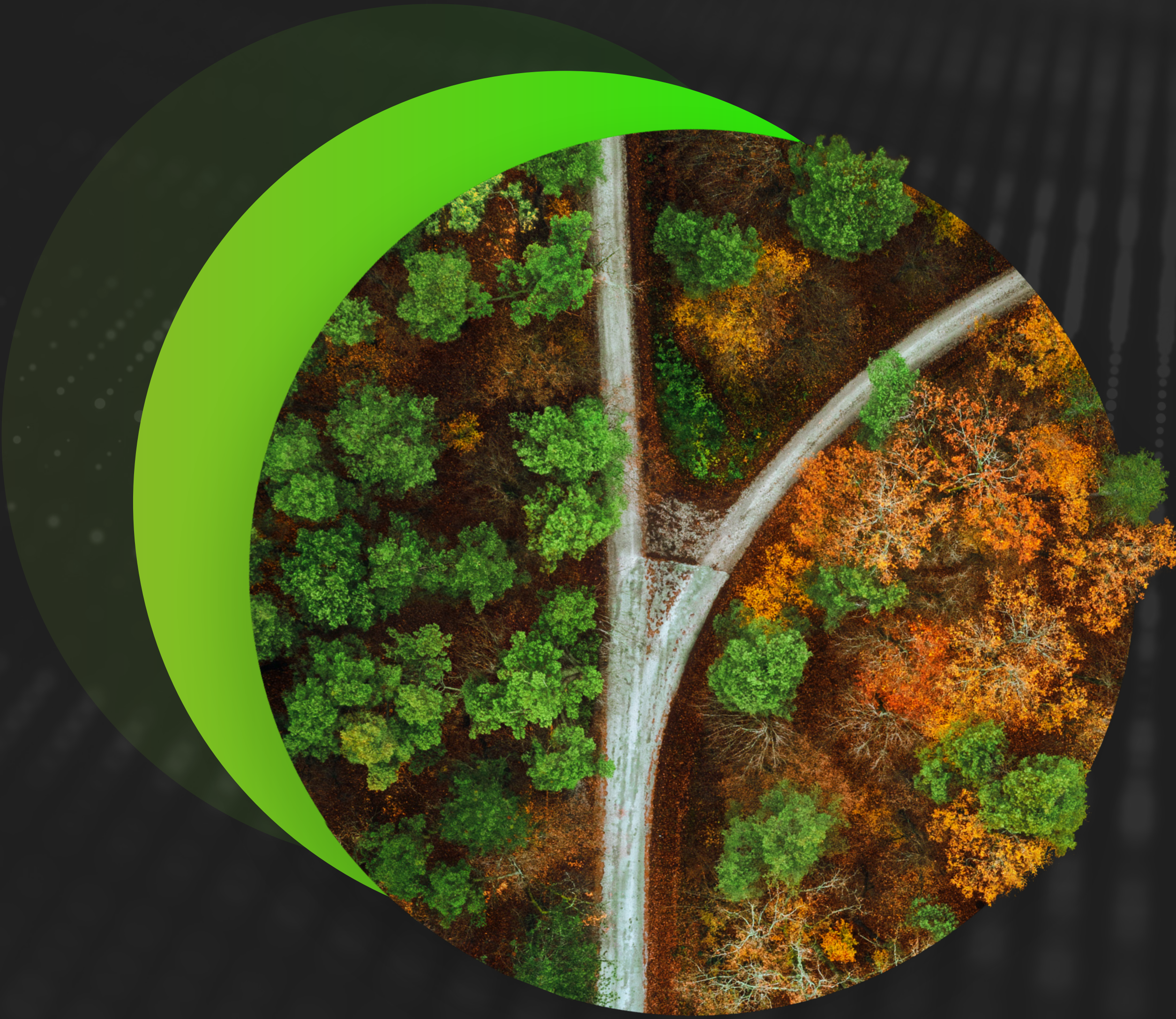


Deloitte.

Together makes progress

Deloitte
Climate Risk
Report



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Executive summary

This Climate Risk Report presents the most significant climate-related risks and opportunities (CROs), and their impacts, across Deloitte Touche Tohmatsu Limited (“DTTL” or “Deloitte Global”), its global network of member firms (MFs), and their respective related entities (collectively, the “Deloitte network” or the “network”, and one or more members of the Deloitte network may be individually or collectively referred to in this report as “Deloitte,” “Deloitte entities,” or “Deloitte firms”). The report aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).¹ Further details on the alignment with this framework are available within [Appendix A](#). The Climate Risk Report is designed to guide further implementation and action by Deloitte entities that are responsible for local delivery.

In alignment with the TCFD framework, this report covers governance, risk management, strategy, and relevant metrics and targets as it relates to CROs applicable to the Deloitte network. When analyzing potential risks and opportunities, both physical and transition risks were taken into account.

CROs were evaluated across three distinct time horizons: short-, medium-, and long-term, and three climate scenarios characterized by varying levels of emissions ranging from low to medium to high emissions.

¹ [TCFD recommendations](#).



This report also includes the Deloitte network's strategy to address the identified CROs. As a result of the CRO assessment, **the following nine risks and opportunities were identified:**

Risks



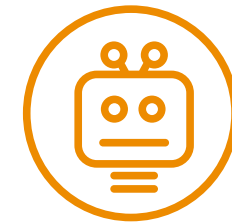
R-REP-01

Stakeholder trust hinges on ability to meet or exceed sustainability commitments and report on our progress accurately and transparently



R-POL-01

Navigating regulatory climate challenges



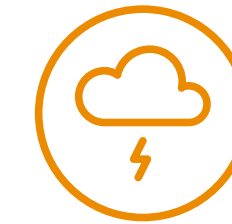
R-TEC-02

Technology-driven growth may impede achieving net-zero ambitions



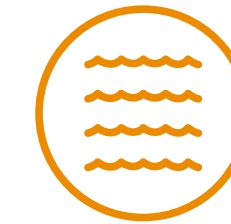
R-MAR-01

Decreased demand from highly exposed sectors



R-ACU-01 & R-ACU-03

Acute climate hazards have operational impacts throughout the value chain



R-CHR-02

Chronic physical risks can impact service delivery

Opportunities



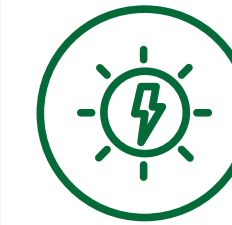
O-RES-01

Achieving climate commitments may cut costs and attract talent



O-RES-02







Integrating climate risks into business decisions can build resilience






O-MAR-02

Increased demand for climate-related client services and energy-efficient delivery

Risks

- 
R-REP-01 Stakeholder trust hinges on ability to meet or exceed sustainability commitments and report on our progress accurately and transparently: if Deloitte does not meet public commitments, comply with sustainability requirements, or align with stakeholder expectations, including Deloitte people, suppliers, and clients, it could lead to reputational damage, loss of stakeholder trust, reduced revenue, increased attrition, and decreased competitiveness. The ability to meet commitments and align with stakeholder expectations may further be impacted by engaging with clients and suppliers who do not prioritize sustainability.
- 
R-POL-01 Navigating regulatory climate challenges: emerging and rapidly evolving climate-related regulations and reporting frameworks could lead to higher operational costs, litigation risk, and regulatory scrutiny over (i) Deloitte entities' own reporting and compliance practices and (ii) Deloitte firms' provision of climate and sustainability professional services, increasing Deloitte entities and people's exposure to potential judgments, fines, and penalties for non-compliance due to new and shifting regulatory requirements.²
- 
R-TEC-02 Technology-driven growth may impede achieving net-zero ambitions: as Deloitte grows and evolves to help meet clients' needs, particularly through data, technology, and artificial intelligence (AI)-driven enhancement, the network may face an increased risk of higher emissions, which could lead to an increase in Deloitte entities' operational and mitigation costs related to energy usage and could impact the Deloitte network's ability to meet its net-zero goal.
- 
R-MAR-01 Decreased demand from highly exposed sectors: decreased demand from clients in highly exposed sectors that fail to transition may result in reduced revenue.
- 
R-ACU-01 and R-ACU-03 Acute climate hazards have operational impacts throughout the value chain: acute climate hazards may affect Deloitte people, physical assets, suppliers, and clients. Such hazards can cause damage to offices, data centers, and Deloitte people's homes, as well as interrupt business travel, resulting in potential operational disruptions and challenges in delivering client services. The impact on Deloitte's suppliers may also cause service delivery interruptions across the value chain, and impact clients if they are unable to purchase services due to budget constraints as funds are reallocated to address their own climate exposures.
- 
R-CHR-02 Chronic physical risks can impact service delivery: chronic physical risks such as heat and precipitation may disrupt business operations, impact people's health and productivity, or service delivery, leading to operational delays, rising insurance and healthcare costs, increased absenteeism, or revenue loss. Chronic heat and precipitation could impact Deloitte's business models, necessitating a reevaluation of Deloitte's physical locations.

Opportunities

- 
O-RES-01 Achieving climate commitments may cut costs and attract talent: by implementing net-zero actions and improving energy efficiency, Deloitte entities can reduce costs, attract and retain talent with aligned values, and increase client satisfaction.
- 
O-RES-02 Integrating climate risks into business decisions can build resilience: incorporating climate risks into Deloitte's business decisions can enhance climate resilience, minimizing disruption from major climate events and enabling operational continuity, revenue protection, and increased market share.
- 
O-MAR-02 Increased demand for climate-related client services and energy-efficient delivery: as organizations seek to address the impact of climate change on their businesses, demand for Deloitte firms' services may increase due to Deloitte's investment in (i) expanding and creating new climate-related services and (ii) developing, enhancing, and using energy efficient technology solutions to deliver work, such as reducing emissions related to Deloitte's use of AI solutions.

² Not every Deloitte firm provides all services, and certain services may not be available to attest clients under the rules and regulations of public accounting. Legal services are only provided by certain Deloitte firms, consistent with applicable laws and regulations.

Governance

Deloitte Global Board of Directors

The Deloitte Global Board of Directors (Deloitte Global Board) addresses the most important governance matters within Deloitte Global, including approval of the strategic plan, annual budget, investment plans, major policies, and significant transactions. In relation to sustainability impacts specifically, the Deloitte Global Board reviews the Deloitte network's impact across society, including on the economy, the environment, and people. This includes, in alignment with MF Boards, providing governance over key impact areas including the development of Deloitte's global environmental strategy, the process of setting global environmental and societal goals, reviewing ongoing performance toward these goals, and approving significant investments related to these goals by Deloitte Global. As a part of reviewing performance, the Deloitte Global Board annually assesses global environmental and societal performance against agreed goals and approves the disclosure of such performance in the annual [Global Impact Report](#).





Purpose, Sustainability, and Culture Committee

The Purpose, Sustainability and Culture Committee (PSCC) of the Deloitte Global Board provides dedicated governance and oversight in areas central to Deloitte Global’s strategic plan, including purpose and shared values, sustainability, talent, inclusion, and the cultural aspects of ethics, and monitors and provides support with respect to the associated Deloitte network-wide impacts. The PSCC meets regularly throughout the year, with environmental matters included on the scheduled agenda at least semi-annually; the PSCC Chair provides regular updates on these matters to the full Deloitte Global Board. The PSCC provides oversight of Deloitte Global’s environmental strategy and monitors progress toward the Deloitte network’s net-zero by 2040 goal.

Management of sustainability impacts

The Deloitte Global Executive Committee (the Executive Committee) is led by the Deloitte Global Chief Executive Officer (Deloitte Global CEO). The Deloitte Global CEO plays a pivotal role in developing the strategic plan for Deloitte Global and reviewing the Deloitte network’s impacts. This role includes driving Deloitte Global’s business strategy, and monitoring the impact on Deloitte firm clients, Deloitte people, and society including environmental sustainability and climate change. The Executive Committee develops Deloitte Global’s sustainability strategy and major commitments.

The Executive Committee is responsible for developing Deloitte Global’s environmental sustainability strategy, for which the Deloitte Global Chief People and Purpose Officer (CPPO), and Chief Purpose and Sustainability Officer (CPSO) have primary responsibility. MFs align with Deloitte Global’s environmental sustainability strategy to the extent appropriate.

