

Modern Slavery Statement

31 December 2023

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Modern Slavery Statement

This statement is made pursuant to section 14 of the *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**) for the period 1 January 2023 to 31 December 2023.

This statement is made on behalf of McKinsey Pacific Rim, Inc., McKinsey Recovery & Transformation Services Australia Co. and McKinsey Australia Holdings Pty Ltd (collectively referred to as **McKinsey Australia** for the purposes of this Statement).

Introduction

McKinsey & Company is a values-driven organisation and we aspire to meet the highest professional, legal and ethical standards.

As a participant in the United Nations Global Compact, McKinsey supports the protection of internationally proclaimed human rights, the elimination of all forms of forced and compulsory labour and the effective abolition of child labour.

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chain or in any part of our business.

This statement sets out our global approach to modern slavery. For more information on McKinsey's approach and practices, please refer to the following:

- [2023 ESG Report](#)
- [Our Code of Conduct](#)
- [Human Rights Statement](#)
- [Supplier Standards](#) including our [Supplier Code of Conduct](#)

As McKinsey Australia's official statement pursuant to the Modern Slavery Act, This Statement sets out the work we have done up to and including the 2023 calendar year in assessing and addressing modern slavery risks across our Australian business.

Our Structure and Reporting Entities

The McKinsey group of companies is comprised of McKinsey & Company, Inc., a New York corporation, and numerous subsidiary companies, each of which is a separate legal entity that conducts its own business operations day-to-day in a way that aligns with the global, one firm approach we described herein. About half of the subsidiaries provide management consulting services through offices located in over 130 cities in over 65 countries worldwide. This Statement is made by the Australian business and is made on behalf of the three reporting entities. Those reporting entities and their respective legal compositions are as follows:

Legal Name	Location	Type
McKinsey Pacific Rim, Inc.	Australia	Foreign branch of a Washington corporation
McKinsey Recovery & Transformation Services Australia Co.	Australia	Foreign branch of a Delaware corporation
McKinsey Australia Holdings Pty Ltd	Australia	Australian Private Company

This statement does not include Hypothesis Pty Ltd an Australian Private Company as after its acquisition in early 2021 it has since become a dormant entity.

Operations

McKinsey is a global management consulting firm committed to helping organizations accelerate sustainable and inclusive growth. We work with clients across the private, public, and social sectors to solve complex problems and create positive change for all their stakeholders. We combine bold strategies and transformative technologies to help organizations innovate more sustainably, achieve lasting gains in performance, and build workforces that will thrive for this generation and the next.

At the time of publication of this statement, the companies that comprise McKinsey Australia employ approximately 556 people in Australia and operates from five centres located in Sydney, Melbourne, Perth, Brisbane and Canberra.

Our workforce also includes a small number of staff from outside Australia who have arrived and presently operate on working visas. Given the nature of the services we provide and the professional workforce we employ, we assess the risk of modern slavery or human trafficking in our own organisation to be low.

Supplier Management / Suppliers

As a global professional services company, our supplier base includes suppliers that provide professional services, technology, travel, real estate, research & data, and facilities.

During the 2023 calendar year, we engaged a range of suppliers , most of which are based in Australia. The remaining suppliers were based in predominantly, United States, United Kingdom, France, and Germany.

As part of our Supplier Code of Conduct, McKinsey requires suppliers to fully comply with the applicable legal requirements of slavery, forced labour and human trafficking laws and expects suppliers to enact practices to ensure compliance with such laws.

Suppliers deemed potentially higher risk based on country and / or sector are asked about their policies and procedures in place regarding human rights, modern slavery, forced labour, child labour or human trafficking, and whether the company has been in violation of any related offences within the last five years. Our process is to carry out periodic diligence checks to assess changes in a supplier's circumstances at intervals determined by the entity's risk profile.

Beginning in 2022, we strengthened our supplier due diligence processes by adding a supplementary human rights and modern slavery-specific risk analysis tool and launching collaboration with a third-party supplier assessment platform. The supplier assessments conducted through this platform require document verification and review by an independent third party of any human rights policy and practices claims against globally recognised standards and frameworks. Based on assessment results, McKinsey may request corrective actions from suppliers to address improvement areas.

At this point, McKinsey Australia monitors its tier 1 suppliers for modern slavery at onboarding, that are higher risk (based on geography or services being procured) or high spend (over USD \$100,000 over the relevant period). We also periodically review our suppliers using a modern slavery-specific risk analysis / mapping platform and continue to expand the number of suppliers on this platform. While McKinsey Australia does not as yet have oversight over tier 2 suppliers or beyond, the evidence-based assessments described in the preceding paragraph do request documentation of tier 1 suppliers' human rights policies and supplier practices with respect to their own suppliers (our tier 2 suppliers). We will endeavour to continue enhancing visibility of tier 2 suppliers in future reporting cycles.

