



Sustainability regulations: A gateway to new digital opportunities

As companies prepare for the complexity of sustainability regulations, anchoring on digital actions could result in not just compliance, but can also create new pathways to profit.

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Sustainability regulations: A gateway to new digital opportunities

Over the next three years, companies are expected to comply with a spate of domestic and international sustainability regulations (Figure 1.1) that stem from the Paris Agreement of 2015. These mandates will likely transform the way business is done. These regulations may impact some or all of greenhouse gas emissions, human rights, equity, waste, water management, nature, and biodiversity (see details in Appendix). While different regulatory bodies with different goals and political priorities developed these regulatory mandates, most are at least directionally in alignment with frameworks defined by the Task Force on Climate-related Financial Disclosures (TCFD). Several countries are endorsing or adopting emerging International Sustainability Standards Board (ISSB) standards, but most countries are making their own decisions about how to implement these standards, resulting in nuances including differing enforcement timelines, and varying companies in scope of the regulations.

As companies navigate the systemic changes required in this new regulatory environment, they will likely need to develop an understanding of "new" topics ranging from enterprise emissions footprints, reliable supply chain visibility and traceability, robust Environmental, Social, and Governance (ESG) data management, controls, and reporting capabilities (including new and innovative mechanisms of both communicating efforts with stakeholders and embedding actionable insights from ESG data across the governance of the organization). More importantly,

the mandates and policies will likely have significant implications for companies in terms of transition risks and cost pressures. Several of these notable mandates will go into effect between 2024 and 2026—and companies should prepare today.

For most large companies, digital processes and systems will likely need to succeed manually-driven approaches for sustainability reporting (with medium and small companies to follow in subsequent years). At the same time, many enterprise software companies and hyperscalers are releasing new offerings to help address this need, adding to the mass of niche and bespoke offerings in the marketplace. This can be confusing and frustrating, and may add to the pressure leaders across the C-suite are facing with the time-box of regulatory compliance looming. Yet, if executives look at the opportunities presented by the digitization that these regulations require, they may discover that as opposed to a compliance burden, this regulatory wave opens new avenues of profit and value generation for their companies.

In this report, Deloitte explores the digital transformation needs arising from major ESG regulations and how they can result in improving profitability and value along with regulatory compliance.

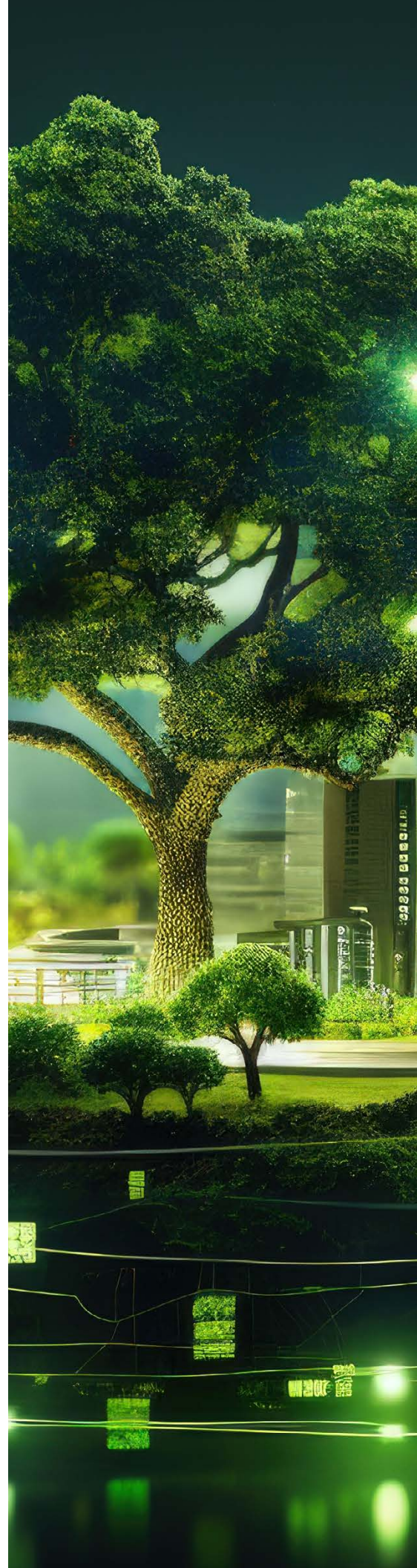


Figure 1.1

New global ESG-related standards continue to emerge...

Even country-level regulations can be far reaching and applicable to companies across the globe.

Mandates announced: ● AMER: North, Central, and South America ● EMEA: Europe, Middle East, and Africa ● APAC: Asia Pacific



* The ISSB is taking over the monitoring responsibilities of the TCFD from 2024, starting with the IFRS S1 and IFRS S2 disclosure requirements, which are consistent with TCFD but in some cases, require additional disclosures.