Sustainability impacts are managed locally by the relevant Deloitte entities and reported to Deloitte Global, enabling strategic alignment and effective execution across the Deloitte network.

More information on Deloitte Global’s governance mechanisms as it relates to sustainability and climate are further described in [Deloitte’s governance and management of sustainability impacts](#).

Risk management and CRO identification

Overview

Deloitte has a robust process for identifying, assessing, managing, and monitoring risks, both at the Deloitte Global and at the Deloitte MF level, through their respective Enterprise Risk Frameworks (ERFs). The Deloitte Global ERF sets out the Executive Committee's assessment of the priority risks and emerging risks facing the Deloitte network, specifically those potentially impacting Deloitte's ability to achieve its strategic priorities, meet its stakeholder obligations, and protect its reputation. Deloitte firm ERFs are managed in coordination with the Deloitte Global ERF. Deloitte Global priority and emerging risks are assigned a risk owner drawn from Deloitte Global senior-level leadership. Climate risk is embedded into Deloitte's formal risk management processes and is incorporated into two priority risks within the Deloitte Global ERF: environmental impact and purpose and responsible business.



The Risk and Ethics Committee (REC) of the Deloitte Global Board oversees Deloitte Global's risk management activities. The REC reviews priority risks in the Deloitte Global ERF and the respective risk management activities. This includes an annual update of the ERF presented by the Deloitte Global Chief Risk Officer (CRO) to both the Executive Committee and the REC. The REC Chair provides updates on these risks to the Deloitte Global Board at least annually. The REC also collaborates with the Audit, Finance, and Investment Committee of the Deloitte Global Board and the PSCC in overseeing the sustainability disclosures made by Deloitte Global.

The Deloitte Global CPPO and the Deloitte Global CPSO are the risk owners of environmental impact and purpose and responsible business priority risks. The environmental impact risk is comprised of climate-related physical and transition risks, which have been assessed in line with the ERF and governance processes and informed by qualitative and quantitative scenario analysis. Deloitte's reputational risks associated with climate change are considered as part of the purpose and responsible business risk.

There is ongoing dialogue between the Deloitte Global ERF team (which facilitates the operation of the Deloitte Global ERF), the Deloitte Global risk owners, and other Deloitte Global teams to support early identification and escalation of matters requiring consideration by the risk owner(s) and executive leadership. This is complemented by a regular cadence of meetings between the Deloitte Global CRO, the Deloitte Global ERF team, and each Deloitte Global risk owner, during which the exposure to each risk is discussed and assessed. During these meetings the internal and external drivers and trend of the risk are discussed as well as the key mitigation activities and their status. Key risk indicators used to monitor the risk are also identified or updated.

Process for identifying and assessing CROs

In 2025, Deloitte Global conducted a climate scenario analysis following a structured, multi-phased process to identify and assess CROs. This analysis evaluates how different climate-related scenarios—such as varying levels of global warming, regulatory changes, or shifts in market dynamics—could impact an organization's operations, physical assets, and long-term business objectives. **By identifying potential CROs, the analysis supports informed strategic decision-making, enhances organizational resilience, and enables alignment with stakeholder expectations.**



The climate scenario analysis consisted of the following stages:

Stage 1

Foundational research

Current and emerging CROs were identified through stakeholder engagement, TCFD recommendations, industry benchmarking, and review of previously identified CROs across the Deloitte network. Stakeholders were asked to identify and assess CROs relevant to the Deloitte network. Insights from stakeholder interviews were leveraged to shape a list of CROs used for further prioritization. Foundational research utilized the classification of risks and opportunities offered by the TCFD. This step resulted in an inventory of CROs potentially relevant to the Deloitte network's operations, clients, and value chain.



Climate-related risks

Climate-related risks refer to any adverse impact or potential harm due to changes in physical climate or associated with the global transition to a low-carbon economy.

Physical risks

Physical impacts of climate change which manifest across all climate scenarios, to varying degrees of severity

Acute

Chronic

Transition risks

Risks that manifest during the global transition to a low-carbon economy

Policy and legal

Reputation

Market

Technology

Climate-related opportunities

Efforts to mitigate and adapt to climate change may produce opportunities through resource efficiency, the adoption of low-emission tech and energy, the development of new products and services, access to new markets, and building resilience along the supply chain.

Resource efficiency

Energy source

Resilience

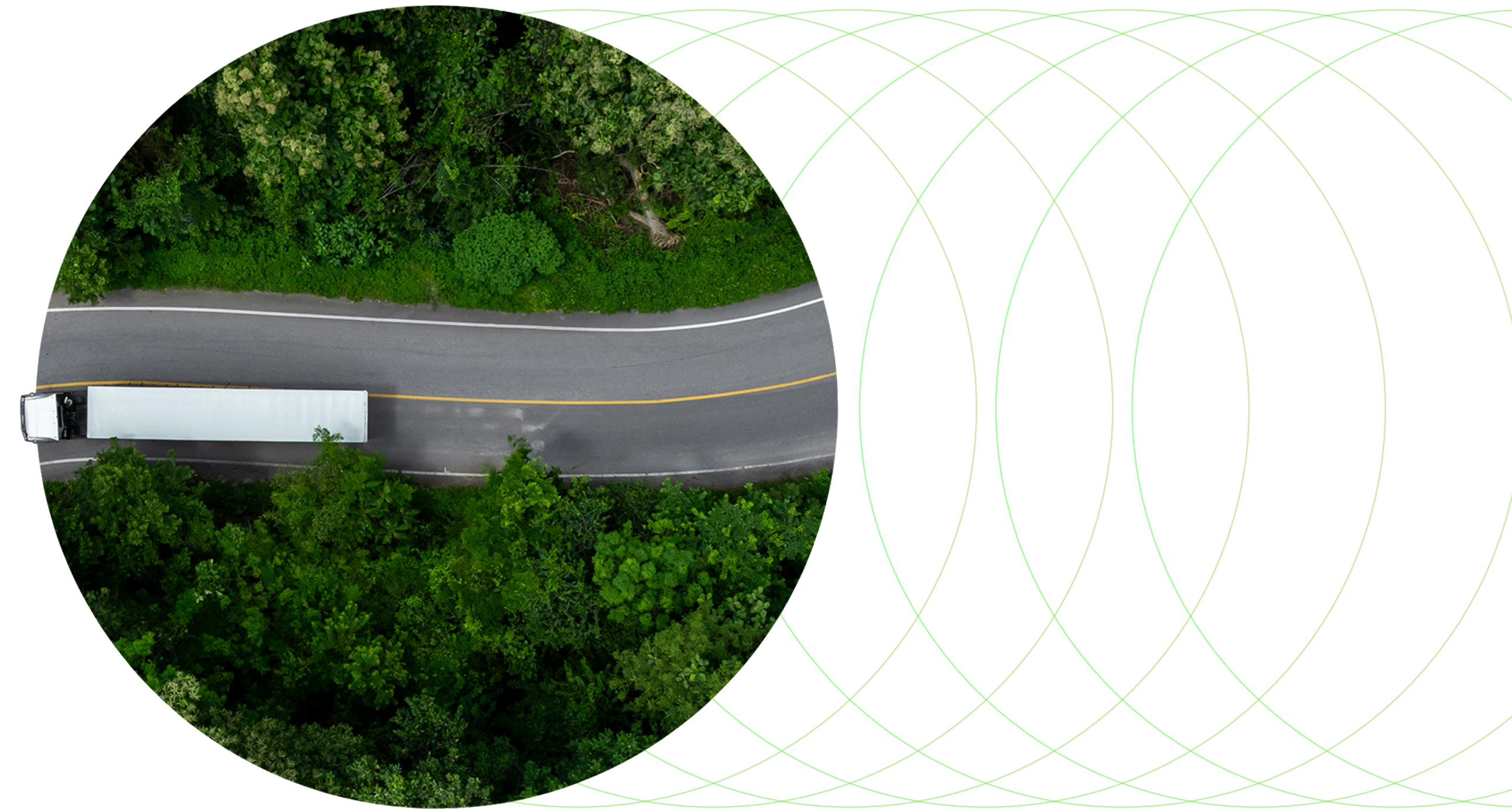
Products and services

Markets

Stage 2

Prioritization of CROs

The identified CROs were prioritized using a structured scoring rubric—providing consistent and objective basis for CRO scoring. The rubric applied a 1–4 scale across the three categories: impact, likelihood, and relevance. Impact considered both quantitative and qualitative factors, including financial, operational, people, strategic and reputational impacts. Likelihood assessed the probability of a risk or opportunity occurring and the potential timeframe for impact. Relevance evaluated the significance of each CRO to the Deloitte network, based on stakeholder perspectives, industry insights, and views across the Deloitte network. As a result of the prioritization, nine risks and opportunities were selected for qualitative and quantitative scenario analysis.



Stage 3

Scenario development

Physical and transition climate scenarios were identified and modeled across different time horizons to evaluate exposure to future climate pathways. This enables Deloitte Global to assess the resilience of the global strategy and Deloitte entities' operations under varying temperature outcomes and policy environments.

Three climate scenarios were selected: low emissions, medium emissions, and high emissions, to assess the potential impacts of CROs across short-, medium-, and long-term time horizons. The selected scenarios support the recommendations of TCFD and leverage reference pathways developed by the Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways (SSPs) to guide the analysis of physical and transition risks. The scenarios are not evaluated for probability; rather, they provide a structured basis under a range of plausible conditions relevant to the Deloitte network.



ABOUT CLIMATE-RELATED SCENARIO ANALYSIS

Scenarios are hypothetical constructs of what the future may be like, created through a structured process to stretch thinking, challenge conventional wisdom, and help drive better decisions today. In the context of the TCFD recommendations, climate scenarios can describe projections and pathways for future socioeconomic development, emissions concentrations, energy mix, climate mitigation, and adaptation pathways. They are not predictions about what will happen and are not intended to be forecasts of the most likely future outcomes. Instead, they aim to explore how varying conditions could impact organizations from a socio-economic development standpoint and from the physical impacts of climate change. They are also intended to help assess the resilience of business models and strategy over the short-, medium-, and long-term.

Climate scenarios

Low Emissions Scenario

~1.8°C by 2100 | IPCC SSP1-2.6 [Physical Risk] and IPCC SSP1-1.9 [Transition Risk] pathways

This scenario assumes strong coordinated global action on climate change with governments, industry, and society collaborating to accelerate decarbonization. Innovation scales rapidly and low-carbon solutions are widely adopted. Global emissions trajectory is consistent with limiting long-term warming to below 2°C by 2100. In this pathway, physical risks remain relatively close to present-day levels, while transition dynamics are more pronounced as policies tighten, standards evolve, and energy transition accelerates. For the Deloitte network, this environment supports growing demand for climate-related services and solutions, while also requiring Deloitte entities to meet heightened regulatory and market expectations.

Medium Emissions Scenario

~2.7°C by 2100 | IPCC SSP2-4.5 [Physical Risk] IPCC SSP2-4.5 [Transition Risk] pathways

This scenario reflects a baseline pathway with moderate policy action and incremental technological progress. Energy system transitions at a slower rate, leading to a projected warming of ~2.7°C by 2100. Physical risks increase in frequency and severity relative to current levels, resulting in greater operational and supply-chain disruption potential. Transition pressures are uneven across regions and sectors, creating regulatory fragmentation and planning uncertainty. For the Deloitte network, the operating context demands continued support for clients' compliance and resilience efforts, alongside investment in capabilities that maintain competitiveness as expectations rise.

High Emissions Scenario

~4.4°C by 2100 | IPCC SSP5-8.5 [Physical Risk] IPCC SSP5-8.5 [Transition Risk] pathways

This scenario assumes minimal action to curb emissions, continued reliance on existing energy systems, and fragmented policy coordination. Low-carbon technologies diffuse more slowly and global warming reaches ~4.4°C by 2100. Physical risks become the most severe and least manageable, with substantial implications for infrastructure, health, and supply chains. Even where regulation is comparatively lighter, stakeholder expectations escalate, increasing pressure on organizations to demonstrate credible climate action. For the Deloitte network, this is the most financially disruptive pathway, with higher operating costs and a stronger emphasis on adaptation and continuity planning for Deloitte firm clients and Deloitte entities' operations.

