



## Harnessing sustainability data for greater business value

**Host:** Hanish Patel, Managing Director, Deloitte Consulting LLP

**Guests:** Steffen Müller, Global Director for Sustainability Advisory, Salesforce  
Dan Goldenberg, Chief Sustainability Officer In-Residence, Deloitte Consulting LLP

**Hanish Patel:** Global regulations underscored a growing importance of robust data systems that provide transparency around corporate sustainability efforts. Yet it's becoming more difficult for organizations to navigate the intricate landscape of sustainability reporting requirements. And these are changes in the US and Europe, including the recent moves with the EU's Omnibus. So how can companies comply with evolving regulations, given recent changes in the US political landscape, and what are the other benefits of sustainability data management outside of regulatory

compliance? Joining me today is Dan Goldenberg, Deloitte's chief sustainability officer in-residence, along with Steffen Müller, Salesforce global director for sustainability and advisory. Together, we're going to unravel some of these complexities that companies face in managing sustainability data and explore the practical steps that they can take to streamline the collection of data across diverse sources and asset types. So with that, Steffen, Dan, welcome to the show.

**Dan Goldenberg:** Thanks for having me.

**Steffen Müller:** Same here, thanks for having me. Looking forward to it.

**Hanish Patel:** Alright, so let's dive into it, because I want to cover a fair number of things today. And given the global regulations that currently require companies to disclose their emissions and carbon footprint, could you share your perspective on what the Corporate Sustainability Reporting Directive, or CSRD, in Europe means for these companies? And maybe Dan, I'll kick that over to you first and go over to you Steffen after that.

**Dan Goldenberg:** Great, happy to start. Climate-related requirements, and it's important here, including the EU's CSRD, Hanish, as you mentioned, and California requirements are continuing to move forward. Based on the latest *Sustainability Action Report*,<sup>1</sup> nearly all companies—I think it's close to 99%—are preparing to meet increased sustainability reporting requirements. And three-quarters of public companies reporting are saying that they're likely to invest in new tech or tools to help improve their sustainability disclosure capabilities over the year ahead. And CSRD, which applies to both EU companies and non-EU parent companies with substantial market presence in the EU, demonstrates a global shift towards more rigorous climate reporting standards for companies. And these regulations generally emphasize the importance of transparency and reporting direct and indirect greenhouse gas emissions, with a focus on emissions types that companies can more directly control and measure.

So CSRD mandates the companies report on sustainability issues using the double materialities we call DMA—the double materiality perspective—to disclose two key categories of information. First, how sustainability issues impact a company's financial performance, risk profile, and long-term value creation. And second, how operations impact the environment and society. The concept of double materiality helps stakeholders make informed decisions based on a comprehensive view of a company's overall sustainability performance. So, for example, financial materiality exposes potential costs associated to regulatory compliance or resource scarcity. On the other hand, environmental and social materiality provides insight on company water usage, waste management, and labor practices for instance.

Now these rules are new and, I think, the preeminent approach to standardizing climate reporting. They lay a groundwork

for more exhaustive future reporting requirements as data collection techniques and reporting methodologies evolve. But overall, these regulatory changes are shaping the norm in global corporate responsibility and sustainability practices, pushing companies to adopt more systematic and transparent reporting mechanisms, which could have far-reaching implications on corporate strategies and investor relations. So that's my brief thought. Love to hear Steffen's thoughts.

**Steffen Müller:** Yeah, thanks, Dan. I think you covered a lot of it. CSRD has been groundbreaking. The depth and breadth of data that needs to be reported under CSRD is something new. And not just reporting data points, but also your strategy, right? So at the same time, I see some headwinds and tailwinds for CSRD and related regulations. So, especially from a European perspective, I see a couple of headwinds for sustainability reporting including CSRD in the current regulatory climate if you will.

So, we've seen, in the recent past, that some companies are dialing back on their sustainability targets and their commitments, and focus on efforts towards initiatives that seem to be more achievable. California remains the only jurisdiction in the US with a climate disclosure rule on the books. So there are a lot of talks going on.