** Regulation is proposed, not finalized

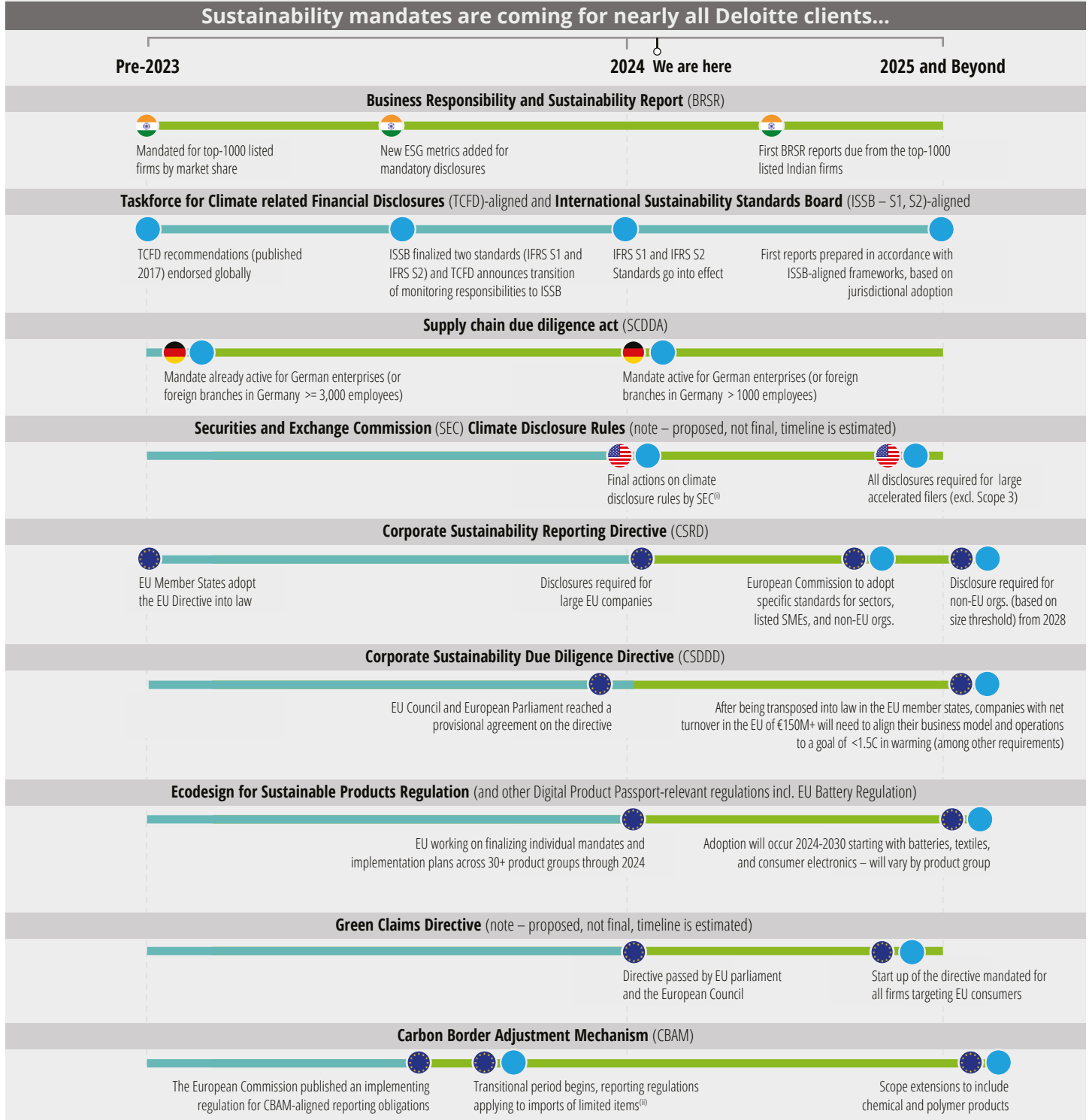
Source: Deloitte analysis

Figure 1.2

...As regulatory compliance pressure is creating a sense of urgency for digital change

Timelines to implement will vary by mandate, which can create complexity

● Estimated timeline to prepare for mandate ● Mandate is active ● Globally-relevant mandate



(i). Timeline created based on estimated early 2024 final ruling | (ii). Items include iron and steel, cement, fertilizers, aluminium, electricity, and hydrogen

Source: Deloitte analysis

Sustainability and digital transformation: The path to longer-term benefits, beyond regulatory preparedness

Sustainability regulations are about more than reporting and compliance. They can be a catalyst for transformation. For example, if adopted, the proposed Green Claims Directive in the EU would impose rules around external branding of sustainable products, services, and actions.¹ This could require a company to change and connect systems and processes across the enterprise, and even loop in the legal department of an organization to verify that all conditions have been met. Some regulations have *overlapping information needs* and may impact multiple functions such as supply chain, marketing, IT, finance, and not just risk and compliance.

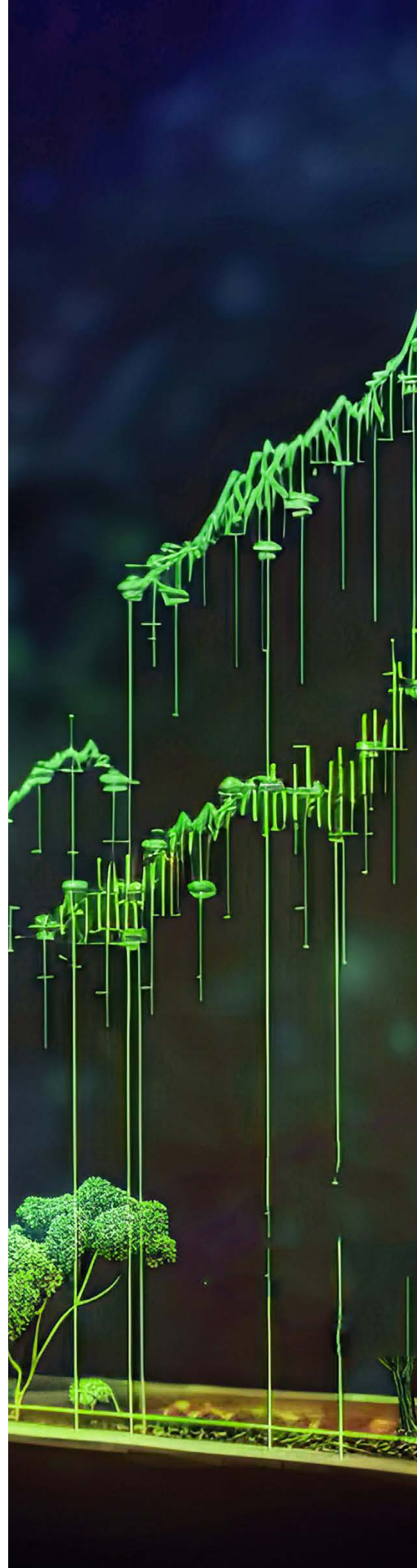
In order to help unlock broader benefits that can arise from the digital change that accompanies sustainability regulation, it is important for leaders to develop a holistic enterprise-level view of sustainability regulations. Currently however, organizations are facing challenges in implementing the necessary systems and processes to even collect and use the right data. For example thirty-five percent of executives surveyed in a Deloitte report² claimed that their greatest challenge is the accuracy and completeness of data, and another 25% cited access to quality data as the greatest challenge.³

To help overcome these hurdles, companies should consider prioritizing a set of digital actions to elevate data quality, identify data interconnectedness, and improve efficiencies, which may in turn position an enterprise for compliance with several

mandates in one fell swoop instead of trying to reactively address one mandate at a time. Companies can consider digital actions as a journey—from meeting basic reporting requirements to creating new value opportunities (Figure 2).

