



# Climate-related financial risk report

## 2025



April 2026

# Contents



**1. Reporting entity** ..... 03



**2. Basis of presentation** ..... 03



**3. Governance** ..... 04



**4. Risk management** ..... 04



**5. Strategy** ..... 05



**6. Metrics and targets** ..... 09

# 1

## Reporting entity



Information in this report covers the activities of KPMG LLP, which is the KPMG US member firm, and its subsidiaries, referred to as “KPMG” throughout this report.

KPMG is the US member firm of the KPMG global organization of independent professional services firms providing audit, tax, and advisory services. Each KPMG firm is a legally distinct and separate entity and describes itself as such. The US firm is organized as a Delaware limited liability partnership, and it is wholly owned by its partners and principals (referred to collectively as partners). Full details about the services KPMG offers can be found online [here](#).

# 2

## Basis of presentation



KPMG has prepared this report to satisfy the requirements of the California Climate-Related Financial Risk Act at California Health and Safety Code Section 38533, also referred to as Senate Bill 261 (SB 261). In developing this report, KPMG has referred to the Task Force on Climate-related Financial Disclosures (TCFD) framework and the checklist published by the California Air Resources Board (CARB) on September 2, 2025.

This report is for the fiscal year ended September 30, 2025, and includes disclosures related to governance (Note 3), risk management (Note 4), strategy including risk mitigation (Note 5), and metrics and targets (Note 6).

KPMG acquired a controlling interest in KPMG Global Services Inc. (KGS) on June 11, 2025. As of the end of the fiscal year, September 30, 2025, KGS has been integrated into the KPMG risk management framework. See Note 4.



# 3

## Governance



### Board oversight

The KPMG Board of Directors (Board) serves as the principal governing body responsible for overseeing climate-related risks and opportunities.

### Management's role and responsibilities

The Management Committee is responsible for day-to-day operations management and firm policy implementation. This work includes assessing climate-related risks and opportunities.

The Corporate Sustainability team is responsible for measuring, monitoring, and reporting greenhouse gas (GHG) emissions, overseeing decarbonization initiatives, and implementing the firm's climate-related strategy. The team reports directly to the Chief Operating Officer & Vice Chair and is supported by quarterly meetings with the following:

- The Environmental Operations Council, which is comprised of the Chief Sustainability Officer, Chief Financial Officer, National Managing Partner of Operations, and the US Sustainability Business Leader, meet to discuss progress toward climate-related targets, developments in the market landscape, and key operational issues.
- The Emerging Risk Management Group, which assists in identifying and assessing climate-related risks (physical risks and policy and legal transition risks).
- The Legal, Risk Management & Compliance organization, which presents relevant legal and regulatory updates and discusses new compliance requirements.

# 4

## Risk management



In fiscal year 2024, KPMG conducted a climate risk assessment to identify and evaluate climate-related risks and opportunities that may have a material financial impact on the firm. The analysis included a physical risk exposure assessment, benchmarking, industry research, and stakeholder interviews for transition risks and opportunities.

The assessment was reviewed for ongoing relevance in fiscal year 2025. As needed, KPMG refreshes its decarbonization roadmap based on material changes to the business and emissions to define actionable, year-over-year strategies to enhance organizational resilience (see Note 5).

The climate risk management process is integrated into the KPMG enterprise risk management (ERM) framework.



## Material risks and opportunities

### Time horizons

Time horizons	Short-term	Medium-term	Long-term
	2030	2040	2050

### Physical risks

The KPMG climate strategy is informed by the climate risk assessment of its facilities to create approximate predictions of both possible acute and chronic physical risks. This analysis was framed around two key Representative Concentration Pathways (RCPs) scenarios, the 1.5°C Warming Scenario (RCP 2.6), and the 4°C Warming Scenario (RCP 8.5). Representative Concentration Pathways are climate change scenarios to project future greenhouse gas concentrations that have been adopted by the United Nations Intergovernmental Panel on Climate Change. These pathways (or trajectories) are intended to approximately describe future greenhouse gas concentrations for various hypothetical scenarios.

Based upon this analysis, surface water flooding and soil movement were identified as two of the primary possible drivers of potential damage. Further, this analysis identified potential geographic concentration of risk in three specific locations: New York, NY; Orlando, FL; and Montvale, NJ.