At the same time, I see that we have tailwinds that are very encouraging. So sustainability was often driven by ambitions of leading companies within their respective industries. However, with that recalibration happening, what are investments and certain infrastructure processes, people that we need to make in order to get us into a stage where we are able to comply to these regulations? So many decarbonization and related commitments remain, right? Even somewhat outback, many of them remain, and they still require very robust data and technology to succeed.

A lot of companies, they might have gone into sustainability management because they frankly had to, because they were driven by regulation, like CSRD. Now some companies, however, they learn so much about the nuanced interdependencies between business, nature, climate, supply chains, that they'll continue to focus on sustainability management for themselves, new reasons—not just regulation, not just compliance. They, as I mentioned, have added people, processes, platform because they understand this: For a resilient business you need resilient ecosystems, because they provide ecosystem services we all rely on—like soil, like water, pollination, carbon storage and so forth.

Take us as an example—Salesforce, right? We're a global tech company. Our software runs on cloud infrastructure that runs the data centers. These need a lot of electricity to power them. They need water to cool them. So we're actually also relying on this ecosystem as much as anybody. And sustainability data feeds into this operational resilience, supply chain management, investment planning, risk management. It's part of everything that's going on in the company really. So, in the end, there's no sustainability strategy; there is only sustainable business strategy. That relies on data and that is a very encouraging development I see with companies that really are in sustainability management space for making a dent in their impact and decreasing their footprints. And it's not just about regulations anymore.

**Hanish Patel:** So firstly, thank you both for kind of highlighting that out-front. But, something struck me then—and particularly, Steffen, as you are talking about that reliability on data and the importance of. So thinking about it from that lens, how does kind of having that better visibility into sustainability data change the type of decisions that companies can make? And, maybe getting an example from both you gentlemen, what are those examples of that visibility really making a difference on those decisions?

**Dan Goldenberg:** Yeah, I'm a data guy. I'm happy to kick off that conversation. Improved data visibility increases the likelihood that sustainability goals are aligned with overall business strategies. And that's, I think alluding exactly to what Steffen was saying. You know, there shouldn't be a sustainability strategy; there's just business, a good business strategy, that sustainability helps drive. But this allows companies to track performance against their goals more accurately, if they have this high-quality visibility into sustainability data. Access to detailed sustainability data helps companies identify inefficiencies in their operations, such as energy overuse or waste management issues, and it allows them to address these inefficiencies, whereby they can reduce costs and improve operational performance, which leads to more sustainable practices and, quite frankly, better margins.

So with comprehensive sustainability data, companies can identify and assess environmental risks more effectively, quickly—and even more importantly in this environment, identify additional levers to impact top-line growth. It's something we don't talk enough about. So high-quality sustainability data allows brands to do things like differentiate their products and services, increase brand preference and loyalty, find greenfield opportunities, and create new tools for their sales force that highlights sustainability advantages to customers. It allows the sustainability function to move from a compliance orientation to a revenue driver for products, sales, and marketing. And that's a pretty important change.

**Steffen Müller:** I love that. Having that single source of truth for sustainability data and leverage it for various use cases. Not just reporting and compliance, but then also for bringing them into your higher-value business processes is exactly what we see in the marketplace as well. And I'll give you three examples for that. We put an agentic AI layer on top of that. So what that means is, you would have, say, a digital agent that's grounded in your data, which is in your single source of truth for anything sustainability.

So it would know all of your sustainability information, everything you feed it, and it would be able to do a lot of things for you.

Like one, it would be able to automate the creation of reports, conduct accuracy scoring. Maybe another example is scope 3 emissions. It's the most difficult to track ones in the supply chain. Indirect emissions that comes through products that you purchase, for example. They play a crucial role in supporting supply chain decomposition overall. Now think if you integrate product carbon footprint data from suppliers, you can then start to enhance financial and sustainability reporting. That's a new quality of work that you could do based on sustainability data. You would have a clear view on what is not only the spend you would have for suppliers, but you would also know what is the carbon that suppliers would bring into your supply chain, into your carbon balance sheet. That's something new that this 360 data, that single source of truth on sustainability, unlocks.