We have analysed our supplier base and understand the largest portion of supplier spend falls in these categories:

- Professional Services
- Technology
- Research & data
- Travel
- Real Estate
- Facilities

Risks of Modern Slavery practices in Operations and Supplier Base

We are committed to ensuring that there is no modern slavery or human trafficking in our supplier base or in any part of our business. Our internal policies reflect our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supplier base.

Following assessment of our Australian business operations and supplier base and having regard to the regulated nature of McKinsey Australia's business in Australia, we consider that the overall risk of modern slavery existing within our immediate Australian operations and first tier suppliers is low.

Through our assessment, we categorise modern slavery risks for our business into the following key areas:

- **Local contractor and service arrangements.** Modern slavery risks arise where the services procured for the premises of business services involve exploited forms of work types such as cleaning services, indoor office maintenance, document production and printing services. Through these arrangements McKinsey Australia is at minimal risk of being directly associated with modern slavery.
- **Suppliers of suppliers (tier 2 suppliers).** McKinsey's supply chain, as with all supply chains, has several tiers and there are certain sectors and industries, products and services, geographic regions and supplier entities which carry a higher risk of modern slavery than others. While McKinsey Australia monitors its tier 1 suppliers with a USD \$100,000 spend and above and higher risk suppliers (based on geography or services being procured) at onboarding, it has less visibility or control of the business practices and operations of the suppliers of its suppliers (tier 2 and beyond). We also periodically review our suppliers using a modern slavery-specific risk analysis / mapping platform and continue to expand the number of suppliers on this platform. However, overall, Tier 2 suppliers may be associated with modern slavery risk.

There is potential risk exposure through its arrangements with third parties that McKinsey Australia could find itself exposed to modern slavery actions by others. However, suppliers are made aware of our zero-tolerance stance enforced through our policies and codes.

In view of the above, we believe the overall risk is low owing to:

- The nature of the goods and services which we procure (mostly services, mostly skilled professions).
- The locations from which we procure them (mostly in developed markets).
- Our procurement practices (for example, we agree to reasonable terms and ensure timely payment).

While the overall level of risk is low, these criteria also enable us to identify where the risk may be higher.

Actions Taken and Due Diligence Processes for Slavery and Human Trafficking

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chain or in any part of our business. Our policies, including [Our Code of](#)

[Conduct](#) and our [Supplier Code of Conduct](#) reflect our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chain.

We have embedded checks for modern slavery in our routine supplier due diligence process and have raised awareness of these issues with colleagues who manage this supplier vetting process. Further, we deployed a mandatory training program for all colleagues on our procurement team, incorporating information on sustainable procurement fundamentals and expectations of our procurement colleagues related to our Sustainable Procurement and Responsible Buying Policy.

The due diligence process reflects the relative risk for potential suppliers and includes:

- Checks against global sanctions and enforcement databases (for example, OFAC, World Bank Debarment List) and subject to adverse media review to identify risks including human rights abuses, human trafficking, and labour violations.
- Our risk assessment and evaluation of modern slavery is based on criteria such as the country of operation and government response, as assessed by the Corruption Perceptions Index (CPI which incorporates the Global Slavery Index).
- Those potential suppliers identified as medium or high risk are subject to further diligence and evaluation based on the specific supplier's circumstances. This includes higher risk and higher spend suppliers, who will be asked as part of a questionnaire about their policies and procedures in place regarding human rights, modern slavery, forced labour, child labour or human trafficking.
- As part of our Supplier Code of Conduct, McKinsey requires suppliers to fully comply with the applicable legal requirements of slavery, forced labour and human trafficking laws (including the UK Modern Slavery Act 2015) and expects suppliers to enact practices to ensure compliance with such laws. This Supplier Code was updated to expand the number of human rights and labour-related issues covered by the Supplier Code, advising suppliers that they must cascade Supplier Code expectations to their own supply chains, and noting that McKinsey may at times request a third-party assessment or audit from a supplier.
- Our global supplier onboarding portal which incorporates an Environmental, Social, Governance (ESG) questionnaire triggered for suppliers from a high-risk country and service category or with expected annual spend of greater than USD \$100,000. In this reporting period, the portal applies to new suppliers being onboarded as well as during the recertification of our existing suppliers.
- Launching a collaboration with a third-party supplier assessment platform. The supplier assessments conducted through this platform require document verification of any human rights policies and practices and review by an

independent third party against globally recognised standards and frameworks.

Globally we conduct periodic due diligence based on level of risk of active suppliers and will include an adverse media scan enabling the Firm to address any new risks identified or previously undetected risks in the supply chain. We also remain committed to continually improving our practices to ensure that there is no modern slavery or human trafficking in our supply chain.

Measuring the Effectiveness of McKinsey Australia's Actions

At this time, McKinsey Australia does not have in place a comprehensive risk assessment frame for assessing the overall effectiveness of its modern slavery response.