Foundational actions to comply today (digital enhancements companies should prioritize to measure and report baseline mandates):

- **Embed a greenhouse gas (GHG) emission framework into firmwide management and IT systems:** Using a standardized framework that helps measure, manage, and report emissions can add new data attributes across several management systems in the company across departments (most notably, supply chain, operations, finance, and marketing). Forward-thinking companies may also use insights from this cross-cutting emissions data to help guide governance decisions across the enterprise on their journey to net-zero.
- **Implement carbon accounting modules to comply with regulation and accelerate cost management:** Cross-functional teams including finance and IT stakeholders can measure and track dozens of emissions and sustainability data points. An example includes scope 1, 2 and 3 emissions, which can be tracked using cloud-based carbon



accounting platforms. They can involve internal and external stakeholders in data entry and use Artificial Intelligence (AI) technologies for data integration. Further, companies can use predictive energy models that help assess the financial and economic impact of energy consumption on a real-time basis.

These initial actions may not only enable compliance with the most near-term regulatory mandates, but can also result in *cost and time efficiencies, and improved transparency* (Figure 3). In addition to these near-term, foundational regulations, several geographies are issuing mandates that are more nuanced and that cut across several parts of the organization (such as Germany's Supply Chain Due Diligence Act and the EU's Ecodesign for Sustainable Products Regulation). The digital actions to comply with these mandates will likely need a longer lead time.

Incremental actions that can be taken today to comply tomorrow (digital actions that help support wider reporting requirements):

- **Enhance supply chain data management system with new data attributes and orchestration capabilities:** The system should record detailed information about procurement, production, and supplier emission factors, employee health and safety, and human rights compliance. Imagine pulling up a bill of materials (BOM) and being able to digitally interrogate several more aspects of your suppliers and materials than you do today, allowing for confidence that the broader supply network is sourcing materials ethically while minimizing emissions.
- **Maintain digital passports of products:** Companies should explore embedding or enhancing digital identifiers to products and materials across vendor and product life cycle management systems, to be able to show that products and materials

were sourced ethically and sustainably. Subsequently, maintain digital ledgers to store product-related data enabling secure and real-time access across systems.

- **Install real estate measurement systems:** Companies can track and quantify key sustainability metrics across a real estate portfolio, including energy usage, emissions, and water.
- **Adopt waste measurement systems:** Establish processes and platforms to quantify waste generated across the enterprise, including garbage and food waste, as well as disposal methods.
- **Embed "green IT" management systems:** Monitor the carbon footprint and energy usage of the IT organization, particularly data centers, and expand beyond to the emissions impact of cloud/Software as a service (SaaS) usage to help enable technology operations across the enterprise that are sustainable (and helps prevent these digital actions themselves from adding to your company's carbon footprint). The organization should be aligned on sustainable technology choices and operations from the top-down, or digitally-driven efforts around sustainability risk being ineffective.
- **Enable interoperability dependencies between the various technology systems:** Develop the technology architecture in a manner that the information feeds from one department to the other and the organization has one single source of truth. For instance, the marketing department can integrate information from the digital ledger maintained by manufacturing with existing tech platforms to comply with the proposed Green Claims Directive (if adopted by the EU).

Such a digital infrastructure can create additional value (Figure 3, and Sidebar 1 for an example). Companies can eventually take additional digital actions to help capitalize on this base to develop new business models and activate additional areas of profit and growth.

Transformational actions to help create value (new digital capabilities unlocked by foundational and incremental work):

- **Drive the ability to "digitally twin" your organization:** Done right, the digital enhancements that climate regulations will drive unlock the ability to create a digitally simulated "copy" of your company. The detailed, granular data of each layer of your organization, from the supply chain to the real estate footprint, paired with the computing capabilities that large software vendors provide, can allow for a clear current-state "twin" of the organization along with the capability to simulate future scenarios to help drive better planning.
- **Use geospatial technologies and simulations to help drive insights on physical assets:** Various geospatial technologies and simulation software can enable real estate resiliency assessments, and location decisions based on a much wider set of metrics including physical risks.
- **Improve predictive capabilities with sophisticated energy models:** Develop new insights about the financial and economic implications of energy consumption and make informed choices about energy usage—and potentially use these insights to help drive cost-optimized clean energy initiatives such as fleet electrification or solar adoption.
- **Use technology to help build a "secondary" marketplace:** Develop information exchange marketplaces either at an organization level or in collaboration with other companies to utilize swathes of data for different purposes, such as consumer buying patterns to inform more effective and predictive planning. Companies can also develop multi-party marketplaces to use data for different purposes, including portfolio management. For instance, data about efficiencies related to carbon emission and raw material usage can be used by banks and private equity (PE) players to embed

in their loan and investment assessment criteria. This concept is not limited to data, either – improved circular economic principles enabled by these digital foundations could enable an enterprise to repurpose recycled raw materials on a secondary marketplace to extend effective lifespan of materials and reduce raw material costs. (Note – the use of data for

activities like these would only be ethical use within what's allowable by each organization's security and privacy policies, and compliant with relevant data protection laws such as the General Data Protection Regulation).

structure and access levels for different stakeholders to help meet their varied needs. For instance, supply chain participants could use this information to help optimize inventory planning.