Time horizons

Three time horizons were selected to evaluate the impacts of the prioritized CROs. The selected time horizons are based on leading practices and TCFD guidance whereby each horizon is sufficiently different from one another to allow for a comparison of the exposure to and potential magnitude of CROs.



TIME HORIZONS	CONSIDERATIONS FOR TIME HORIZONS FOR SCENARIO ANALYSIS	
<p>1–5 years (2025–2030)</p>	<p>Short-term</p>	<p>Links to risk management and capital planning and is helpful for identifying immediate adaptation needs and implementing responsive measures.</p>
<p>6–15 years (2031–2040)</p>	<p>Medium-term</p>	<p>Enables better-informed investment decisions, prioritizing resilient infrastructure and/or operations projects, and/or incorporating climate considerations into investment decisions, service design/development and market strategies. Additionally allows for a balance between immediate concerns and longer-term impacts.</p>
<p>16–25 years (2041–2050)</p>	<p>Long-term</p>	<p>Provides the window to capture slower-onset or system risks that unfold over decades, and long-term policy objectives that would not be observable in a shorter time-horizon.</p>

Stage 4

Scenario analysis and financial impact assessment

Qualitative and, where relevant information was available, quantitative analyses were used to evaluate how the prioritized CROs could affect the Deloitte network over time. Financial modeling and sensitivity testing was conducted to assess potential impacts on operational and financial resilience across scenarios. Outputs from this analysis help inform risk classification within the Deloitte Global ERF and guide mitigation and adaptation strategies.



CROs, associated impacts, and management strategies

The projected impact of CROs to the Deloitte network varies by climate scenario and time horizon. The impact ratings are primarily based on qualitative criteria—financial, reputational, or operational—to provide directional insights into when and to what extent each risk or opportunity may arise. Additionally, select CROs—where relevant information was available—underwent quantitative financial impact modeling which informed the impact quantification.

The qualitative ratings used to assess potential impacts of priority CROs to the Deloitte network across considered time horizons and scenarios were determined using the following criteria. Assigned ratings reflect the highest impact category—financial, reputational, or operational—within each rating description, as identified through the qualitative and quantitative scenario analysis.

Risk	Rating description (risk)	Rating description (opportunity)
Low	<ul style="list-style-type: none"> The risk can negatively affect the Deloitte MFs' ability to increase or maintain net income, but the impact is minor. The risk can impact the Deloitte network's reputation with at least one group of stakeholders, but the impact is minimal and does not greatly affect network value. The risk can impact one area of the Deloitte entities' operations or value chain continuity (e.g., service delivery, logistics, energy, technology, suppliers/procurement, labor) but the impact on financial or operational viability is minimal. 	<ul style="list-style-type: none"> The opportunity can improve the Deloitte MFs' ability to increase or maintain net income, but the impact is minor. The opportunity can improve the Deloitte network's reputation with at least one group of stakeholders, but the impact is minimal and does not greatly affect enterprise value. The opportunity can positively impact one area of the Deloitte entities' operations or supply chain but the impact on financial or operational viability is minimal.
Medium	<ul style="list-style-type: none"> The risk can have a moderate impact on at least one primary business function and/or Deloitte MFs' ability to generate income. The risk can impact the Deloitte network's reputation with at least one group of stakeholders and negatively impacts enterprise value for at least one of Deloitte's largest MFs. The risk can negatively affect one or more areas pertaining to the Deloitte entities' operations or value chain continuity (e.g., service delivery, logistics, energy, technology, suppliers/procurement, labor). 	<ul style="list-style-type: none"> The opportunity can have a moderate impact on at least one primary business function and/or Deloitte MFs' ability to generate income. The opportunity can improve the Deloitte network's reputation with at least one group of stakeholders and positively impacts enterprise value for at least one of Deloitte's largest MFs. The opportunity can positively affect one or more areas pertaining to the Deloitte entities' operations or value chain continuity.
High	<ul style="list-style-type: none"> The risk can significantly impact the Deloitte MFs' ability to achieve financial objectives and may affect more than one primary business area or several of Deloitte's largest MFs. The risk can irreparably impact the Deloitte network's reputation, resulting in loss of network value and the Deloitte MFs' ability to maintain profits. The risk can critically impact the Deloitte entities' operations or value chain in a way that negatively affects its ability to maintain current financial objectives and network value. 	<ul style="list-style-type: none"> The opportunity can significantly improve the Deloitte MFs' ability to achieve financial objectives and may affect more than one primary business area or several of Deloitte's largest MFs. The opportunity can significantly improve the Deloitte network's reputation, resulting in increase of network value and the Deloitte MFs' ability to maintain profits. The opportunity can significantly impact the Deloitte entities' operations or value chain in a way that increases its ability to maintain current financial objectives and overall network value.

Prioritized CROs and their possible impact on the Deloitte network under varying emissions scenarios and time horizons

Detailed information for each CRO is included in [Appendix B](#).

Risk/ opportunity category	CRO description	Emissions Scenario	Potential impact		
			Short-term time horizon	Medium-term time horizon	Long-term time horizon
Reputational risk	If Deloitte does not meet public commitments, comply with sustainability requirements, or align with stakeholder expectations, including Deloitte people, suppliers, and clients, it could lead to reputational damage, loss of stakeholder trust, reduced revenue, increased attrition, and decreased competitiveness. The ability to meet commitments and align with stakeholder expectations may further be impacted by engaging with clients and suppliers who do not prioritize sustainability. (R-REP-01)	Low emissions	Low	Low	Medium
		Medium emissions	Low	Medium	Low
		High emissions	Medium	Medium	Low
Policy and legal risk	Emerging and rapidly evolving climate-related regulations and reporting frameworks could lead to higher operational costs, litigation risk, and regulatory scrutiny over (i) Deloitte entities' own reporting and compliance practices and (ii) Deloitte firms' provision of climate and sustainability professional services, increasing Deloitte entities and people's exposure to potential judgments, fines, and penalties for non-compliance due to new and shifting regulatory requirements. (R-POL-01)	Low emissions	Low	Medium	Low
		Medium emissions	Medium	Medium	Medium
		High emissions	Low	Medium	Medium
Technology risk	As Deloitte grows and evolves to help meet clients' needs, particularly through data, technology, and AI-driven enhancement, the network may face an increased risk of higher emissions, which could lead to an increase in Deloitte entities' operational and mitigation costs related to energy usage and could impact the Deloitte network's ability to meet its net-zero goal. (R-TEC-02)	Low emissions	High	High	High
		Medium emissions	Low	Low	Medium
		High emissions	Low	Low	Low
Market risk	Decreased demand from clients in highly exposed sectors that fail to transition may result in reduced revenue. (R-MAR-01)	Low emissions	High	High	High
		Medium emissions	Low	Low	Low
		High emissions	Low	Medium	High

Prioritized CROs and their possible impact on the Deloitte network under varying emissions scenarios and time horizons (continued)



Risk/ opportunity category	CRO description	Emissions Scenario	Potential impact		
			Short-term time horizon	Medium-term time horizon	Long-term time horizon
Acute risk	Acute climate hazards may affect Deloitte’s people, physical assets, suppliers, and clients. Such hazards can cause damage to offices, data centers, and Deloitte people’s homes, as well as interrupt business travel, resulting in potential operational disruptions and challenges in delivering client services. The impact on Deloitte’s suppliers may also cause service delivery interruptions across the value chain, and impact clients if they are unable to purchase services due to budget constraints as funds are reallocated to address their own climate exposure. (R-ACU-01 and R-ACU-03)	Low emissions	Low	Low	Medium
		Medium emissions	Low	Low	Medium
		High emissions	Low	Medium	High
Chronic risk	Chronic physical risks such as heat and precipitation may disrupt business operations, impact people’s health and productivity, or service delivery, leading to operational delays, rising insurance and healthcare costs, increased absenteeism, or revenue loss. Chronic heat and precipitation could impact Deloitte’s business models, necessitating a reevaluation of Deloitte’s physical locations. (R-CHR-02)	Low emissions	Low	Low	Medium
		Medium emissions	Low	Low	High
		High emissions	Low	Medium	High
Resilience opportunity	By implementing net-zero actions and improving energy efficiency, Deloitte entities can reduce costs, attract and retain talent with aligned values, and increase client satisfaction. (O-RES-01)	Low emissions	Low	Low	Medium
		Medium emissions	Medium	Medium	Medium
		High emissions	Low	Low	Low
Resilience opportunity	Incorporating climate risks into Deloitte’s business decisions can enhance climate resilience, minimizing disruption from major climate events and enabling operational continuity, revenue protection, and increased market share. (O-RES-02)	Low emissions	High	High	High
		Medium emissions	Low	Medium	Medium
		High emissions	Low	Medium	Medium
Markets opportunity	As organizations seek to address the impact of climate change on their businesses, demand for Deloitte firms’ services may increase due to Deloitte’s investment in (i) expanding and creating new climate-related services and (ii) developing, enhancing, and using energy-efficient technology solutions to deliver work, such as reducing emissions related to Deloitte’s use of AI solutions. (O-MAR-02)	Low emissions	High	High	High
		Medium emissions	Low	Medium	Medium
		High emissions	Low	Low	Low

Metrics and targets



Targets

Deloitte has set a network-wide target to reach net-zero greenhouse gas (GHG) emissions by 2040, which has been validated by the Science Based Targets initiative (SBTi). The Deloitte network has committed to a 90% reduction in GHG emissions by 2040 from a 2019 base year across its aggregate business operations and value chain, with the remaining 10% of emissions neutralized through investment in permanent carbon removals.

To help guide progress toward the Deloitte network's long-term net-zero ambition, we also continue to work toward our previously established near-term FY2030 targets, which serve as important milestones along our journey:

-  Reduce absolute scope 1 and 2 GHG emissions by 70% from 2019 levels.
-  Reduce scope 3 GHG emissions from business travel by 55% per full-time equivalent from 2019 levels.

Additional FY2030 targets include:

-  Source 100% renewable electricity for our buildings.
-  Convert 100% of our fleets to electric vehicles.



[Deloitte's Net-Zero Transition Plan](#) (the Plan) outlines the strategy and actions being taken to deliver against our network-wide net-zero ambition and address the most significant climate-related risks identified in this report. The Plan also sets out key assumptions and external dependencies that will influence the pace and effectiveness of implementation. Deloitte expects to continue to adapt our implementation to achieve the net-zero goal as it represents an ambitious target that will require significant transformation, significant innovation including introduction of technologies that do not currently exist, and actions by third parties beyond Deloitte's control.

Performance metrics

Annually, Deloitte Global calculates and reports a set of environmental performance metrics on an aggregated, network-wide basis, including GHG emissions, energy consumption, and progress toward targets. These metrics and the methodologies used in calculating Deloitte's emissions can be found in the [Global Impact Report](#) and the [Performance metrics and reporting frameworks](#). While these metrics provide an overall perspective on how the Deloitte network is making progress toward its emission reduction goals, other measures are also monitored and discussed in assessing CROs.

These include:

- **Progress toward near-term science-based targets and other environmental sustainability goals;**
- **The demographic breakdown of Deloitte people and millennial and Gen Z sentiment regarding sustainability, which provides insight on reputational and activism risk;³**
- **Regional and national regulatory changes, including those related to required actions and emission reduction goals;**
- **Investor, regulator, and non-governmental organization activities, publications, and reports;**
- **Changes in revenue generated from sustainability services;**
- **Changes in market pricing and availability of carbon credits and renewable energy credits, as well as reputational challenges associated with their use; and**
- **The frequency and type of Deloitte firm client inquiries regarding climate actions and climate services.**

³ [2025 Gen Z and Millennial Survey](#).