And then maybe a third one. So imagine you would have a digital agent that possesses that comprehensive knowledge about various sustainability frameworks all grounded in your data again. And these agents, they function as your buddy. They're available 24/7, able to engage in natural language conversations, so no more weird prompting; you are able to converse with them in natural language. And they provide accurate, timely answers regarding any question you might have about your corporate carbon footprint, the status of your decarbonization measures, recyclability of your products, and ensuring that you have all the right insight that you need at the right point in time.

**Hanish Patel:** I love what you both cited—especially that kind of “buddy”—but as I think about what you highlighted, some of those benefits and the decisions that it can make through the access of that data and the visibility, I guess on the other side of it, what are some of the challenges that maybe companies are facing in collecting that

sustainability data? And how does it frankly impact their ability to comply with regulations like those introduced by CSRD?

**Dan Goldenberg:** Companies face significant challenges in collecting just that wide body of different measures—collecting in a way where they're obtaining high-quality data from multiple sources, both internally and externally. And, of course, there are integration issues due to varied formats and systems. The common methods and systems used for gathering and handling sustainability data can create a lot of unnecessary complications and inefficiencies [and] can become obsolete quickly. I've seen it firsthand, especially as expectations around data transparency change rapidly and the sources expand. This can lead to unpreparedness for auditors and regulators—and operational decision-making that can be under-informed, low confidence, and potentially leaving positive financial impact on the table.

Also, an absence of universal standards for measuring and reporting sustainability data compliance—it really complicates efforts and makes benchmarking difficult. Many organizations lack the necessary tech infrastructure to efficiently gather, process, and analyze sustainability data, which ultimately impacts the accuracy and reliability of their reports.

There's a huge overreliance on something called spend-based analysis because it's simple to conduct. And really what it is, is working with finance to find out how much you spend on each scope 3 category and multiplying it times emissions factor. But in many cases—in many categories, the emissions factor that spend-based analysis is based on is inaccurate. And in all categories, it's just not actionable for reducing your emissions. The only way to reduce spend-based emissions is to spend less.

So you can imagine if the vast majority of your emissions are stemming from this approach, there's real problems to making progress. And really relying on spend-based emissions data sets you up for wasted resources and time. The good news here now is that there are many better alternatives to the spend-based approach, and there's technology that will play a role in solving this problem over time.

**Steffen Müller:** You couldn't be more right, Dan. I think on a meta level, increasing your sustainability performance requires increasing your data management performance first. Sustainability transformation and digital transformation, they go pretty much hand in hand. Like in scope 3 emission management, that's one of the best topics to make that very tangible.

An example that's pretty close to my heart, is this example of how we did it internally. We launched the Supplier Sustainability Exhibit that is an annex to our supply contracts, global contracts, that we ask our suppliers to set science-based targets, to report on these science-based targets to meet them to the best of their ability.

Now here's the thing: While this initiative has been incredibly valuable and we've seen great progress on supply climate action, there was one fundamental obstacle that prevented us from fully realizing all of this progress. And that was data. As we came to understand getting accurate data on that scope 3 value chain emission, that's a major roadblock not just for us but, as you mentioned Dan, for everyone, which is not just achieving but accurately recognizing that emissions reduction. Currently the common practice for measuring that supply emissions, that's EEIO, environmentally extended input-output.

So, a lot of spend-based calculation, and it's a lot of average data that's used there. Then for a growing company, that means that as long as spend continues to increase, we would never be able to realize the tangible efforts that we put into this initiative with the Supply

Exhibit, for example. We would not be able to see the advantage and the progress that our suppliers were making on decarbonization. Additionally, without more specific supply data, it's pretty difficult to pinpoint the decarbonization opportunities that you have with products and services that we purchase.

So in order to solve that, we had to find a good way to capture supply carbon emissions while recognizing the decarbonization efforts—many of them we were focusing on—and we did that through a three-step approach. We shifted for our top suppliers to supply specific methodology. We work with product-level data from suppliers directly for our corporate footprinting, as much as we can get that data. We use this methodology for leasehold improvements, and we use that for our public cloud service providers.