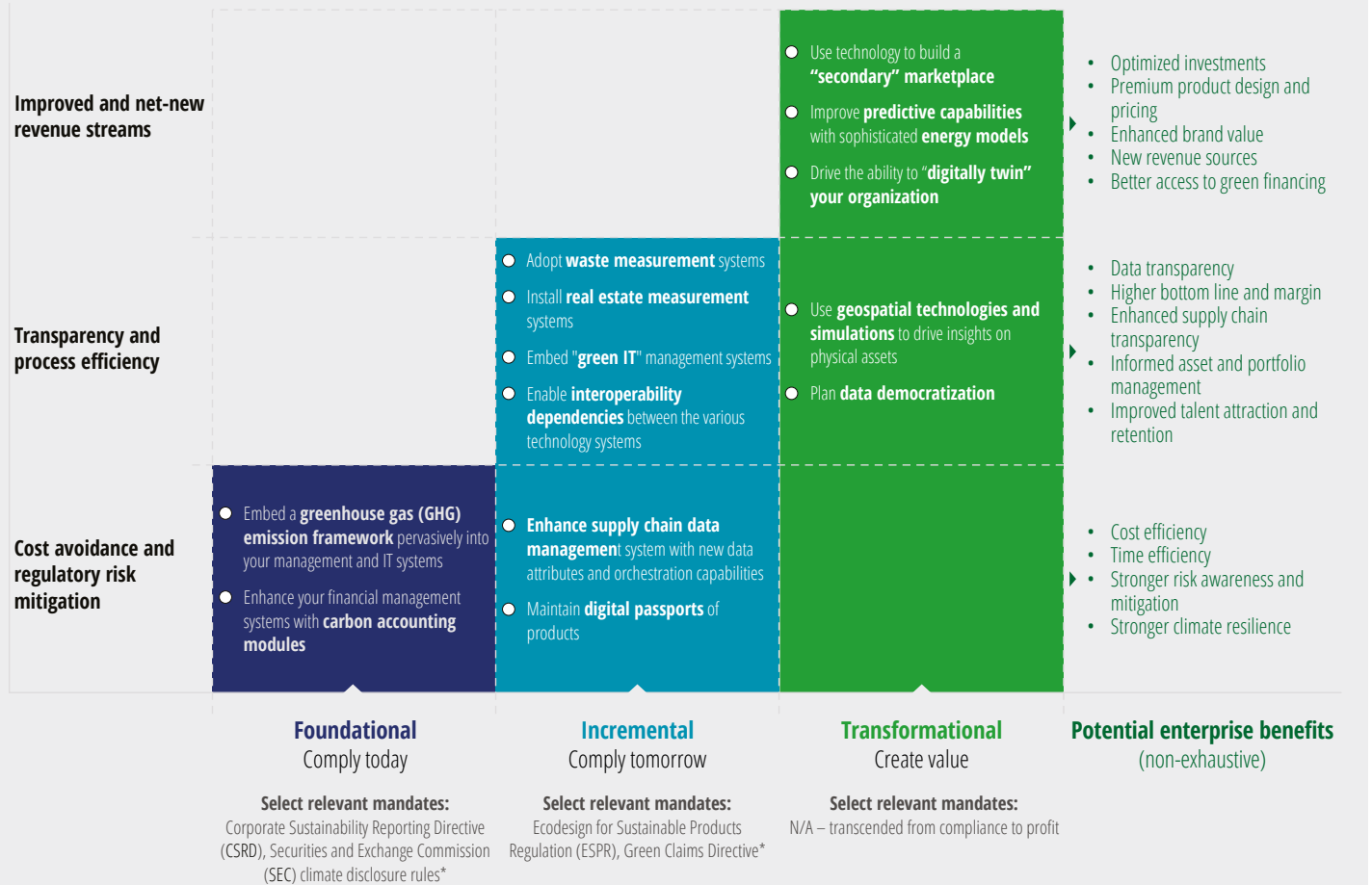
- **Plan for broader sharing of data with participants in the business value chain:** Install data management systems with appropriate governance

Figure 2

Compliance to value journey

○ Priority Digital Actions

Enterprise value drivers



* Regulation is proposed, not finalized

Source: Deloitte analysis

This wave of digitalization will likely result in more tangible value accretion such as *new revenue sources, access to green financing, informed asset and portfolio management, strengthened climate resilience, and ability to attract higher quality talent and increase retention*. [Figure 3](#) details several examples of value possible from these critical digital actions. Specifically, read about how [Maple Leaf Foods' sustainability actions](#) have led to value beyond compliance.

Figure 3

Value creation along the digital transformation journey

FOUNDATIONAL	INCREMENTAL	TRANSFORMATIONAL
<p>Cost efficiency</p> <ul style="list-style-type: none"> • Avoid fines and litigation costs • Use a single system and work with different departments to help gather relevant data for meeting disclosure requirements of multiple regulations. <p>Time efficiency</p> <ul style="list-style-type: none"> • Digital systems can pull data from varied sources, with higher accuracy, lower cost, and at a faster speed compared to manual processes. <p>Transparency</p> <ul style="list-style-type: none"> • Address multiple stakeholders' expectations – shareholders, employees, vendors etc. through consistent disclosures. 	<p>Higher bottom line and margin</p> <ul style="list-style-type: none"> • Investing in smart building, water, and waste management systems can lower costs. • Optimize energy costs through advanced modelling and cost-optimized clean energy initiatives such as fleet electrification. • Insights about different stages of a manufacturing/ construction process from digital ledgers can help companies reduce process inefficiencies. • Closed-loop manufacturing enabled by circular economy principles can cut costs dramatically – (e.g., 40% of costs for EU manufacturing firms are on materials,⁴ this can be reduced). <p>Enhanced supply chain transparency</p> <ul style="list-style-type: none"> • Simplify complex supply chains, and enhance supply chain traceability as a result of a digital ledger. • Enable each participant in the supply chain to use their data to help drive efficiencies. <p>Stronger risk awareness and mitigation</p> <ul style="list-style-type: none"> • Comprehensive supply chain visibility and traceability could lead to proactively identifying challenges and resolving them in real-time helping create resilient supply chains. <p>Optimized investments</p> <ul style="list-style-type: none"> • Use insights from ESG-enabled financial management systems for forecasting financing needs. • Use product insights from digital ledger for making decisions related to capital allocations, marketing and advertising green claims etc. <p>Premium product design and pricing</p> <ul style="list-style-type: none"> • Use technology to help create a digital 'replica' of physical assets and inform sustainable design changes which customers are willing to pay. • In fact, some governments including several in the EU are instituting “green procurement” targets for public authorities, meaning sustainable product design will create a distinct competitive advantage for companies that sell products to government agencies – and this represents a macro market force given public authority purchasing power represents 14% of EU GDP.³ <p>Enhance brand value</p> <ul style="list-style-type: none"> • Support green claims with verifiable data generated from implementation of emission measurement systems. 	<p>New revenue sources</p> <ul style="list-style-type: none"> • High product circularity and an extended product lifecycle can unlock resale values through listing on the secondary markets. • Industrializing carbon credits created from abated carbon and monetizing it in markets can help with increased income in efforts to reach net zero. • Monetize ESG data such as geospatial insights, develop new ESG compliant products. • More sophisticated financing decisions from data purchases in the secondary marketplace. • Monetize recycled raw materials – especially in geographies like the EU, where minimum requirements for recycled content in products are being introduced.² <p>Better access to green financing</p> <ul style="list-style-type: none"> • Improved borrowing ability, such as for EU companies complying with CSRD (and the related Sustainable Finance Disclosure Regulation)⁵ as the Euro system will only accept compliant marketable assets and credit claims as collateral in credit operations. <p>Informed asset and portfolio management</p> <ul style="list-style-type: none"> • Data and insights from simulations, geospatial intelligence, digital twins, and digital ledgers would help the finance department with more robust asset and financial portfolio decisions. <p>Strengthen climate resilience</p> <ul style="list-style-type: none"> • Better prepare for and react to new regulations/ changes in existing regulations using climate related simulation and scenario planning, and understanding of climate-related risks to help inform adaptation. <p>Ability to attract higher quality talent and increase retention</p> <ul style="list-style-type: none"> • Improved talent recruitment and retention resulting from enhanced disclosure of equity and social justice actions, which is increasingly preferred by employees.