Appendix A

Task Force on Climate-Related Financial Disclosures (TCFD) Index



TCFD recommended disclosures	Report section
Describe the board’s oversight of climate-related risks and opportunities.	Governance
Describe management’s role in assessing and managing climate-related risks and opportunities.	
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Risk management and CRO identification
Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	Appendix B
Describe the resilience of the organization’s strategy, taking into consideration difference climate scenarios, including 2°C or lower scenario.	
Describe the organization’s processes for identifying and assessing climate-related risks.	Risk management and CRO identification
Describe the organization’s processes for managing climate related risks.	
Describe how processes for identifying, assessing, and managing climate risks are integrated into the organization’s overall risk management.	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Metrics and targets
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

Appendix B

Climate-related risks and opportunities—
detailed view

Note: management response and strategic approach in the sections that follow include a selection of actions relevant for each CRO. Refer to the Deloitte Net-Zero Transition Plan which serves as a document capturing Deloitte’s sustainability strategy and associated planned actions to achieve our net-zero ambition.



Reputational risk:

stakeholder trust hinges on ability to meet or exceed sustainability commitments and report on our progress accurately and transparently (R-REP-01)



Risk drivers	Potential impacts	Management response and strategic approach
<p>Failure to adopt leading sustainability standards or practices may damage the Deloitte network's brand. Rising stakeholder expectations from clients, Deloitte people, and suppliers regarding sustainability or responsible business practices can increase the potential reputational impact if the Deloitte network does not meet its sustainability commitments.</p> <p>Business relationships with clients or suppliers who do not prioritize sustainability or have poor sustainability records may increase the risk of the Deloitte network failing to meet its own sustainability commitments.</p> <p>Insufficient integration of sustainability into core business strategies and operations, coupled with limited resources or skills, may create significant vulnerabilities in the Deloitte network's sustainability approach. These gaps may hinder the network's ability to fulfill its sustainability commitments and increase the likelihood of reputational damage.</p> <p>If competitors advance more rapidly in sustainability, the Deloitte network may appear less committed or innovative.</p>	<p>FINANCIAL:</p> <ul style="list-style-type: none"> • Loss of revenue and client attrition: Deloitte firms may experience a loss of revenue resulting from a difficulty attracting new clients or from losing existing clients who choose to work with providers who more closely align to their sustainability goals and commitments, especially in a low emissions scenario. • Loss of client trust if unable to meet own commitments: loss of brand trust due to inability to meet sustainability commitments could result in substantial impacts to both revenue and brand equity. • Increased cost of capital: diminished reputation from failing to meet commitments can make it more difficult or expensive for Deloitte entities to secure favorable financing terms, particularly in the long term for a low emissions scenario. <p>OPERATIONAL:</p> <ul style="list-style-type: none"> • Increase in operating costs to restore brand reputation: Deloitte entities could experience an increase in costs from crisis management, public relations campaigns, and corrective actions to help restore brand reputation, even within a high emissions scenario. <p>PEOPLE:</p> <ul style="list-style-type: none"> • Potential undesired attrition if values are misaligned: the loss of key talent stemming from misalignment with sustainability values can lead to increased recruitment and retention costs and a decrease in revenue if Deloitte firms are unable to appropriately bring top skills to its clients, especially in low and medium emissions scenarios. <p>STRATEGIC:</p> <ul style="list-style-type: none"> • Negative impact to market share and public perception if loss of client trust: sustained reputational damage, including inability to adapt to evolving sustainability expectations, may cause stakeholders to lose confidence in the Deloitte brand and erode brand value, impacting long-term competitiveness and market share. 	<p>The Deloitte network's GHG emissions reduction goal and net-zero by 2040 strategy can support positive brand recognition from clients, talent, and other key stakeholders concerned about climate change. These commitments may position Deloitte entities as more attractive employers, increasing their ability to recruit and retain a skilled workforce.</p> <p>Other risk mitigation strategies in place include:</p> <ul style="list-style-type: none"> • Third-party risk management: Deloitte conducts due diligence on suppliers prior to contracting and maintains a Supplier Code of Conduct, which sets forth baseline expectations for Deloitte suppliers across the network consistent with Deloitte values, purpose, and policies. • Transparent stakeholder communication: Deloitte engages regularly with clients, Deloitte people, suppliers, and other stakeholders, publishing voluntary reports at a network-wide level to meet stakeholder demand, to help maintain trust and to demonstrate action. • Sustainability skills and industry collaboration: Deloitte continually develops the network's sustainability capabilities, upskills Deloitte people, and works with industry groups to stay ahead of regulatory changes and client needs. • Proactive risk sensing and response: Deloitte uses advanced risk-sensing tools and crisis management plans to help quickly identify and address emerging risks, including sustainability and evolving regulatory requirements.

Reputational risk: trust hinges on sustainability commitments (R-REP-01)

Outlook across climate scenarios and future time horizons:

Low impact
 Medium impact
 High impact

		Time horizons		
		Short-term	Medium-term	Long-term
Climate scenarios	Low emissions scenario	Stakeholders, including clients, Deloitte people, and regulators, are increasingly scrutinizing climate commitments and actions. Deloitte may face negative media attention, stakeholder criticism, and potential loss of business if Deloitte entities do not act on targets or are slow to disclose climate-related information.	As climate policies tighten and low-carbon technologies become mainstream, expectations for meaningful progress increase. Deloitte may be excluded from supply chains, lose market share, or face activist campaigns if Deloitte entities do not show measurable emission reductions or lag in adopting sustainable practices.	In a decarbonized economy, sustainability becomes the baseline expectation. Companies that have not fully transitioned may be viewed as irresponsible or obsolete, potentially facing severe reputational harm, diminished brand value, and limited business opportunities.
	Medium emissions scenario	Stakeholders have mixed expectations toward corporate sustainability goals. Mixed sustainability preferences may cause contradictions in opinions on whether to disclose additional targets and sustainability information. However, stakeholders who are and remain sustainability-minded may pay close attention to progress toward targets, transparent disclosures, or compliance with emerging sustainability regulations. Balancing actions and disclosures to satisfy all stakeholders may create risks for the Deloitte network, such as potentially conflicting messaging across the network to satisfy varying stakeholder expectations leading to potential reputational damage.	As climate policies and expectations continue to be uneven among stakeholders and around the globe, reputational risks may intensify for organizations failing to demonstrate credible, measurable progress or those who focus too heavily on sustainability impact instead of strategic advantage. Failure to balance stakeholder expectations for varying audiences can lead to exclusion from key business opportunities and relationships.	The global economy is not fully decarbonized and global sustainability regulations and expectations vary. The most severe reputational risks are likely to have already materialized in the earlier timeframes; however, persistent failure to align with stakeholder expectations could result in long-term brand erosion and reduced competitive positioning.
	High emissions scenario	Despite slow global progress to implement sustainability regulations, stakeholders may continue to expect organizations with public commitments to show leadership. Failure to meet stated targets or to transparently report on progress can result in reputational damage, particularly among sustainability-conscious clients and suppliers.	As climate impacts worsen and public awareness grows, pressure may mount for organizations to take additional voluntary action, even in the absence of strong regulation. Reputational risks intensify for those seen as failing to act, especially among clients and talent pools that continue to prioritize sustainability.	In a persistently high emissions world, the overall business environment may place less emphasis on sustainability due to weaker regulations; however, reputational expectations from key stakeholders may persist as climate impacts intensify. The most significant reputational impacts likely occur in earlier time horizons, but ongoing failure to adapt could result in long-term brand erosion and diminished relevance.

Policy and legal risk: navigating climate regulatory challenges (R-POL-01)

Risk drivers	Potential impacts	Management response and strategic approach
<p>Deloitte firms offer a breadth of climate-related services, including end-to-end management of sustainability reporting, supply chain resilience, and assurance, which require up-to-date and in-depth knowledge of their clients' regulatory environments.</p> <p>To navigate new and shifting climate-related regulations, Deloitte practitioners may have to increasingly use their professional judgment in the absence of established practice or settled guidance, increasing Deloitte firms' potential exposure to legal claims and regulatory inquiries. Deloitte entities may also be subject to emerging climate-related regulations themselves.</p> <p>Complying with these new or shifting obligations, particularly those that transform corporate reporting requirements or impose downstream data collection or due diligence requirements on suppliers, may call for investments and action across the network given (i) Deloitte entities provide services to one another and form part of one another's supply chain and (ii) Deloitte Global voluntarily monitors and tracks the Deloitte network's environmental performance on an aggregate, network-wide basis.</p> <p>To keep pace with regulatory developments, operational costs may increase as investments are needed to expand and upskill Deloitte's workforce, build or procure new technological solutions, and, for purposes of Deloitte entities' own reporting obligations, obtain third-party assurance services. If Deloitte entities fall short in meeting their own regulatory requirements or practitioners in the services they provide clients, Deloitte entities and people could face sanctions, including fines or legal penalties. Additionally, this could impact Deloitte firms' reputations as leading professional services providers on sustainability matters.</p>	<p>FINANCIAL:</p> <ul style="list-style-type: none"> • Potential fines and penalties: risk of Deloitte entities and people incurring fines or penalties in the event of non-compliance with evolving sustainability regulations or professional standards, particularly in a low emissions scenario. <p>OPERATIONAL:</p> <ul style="list-style-type: none"> • System and technology investments: the introduction of new regulatory requirements, especially in a low emissions scenario, is expected to increase operational costs for Deloitte entities due to continued investment needed in enhanced technical systems for reporting, data management, and assurance processes. Deloitte entities could face operational impacts and inefficiencies if temporary manual processes are used to bridge gaps while implementing new technology. <p>REPUTATIONAL:</p> <ul style="list-style-type: none"> • Reputational risk: if Deloitte entities or people are investigated or penalized for regulatory non-compliance, this may negatively affect Deloitte's reputation among Deloitte firm clients. <p>LEGAL:</p> <ul style="list-style-type: none"> • Increased risk of professional liability and regulatory scrutiny: As Deloitte firms provide professional services in connection with complex climate-related regulations and reporting frameworks, any errors, omissions, or misinterpretations due to novel and shifting regulatory requirements could result in client claims, contractual disputes, litigation, and regulatory inquiry. This may lead to financial exposure, reputational damage, client relationship loss, and heightened scrutiny from regulators and professional bodies. <p>STRATEGIC:</p> <ul style="list-style-type: none"> • Uncertainty in planning: the rapidly evolving landscape of sustainability regulations may create uncertainty, especially in the short and medium term in low and medium emissions scenarios, potentially hindering Deloitte's ability to plan long-term investments, allocate resources, or adapt Deloitte's business models and commitments in response to evolving requirements. • Potential risk of strategic misalignment: If Deloitte does not effectively integrate climate-related obligations into strategic planning, Deloitte firms may fail to maintain their positions as leading professional service providers on sustainability matters or regulatory compliance more broadly. This may result in missed business opportunities with clients who prioritize sustainability or who are seeking support in connection with regulatory compliance matters. <p>PEOPLE:</p> <ul style="list-style-type: none"> • Capacity-building for sustainability-related regulatory matters: Deloitte may need to upskill, expand, or establish new teams dedicated to sustainability client-service offerings and overseeing Deloitte entities' own climate-related disclosures and regulatory compliance. 	<p>Dedicated teams across the Deloitte network monitor global regulatory developments, analyze new climate-related regulations and corresponding professional standards, and update applicable professional practice guidance and in-network sustainability initiatives, as appropriate. Deloitte continues to invest in regular training for professionals who work on climate-related matters, ensuring readiness to adapt to regulatory changes.</p> <p>Deloitte collaborates with industry associations to share leading practices and anticipate regulatory trends. Deloitte's active participation in global climate forums enables us to engage with NGOs, industry peers, and clients on emerging climate-related matters and regulatory developments. Continuing to actively participate in industry groups and conferences will help support Deloitte's capacity building efforts and remain well-prepared for future climate-related regulatory changes.</p> <p>Deloitte entities continue to review their internal controls and reporting processes to ensure compliance with applicable sustainability reporting requirements and enable consistently reporting environmental performance at a network-wide level on a voluntary basis. As Deloitte entities continue to implement advanced sustainability data management systems, this will help them make timely, accurate, and assurance-ready disclosures that meet their respective, evolving regulatory requirements and address stakeholder needs.</p>