McKinsey Australia has, however, relied upon being able to conduct a preliminary rudimentary assessment of its effectiveness based on the following measures:

- The fact no material modern slavery incidents have been identified during the 2023 calendar year.
- Outcomes of whistleblowing hotlines.

Consultation, Training and Grievance Mechanisms

McKinsey Australia entities operate through a centralised procurement and human resources system to minimise and avoid potential risks of Modern Slavery (both with our suppliers and in our own business).

As a global firm, we continue to maintain and enforce our Code of Conduct and human rights-related policies (such as our Workplace Conduct Policy) which govern how our internal workforce governs itself and support these with regular awareness building and training. Building and maintaining a culture of integrity is the responsibility of all firm members. We support our firm members through training and communication efforts to keep our commitment to ethics, integrity, and compliance top of mind. All active McKinsey colleagues are required to participate in Professional Standards and Risk training and certify compliance with firm policies on a quarterly basis. Some of the topics covered in annual mandatory learning include anti-corruption, conflicts of interest, information security, anti-harassment, workplace conduct, environmental sustainability, and human rights. Upon joining the firm, all new colleagues are required to complete mandatory training to build an understanding of McKinsey's Code and policies and participate in an in-person or virtual onboarding session where they learn about our firm values and what's expected of them as colleagues.

Every firm member is responsible for raising concerns about values, ethics, professional conduct, and any potential violation of laws or firm policies and has the opportunity and is encouraged to do so without fear of retaliation. In addition to clearly defined internal channels, we have a [global hotline](#) that allows colleagues and

external parties to raise concerns relating to potential violations of laws and our firm's policies, professional standards, and values in a confidential manner 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.

We consult with clients and suppliers in relation to Modern Slavery and work cooperatively to achieve the collective goal of abolishing slavery, forced labour and human trafficking in any form.

We note that while we do own or control one entity, it is dormant and there is no requirement to consult.

Ongoing Steps

McKinsey does not tolerate slavery, forced labour or human trafficking in any form and expects its suppliers to adhere to the same standards.

Since our last published statement, we have:

- Hosted two supplier summits where we communicated updates to our Supplier Code of Conduct, Human Rights Statement and reason for requesting the evidence-based assessments described herein.
- Maintained a cross-functional Human Rights Working Group to operationalise our approach to human rights due diligence and management, including on modern slavery.
- Launched a human rights due diligence review to inform continuous improvement on program, training, and awareness.
- Continued to use a supplier vetting and onboarding process and technology platform that embeds in its risk assessment an evaluation of modern slavery based on criteria such as the country of operation and government response, as assessed by the Global Slavery Index.
- Updated as necessary to our Supplier Code of Conduct to include new supplier expectations and requirements to align with emerging regulations, including respect for freedom of association, and continue our commitment to sustainable and ethical procurement.
- Updated our Human Rights Statement to align with emerging regulations and our ongoing commitment to human rights.
- Maintained our membership of the World Economic Forum's Stakeholder Capitalism Metrics initiative, reflecting our commitment to transparency on our performance on ESG topics, including on human rights and modern slavery.
- Maintained our membership of the United Nations Global Compact and submitted our annual Communication on Progress, reflecting our progress on the Ten Principles of the UN Global Compact, including on human rights and modern slavery.
- Continued to roll-out a supplementary human rights-specific risk analysis tool and launched collaboration with a third-party supplier assessment platform. The

supplier assessments conducted through this platform are reviewed by an independent third party against globally recognised human rights standards and frameworks. Based on assessment results, McKinsey may request corrective actions from suppliers to address any identified risks or ESG improvement areas and confirm completion of the action.

- Maintained availability of 'Got a Concern?' (the global hotline) for all external parties, including suppliers. 'Got a Concern?' enables both McKinsey colleagues and external parties to confidentially raise concerns about potential misconduct or violations of laws, policies, values or professional conduct. Firm members are responsible for reporting any potential violation with the law or our own policies. Details of this confidential process are available on the '[Got a Concern?](#)' webpage.

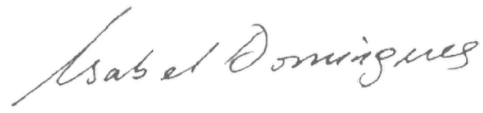
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This statement is made pursuant to Part 2 section 16 of the Modern Slavery Act 2018 and constitutes our modern slavery statement for the financial year ending 31 December 2023. The statement has been approved by the respective boards of each of the companies comprising McKinsey Australia and is signed by the duly authorised Director of each of the companies.



Wesley Walden

Director of McKinsey Pacific Rim, Inc.
and McKinsey Recovery &
Transformation Services Australia Co



Isabel Domingues

Director of McKinsey Australia Holdings
Pty Ltd