Source: Deloitte analysis

Maple Leaf Foods' transition as an industry leading net-zero firm

Take the case of Maple Leaf Foods, one of Canada's largest animal protein companies. The client realized the meat industry was facing a major climate crisis. They became compelled to change and made a bold commitment to become carbon neutral despite the emissions-intensive nature of their industry. They were able to become one of the first companies of their kind to set Science Based Targets initiative (SBTi)-approved emissions targets in 2019,⁶ and used advanced scenario modeling and abatement-planning technology platforms to help build out a credible carbon-neutral strategy to achieve these targets. After using these digital approaches to define Maple Leaf Foods' target and strategy, they were able to realize clear value on their path to net zero. In becoming one of the world's first carbon-neutral food company (an achievement all on its own), they were able to:

- Secure Canada's first sustainably-linked loan (SLL)
- Create new premium product categories of low carbon-alternative proteins
- Use carbon neutrality as a point of brand differentiation on their core brands

By moving ahead of impending regulatory mandates Maple Leaf Foods' purpose-driven digital actions led to several business benefits. Not only are they positioned well to comply with emerging regulations, but they were able to realize differentiated new value.



The bottom line: The journey from ESG compliance to profit can be built through a digital plan

Preconceived notions around relevance and implementation of ESG regulations can cause executives to think about the technology efforts associated with regulatory compliance myopically. The digital transformation that is catalyzed by ESG regulation, in addition to being the right thing to do for our planet and future generations, present a new avenue of monetization for companies. The following factors are causing companies to tread lightly in this space:

- **Monitoring regulations only in headquartered (HQ) countries:** Many companies expect to be impacted by regulations in their home country. However, many companies headquartered outside of the EU will likely be impacted by EU regulations due to having operations in the EU above a certain threshold.
- **ESG standards are still evolving:** Many of the existing standards are not yet mandatory, a notable example being the recently finalized ISSB S1 and S2.⁶ Canada,⁷ Japan,⁸ and the UK⁹ are examples of countries that have publicly announced support for adopting the ISSB standards in some form, though have not formally adopted yet. Despite the fact that standards like ISSB and European Sustainability Reporting Standards (ESRS) are not yet mandated, they are finalized, and for that reason it is critical to plan the impact on core systems and plan digital changes ahead of time.
- **Noncompliance consequences don't "feel" real:** Many of these sustainability-related regulatory mandates are either already in effect, or will go into effect over the next 24 months. However, effective compliance will take ample preparation

time, and not allowing for this lead time can turn compliance efforts into a last-minute crisis with material consequences. For example, violations of the Germany Supply Chain Due Diligence Act could carry fines up to 2% of a company's annual revenue¹⁰ and the EU Corporate Sustainability Due Diligence Act carries even steeper penalties of up to 5% of the annual group turnover.¹¹ Considering there will be assurance requirements associated with some of these mandates, the need for completeness and accuracy of the information reported will become critically important. Inaccurate information may present a reputational and monetary risk to companies.

Despite these challenges, *companies should act now* to lay the foundation for profitable digital transformation. Effective dates for compliance appear distant, but preparation and implementation of systems will likely take months, if not longer. It is important that leaders rethink regulatory preparedness in a more expansive manner and proactively use digital technologies to help enable competitive differentiation. Companies that choose to remain defensive in their approaches to ESG regulatory compliance can waste thousands of employees working hours on inefficient, manual processes for measurement, reporting, and disclosure – and may underperform in the market relative to their digitally mature competitors. The leading organizations that aim to shape themselves responsibly and with purpose can lead with digital technologies to help unlock pathways not only to regulatory compliance, but also enhanced brand value, and possibly a higher bottom line. Many pathways to digital value can be possible dependent on relevant mandates and enterprise priorities ([Figure 4](#)):