Policy and legal risk: navigating climate regulatory challenges (R-POL-01)

Outlook across climate scenarios and future time horizons:

Low impact
 Medium impact
 High impact

		Time horizons		
		Short-term	Medium-term	Long-term
Climate scenarios	Low emissions scenario	Early implementation of stringent climate-related regulations may lead to increased operational costs as Deloitte entities adapt their training, reporting systems, and processes. However, if regulatory expectations are predictable in the short-term, and Deloitte continues to monitor regulatory developments closely, Deloitte entities could allocate resources efficiently and minimize disruption and reduce potential exposure to judgments, fines, penalties, or enforcement action.	As climate disclosure and operational requirements become more widespread, regulatory and stakeholder scrutiny may intensify, increasing the risk of regulatory enforcement and professional liability, particularly where Deloitte firms provide sustainability reporting advisory or assurance services. If Deloitte entities do not properly prepare for increased regulatory obligations, this could lead to higher operational costs, potential fines, and inconsistent practices across jurisdictions. Conversely, proactive investment in compliance infrastructure—such as enhancing Deloitte entities’ internal controls and aligning reporting processes and methodologies to enable voluntary, network-wide reporting—can mitigate these risks, reduce the likelihood of penalties against Deloitte entities and people, and reinforce Deloitte firms’ reputation as preferred service providers.	As regulations mature and leading practices become widely adopted, Deloitte entities’ compliance and operational costs may plateau, and the risk of significant penalties may decline as standardized approaches are applied to Deloitte’s own reporting at the network-wide and entity/group levels and to the services provided to Deloitte firm clients. Deloitte’s robust and transparent disclosure practices could position Deloitte firms as industry leaders, potentially enhancing their ability to attract climate-conscious clients.
	Medium emissions scenario	If climate regulations tighten at different rates across countries and regions, Deloitte entities may see moderate increases in compliance costs or inconsistent practices across jurisdictions. If requirements remain ambiguous or lack harmonization, Deloitte will likely need to invest in ongoing regulatory monitoring, global training, and localized adaptations across the member firms (MFs).	If regulatory requirements remain fragmented and enforcement is inconsistent across jurisdictions, Deloitte entities could face a complex and unpredictable regulatory landscape. This may increase operational burdens and risk of non-compliance, particularly where Deloitte firms provide sustainability reporting, advisory, or assurance services. However, if Deloitte invests early in compliance infrastructure and global knowledge sharing, Deloitte entities and people may be able to avoid penalties and respond effectively to applicable regulations.	If climate impacts become severe, mounting societal and stakeholder pressure may eventually drive implementation and tightening of disclosure and operational requirements globally. Deloitte entities in regions with adaptable compliance frameworks and strong operational controls might be able to manage ongoing costs and regulatory risks. Otherwise, Deloitte entities and people may face recurring penalties, operational compliance costs, client attrition, reputational damage, and heightened scrutiny from regulators and professional bodies.
	High emissions scenario	If regulatory requirements remain limited, inconsistent, or are rolled back in key jurisdictions, Deloitte entities may experience reduced compliance pressures and lower short-term costs. However, the lack of clear and harmonized standards may create uncertainty. This environment may still require Deloitte entities to maintain flexible processes to anticipate potential regulatory shifts.	If high emissions persist due to continued regulatory inaction, the gap between voluntary market expectations and formal regulatory requirements may widen. Sudden policy changes may occur, triggered by public or stakeholder backlash, which could result in catch-up regulations. Deloitte entities may need to quickly adapt processes and methodologies and may experience increases in operational costs.	If high emissions persist and climate impacts become severe, climate-related regulations may develop in a disjointed manner across regions, and Deloitte may need to sustain investments in compliance and operational resilience to help mitigate regulatory risks. If Deloitte entities do not anticipate abrupt regulatory changes or evolving guidance in certain regions, they may face compliance challenges, reputational harm, and loss of market trust.

Technology risk: technology-driven growth may impede achieving net-zero ambitions (R-TEG-02)



Risk drivers	Potential impacts	Management response and strategic approach
<p>The Deloitte network’s expanding use of data, technology, and AI increases the risk of higher GHG emissions, particularly as energy consumption rises in data centers. This elevated energy use can inflate Deloitte entities’ operating expenses and may require future investment in mitigation measures, potentially challenging the Deloitte network’s ability to meet its net-zero commitments.</p> <p>As stakeholders place greater emphasis on the environmental impact of digital transformation, transparent and proactive emissions management becomes increasingly important for maintaining trust and protecting the Deloitte network’s reputation.</p> <p>The sustainability practices of technology suppliers and alliance collaborators, as well as the consistency of sustainability technology integration across MFs, are likely to play an important role in managing overall emissions and progress toward climate goals.</p> <p>Embedding sustainability into technology operations is likely to become important for controlling costs, ensuring energy security, achieving climate commitments, and sustaining the Deloitte network’s leading market position.</p>	<p>FINANCIAL:</p> <ul style="list-style-type: none"> • Increased cost of carbon: the Deloitte network’s increasing and expanding use of AI may drive a significant increase in energy consumption, leading to higher GHG emissions. As a result, Deloitte entities may face increased indirect costs due to increasing carbon taxes, emissions trading schemes (ETS), or the need to purchase carbon credits to meet regulatory requirements or client expectations, most significantly under the low emissions scenario. In the aggregate, the Deloitte network could face up to an additional US\$164 million in carbon-related costs resulting from carbon taxes and pricing schemes or increased energy costs by 2050. <p>OPERATIONAL:</p> <ul style="list-style-type: none"> • Increase operating costs: as the Deloitte network increases its reliance on data, technology, and AI-driven solutions, the associated rise in energy consumption and emissions can directly drive-up Deloitte entities’ operational expenses, such as higher utility bills and investments in energy-efficient infrastructure. This would likely be most significant under the low emissions scenario due to increased market and regulatory pressure to reduce emissions. <p>REPUTATIONAL:</p> <ul style="list-style-type: none"> • Erosion of stakeholder trust: failure to meet net-zero or emissions reduction commitments—driven by increased energy use and emissions from AI workloads—could lower stakeholder trust and diminish the Deloitte network’s reputation as a purpose-driven organization. Heightened scrutiny from stakeholders, along with potential negative media attention, may further impact brand value and market position, especially under the low emissions scenario. <p>SUPPLY CHAIN:</p> <ul style="list-style-type: none"> • Market competition: as the Deloitte network works to reduce data center emissions, competition for sustainable technology suppliers and relationships may increase procurement costs and restrict access to preferred vendors, most significantly across the low and medium emissions scenarios. A decentralized approach to selecting regional suppliers with low-emissions technology capabilities might become necessary for services with limited providers available globally. • Supply chain stability: transitioning to suppliers with more energy-efficient data centers and cloud environments may disrupt established vendor relationships and introduce integration complexities. 	<p>Deloitte is implementing the Net-Zero Transition Plan to advance the network-wide 2040 target. The Plan outlines steps to turn long-term ambition into action by strengthening governance, empowering people, reducing environmental impact, collaborating for a low-carbon economy through engagement with suppliers, clients, and the broader ecosystem, and structuring the investments needed to deliver these actions. Technology and its impact on climate is one of the key areas addressed in the Plan. Additional details are available in the Deloitte Net-Zero Transition Plan.</p> <p>Deloitte has created an AI Strategic Growth Offering that is tasked, among other priorities, with strategizing how to balance increased AI usage with its related environmental impacts. Embedding Deloitte’s net-zero strategy into Deloitte entities’ operating models informs how business decisions are made regarding AI and technology usage.</p> <p>Deloitte is taking steps to educate Deloitte people on the proper usage and prompting of AI tools to increase efficiency through AI champions and communities of practice, interactive labs and sandbox environments, specialized courses, guidelines, playbooks, and more.</p>

Technology risk: technology-driven growth may impede achieving net-zero ambitions (R-TEC-02)

Outlook across climate scenarios and future time horizons:

		Time horizons		
		Short-term	Medium-term	Long-term
		 Low impact Medium impact High impact		
Climate scenarios	Low emissions scenario	As regulatory pressures and carbon pricing accelerate across key markets, Deloitte entities may face immediate cost challenges. High stakeholder expectations for climate action may drive investments in energy-efficient, low-carbon technologies and early carbon credit strategies. Rapid AI integration can increase energy use, prompting Deloitte to optimize AI infrastructure and source renewable energy to limit emissions. Operational costs could rise moderately as Deloitte entities adapt to new regulations and energy demands associated with AI usage and other technology needs.	Carbon pricing may become more widespread and stringent. If so, Deloitte may need to scale up investments in sustainable infrastructure, renewable energy, and advanced emissions reduction initiatives. The growing use of AI across business functions and services can increase energy consumption and emissions, raising Deloitte entities' exposure to carbon-related costs. Achieving the Deloitte network's net-zero by 2040 target would require deep emissions reduction, especially addressing increased scope 3 emissions linked to third-party data centers and cloud services. Robust stakeholder engagement and continuous innovation in AI and technology energy efficiency may be important to meet internal and external climate expectations.	By 2050, carbon taxes are potentially widespread, with stakeholder scrutiny at its peak. The Deloitte network may be expected to maintain net-zero emissions in line with its 2040 commitment, despite ongoing AI-driven business expansion. The focus shifts to sustaining net-zero status through Deloitte entities' ongoing investments in energy-efficient AI models, data center solutions, and high-quality carbon credits. To adapt to new regulatory and market developments, the Deloitte network would likely need to demonstrate continued climate leadership to maintain competitiveness, client trust, and minimize Deloitte entities' exposure to carbon costs in a highly decarbonized global economy.
	Medium emissions scenario	As Deloitte entities increase their adoption of AI technologies and Deloitte firms expand their service offerings with greater reliance on technology, energy consumption from data centers and cloud services will likely rise, contributing to a moderate uptick in emissions. With carbon pricing mechanisms being implemented slowly and in limited regions, direct cost pressures from carbon would be relatively contained. However, energy costs may increase as AI workloads grow and technology needs expands, prompting selective investments in energy efficiency and optimization of AI infrastructure. While stakeholder expectations for sustainability are present, they are less intense, allowing Deloitte to balance AI-driven innovation with gradual improvements in energy management and emissions tracking.	Approaching the 2040 net-zero target, the Deloitte network's reliance on AI and technology will have likely expanded, further increasing overall energy demand and associated emissions—especially if renewable energy sourcing lags AI-driven growth. Even with moderate external pressure, Deloitte entities will likely need to proactively invest in more energy-efficient AI models, low-emissions data centers, and renewable energy procurement to help offset the emissions footprint of their digital operations. Carbon pricing may remain limited, but internal sustainability goals and the net-zero commitment will likely drive greater scrutiny of AI-related energy use and emissions, leading to targeted investments and operational adjustments.	By 2050, the Deloitte network may be expected to have achieved and maintained net-zero emissions, despite ongoing expansion of AI capabilities and technology-empowered services. Sustaining net-zero would require continuous optimization of AI infrastructure, prioritization of low-carbon energy sources, and potentially the use of advanced carbon removal solutions to help address residual emissions from high-energy AI workloads. While external regulatory and stakeholder pressures may remain moderate, Deloitte's leadership in transparent reporting and responsible AI energy management would be important to uphold client trust and competitive positioning in a digital, sustainability-conscious market.
	High emissions scenario	With carbon regulation likely limited, Deloitte entities' expanding AI and technology-reliant operations could increase energy use and emissions. Despite the Deloitte network's net-zero by 2040 target, immediate action may be limited due to weak external pressure. Physical climate risks (e.g., extreme weather, infrastructure disruptions) begin to emerge, but emissions reduction efforts might not yet be prioritized.	As the Deloitte network's 2040 net-zero deadline approaches, physical climate impacts may intensify, sometimes disrupting AI and technology-reliant operations and data centers. Despite continued limited regulation, the Deloitte network would likely need to accelerate efforts to reduce AI-related emissions and energy use to meet its net-zero by 2040 commitment. This could include Deloitte entities retrofitting infrastructure, investing in renewable energy, and improving AI efficiency, driven more by Deloitte's own goals and growing concern among clients and Deloitte people than by regulation.	By 2050, physical climate risks are likely severe, and reputational risks for climate inaction are high. If the Deloitte network reaches net-zero by 2040, it may sustain this status amid ongoing AI expansion and heightened public scrutiny. Continued investment by Deloitte entities in energy-efficient AI, renewable energy sourcing, and credible carbon credits and carbon removal solutions would be important to maintain the Deloitte network's net-zero pledge and protect the Deloitte network's reputation in a climate-impacted world.