And then we go down further. Next, we leverage hybrid methodology, including a mix of supply-specific and industry average data, that's subject, again, to very robust data quality checks. And third, for the remaining suppliers, if you have a complex value chain, of course, you have an 80/20 approach, where you have 20% of suppliers making up 80% of the emissions in your scope 3. You might want to focus on these with your supplier-specific methodology, while you have many small suppliers where spend-based methodologies continue to make sense. And that's what we are looking for as well. But the result is that we were now able to see in our data the positive results of more transparency and more decarbonization that we've triggered through the programmatic work that we've been doing through the Sustainability Exhibit. And that was thanks to the move from a spend-based approach to integrating supplier-provided data.

**Hanish Patel:** Let's dig in a bit more around the tech and the real technology innovations that are taking place. And so what are these kind of innovations that you're seeing from a tech perspective that are really enhancing the collection and the management of this sustainability data? And maybe Steffen over to you on this one.

**Steffen Müller:** First of all, identifying what data I need and collecting the data, transforming the data into a shape you can actually use. That's fundamentally for everything that you try to do in sustainability management. Basically, that has three stages I think about. At Salesforce, we have been establishing our data strategy first, developing data collection integration technologies and starting with an integration platform. Then we shifted to how can we integrate data from multiple places like data lakes with zero copy, because you do not want to copy every data over—because sustainability management requires a lot of data from a lot of different places. So we want to be very intelligent about it. We developed a new integration around our data cloud to connect any data from anywhere. So that is what allowed us to combine that single source of truth for sustainability data.

And then, once you have ingested all the data in a single source or integrated it, then you can start processing it. So that's basically a solution we built for ourselves more than five years ago. Today that's our cockpit for everything sustainability. That's where all the data comes together, that's where we process carbon accounting and reporting and performance management. That's where we act upon, and that's actually where the fun starts. So we lay the foundation data strategy integration, it all feeds up into a single management system, and then those three steps: from carbon accounting, sustainability reporting, to sustainability performance and management.

But the cool thing starts really when you apply techniques and technologies and functionalities that allow you to not just look at what happened in the past but look into the future. Forecast your decarbonization performance, for example, or develop your cost abatement curve for different decarbonization measures that you're planning. That's a whole new set of functionality you unlock once you're able to build upon solid data.



And the third step—that's really from accounting to performance management to really marrying sustainability with business processes. Think about that scope 3 example from earlier. So we change from this spend-based to that supplier-specific model. That means you need to deal with a lot of data that's ingested, harmonized, fed to a single source of truth. But now you can run that integrated reporting across your suppliers with financial data, with sustainability KPIs, and you can now recommend procurement decisions based on that data. But then how can we together bring your carbon footprint down or your handprint up? Let's talk water, let's talk biodiversity. That's what solid data collection and ingestion really unlocks.

And maybe just a non-sustainability example, something that I've seen recently popping up. Think about sales, right? Imagine you're a telco company or a manufacturing company. You're selling, as a telco company, various mobile devices. Some have better longevity for some reasons, they have a lower footprint throughout the life cycle. And just think—you keep that data in your sustainability database in your zero-cloud, for example. And you marry that data with your CRM, where you do your sales and your service. And imagine that you could incentivize your sellers or your partner network to sell more of those products that have a lower footprint and a better longevity, as opposed to devices with a shorter lifespan, higher footprint. So that is, you—Dan, what you mentioned at the beginning—actually address your top line as well. You come from a place of sustainability, feed it into your business process, and use it as a means of strategic steering as well.

**Hanish Patel:** I love that, and I appreciate going into that kind of detail around the technology. And I guess it would be remiss of me if I didn't ask a follow-up question around the whole world of AI. And Steffen, you touched upon it earlier with the sustainability buddy. But also Dan, I kind of want to hook onto something you mentioned. How can AI overall ultimately enhance the management or even the utilization of that data? And frankly, what are those opportunities

that it actually might create? I would be interested to know, and I'd love to get both your guys' perspective on that.

