

**Confidential**

August 20, 2020

The Honorable Marco Rubio  
United States Senate  
Washington, D.C. 20510

Dear Senator Rubio,

This letter supplements my letter to you of July 3, 2020, in response to your June 17, 2020, letter to McKinsey & Company, Inc. (“McKinsey”).<sup>1</sup> McKinsey appreciates the opportunity to respond to the questions in your letter, and we hope that we may continue to discuss these important issues with you.

At the outset, I want to underscore our firm’s principles which guide every McKinsey employee. Since its founding in Chicago in 1926, McKinsey has sought to make a positive difference to the businesses and communities in which we live and work, both in America and abroad. McKinsey’s work with our clients has created tens of thousands of jobs, improved lives, and expanded opportunities. Wherever McKinsey operates, we take our experiences, grounded in a commitment to the free enterprise system, and apply them to the complex situations we confront.

**U.S. National Competitiveness and Economic Growth**

McKinsey has long supported the success of American enterprises, and today we are supporting many iconic U.S.-based companies and their workers as they adapt to and thrive amid the challenges of the modern economy. In serving these clients or in developing publicly available analysis and research, McKinsey champions American competitiveness and economic growth. For example, through our research we identified in a recent publication key actions to strengthen U.S. manufacturing.<sup>2</sup>

Beyond our published research, through our client work we help American companies increase their competitiveness. For instance, our consulting teams provide expert support to U.S.-based manufacturers’ efforts to increase their competitiveness by improving front-line workforce capabilities and increasing productivity and output. Our teams also help U.S.-based companies adopt new digital and analytics capabilities to further improve performance and drive innovation. For example, we established capability centers in Chicago and Atlanta, and created a mobile “factory in a box,” to provide

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<sup>1</sup> Enclosed for your reference please find a copy of McKinsey’s first response letter dated July 3, 2020.

<sup>2</sup> McKinsey Global Institute, *Making It in America: Revitalizing U.S. Manufacturing* (Nov. 2017). McKinsey Global Institute also recently issued a report, *Risk, Resilience, and Rebalancing in Global Value Chains*, that examines the implications of the growth of value chains in both length and complexity over the past several decades.

hands-on learning opportunities for clients on improving their U.S. manufacturing capabilities. These training opportunities reached over two thousand U.S.-based clients in 2019 alone.

We also have a significant presence in Florida with more than 1,000 colleagues in offices in Miami, Miramar and Tampa. Our teams in Florida and across America support many of the state's largest employers and several of the largest Florida-based national and multinational corporations. Like the state itself, our service to Florida-based clients is diverse, helping improve operations, solve complex problems, and expand the markets for industries including technology, travel and leisure, retail, healthcare, and finance.

### **McKinsey's Work for the U.S. Government and U.S. Companies**

Your letter asked about McKinsey's work for the U.S. government and how McKinsey protects information it may receive through that work. McKinsey has an extensive history of serving various agencies within the U.S. government. Today we serve more than 50 departments and agencies of the U.S. government.<sup>3</sup>

We appreciate your leadership and commitment to cybersecurity and we too take very seriously securing U.S. data, information and intellectual property. One of McKinsey's foundational values is the protection of confidential information. McKinsey maintains comprehensive standards on data protection and digital information security that are applicable to all work across the firm. All client information, whether the U.S. government or any other client, is subject to broad safety and security procedures that are regularly assessed and tested to ensure that the firm is deploying robust and up-to-date security measures.

McKinsey's information technology policies and procedures are reviewed and updated to ensure that they address new technologies and potential threats and are consistent with current industry best practices. All McKinsey personnel are required to complete periodic cyber security training and we conduct regular training on phishing and other emerging security threats. We also have an independent third party perform an annual assessment of McKinsey's information security organization and programs. We follow U.S. government requirements for handling its sensitive data and employ the requisite hardware and other security protocols, including a U.S.-based restricted environment information technology system that is distinguishable from the technology architecture used by the rest of the firm. This system utilizes separate cloud services, accounts, e-mail domains, calendars, laptops, and phones and has been audited by an independent third party and determined to be compliant with obligations to the U.S. government under NIST SP 800-171 and DFARS 252.204-7012.

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<sup>3</sup> Notably, over the last five years alone McKinsey has served the Office of the Secretary of Defense; each of the three Military Departments, several Defense Agencies such as Defense Health Agency and Defense Logistics Agency; and a Combatant Command (U.S. Transportation Command). Our work has focused on improving readiness, affordability, speed, and organizational agility; and best practices in procurement, capability building, and technology strategies that deliver better outcomes.

## **McKinsey's Work for the World Health Organization**

Your letter requested information about McKinsey's work for the World Health Organization (WHO) in Geneva.<sup>4</sup> In recent years, McKinsey's work with the WHO has focused on three programs. In the mid-2010s, McKinsey provided support for the WHO's response to the Ebola outbreak, including assisting the WHO on the establishment of its Ebola vaccine deployment team and the subsequent creation of the World Health Emergencies program. As part of this work, McKinsey helped the WHO build and open an emergency operations center incorporating best practices from prior crisis management efforts.

Beginning in 2017, McKinsey's work focused on assisting the WHO in its efforts to reform its internal structure and operations to assist the organization in protecting one billion people from health emergencies, extending health coverage to one billion people, and improving the health status of one billion people by 2023.

McKinsey has also supported the WHO's response to the COVID-19 pandemic through operational improvements. For example, we supported the WHO's efforts to coordinate and share information across countries regarding the pandemic and helped launch a new digital platform for health authorities to share information.