Market risk: decreased demand from highly exposed sectors (R-MAR-01)



Risk drivers	Potential impacts	Management response and strategic approach
<p>Aggregate Deloitte firm revenue may decline if clients in highly exposed sectors do not proactively address operational and financial challenges, leading clients to reduce their spending on professional services.</p> <p>As clients in highly exposed sectors face increased scrutiny from investors, regulators, and the public, they may face reductions in revenue, leading to declining budgets for professional services, especially those not directly tied to legal or regulatory compliance.</p> <p>Failure to proactively diversify Deloitte firms' client base, or to expand service offerings to include sectors better positioned for a low-carbon economy, could exacerbate this negative financial impact.</p>	<p>FINANCIAL:</p> <ul style="list-style-type: none"> • Revenue may be at risk from sector downturns: MF revenue is tied to the purchasing preferences of their respective clients. Should clients in highly exposed sectors reduce their demand for services, either due to their own business contraction, or misalignment with Deloitte's climate strategy, there could be up to \$5.45 billion in revenue at risk by 2050. Deloitte firms may mitigate potential revenue loss by continuing to diversify their client base across sectors. <p>OPERATIONAL:</p> <ul style="list-style-type: none"> • Workforce agility may be needed to address resource gaps and uncertainties: reduced demand from highly exposed sectors, especially in a low emissions scenario, may lead to underutilized resources, gaps in the project pipeline, and greater revenue uncertainty. This may require operational agility, including reskilling or redeploying teams and optimizing workforce planning. <p>REPUTATIONAL:</p> <ul style="list-style-type: none"> • Reputational risk may occur from certain client associations: Deloitte's association with clients in sectors that are slow to transition to low-carbon or sustainable business models may be viewed negatively by certain stakeholders, including other clients, Deloitte people, and members of the public. This could reduce attractiveness to prospective clients and impact Deloitte entities' talent recruitment and retention. <p>STRATEGY:</p> <ul style="list-style-type: none"> • Strategic adaptation may be required to capture new market opportunities: Deloitte firms may need to accelerate the diversification of their client portfolios and service offerings to help reduce reliance on highly exposed sectors. This could involve diversifying their client base and prioritizing growth in emerging industries or investing in new capabilities aligned with low-carbon and sustainable markets. Failure to adapt strategy in response to declining demand from high-risk sectors could result in missed market opportunities, reduced competitiveness, and challenges in achieving long-term growth objectives. 	<p>Deloitte firm clients are geographically and industrially diverse. This imparts some resilience as not all sectors and service offerings are impacted in the same way at the same time.</p> <p>Globally, Deloitte has created strategic growth offerings (SGOs), including a Sustainability SGO, to strategically plan and align on how sustainability offerings are presented to the market. By implementing similar structures across the network and proactively planning how to position services to those clients likely to face impacts from future climate-related events, Deloitte can better anticipate ways to offset potential revenue loss.</p> <p>Deloitte invests in training and developing practitioners through various approaches including climate literacy training, sustainability and energy transition advisory skills, and sector-specific transition knowledge. As market shifts are realized under different scenarios, the skills Deloitte's people develop will likely be transferable to other sectors.</p>

Market risk: decreased demand from highly exposed sectors (R-MAR-01)

Outlook across climate scenarios and future time horizons:

		Time horizons		
		Short-term	Medium-term	Long-term
Climate scenarios	Low emissions scenario	<p>Clients in highly exposed sectors that are slow to transition may face increasing regulatory and market pressures, leading to declining competitiveness. As these clients may start to reduce operations or lose market share, demand for professional services from these sectors may decrease, resulting in moderate revenue impacts across Deloitte firms. However, these impacts may be partially offset by increased demand for Deloitte firms' transition planning and regulatory compliance services by early movers in these sectors and by growth in less-exposed sectors.</p>	<p>Demand for products in highly exposed sectors may continue to decrease, causing highly exposed sectors to potentially experience significant contraction. Demand for professional services from these clients may then decline sharply, with some businesses exiting the market or undergoing major restructuring, causing Deloitte firms' revenue from these services to potentially fall substantially. However, there may be some opportunities that arise in Deloitte firms supporting distressed asset management and transition planning to partially mitigate the revenue decline.</p>	<p>By this stage, most highly exposed sectors that failed to transition may have either transformed or been phased out. Demand from clients in these sectors could be minimal, resulting in a permanent reduction in Deloitte firms' revenue from these sources. Deloitte firms' portfolios may shift almost entirely toward clients in low-carbon and resilient sectors. The revenue mix within Deloitte firms would be fundamentally altered, with highly exposed, legacy sectors representing only a small fraction of total business. Deloitte firms' client portfolios would likely shift further toward low-carbon industries, technology, and sectors investing in sustainability, likely requiring continued investment in new capabilities and talent realignment.</p>
	Medium emissions scenario	<p>Regulatory and market pressures on highly exposed sectors may increase in varying degrees across regions. Some clients in these sectors begin to experience revenue pressures and budget constraints, leading to reduced discretionary spending, such as professional services. Deloitte firms may see a modest decline in project volume and revenue from clients in certain regions, with some opportunities remaining for services in efficiency and process optimization or compliance support.</p>	<p>Regulatory and market pressures for reducing emissions may continue to accelerate in some regions while others lag, resulting in mixed impacts across Deloitte firms' client bases. Demand for carbon-intensive products may continue declining, with many companies in these sectors facing ongoing financial stress, consolidation, or restructuring. Deloitte firms could experience a noticeable reduction in revenue from these clients, as their ability to invest in professional services beyond essential compliance or crisis management likely continues to diminish.</p>	<p>By this stage, many carbon-intensive sectors that failed to transition have either adapted, consolidated, or seen significant decline, though some may persist in regions with slower policy adoption. The remaining companies in these sectors may have limited budgets for external services, resulting in a sustained loss of revenue streams for Deloitte firms from these sources. Deloitte firms' long-term market positions may depend on their ability to anticipate these shifts, diversify their client bases in advance, and lead in climate and sustainability solutions.</p>
	High emissions scenario	<p>Climate regulation may remain weak, fragmented, or inconsistently enforced across most regions. Therefore, highly exposed sectors would likely face minimal new regulatory or market pressures, allowing them to continue business-as-usual operations. Demand for professional services from these sectors would remain stable or may even increase as companies seek to optimize operations and manage ongoing risks unrelated to climate. Aggregate Deloitte firm revenue would likely be unaffected in the short term.</p>	<p>Regulatory pressure would likely continue to be minimal and carbon-intensive sectors may continue to operate with limited incentives to decarbonize. Market demand for carbon-intensive products may remain robust, with these sectors still retaining significant budgets for external services. Deloitte firms' revenue from these clients may continue to remain steady, with ongoing opportunities in operational improvement, risk management, and technology enablement. However, some regions may begin to experience climate-related disruptions (e.g., extreme weather, supply chain shocks), which may begin to impact companies' revenue.</p>	<p>Despite increasing physical impacts of climate change, regulatory action on emissions likely remains limited around the globe. Deloitte firms may continue to serve clients in highly exposed sectors, with demand focused on business continuity and risk mitigation strategies rather than decarbonization. However, the overall business environment may become more volatile due to climate-driven shocks, which would have financial impacts on clients. As these clients prioritize operational recovery, Deloitte firms may lose revenue if reductions in spending on professional services takes place.</p>

Low impact
 Medium impact
 High impact

Physical risks: acute climate hazards have operational impacts throughout the value chain (R-ACU-01 & R-ACU-03) and chronic physical risks can impact service delivery (R-CHR-02)



Risk drivers	Potential impacts	Management response and strategic approach
<p>The increasing concentration of greenhouse gases (GHGs) in the atmosphere can drive global warming and climate instability. This warming may intensify acute climate hazards such as hurricanes, wildfires, and extreme precipitation events.</p> <p>Urbanization and changes in land use can impact the natural environment via changes to land's ability to absorb and retain water and may reduce natural protection against extreme weather, thereby exacerbating effects of extreme weather. These changes can also alter local climates, making regions more susceptible to extreme temperature variations and severe weather events.</p>	<p>FINANCIAL:</p> <ul style="list-style-type: none"> • Increase in Deloitte entities' operating expenses through higher insurance premiums, repair costs, and investments needed to protect or restore offices and data centers. • Ongoing capital expenditures to adapt infrastructure and technology to help withstand physical climate risks and enhance resilience across the value chain. • Lost revenue by Deloitte firms due to delays in project delivery, reduced client demand, or interruptions to client work. <p>OPERATIONAL:</p> <ul style="list-style-type: none"> • Disruption of business continuity by damaging assets, limiting access to offices, or causing power and connectivity outages, especially in the long-term across emissions scenarios. • More frequent activation of contingency plans, remote work arrangements, or temporary relocation of staff and operations. • Increase in absenteeism and reduced productivity due to health impacts from extreme heat or poor air quality associated with wildfires, particularly in a high emissions scenario. <p>STRATEGIC:</p> <ul style="list-style-type: none"> • Requirement to re-evaluate office locations, data center placements, and supply chain resilience as part of long-term risk management. • Impact on reputation and competitive positioning if perceived as unprepared for or slow to respond to climate-related risks, or if disruptions impact service delivery to clients, especially in the short- and medium-term in a low emissions scenario. • Additional collaboration with suppliers and clients to help enhance continuity of services during and after physical climate-related disruptions. 	<p>Business continuity planning, a key component of the Deloitte Global Security Policy and Standards, is important to help address disruptions caused by hurricanes, typhoons, floods, fires, and other physical hazards. The Deloitte Global Security Office (GSO) works with Deloitte firms worldwide to formulate and implement effective business-continuity programs to help keep Deloitte people safe, particularly during emergencies.</p> <p>Examples of business-continuity program components include a global emergency communications system used to help account for the safety and well-being of Deloitte people and provide important guidance when emergencies strike, a global travel tracker which quickly accounts for the safety of Deloitte people traveling, and 24-hour emergency medical and security resources that can be deployed if needed.</p> <p>Longer-lived physical risks, such as heat waves, may be the most severe physical risk to Deloitte operations given the impact heat waves can have both on interrupting power supplies and decreasing productivity. Increasingly, a portfolio approach may be needed to evaluate key delivery and data center location risks to increase redundancy across (in addition to within) regions.</p> <p>Deloitte's net-zero strategy includes the goal of reducing business travel emissions by 55% per FTE from FY2019 levels by FY2030. Working toward this goal may also help mitigate productivity losses and weather-related travel expenses.</p> <p>Longer-term chronic risk impacts may require continued engagement with governments, municipal and local authorities, and other stakeholders in order to put climate adaptation and resiliency measures in place.</p> <p>Within the value chain, engaging with suppliers on sustainability topics and factoring climate-related physical risks into procurement decisions can help Deloitte create a more resilient and adaptable supply chain less prone to operational impacts.</p>

Physical risks: acute climate hazards have operational impacts throughout the value chain (R-ACU-01 & R-ACU-03) and chronic physical risks can impact service delivery (R-CHR-02)

Outlook across climate scenarios and future time horizons:

		Time horizons		
		Short-term	Medium-term	Long-term
Climate scenarios	Low emissions scenario	Physical climate risk is projected to remain similar to present day levels, with only minor increases in hazards that may occasionally disrupt the Deloitte entities' operations and people's travel.	The frequency and severity of extreme weather and chronic risks may increase slightly, leading to more frequent but still moderate operational interruptions.	Acute and chronic climate risks are projected to persist at moderate levels, which may result in ongoing but manageable disruptions and financial impacts, less severe than in higher-emission scenarios.
	Medium emissions scenario	Physical climate risk is projected to be comparable to current levels, with acute events and chronic risks that may cause disruptions similar in frequency and severity to present day.	Both acute and chronic physical climate hazards are projected to increase moderately, which may lead to more frequent and severe operational disruptions, higher costs, and greater supply chain vulnerabilities for Deloitte.	A noticeable rise in the frequency and severity of acute climate hazards may lead to more frequent disruptions of offices, data centers, and business travel, with increasing operational and financial impacts.
	High emissions scenario	Physical climate risk is projected to resemble that of the present day, with acute and chronic hazards that may cause disruptions at current levels.	Escalating extreme weather events are projected to cause more regular or more widespread operational disruptions, major supply chain challenges, and increased costs for Deloitte entities.	Severe and pervasive acute and chronic climate hazards are projected to result in frequent, widespread, and severe operational disruptions, major revenue losses by Deloitte firms, and substantial financial and human capital impacts.