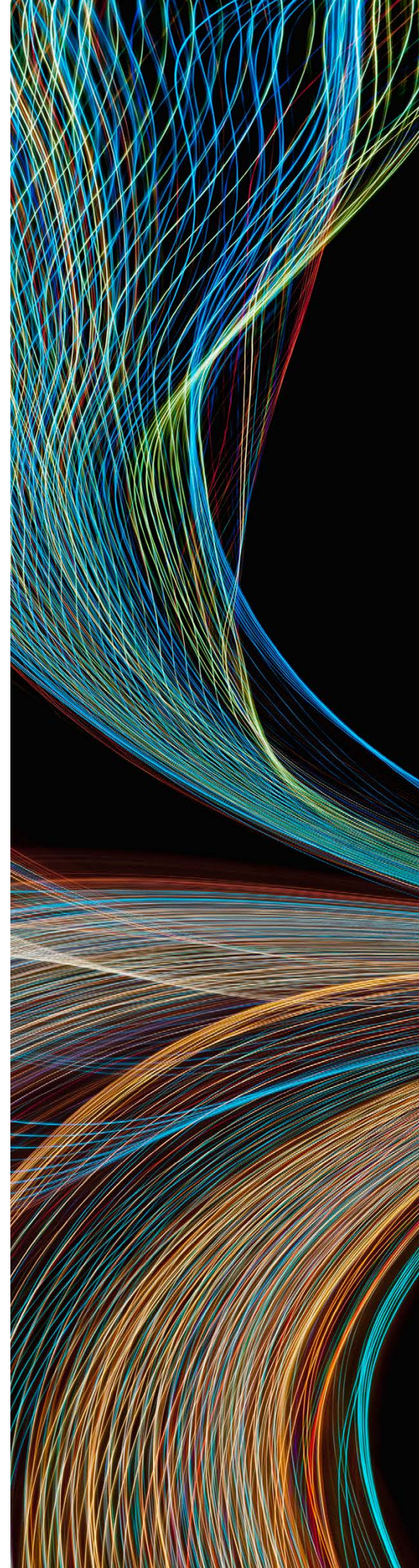
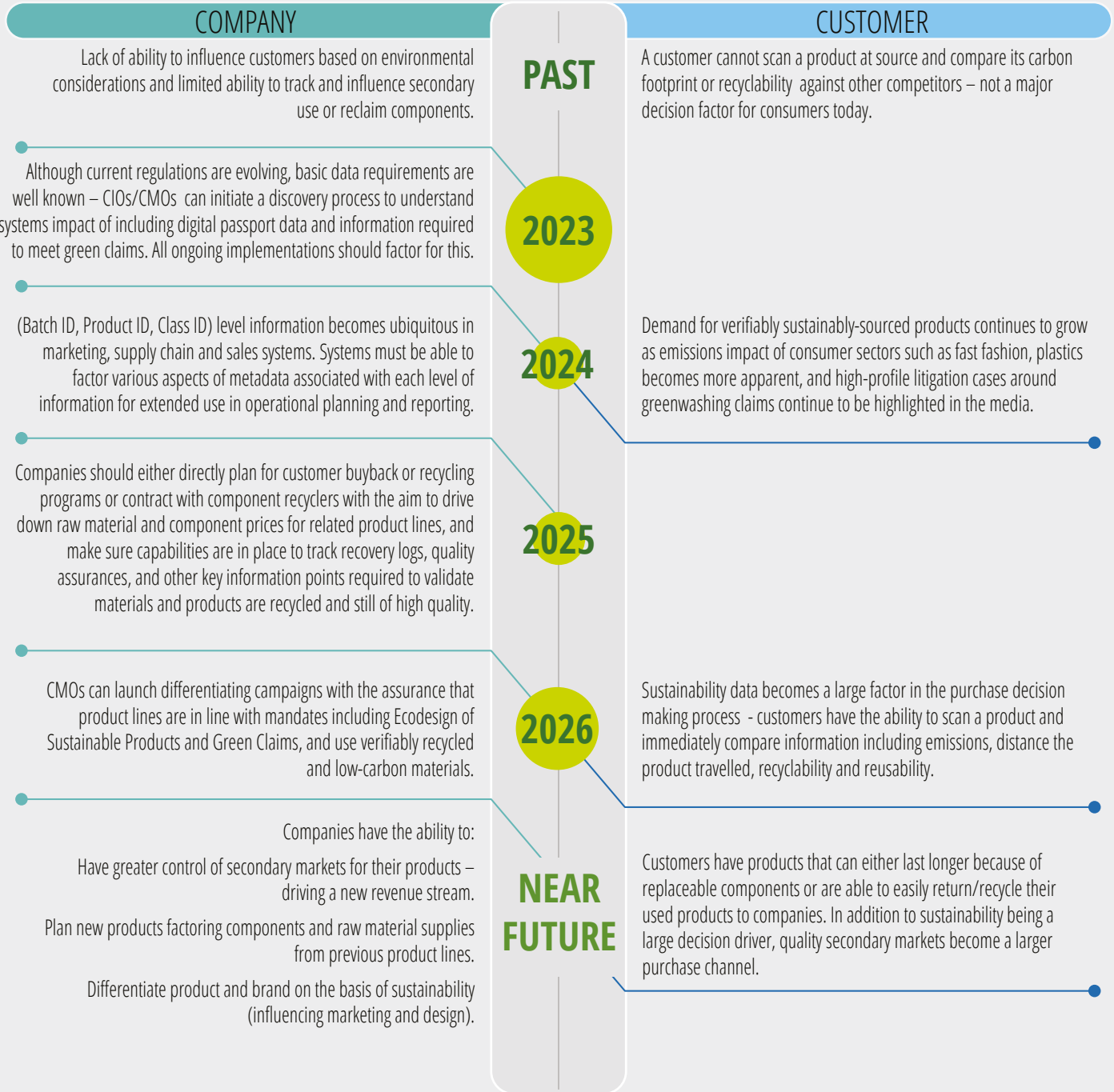


Figure 4

Example of value of potential digital evolution based on proposed regulation (Proposed Green Claims Directive*, Ecodesign for Sustainable Products Regulation)



* Regulation is proposed, not finalized

Source: Deloitte analysis

At the end of the day, the CIO and their organization have both a responsibility to help the enterprise effectively comply with sustainability mandates, and equally an opportunity to help lead the business down the path to new value.

In closing – a regulatory tidal wave is coming for nearly all organizations. Most will find a way to comply – but the organizations that act promptly to embark on a digitally-enabled sustainability transformation may not only find a way to ride this regulatory wave but thrive in a new era of business.

What does this mean for Chief information officers (CIOs) and enterprise technology?

The CIO is central to this compliance-to-value journey for enterprises. The CIO and their organization should be prepared to help make prompt and well-informed decisions on what technology investments may be needed to first comply with imminent mandates, then to realize incremental value from these investments. A CIO should keep the following in mind:

01

Clear vision and roadmap

A clear roadmap vision can help secure buy-in and provide a “north star”–business and finance leadership may only be interested in doing the minimum to help achieve compliance and avoid business disruption. A concise articulation showing a clear roadmap to incremental value and new sources of profit can help critical stakeholders into the “compliance-to-value” mindset and help set the agenda for a compliance-to-value business transformation program

02

Trusted vendor choices

There are several options, familiar and emerging, for vendor choices–many of the most commonly-used and familiar technology vendors have entered the market in some way around ESG data measurement, accounting, and disclosure–it is worth speaking with your trusted vendors to understand the offerings they may have “off the shelf”. However, several niche players have had relevant products in-market for years longer than the traditional enterprise technology vendors–assessing both options and selecting the right set of vendors can help accelerate your compliance-to-value journey at the right price point

03

Maturity of tech offerings

Technology offerings may still be in some cases immature–while solutions exist on the market, bear in mind many of the solutions may still be maturing in terms of feature functionality and integration across the requisite data sources. Engaging the right specialists to understand where drawbacks may exist for each vendor solution can help avoid pitfalls during implementation–and potentially help to negotiate a better price point with vendors that are often willing to invest to win customers

04

Right strategic partner

The right systems integrator and strategic partner can make a difference–understanding not only how ESG data platforms integrate across several components of the business, but how they can work together to help unlock new value can be a tall task. A team of multi-disciplinary specialists can serve as an effective strategy and technology partner as a guide along the compliance-to-value journey, and help you get to the “value” end of the journey faster and more cost-effectively than your competitors

Appendix

Several countries have developed or are in the process of developing sustainability-related mandates. This section lists out key digital implications for companies based on a selection of regulations applicable in regions/countries such as the United States, EU, United Kingdom, and Asia Pacific.

Please access [IAS Plus](#) and [Green Compass by Deloitte](#) to learn more about the regulations and mandates.