Time horizons	Short-term	Medium-term	Long-term
	✓	✓	✓
<b>Impact (actual and potential)</b>	The primary effects related to physical climate-related risks are business disruption, either as physical damage to KPMG facilities by affecting the livelihoods of its workforce and their communities or by affecting its suppliers and supply chain.		
<b>Mitigation</b>	<p>KPMG has established a cross-functional response team that covers acute weather risks. The team mobilizes during extreme events to safeguard personnel and maintain business continuity. The team's coordinated efforts mitigate immediate impacts while also developing information to enhance the firm's readiness for future disruptions.</p> <p>To further strengthen preparedness, the Emerging Risk Management Group evaluates a range of climate-related scenarios and engages subject matter experts to consider business impacts and response plans. Recent analyses have focused on the potential impacts of extreme weather events in high-risk regions such as Texas and Florida.</p> <p>The current KPMG facility selection process prioritizes safety against physical hazards as a selection criterion. The KPMG operating model also supports employees with flexible working options and support through the KPMG Foundation Employee Relief Fund in times of extreme weather events.</p>		

**Transition risk: Emerging sustainability reporting obligations and measurement criteria**

KPMG has identified certain risks associated with the evolving landscape of climate-related disclosure requirements, including uncertainty around the scope, timing, and enforcement of these emerging mandates. Customers may also require reporting under the terms of their contracts. In addition, the guidance for measuring GHG emissions is currently being updated by the GHG Protocol and other guidance from governmental and non-governmental entities.

Time horizons	Short-term	Medium-term	Long-term
	✓	✓	✓
<p><b>Impact</b></p>	<p>Compliance may require investment in reporting infrastructure, monitoring systems, and cross-functional coordination. The uncertainty surrounding the scope and timing of these regulations further complicates planning and resource allocation.</p> <p>Future enforcement of mandatory climate-related disclosures may introduce financial penalties for noncompliance.</p> <p>As clients increasingly prioritize sustainability performance, the risk of failure to meet reporting expectations (including voluntary frameworks) may result in the possibility of diminished client trust, reduced competitiveness, and potential loss of revenue.</p> <p>Updates to how emissions, or progress toward targets, are measured may change reported emissions and/or progress toward climate-related targets.</p>		
<p><b>Mitigation</b></p>	<p>The Corporate Sustainability team collaborates with the KPMG Office of the General Council, Department of Professional Practice, Corporate Affairs, the Emerging Risk Management Group and various other teams and resources to implement steps intended to monitor the regulatory horizon for emerging sustainability disclosure requirements and prepare the firm to evaluate and potentially implement measures directed toward compliance with applicable rules and standards.</p>		



**Transition risk: Customer preferences**

Customers have diverse interests and preferences, with some intensifying their scrutiny of supplier carbon footprints.

Time horizons	Short-term	Medium-term	Long-term
	✓	✓	✓
<b>Impact</b>	Measures to proactively manage emissions may mitigate or avoid adverse impacts to competitive positioning and client relationships.		
<b>Mitigation</b>	<p>KPMG has plans to achieve a goal of sourcing 100% renewable energy. This ambition was first met in fiscal year 2019 and KPMG has continued to meet this goal in subsequent years through FY25.</p> <p>KPMG has plans to achieve a goal of reducing its Scope 1, 2, and 3 GHG emissions by 50% by 2030 from a fiscal year 2019 base year. To help achieve this goal (see Note 6), KPMG is investing in the following strategies:</p> <ul style="list-style-type: none"> <li>• Solar panels have been installed at KPMG Lakehouse, a learning and innovation center located in Lake Nona, Florida.</li> <li>• Corporate real estate usage is being optimized for energy efficiency. For example, in fiscal year 2026, three Manhattan locations consolidated into a single, more energy-efficient headquarters at 2 Manhattan West.</li> <li>• Recognizing that business travel represents a significant portion of GHG emissions that may be attributed to KPMG, a program is in place to track and estimate progress toward a 55% intensity-based reduction target. The KPMG Travel &amp; Expense Portal includes tips for reducing travel-related emissions, including requiring pre-approval by functional leadership to ensure travel has a valid business purpose. Specifically, the Air Travel Pre-Approval Tool verifies compliance with the KPMG Air Travel Policy.</li> <li>• KPMG has implemented an internal carbon price (ICP) program regarding Scope 1, Scope 2, and Scope 3 emissions associated with business travel. The program is estimated to generate corresponding funding that can be reinvested in decarbonization, employee engagement and community-based programs.</li> </ul>		



**Transition risk: Volatility and rising cost of carbon credits**

As one of the goals of its climate strategy, KPMG plans to use high-quality voluntary carbon credits to offset a portion of its GHG emissions. KPMG may be exposed to the financial risks associated with these carbon credits and their markets. The cost of high-quality carbon credits can vary and at times be volatile, influenced by regulatory developments, market demand, supply constraints, and geopolitical factors, among other external factors.