Low impact
 Medium impact
 Medium/High impact
 High impact

Resilience opportunity: achieving climate commitments may cut costs and attract talent (O-RES-01)



Opportunity drivers	Potential impacts	Management response and strategic approach
<p>The Deloitte network has committed to a 90% reduction in GHG emissions across its aggregate business operations and value chain by 2040 and has made progress toward the network’s near-term 2030 goals. As the Deloitte network advances toward its climate commitments, these efforts may generate cost savings for Deloitte entities and create new opportunities to engage Deloitte firm clients and attract talent who value a purpose-driven workplace.</p> <p>Within their own operations, Deloitte entities can continue to identify ways to retrofit the buildings they operate in and implement energy efficiency measures. Deloitte entities may consider working toward transitioning to renewable energy sources in more office operations and data centers as well as optimizing IT systems, such as consolidating data centers and employing the use of energy-efficient hardware.</p> <p>A significant portion of the Deloitte network’s emissions originates from Deloitte’s supply chain, presenting opportunities to collaborate with strategic suppliers to reduce their emissions and, in turn, the Deloitte network’s own carbon footprint.</p>	<p>FINANCIAL:</p> <ul style="list-style-type: none"> • Cost savings: implementing energy efficient measures—such as upgrading to LED lighting and using smart building controls—can reduce Deloitte entities’ utility costs and improve the reliability of building operations, contributing toward cost savings. Market and regulatory pressures to increase energy efficiency in operations will likely be higher in a low emissions scenario. <p>REGULATORY:</p> <ul style="list-style-type: none"> • Preparedness for environmental reporting: proactively adopting sustainable practices, such as improving energy efficiency, helps support Deloitte entities in remaining ahead of evolving environmental regulations, reducing the risk of non-compliance penalties and other costs. <p>OPERATIONAL:</p> <ul style="list-style-type: none"> • Risk mitigation through reducing emissions: by investing in energy efficient measures, Deloitte entities can improve their business continuity and lower risk of disruption from resource shortages, energy price fluctuations, or climate-related events. <p>REPUTATIONAL:</p> <ul style="list-style-type: none"> • Strengthen brand reputation: by successfully meeting the Deloitte network’s own climate commitments, Deloitte firms can establish themselves as sustainability leaders, which can be a brand differentiator, help attract new clients, and build trust with stakeholders, especially in a low emissions scenario during which stakeholders are likely to prioritize sustainability. <p>PEOPLE:</p> <ul style="list-style-type: none"> • Attract and retain top talent: Deloitte entities can attract and retain top talent by making themselves leaders for sustainability through meeting their climate commitments and aligning with the values of purpose-driven professionals. • Boost Deloitte people engagement: by effectively engaging their people in Deloitte climate initiatives and progress toward goals, as well as sustainability service offerings, Deloitte entities can strengthen their people’s commitment to sustainability, job satisfaction, and loyalty. 	<p>Deloitte is implementing the Net-Zero Transition Plan to advance the network-wide 2040 targets. Energy efficiency and GHG reduction measures for the Deloitte buildings are one of the focus areas of the Plan. Engagement with Deloitte people and suppliers is also covered in the Plan. Additional details are available in the Deloitte Net-Zero Transition Plan.</p> <p>Deloitte entities are actively transitioning to renewable energy sources in offices and data centers and consolidating data centers to help reduce energy use. These actions are already delivering cost savings and improving operational resilience.</p> <p>Deloitte collaborates with strategic suppliers to adopt and embed emissions reduction practices and share leading approaches for mutual transformation toward a resilient lower-carbon economy.</p> <p>Deloitte’s purpose—making an impact that matters—is amplified through Deloitte’s market leading sustainability services and thought leadership. Deloitte participates in global climate forums and publishes transparent progress updates through the Global Impact Report and CDP reporting, reinforcing our commitment to sustainability, and attracting top talent.</p> <p>Deloitte entities integrate sustainability into the talent experience through flexible work models, wellness programs, and green skills development. Internal campaigns and engagement initiatives help keep people informed and involved in climate progress, strengthening loyalty and alignment with Deloitte’s purpose.</p>

Resilience opportunity: achieving climate commitments may cut costs and attract talent (O-RES-01)

Outlook across climate scenarios and future time horizons:

		Time horizons		
		Short-term	Medium-term	Long-term
Climate scenarios	Low emissions scenario	<p>If Deloitte entities proactively invest in energy efficiency and other net-zero actions in anticipation of emerging carbon regulations and energy efficient building standards, they could position themselves as industry leaders. As the Deloitte network meets its public commitments in the process, it could strengthen Deloitte entities' reputations as responsible employers, attracting top talent and reducing attrition.</p>	<p>If Deloitte entities continue to maintain their track record in reducing emissions and resilient operations, it might serve as a key differentiator for clients and Deloitte people. Should Deloitte people see Deloitte as an organization that leads on climate action, this could foster a strong sense of loyalty and belonging, supporting engagement and reducing turnover, particularly with younger generations. Deloitte may become a preferred place to work for sustainability-minded individuals if the network continues to integrate climate action into its culture. Deloitte entities may also see cost savings compared to business as usual from their previous investments in energy efficiency and other net-zero actions.</p>	<p>If energy-efficient infrastructure and climate resilience were to become standard, Deloitte entities' avoidance of high carbon costs and regulatory penalties could translate into stable, predictable operations and ongoing cost reductions. This financial stability could allow Deloitte entities to continue investing in their workforces, further strengthening Deloitte's reputation as an attractive place to work and helping to attract and retain talent seeking both job security and alignment with their values.</p>
	Medium emissions scenario	<p>If regulations become fragmented and slow-moving, the Deloitte network's climate commitments may still appeal to a segment of the workforce that values sustainability, helping to attract and retain talent. However, with less regulatory pressure, the incentive to invest in retrofitting and decarbonization may be reduced, potentially limiting cost savings and making it harder to justify large-scale operational changes.</p>	<p>As physical climate risks continue to escalate, people might increasingly value workplaces which act to protect employee wellbeing and minimize negative environmental impacts. If Deloitte entities were to focus on energy efficiency and net-zero efforts only where regulations are supportive, their ability to attract and retain talent could become regionally based. People in markets supportive of sustainability initiatives might be more engaged, and cost savings from energy efficiency may become localized.</p>	<p>As severe and frequent climate impacts become the norm, workplace safety, stability, and resilience are likely to become top priorities for people. If Deloitte entities were to invest in retrofits and other actions to meet the network's net-zero goals, they could enhance their reputations as responsible businesses and support talent attraction and retention in areas where those efforts are most visible. Deloitte entities' investments in energy efficiency and net-zero efforts may also continue to save costs and improve resiliency against extreme weather events.</p>
	High emissions scenario	<p>Regulatory pressures may remain low, however Deloitte's climate commitments and investments in resilient infrastructure, as well as a more resilient supply chain, could help reassure Deloitte people who are climate-conscious. These investments could also help Deloitte entities avoid some operational losses and insurance costs.</p>	<p>If physical climate risks were to escalate, people might increasingly value workplaces that act to protect their wellbeing. Should Deloitte entities' early investments in energy efficiency, resilience, and supply chain management help maintain operations, this could foster loyalty among people and help avoid costly disruptions, even if the lack of broad climate action limits additional cost-saving opportunities.</p>	<p>As severe and frequent climate impacts become more common, workplace safety, stability, and resilience may become top priorities for some people. Deloitte entities' continued focus on climate adaptation could help attract and retain those who place significant value in climate-conscious companies and institutions. Ongoing cost reductions from efficient operations and avoidance of impacts from climate hazards are likely to free up resources for continued investment in people and innovation.</p>

Low impact
 Medium impact
 High impact

Resilience opportunity: integrating climate risks into business decisions can build resilience (O-RES-02)



Opportunity drivers

By proactively incorporating climate risks into business decisions, Deloitte can minimize disruptions from climate events, enable Deloitte entities' operational continuity, and protect Deloitte firms' revenue.

For example, aligning Deloitte's real estate strategy with climate resilience, including incorporating sustainability requirements when enacting new or updating existing leases, could help minimize damage to infrastructure from extreme weather events.

Including sustainability considerations as part of the technology and logistics procurement selection process may help Deloitte's supply chain become more resilient.

Investing in business continuity and disaster recovery planning, including response protocols and crisis management teams for Deloitte people affected by climate incidents, may help to mitigate climate-related impacts.

These actions may demonstrate leading sustainability practices, enhance the Deloitte network's brand, attract sustainability-focused clients, and differentiate Deloitte as a trusted party in building climate resilience.

Potential impacts

FINANCIAL:

- **Operational cost management:** Deloitte entities can likely avoid costs associated with damages and operational downtime through the adoption of climate-resilient supply chains and infrastructure.
- **Insurance cost reduction from resilient infrastructure:** upgrading buildings with sustainable and resilient infrastructure helps reduce risk, leading to lower insurance premiums as insurers recognize and reward proactive climate risk management.

OPERATIONAL:

- **Improve supply chain resilience by working with suppliers:** collaborating with suppliers on emissions reduction efforts enables Deloitte to meet its own climate commitments, enhance efficiencies for clients, and build a more climate-resilient supply chain in the process.

STRATEGIC:

- **Resilience and reduced disruption:** investments to design or upgrade facilities that address potential future physical risks relating to climate can help reduce future costs and risks as climate impacts intensify.
- **Improved efficiency within the network through enhanced sustainability knowledge and awareness:** Strengthening sustainability skills across MFs and service lines can enable deeper understanding of climate-related impacts on Deloitte and strengthen climate resilience through reduced climate-related disruptions.

MARKET:

- **Client attraction and retention:** demonstrating leadership and adopting resilience initiatives can enhance brand and appeal to climate-conscious clients.
- **Market differentiation:** early adoption of climate-resilient practices can position Deloitte firms as preferred providers in sustainability assurance and advisory services. Maintaining the ability to serve clients during times of extreme events can advance trust in Deloitte firms' ability to assist clients in building their own resilience toward climate-related events.

Management response and strategic approach

Deloitte is implementing the Net-Zero Transition Plan to advance the network-wide 2040 target. Technology impacts, real estate emission reduction, and supplier engagement are also included in the Plan. Additional details are available in the Deloitte Net-Zero Transition Plan.

For example, as part of the network's net-zero commitment, Deloitte entities are transforming how building-related decisions are made and how energy is sourced, prioritizing the shift toward low-carbon energy systems. These efforts build on sustainability features already integrated into properties such as Deloitte University locations in EMEA. To enable global consistency and alignment, Deloitte is developing a real estate sustainability framework that Deloitte entities can adapt to local contexts, incorporating considerations for climate resiliency.

