”

To achieve net-zero climate impact, however, we will transition to 100% carbon removal solutions by 2030, including both nature-based and engineered solutions. (See Exhibit 3.)



This means that for every tonne (CO₂ equivalent) that we emit, we will remove a tonne from the atmosphere. We'll make this transition gradually, recognizing the importance of:

- Our continued support for avoided-emissions projects in the near term
- The time and investment required to establish new carbon removal projects
- Our need to learn more about this fast-evolving market in order to support the projects that are best for the planet

Beyond 2030, once we have achieved net-zero climate impact, we are committed to being climate positive by removing more CO₂ than the amount of CO₂ equivalent that we emit.

We are expecting to spend \$35 per tonne in 2025 on carbon avoidance and removals, rising to \$80 per tonne of 100% carbon removals in 2030—a significant increase from the current voluntary carbon offset market average of \$3 to \$6 per tonne.³ This substantial investment will enable BCG to work collaboratively with organizations around the world in developing and deploying the most advanced removal approaches, essential to meeting the goals of the Paris Accord.

We will look to support a range of viable, scalable, and high-quality solutions. We'll invest in those solutions that hold the greatest promise and in opportunities where we can have the greatest impact. We aim to include support for nascent methods and technologies that more efficiently and permanently sequester carbon than those available today. We will base our choices on the best available science and with reference to best-practice guidance, such as [WWF's guidance on voluntary carbon credit guidance](#), as it evolves.

It's important for companies to try to practically internalize the costs of carbon. Making this financial commitment and being transparent about the cost per tonne is one way that BCG will make our level of ambition as clear and explicit as possible.

4. Learning and Improving. By maintaining ongoing engagement with experts, climate NGOs, clients, employees, and other key stakeholders, we will learn and

adapt to a changing global context in order to minimize our footprint and employ the most effective approach available.

In particular, we recognize that net-zero strategies will evolve with scientific consensus and technology developments.

Through this broad set of actions, investments, and additional climate engagement, BCG will pursue Science Based Target initiative (SBTi) participation and will look to continually advance its leadership role in helping the world address the climate crisis.

PARTNERING WITH CLIENTS

With our global reach and intellectual diversity spanning every significant industry and function, we can make the biggest contribution to overcoming the climate crisis through the support of and collaboration with our clients.

We embrace our responsibility to work with our clients to accelerate action toward a sustainable future and are already delivering more than 400 climate and environment projects with over 300 organizations each year. But we recognize that there is more we can do. To this end, in 2019 we launched [BCG's Center for Climate & Sustainability](#) to better support clients in navigating the low-carbon transition.

BCG teams support the realization of the global climate agenda through the development of innovative research, high-impact climate strategies, and new climate ventures. We deliver transformations that directly reduce climate impact and shape environmental, social, and corporate governance (ESG) programs that influence global climate action, using advanced analytics and digital tools to contribute to solutions.

We are now committing \$400 million over the next decade to enable our teams to drive climate and environmental impact across governments, industries, NGOs, and coalitions.

ADVANCING THE GLOBAL AGENDA

Beyond supporting our clients and transforming our own operations, we are committed to advancing global progress toward the net-zero ambition. BCG fosters long-term relationships with a number of today's most relevant and innovative organizations. We aspire to be the partner of choice when it matters most and work to ensure that our seat at the table helps transform the world.

BCG is a key knowledge partner for climate activities at the World Economic Forum (WEF), currently supporting its Net-Zero Challenge and Mission Possible Platform. Our [research](#), done in collaboration with WEF, assesses the net-zero progress made by corporations, governments, and civil society since the 2015 Paris Accord.

BCG CEO Rich Lesser is serving as chief advisor to WEF's [Alliance of CEO Climate Leaders](#) and actively participates in the Climate Working Group of the Business Roundtable, helping to guide the global transition to a low-carbon, climate-resilient economy.

Since 2012, BCG has partnered with WWF, one of the world's leading conservation NGOs, undertaking numerous projects in support of its mission to stop the degradation of our planet's natural environment and to build a future in which humans live in harmony with nature.

BCG is also supporting the UK government in the preparation and organization of the UN COP26 climate change conference in Glasgow. As part of our engagement, BCG also supports the UN High-Level Champion for Climate Action. We are especially focused on the role of nonstate actors in achieving the Paris goals, and we will be working tirelessly to ensure a positive outcome. In addition, BCG is a strategic partner with TED Countdown, a global initiative to turn ideas into action—championing and accelerating solutions to the climate crisis. And we are already working with NGOs, business leaders, industry bodies, and governments on decarbonization roadmaps for the aviation sector.

This is an exciting moment for BCG. As we partner with our clients to accelerate their own and the world's transition to a net-zero future, we will work to reduce BCG's climate impact as effectively and quickly as possible. Beyond our internal changes, it will take collaboration across industries, between business and government, and among professional-services firms to accomplish the magnitude of progress on climate that is so desperately needed. We will do everything we can to proactively play our part.

ABOUT BOSTON CONSULTING GROUP

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.

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1 While CO₂ is a significant and crucially long-lived pollutant from aviation, it is estimated to represent only ~50% of the total warming caused by flying on an annual basis. Other emissions from aviation, such as nitrogen oxides (NO_x), sulfur oxides

(SO_x), and particulate matter (PM), as well as indirect factors such as the formation of contrails and clouds, contribute to effective radiative forcing (ERF). Following best practice, we account for the non-GHG climate impact of aviation, which makes up ~35% of our total reported footprint.

- 2 Our carbon-neutral company certification covers our Scope 1 and Scope 2 footprint and all Scope 3 sources required by the Carbon Neutral Protocol (business travel, waste, and transmission and distribution losses).
- 3 Forest Trends' Ecosystem Marketplace, "Financing Emissions Reductions for the Future: State of Voluntary Carbon Markets 2019," Washington DC: Forest Trends, 2019.