Roughly half of McKinsey's services to the WHO were in the form of pro bono services, with the remainder at a social sector rate.<sup>5</sup>

## **McKinsey's Clients in China**

Your letter requested information regarding McKinsey's work for companies located in China. As background, McKinsey began performing work in the greater China region more than 35 years ago. We opened our first office in British-controlled Hong Kong in 1985, followed by a Shanghai office in 1993, and a Beijing office in 1995. Today, McKinsey has four offices in mainland China located in Shanghai, Beijing, Shenzhen, and Chengdu. McKinsey also has an office in Taiwan.

As discussed in my previous letter, McKinsey's client base in China is diverse. Given the firm's contractual and professional obligations to maintain confidentiality, McKinsey is not able to provide information on specific clients or engagements. Notwithstanding our history in the region, it is important to note that this work is a small portion of the firm's global revenues. In 2019, fees from our work in China represented approximately three percent of the firm's worldwide total.

In the past year, about eighty-five percent of our work in greater China has been for U.S. and multinational corporations that have operations in the region and private sector companies that are based in China. Our work for state-owned enterprises in China is very much in line with the type of work

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<sup>4</sup> McKinsey received permission from the WHO to describe our work.

<sup>5</sup> More broadly, McKinsey has a long and proud history of providing pro bono services and engaging in other [charitable giving efforts](#). From 2010 through May 2020, McKinsey provided approximately 350,000 hours in pro bono support to nonprofits in the United States, serving over 350 pro bono clients on more than 450 engagements. Over the same period, McKinsey charitable giving program contributed approximately \$41 million in cash donations to nonprofits in the United States.

that we perform for any other corporation. We assist these companies with the organizational and structural issues that are inherent in any large corporation.

When considering a potential client engagement, regardless of location, McKinsey assesses risks relating to five elements of the potential engagement, which we term “CITIO Framework”: the country in which the engagement will take place; the institution that will be our potential client; the topic of the potential engagement; the individuals specifically involved in the engagement on behalf of the client; and operational considerations. Within this framework, clients or engagements are designated on a risk scale of low, moderate, or high. Engagements that receive a high risk rating and some engagements receiving a moderate risk rating receive additional scrutiny. The firm’s Client Service Risk Committee uses the CITIO Framework to make client service decisions. For example, this framework restricts serving public sector or social sector clients in designated higher-risk countries in which we do not have an office. It also does not permit work for defense, intelligence, justice, or policing institutions in countries with an overall score of six or below on the Economist Intelligence Unit Democracy Index, a limitation that currently applies to more than 90 countries, including China.<sup>6</sup>

We recognize that doing work in China poses specific concerns related to human rights. McKinsey takes the issue of human rights very seriously, and places a high value on the protection of vulnerable populations in carrying out our work for our clients. For example, McKinsey is a participant in the United Nations Global Compact, supports the Ten Principles on human rights, labor, environment, and anti-corruption, and maintains and enforces a global human rights policy.<sup>7</sup>

Given these considerations, McKinsey undertakes an extra level of diligence regarding human rights concerns associated with the Xinjiang region in China. We will not serve clients that our due diligence indicates are linked to security and law enforcement efforts, surveillance or facial recognition technology utilized in Xinjiang, operate factories or facilities in Xinjiang that may use forced labor or have a footprint in Xinjiang which is subject to external scrutiny. When evaluating a potential client in China, our diligence team reviews a number of sanctions and watch list databases, publicly available media and database sources, labor publications specific to China, and other resources, including (as appropriate), external due diligence providers for connections between a potential client and activities in Xinjiang.

You also asked about McKinsey’s work for opioid manufacturers. McKinsey no longer does opioid related work anywhere in the world. Our focus today is squarely on combating the crisis in the U.S. Regarding our past work, we are not aware of an instance in which we discussed with a client in China America’s opioid epidemic or the importation of fentanyl from China into the United States.

### **Personal Political Affiliations**

McKinsey supports the protection of our employees’ rights of free association. McKinsey is generally unaware of and does not track the private political affiliations of its employees, and it does not maintain a list of employees who are members of particular political parties, whether in the United States, China, or elsewhere in the world. We are therefore unable to answer certain questions in your

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<sup>6</sup> These restrictions are subject to certain exceptions for international aid and humanitarian activities.

<sup>7</sup> McKinsey & Company’s [Human Rights Statement](#).

letter in this regard. McKinsey's work is conducted on a nonpartisan basis, and we do not work for political parties. We hire our employees based on merit, using standard firm-wide criteria that are some of the most rigorous and competitive hiring practices of any firm in the world.

McKinsey has a policy governing the personal political activities of the firm's employees. This policy prohibits firm members from running for political office or accepting an official role in a political campaign or in the office of a public official, whether paid or unpaid. With respect to political activities, McKinsey's policy prohibits the use of firm resources or the firm name for political activities. McKinsey believes this policy is important to maintaining its independence from any particular political party in any country in which we operate.



McKinsey appreciates the opportunity to provide this information in response to your letter. We share your interest in assessing and understanding issues of globalization and U.S. national competitiveness. McKinsey is committed to continuing to serve the world's most important companies in achieving their business goals, furthering the free enterprise economic system, and supporting business innovation and entrepreneurship. We welcome the opportunity to discuss these issues further with you and your staff, and we would be happy to address any questions that you may have about the information being provided today.

Sincerely,



Liz Hilton Segel  
Managing Partner, North America