Resilience opportunity: integrating climate risks into business decisions can build resilience (O-RES-02)

Outlook across climate scenarios and future time horizons:

		Time horizons		
		Short-term	Medium-term	Long-term
Climate scenarios	Low emissions scenario	Under a low emissions scenario, emerging regulations related to carbon pricing schemes and clean building requirements will continue to develop. Deloitte entities may be early movers and build brand value through proactive risk management within operations and broader value chain. Deloitte may dedicate investment to proactively prepare for these regulations through the development of a network standard of building sustainability and energy efficiency strategies for delivery and data centers, leveraging available government incentives for Deloitte entities, where possible. Clients may prefer to work with service providers that have sustainability goals and report meaningful progress against those goals.	Regulations related to GHG emissions, low-carbon buildings, and energy efficient data centers may be widespread, increasing the demand for energy efficient offices and data centers. Energy efficient building supply may be limited, which may emphasize the need for Deloitte entities to act quickly in their emissions reduction efforts. Deloitte may continue to focus on creating a more climate resilient value chain as part of its risk management strategy. Clients will likely continue to prioritize providers delivering on their sustainability goals.	The supply of energy-efficient buildings and data centers may have improved; however, demand remains high in the long-term. Deloitte entities may avoid high costs of carbon and regulatory penalties from the standardization of energy efficiency requirements and development of sustainable data centers. Deloitte entities may find themselves better equipped against extreme weather events due to having a more climate resilient value chain.
	Medium emissions scenario	Under a medium emissions scenario, regulation related to carbon pricing and energy efficient building requirements are slow to materialize and are fragmented across jurisdictions globally. Stakeholder concerns for providers with sustainability goals and resiliency efforts are divided. There is a potential for increased client demand for climate-related professional services as physical hazards materialize more often. Deloitte entities' investment into retrofitting buildings and decarbonizing data centers may not be as prioritized due to less client demand for GHG reduction goals.	Regulations continue to be fragmented across jurisdictions, causing variation in Deloitte entities' approach to climate risk management, including limited retrofitting, minimal efforts to reduce infrastructure emissions, and some limited attention toward the value chain. Deloitte entities in jurisdictions with regulations related to energy efficient buildings may prioritize efforts. However, this may create gaps as physical risks may materialize across the Deloitte network's operating locations, creating vulnerabilities and emphasizing the need to prioritize strategic site selection.	Deloitte entities operating in regions with upgraded civil infrastructure (e.g., energy grid) or incentives for reducing emissions (e.g., regulation) may have already invested in retrofitting buildings, reduced emissions in delivery centers, and developed preparedness plans. Vulnerabilities might persist in Deloitte entities' operations or value chain in less regulated regions, especially in the long-term as physical climate change impacts continue to be more severe and frequent.
	High emissions scenario	Under a high emissions scenario, regulations related to carbon pricing and clean buildings will not be a priority amongst regulatory bodies. As disruptive climate events escalate, the need for more resilient infrastructure and value chains may become more apparent. In the short-term, physical climate events may increase in frequency and severity and cause minor operational disruptions; however, if Deloitte entities retrofit their infrastructure, they may avoid some operational losses from damages and downtime or minimize the increase in insurance premiums. Deloitte entities may also see limited disruptions in their business stemming from their supply chain, but disruptions are expected to be minor given their climate risk management of their value chain.	In the medium-term, physical climate risks are increasing. Deloitte entities' investment in climate-related risk management, including sustainable data centers, resilient buildings, and a more resilient value chain, begins to pay off. Organizations that have not retrofitted infrastructure or created a more resilient infrastructure begin to experience significant disruptions.	Climate-related physical risks are frequent and more severe. Deloitte entities' early investment in retrofitting facilities, prioritizing new infrastructure and value chain measures with resiliency strategies likely pays off consistently. Meanwhile, business interruptions from severe storms are frequent events for other organizations. Deloitte entities' resilience strengthens Deloitte firms' reputation as trusted professional services providers amongst clients and assists Deloitte firms in holding a competitive advantage in the marketplace.

Low impact Medium impact High impact

Markets opportunity: increased demand for climate-related client services and energy-efficient delivery (O-MAR-02)

Opportunity drivers	Potential impacts	Management response and strategic approach
<p>Deloitte firms have various climate-related service offerings that vary by business line and MF. Through such storefront offerings, Deloitte practitioners can help address client needs such as how to manage climate adaptation and resilience, create advantage through energy transition, accelerate governance and transparent reporting, and enable responsible supply chains and operations.</p> <p>As companies across industries prioritize sustainability reporting, adapt to emerging regulatory requirements, and face direct impacts of climate change, there is a growing market opportunity for Deloitte firms to deliver both existing and new sustainability services to current and prospective clients.</p> <p>Demand for Deloitte sustainability services will depend partially on the evolution of sustainability regulations and each client organization's commitment to setting and achieving its climate goals. Additional macro trends impacting organizations are (i) procurement of renewable electricity as a lower carbon and lower cost solution and (ii) the need to address direct impacts to physical infrastructure and operations caused by increased extreme weather events, droughts/famine, and extreme heat.</p> <p>Deloitte firms can offer more energy-efficient delivery, thereby helping clients and suppliers reduce their emissions, including through the creation of energy-efficient technology solutions (e.g., reducing emissions from the use of AI).</p>	<p>FINANCIAL:</p> <ul style="list-style-type: none"> • Increased demand for services arising from regulatory complexity, clients pursuing their own climate goals, and sustainability becoming the ROI-positive choice: policy and legal developments are increasing client needs and could support recurring climate service engagements, which could manifest across Deloitte firms' consulting, technology, and assurance services for offerings like climate adaptation and resilience, creating advantage through energy transition, accelerating governance, accountability and transparent reporting, and enabling responsible supply chains and operations. Clients may also seek additional sustainability services to support their pursuit of voluntary climate goals. Increased regulatory requirements and voluntary climate action by clients will likely be higher in a low emissions scenario. Just as relevant, the risks presented by direct impacts of climate shocks noted in the opportunity drivers, along with the decreasing cost of renewable energy, are making sustainable business choices ROI-positive which will drive market demand more consistently across the emissions scenarios. • Opportunity in technology innovation: Advancements in climate reporting, data-gathering technology, and AI could enable business transformation and create new revenue streams for Deloitte firms. Under a low emissions scenario, the aggregate opportunity could be up to \$253 million per year by 2030. <p>OPERATIONAL:</p> <ul style="list-style-type: none"> • Creating energy-efficient technology to help energy-efficient and low-carbon delivery: improving technology solutions to become more energy efficient, including decarbonizing AI and technology-supported solutions, could differentiate Deloitte firms in the market by offering low-carbon solutions for clients, leading to greater market share. <p>REPUTATIONAL:</p> <ul style="list-style-type: none"> • Relevant climate offerings may build stakeholder loyalty: by anticipating market trends and stakeholder expectations, Deloitte firms can offer a portfolio of relevant climate-related services that effectively meet client needs, solidifying Deloitte firms as go-to sustainability services providers, especially in a low emissions scenario where stakeholders prioritize sustainability. <p>STRATEGIC:</p> <ul style="list-style-type: none"> • Client retention and deepened relationships: by offering new climate-related services to meet evolving client needs and innovating to provide energy efficient technology solutions, Deloitte firms can further deepen their relationships with existing clients and attract new clients who are looking to reduce their climate impacts (to the extent permitted by applicable law, regulation, and professional standards). Deloitte can also seek strategic relationships to develop and deliver on climate-related services and solutions. • Expanded market footprint through deep sustainability knowledge within the network: Deloitte firms can position themselves as preferred providers of sustainability services by adopting a coordinated client service approach and leveraging a strong pool of sustainability practitioners who share knowledge and collaborate effectively. Furthermore, by aligning on additional climate-related service offerings beyond regulatory compliance, Deloitte firms can drive efficiencies and strengthen their market presence. <p>PEOPLE:</p> <ul style="list-style-type: none"> • Opportunities for upskilling and market expansion: By equipping Deloitte professionals with deep climate knowledge and leadership across business lines, the network can deliver integrated, high-value sustainability solutions, differentiating Deloitte firms in the marketplace. This could enhance client loyalty and engagement. 	<p>Deloitte actively monitors sustainability-related standards, laws, regulations and market developments globally. Through collaboration with industry stakeholders and strong client engagement, Deloitte can anticipate evolving sustainability needs. This approach enables the network to expand capabilities and design innovative solutions that can serve Deloitte firm clients effectively under varying emissions scenarios.</p> <p>Many clients will need solutions that are underpinned by technology, and Deloitte is working with alliance collaborators to scale existing technologies and deploy new advancements. Deloitte is also identifying market voids and will collaborate with other companies to bring new solutions to clients to help address these needs.</p> <p>As climate risk increases for physical infrastructure and real estate assets, Deloitte firms are bringing their Sustainability and Infrastructure offerings together in order to effectively support clients at the intersection of climate and infrastructure.</p>

Markets opportunity: increased demand for climate-related client services and energy-efficient delivery (O-MAR-02)

Outlook across climate scenarios and future time horizons:

		Time horizons		
		Short-term	Medium-term	Long-term
Climate scenarios	Low emissions scenario	Regulatory developments may precipitate an increase in climate-related professional services and energy-efficient technology solutions as many clients accelerate their transition to a low-carbon economy. Climate-related professional services become a larger part of client engagements. Digital operations could begin to show measurable reductions in emissions through the adoption of energy-efficient and low-carbon technologies.	Climate-related professional services may represent a significant share of business, with advanced, sector-specific solutions widely adopted by clients. Most technology platforms and AI solutions should operate with substantially lower emissions, supported by renewable energy and optimized processes. Adaptation and resilience related services play a role in order to prevent more significant climate impacts.	Climate-related and low-carbon technology services could be fully integrated across all business lines and geographies, positioning Deloitte firms as credible energy efficient professional services providers. Digital and operational platforms may operate on renewable energy or feature low emissions, designed to minimize environmental impact. Deloitte firms could be recognized as leaders in enabling a global low-carbon economy through professional services and technology innovation. Adaptation and resilience related services play a role in order to prevent more significant climate impacts.
	Medium emissions scenario	There may be some regulatory developments related to climate, but they are limited. Growth in climate-related professional services and energy-efficient technology services is potentially moderate and limited to certain sectors, as some clients prioritize low-carbon transitions while others delay action. Adoption of energy-efficient technologies in digital operations may occur unevenly. Emissions reductions may be achieved in select areas, but overall impact likely remains limited.	Climate-related services may expand but represent a moderate portion of business as regulatory and market pressures increase gradually across select industries. Technology platforms and AI solutions could see incremental improvements in emissions intensity, with partial integration of renewable energy and efficiency measures. As organizations become increasingly affected by climate-related events, they may prioritize procurement of professional services focused on assessing climate risks and adaptation to become more resilient in both their supply chain and their own operations.	Low-carbon and climate-related services may become established but not dominant, with continued reliance on mixed energy sources for digital and operational platforms. Emissions from technology solutions may be reduced compared to previous decades but not fully eliminated. Deloitte could play a supporting role in the global transition to a low-carbon economy, with innovation and adoption varying by region and client demand. Climate impacts are likely widespread—demand for professional services is likely to grow for adaptation services as organizations continue to face significant impacts to their day-to-day operations and experience supply chain disruptions.
	High emissions scenario	Limited regulatory developments are made in the climate space. Demand for climate-related professional services and energy-efficient technology solutions most likely remain low and driven by distinct sectors as clients deprioritize low-carbon transition. Adoption of energy-efficient technologies in digital operations is potentially minimal, resulting in little to no measurable emissions reductions. Deloitte firms' service mix and operational practices most likely remain unchanged. Some organizations already feel the need for climate risk assessment and adaptation services given the existing impacts of climate change.	Climate-related services potentially make up a small share of business, with limited client uptake and slow regulatory progress. Technology platforms and AI solutions may continue to rely heavily on conventional energy sources, with few improvements in emissions intensity. Deloitte's contribution to emissions reduction is most likely negligible, and its reputation for low-carbon solutions may stagnate. Organizations may be significantly impacted by extreme weather events and impacts to operations and may need support adapting to a changing world.	Low-carbon and climate-related services may remain as niche offerings, with most digital and operational platforms powered by non-renewable fuels or mixed energy sources. Emissions from technology solutions most likely remain high relative to potential best practices. Deloitte may have a limited role in supporting the global low-carbon transition, and innovation in sustainable solutions is potentially limited. Impacts of climate change are widespread from extreme weather events to forced migration from areas that experience extreme heat. Adaptation-related services are expected to be of significant importance to many companies.

Low impact Medium impact High impact



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**Deloitte Climate
Risk Report**