Time horizons	Short-term	Medium-term	Long-term
			✓
<b>Impact (actual)</b>	<p>The cost of high-quality carbon credits may significantly vary. Price variability complicates financial planning and operational costs.</p> <p>Measures to offset or decarbonize operations may lead to increased costs associated with its sustainability goals. Other measures include adjustments to procurement strategies, travel policies, and operational practices.</p>		
<b>Mitigation</b>	<p>To mitigate the effects of price volatility, KPMG has invested in a Renewable Power Purchase Agreement (RPPA) with locked-in prices. The objective is to seek to make progress towards a goal of offsetting Scope 2 GHG emissions for the next twenty years.</p> <p>KPMG is assessing the use of sustainable aviation fuel as part of its strategy for carbon reduction.</p> <p>KPMG has a selection of preferred vendors that it works with to monitor the REC and carbon offset market.</p>		

**Transition risk: Potential implementation of carbon pricing mechanisms**

KPMG continues to monitor potential implementation of new carbon pricing mechanisms in the US and other jurisdictions.

Time horizons	Short-term	Medium-term	Long-term
		✓	✓
<b>Impact (potential)</b>	<p>KPMG may encounter the possibility of increased operational costs, including those related to emissions from its travel, energy use, and the procurement of goods and services.</p> <p>These costs will likely be factored into the firm’s financial planning, including budgeting for compliance with new regulations and investments in the corresponding reporting and monitoring systems.</p>		
<b>Mitigation</b>	<p>KPMG has plans to achieve a goal of sourcing 100% renewable energy. This goal was first met in fiscal year 2019 and KPMG has continued to meet this goal in subsequent years through FY25.</p> <p>KPMG has plans to achieve a goal of reducing its Scope 1, 2, and 3 GHG emissions by 50% by 2030 from a fiscal year 2019 base year (see ‘Customer preferences’ above).</p> <p>KPMG has implemented an internal carbon pricing (ICP) mechanism regarding Scope 1, Scope 2 and Scope 3 emissions associated with its daily business operations to gather information and to prepare for potential external carbon pricing mechanisms. The amounts associated with this program are reinvested in a number of projects, including decarbonization efforts, employee engagement, and community-based programs such as native gardens and composting.</p>		

### Transition opportunity: New products and services offerings

KPMG has studied the possibility of new product and service offerings as part of its sustainability initiatives. With market transition, there may be opportunities to grow sustainability-related revenues by expanding into new services.

Time horizons	Short-term	Medium-term	Long-term
<b>Impact</b>	✓	✓	✓
<b>Strategy</b>	Growth of the sustainability and climate-related service sector has the possibility of affecting or increasing KPMG revenues.  KPMG has enhanced its service offerings to better position the firm for growth in sustainability advisory, tax, assurance, and reporting services provided.  KPMG was ranked No.1 for sustainability and resilience in the US in 2025, as reported in the Source Global Research annual global survey of end users of consulting services.		

## Building resilience

KPMG has investigated whether climate-related changes may present both material risks and transformative opportunities. KPMG refreshes its decarbonization roadmap based on material changes to the business and emissions to define actionable, year-over-year strategies to enhance organizational resilience. This roadmap supports climate risk assessment and planning (see Note 4) and informs the KPMG strategy to mitigate risks and capture opportunities.

# 6

## Metrics and targets



The primary metric monitored by management is GHG emissions. KPMG has implemented programs with a goal to reduce its Scope 1, 2, and 3 GHG emissions by 50% by 2030 from a fiscal year 2019 base year.

The KPMG Statement of GHG emissions for the fiscal year ended September 30, 2025, including independent limited assurance thereon, is available at this [link](#).



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us:  | [kpmg.com](https://kpmg.com)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization. USCS040660-1A