These are not meant to be exhaustive lists or “one size fits all” for each client in the noted region – these are meant to give an

illustrative view of a selection of potentially relevant regulatory mandates for each geography, and relevant digital actions to take over the next several years.

Note: *The following figures do not represent an exhaustive list of regulatory mandates that will apply in these geographies, only a subset of key mandates in each case to illustrate the complexity business leaders will soon face.*

Figure 5.1

A plethora of disclosures mandated for US-based clients...

SEC US Climate disclosure*

Requires climate-related disclosure including risks, governance practices, risk management processes, emission targets, and related metrics

CSRD

Mandates ESG-related disclosures for undertakings operating in the EU⁽ⁱ⁾ and, supply and subcontracting chains including relevant policies, potential risks and non-financial KPIs

Green Claims Directive*

Sets out minimum norms for how companies substantiate, communicate, and verify their environmental claims for all firms⁽ⁱⁱ⁾ placing products and services in the EU market

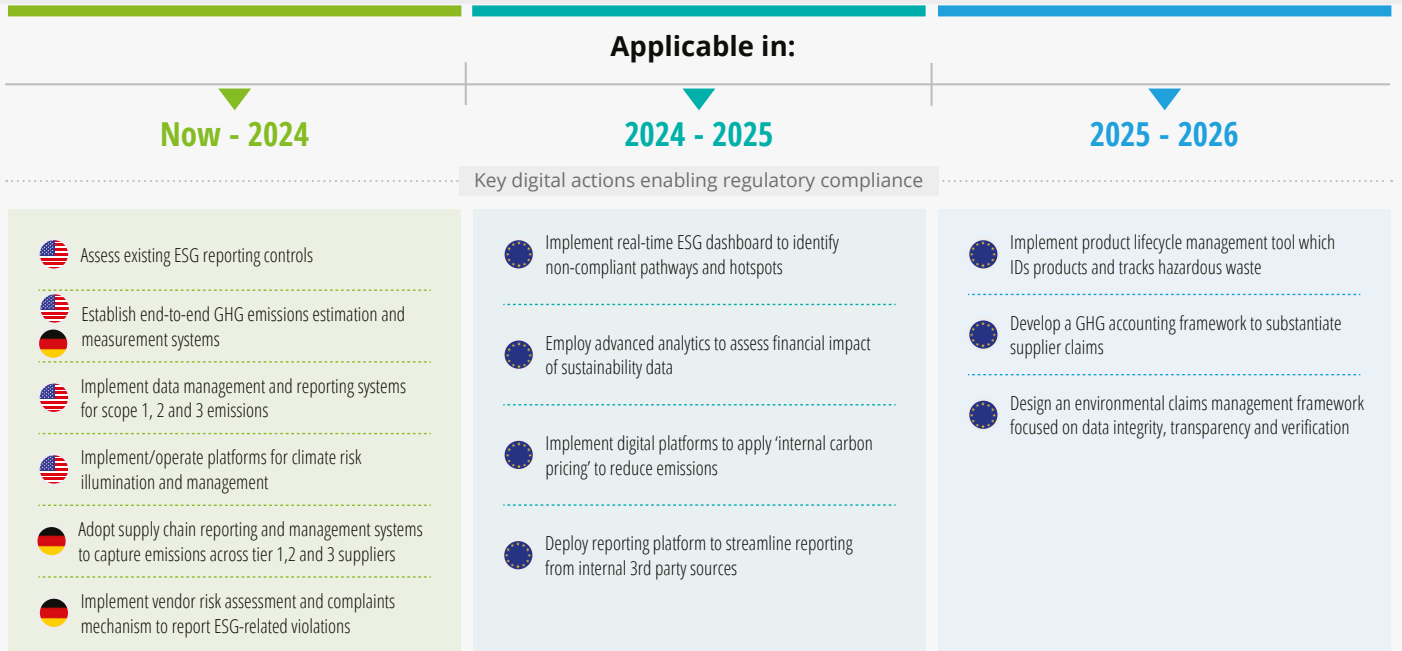
SCDDA

Applies disclosure requirements for supply network emissions and human rights violations for large German enterprises and German branches of foreign subsidiaries

Ecodesign for Sustainable Products Regulation

Imposes requirements for consumer goods manufacturers⁽ⁱⁱⁱ⁾ to provide standardized information about product sourcing to drive sustainable manufacturing practices

Notes: (i). Includes (a) Non-EU entities with listed debt or equity securities and (b) EU subsidiary of US-based firm with 500+ employees; | (ii). Except microenterprises (<10 employees and an annual turnover <EUR2M) | (iii). Initial scope of products include car batteries, textile goods, construction products and electronic goods;



* Regulation is proposed, not finalized

Source: Deloitte analysis

Figure 5.2

A plethora of disclosures mandated for EU and UK clients...

SEC US Climate disclosure*

Requires climate-related disclosure including risks, governance practices, risk management processes, emission targets, and related metrics

ISSB (S1 and S2)

Proposes voluntary disclosure of sustainability-related and climate-related risks and opportunities material to a firm's operation over and above TCFD's ESG disclosure requirements

Green Claims Directive*

Sets out minimum norms for how companies substantiate, communicate, and verify their environmental claims for all firms⁽ⁱⁱ⁾ placing products and services in the EU market

SCDDA

Applies disclosure requirements for supply network emissions and human rights violations for large German enterprises and German branches of foreign subsidiaries