**Steffen Müller:** Yeah, happy to. Let's again think about that sustainability buddy. The technology behind that, that's a game changer for sustainability departments as they often find themselves stretched thin on the staffing side. And at its core, what that agentic AI does is it then powers organizations to create this kind of buddy, but then any kind of buddy. Based on the data that you have, you can basically upskill your digital agent with any sort of skill and functionality.

These agents, digital agents, they can seamlessly operate across multiple platforms like your website, your mobile app, your messaging service. You don't need to be a tech expert; sustainability expert to do that. And that's actually an interesting side effect of getting more technology prone as a sustainability department. That's basically one of the big levers that I see where both large and small sustainability departments can leverage from and can benefit from. So small departments leverage it for just scaling it. Think about not having to worry about crunching numbers and drafting reports anymore. You are doing the final review, you're tailoring it, but you're not starting from scratch because that sustainability buddy is going to help you.

And think about large sustainability departments where you might build such a powerful and valuable sustainability buddy that you would also have it talk to your peer departments. And say it's in service and marketing—things about green claims directive. Marketing has a lot of questions about what actually can we say to the market, and what is our position here? How solid is our claim on sustainability? And that buddy from the sustainability department would be able to partner with them and give them everything they need in order to do their job. So it's actually going beyond sustainability as well.

**Dan Goldenberg:** Yeah, from a Deloitte perspective, when we're talking AI we're generally talking about Generative AI. So not to use the term too generally, but AI can transform the way companies collect, analyze, and report on sustainability data. And this is key as companies prepare to comply with a very dynamic landscape now of US and global reporting requirements in the face of what is often a very lean and overburdened team. Using AI, companies can automate data collection processes, reduce human error, and increase how granular and frequent the data that's pulled is. And that gives you more precise monitoring and reporting.

AI techs can analyze huge amounts of environmental data to identify patterns and insights that aren't normally obvious through traditional analysis. That analysis can be really important. And this can, of course, lead to more informed strategic decisions about how we use energy, how we allocate resources and reduce emissions. AI can also forecast potential future emissions based on historical data and simulation. And that helps companies proactively manage and mitigate their own environmental impact.

As AI technology advances, the scope for its application in sustainability reporting for sure will expand. Speed is so important as just one crucial aspect.

If you look at your normal company's efforts to collect sustainability data to the point where it's report-ready, often that takes six months. You need AI support to be able to essentially keep sustainability data on par, on track quality-wise and speed-wise, with financial data. And obviously this also enables real-time emissions tracking, predictive analysis for environmental impact.

**Hanish Patel:** So what are some of those lessons learned, so to speak, that companies can look at from those early adopters in implementing robust sustainability reporting and data management practices? And what can they be doing to frankly learn from the early adopters? And maybe Steffen over to you for that one.

**Steffen Müller:** Yeah, that's a great question. I'd say start with leadership. So in strong organizations that I've seen those effective leaders, they see sustainability not merely as like a vertical or a project, or not even a horizontal, but as a diagonal capability that actually permeates every business function and hierarchy level. So that's a completely new view to see sustainability. And then stockings that I've seen, they collaborate amongst teams from sustainability, technology, finance, operations—sustainability touching everyone and all of them. And together they develop that transformation journey, if you will, from merely reporting and accounting to performance management more proactively, and then to really sustainable value creation.

So imagine you have that mindset at leadership, right? And these leaders make the strategic decisions regarding design and implementation of their tech stack to support those transformation goals and sustainability. They establish this single source of truth by ensuring that you got financial-grade sustainability data. Having good data, having high-quality data. It's not easy; it's a lot of work. It needs a lot of, again, collaboration between tech and sustainability, finance as well. And then once you have that single source of truth established, how can you leverage it operating on that robust data foundation? Those leaders can harness that advantage of the agentic AI quicker and more effectively than their peers. That's also one of the advantages, if you really are in it, in the sustainability space for the long game, for the more transformative reasons. And that allows them to innovate and adapt quicker to rapidly changing environments in the sustainability space.