CSRD

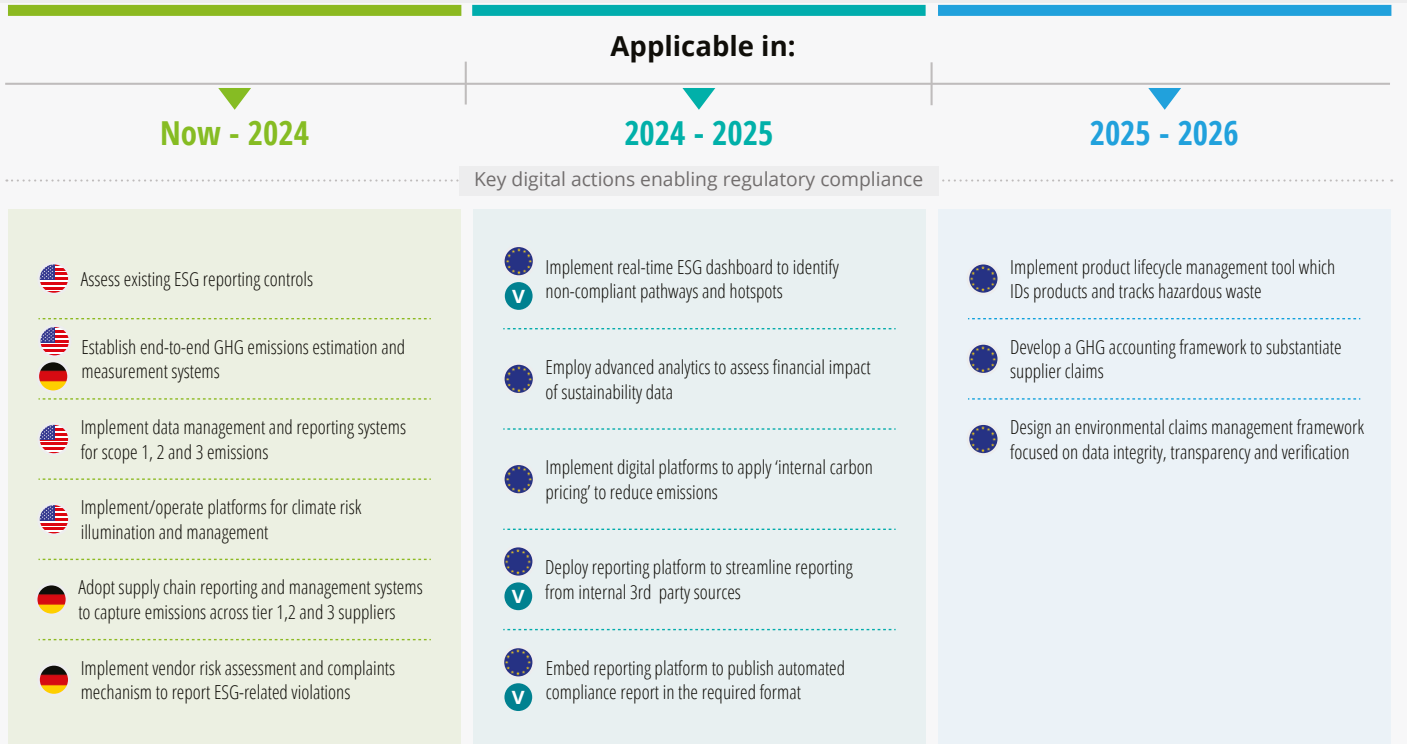
Mandates ESG-related disclosures for undertakings operating in the EU⁽ⁱ⁾ and, supply and subcontracting chains including relevant policies, potential risks and non-financial KPIs

Ecodesign for Sustainable Products Regulation

Imposes requirements for consumer goods manufacturers⁽ⁱⁱⁱ⁾ to provide standardized information about product sourcing to drive sustainable manufacturing practices

Notes: (i). Includes (a) Non-EU entities with listed debt or equity securities and (b) EU subsidiary of US-based firm with 500+ employees; | (ii). Except microenterprises (<10 employees and an annual turnover <EUR2M) | (iii). Initial scope of products include car batteries, textile goods, construction products and electronic goods;

 Voluntary








* Regulation is proposed, not finalized


Source: Deloitte analysis

Figure 5.3

A plethora of disclosures mandated for Asia-based clients...

-  **BSRS**
 Mandated business sustainability report for top-1000 listed Indian firms by market share
-  **SEC US Climate disclosure***
 Requires climate-related disclosure including risks, governance practices, risk management processes, emission targets, and related metrics
-  **SCDDA**
 Applies disclosure requirements for supply network emissions and human rights violations for large German enterprises and German branch of foreign subsidiaries
-  **ISSB (S1 and S2)**
 Proposes voluntary disclosure of sustainability-related and climate-related risks and opportunities material to a firm's operation over and above TCFD's ESG disclosure requirements
-  **CSRD**
 Mandates ESG-related disclosures for undertakings operating in the EU⁽ⁱ⁾ and, supply and subcontracting chains including relevant policies, potential risks and non-financial KPIs
-  **Green Claims Directive***
 Sets out minimum norms for how companies substantiate, communicate, and verify their environmental claims for all firms⁽ⁱⁱ⁾ placing products and services in the EU market
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 Voluntary

Applicable in:

Now - 2024

2024 - 2025

2025 - 2026

Key digital actions enabling regulatory compliance

<ul style="list-style-type: none">  Design and implement data management platforms to maintain a broad range of ESG data and metrics, including emissions  Assess existing ESG reporting controls  Employ risk management platform to identify material risk or opportunities  Assess existing ESG reporting controls  Establish end-to-end GHG emissions estimation and measurement systems  Implement data management and reporting systems for scope 1, 2 and 3 emissions  Implement/operate platforms for climate risk illumination and management  Adopt supply chain reporting and management systems to capture emissions across tier 1,2 and 3 suppliers  Implement vendor risk assessment and complaints mechanism to report ESG-related violations 	<ul style="list-style-type: none">  Deploy reporting platform to streamline reporting from internal 3rd party sources  Implement real-time ESG dashboard to identify non-compliant pathways and hotspots  Employ advanced analytics to assess financial impact of sustainability data  Implement digital platforms to apply 'internal carbon pricing' to reduce emissions  Embed reporting platform to publish automated compliance report in the required format 	<ul style="list-style-type: none">  Implement product lifecycle management tool which IDs products and tracks hazardous waste  Develop a GHG accounting framework to substantiate supplier claims  Design an environmental claims management framework focused on data integrity, transparency and verification
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* Regulation is proposed, not finalized

Source: Deloitte analysis

Endnotes

1. [Green claims \(europa.eu\); Directive on Green Claims | Global law firm | Norton Rose Fulbright.](#)
2. [Sustainability action report: Survey findings on ESG disclosure and preparedness](#), Deloitte US, December 2022.
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Authors



VIJAY SHARMA

Chief Commercial Officer, Global Sustainability
Managing Director | Deloitte Global

+1 650 504 1074

vijaysharma@deloitte.co.uk



SURABHI KEJRIWAL

Strategy and Commercialization, Global Sustainability
Vice President | Deloitte Global

+91 77 0230 3260

sukejriwal@deloitte.com



SEAN CREMINS

Strategy and Commercialization, Global Sustainability
Manager | Deloitte Global

+1 301 988 9969

scremins@deloitte.com

Deloitte Global contacts

Jennifer Steinmann

Global Sustainability and Climate Practice Leader

Principal | Deloitte Global

jsteinmann@deloitte.com

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