I'd love to mention how new skills and roles emerge in that intersection of finance, tech, sustainability. That's this trend of those who possess deep understanding of both sustainability and tech. And these professionals are adept at discussing life cycle assessments while also being knowledgeable about API net connectivity and all those IT things. And they serve as a vital translator and interpreter, if you will, between those traditional silos of IT

and sustainability. And they recognize the complexities of sustainability challenges and identifying opportunities and how to solve that with tech.

So in summary, integrated leadership and sustainability, they invite a holistic approach that connects various functions; leverage tech for data-driven decisions. They embrace innovation and they cultivate new skill sets to bridge that gap between sustainability and tech.

**Hanish Patel:** I was kind of jotting a few things down as the both of you were talking about the tech, the AI, some of the things that TMT companies can be doing, and just frankly some of the lessons learned. And I was thinking about how do we kind of close out, because it's such an important topic that we could go on, right? But I'm wondering if I could get maybe a couple of quick hits from the both of you around just sort of looking ahead, and some of the steps that these companies can take, frankly, not just only now, but really starting to prepare for some of the reporting and regulatory requirements that we're all going to be facing in the future. But also how to kind of build a strong business case for investing in more robust sustainability data management systems.

**Dan Goldenberg:** I get very excited about the potential for sustainability to drive value for companies, if that hasn't come across already! I've seen this through dozens of examples, companies are developing new products and services incubated with sustainability insights that have gone on to increase margins, win share, and really delight customers and build long-term loyalty. There are examples in both B2B and B2C contexts. I've seen B2B companies develop new successful consumer products from what was previously their waste stream. So circularity in action. And I've seen B2C companies jump into completely new categories and win because of the sustainability credibility they've built in other areas.

This takes insight and also partnership with other functions, especially product, marketing, sales, and finance. These are not necessarily ordinary bedfellows, right? But I would say it's on the sustainability leadership to take these data insights, bring them to them, and show them how they can add value. This is not a natural act for a lot of sustainability leaders. So it's really about taking these data insights and getting outside your comfort zone and finding ways to generate, again, accretive value for companies. But it's clear that corporate leadership expects sustainability teams to move from just being a compliance to a value creation function. And this is totally possible for most companies if they have the right data for starters.

**Steffen Müller:** Spot on. Value creation, that's I think where I see the sustainability function will go as well. If I had to fire up my crystal ball, I'd predict that more and more companies will discover just that—will discover that sustainability is a core component of being competitive in the marketplace, is not just a mere compliance exercise, it's more than that. They'll make better investment decisions based on that data. They'll have more effective risk management with a more resilient supply chain based on the data. They'll see market opportunities where others won't, based on that data. So that sustainability strategy will evolve from, again, mere compliance exercise to sustainable business strategy.

Now that's also gradual transformation that you'll need to undergo to get there, right? You need people who understand sustainability. You need processes that facilitate that collaboration between all those different functions and departments, as Dan just mentioned. You need technology and a solid database in order to ground all of that. My advice would be plain and simple: think about a data strategy, think about integration technology. Two, think about automating carbon accounting and reporting as much as you can with the technology that's out there. It's pretty solid. In order to have your team also spend more time on sustainability

performance management, identify and implement the most impactful measures for your business. That is where you need your real people, your humans, to look at. And the better data you have, the better you can integrate it with other business processes as well. And ultimately that is what's going to help you embed sustainability into your business for good.

**Hanish Patel:** We could keep going on this topic for a long time, so I'll try to close us out. As we move forward, it's clear that the integration of advanced technologies like AI can help streamline sustainability reporting and compliance, making it not just a regulatory requirement but a strategic advantage. And even moreso, companies that leverage these technologies may be better positioned to meet

future regulatory requirements and drive top-line growth through sustainable practices.

And with that, I want to thank you again, Dan and Steffen, for joining me today. And to our listeners, we hope that you are inspired to take steps towards building a more sustainable future for your organization. And as ever, until next time, happy listening.

## Endnotes

1. Deloitte, [Sustainability action report](#), 2024.

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