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Bylined Article

The End of Greenwashing: How AI Can Force Truth into Sustainability

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Could Artificial Intelligence finally help corporate sustainability reporting come of age in becoming a true driver of long-term value?

AI is transforming how organizations integrate sustainability into their operations, as it is now possible to automate compliance with frameworks like the EU's Corporate Sustainability Reporting Directive (CSRD) for the first time.

It also offers a solution to the main issue that has long challenged CSRD reporting – that it is a static, yearly requirement that allows companies to selectively share stories, tailor narratives, and hide behind vague yet impressive-sounding metrics.

That's because AI enables the verification of data sources, standardization of disclosures, and the execution of continuous audits. This shifts sustainability reporting from a static, annual obligation to a dynamic, real-time practice, which means it becomes a true driver of long-term value.

One of the biggest ironies of CSRD is that, until now, many companies have seen it as just a compliance hurdle. But with AI, the same data that fulfills regulatory requirements can be turned into a valuable strategic asset.

That's an all-around win. For investors, comparable and verified data boosts confidence and lowers risk premiums. For banks, validated ESG data supports credit models, leading to better financing terms. For management, real-time insights identify inefficiencies and risks much faster than annual reports.

The widespread integration of AI into CSRD reporting will enhance transparency and significantly reduce the likelihood of greenwashing, as AI enables the verification of data sources, standardization of disclosures, and continuous auditing. This is how sustainability reporting transforms the strategic shift from a static, annual obligation to a dynamic, real-time practice.

CSRD Reporting Faces Challenges, But AI Can Fix It

On paper, CSRD marks a breakthrough. It requires companies operating in the EU or listed on EU-regulated markets to use a single sustainability standard (ESRS) to publish this information in a digital, tagged format (XBRL). In theory, this should make companies directly comparable on key sustainability metrics such as carbon footprint, water use across operations and supply chains and fair labor practices. This enables investors, governments, and citizens to make better-informed decisions.

However, today's situation is lacking because reporting is a manual, bureaucratic process. It leads to disclosures that seem thorough and detailed but often lack clarity or real substance. Too often, sustainability reporting feels like "quantity over quality": a collection of numbers and stories that appear significant on paper but provide little true insight. The result is an

illusion of accountability that doesn't provide real transparency, while also creating a heavy reporting burden for companies.

Comparability has been another weakness. Vague definitions create ambiguity, allowing two companies in the same industry to publish very different figures. Both may technically comply, yet their reports provide little real value for comparison.

Auditing introduces an additional limitation. CSRD audits are currently conducted annually, leaving months during which data remains unchecked and sources unverified. Early audits under the Omnibus Act may even be simplified or partial, so some risks and impacts are never fully addressed. Audit quality can also vary depending on the auditor and their interpretation of ESRS standards. The process only focuses on what is reported, which means that omissions – and even greenwashing – can go unnoticed. By the time errors or deliberate misstatements are discovered, it is often too late to take action.

While CSRD's implementation has slowed somewhat after the Omnibus Act, it still stands as Europe's most advanced framework for sustainability reporting—and is influencing global standards.

How AI Changes the Sustainability Game in Three Ways

1. **Drafting and Compliance:** AI can quickly analyze large amounts of structured and unstructured data—numbers, text, images, and tables. This enables it to generate initial drafts of sustainability reports aligned with new standards such as ESRS under CSRD. It can also identify compliance gaps, such as whether emissions are reported under the correct scope (Scope 1, 2, or 3) or if social indicators meet the required thresholds. Tools like Fujitsu's ESG Auto-Tagger already support these processes, reducing errors and enhancing audit readiness.
2. **Comparability at Scale**: AI can normalize disclosures, making comparisons easier. Machine Comparability at Scale: AI can normalize disclosures, making comparisons easier. Machine learning models can standardize units, map definitions, and identify inconsistencies. For the first time, investors will be able to make meaningful comparisons across sectors and regions.
3. **Continuous Auditing**: Perhaps the most significant change is that AI can shift reporting from annual checklists to real-time assurance. Data streams can be monitored constantly, anomalies flagged immediately, and audit trails maintained smoothly without human delays. That makes sustainability reporting more like financial trading data: live, dynamic, and traceable, and much less like an annual PR exercise.

Putting an end to Greenwashing

Greenwashing flourishes in secrecy, so the more transparent, measurable, and current the data, the harder it becomes for companies to exaggerate their progress or hide uncomfortable facts. As a result, the truth becomes the clearest choice.

Continuous auditing powered by AI radically shifts incentives. It makes detecting false claims easier; for example, if renewable energy data doesn't align with your grid information, the mismatch is immediately evident.

Additionally, comparing data in a meaningful way highlights those that are falling behind. If your peers are consistently reporting strong numbers and you are the outlier, investors will notice. Audits also become more effective. Instead of simply approving a polished annual report, auditors can verify each claim against the underlying data source.

It's a freeing moment for companies genuinely advancing sustainability, while revealing those that hide inaction with superficial measures. That said, AI is not a magic solution. Risks like algorithmic bias, inconsistent data, and complexity of models must be carefully managed to build trust, not create new blind spots. When used responsibly, AI makes deception more dangerous than honesty—and helps bring sustainability reporting back to its true purpose.

What Comes Next

There's a clear direction forward. Over the next five years, regulatory requirements around sustainability will only increase. AI will turn disclosures into dynamic systems: constantly audited, benchmarked, and integrated into decision-making. The challenge for organizations will shift from just producing reports to using insights to truly improve performance.

Companies that implement AI-powered CSRD will build trust, credibility, and a competitive advantage, along with easier access to funding. Those who delay will face ongoing scrutiny from regulators, auditors, and investors scrutinizing every detail of their financial reports.

In the world of sustainability reporting, AI is making truth cheaper than deception. When truth becomes the standard, sustainability reporting will finally start doing what it was meant to do all along: distinguishing between true leadership and empty promises.

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Dr. Maria Mora has more than 20 years of international experience in sustainability and digital innovation. She has held senior roles at the CDP and advised organizations such as EFRAG, GRI, and the IFRS Foundation, helping shape global sustainability standards. At Fujitsu, she leads areas of Innovation and Digital Strategy at the Global Center of Excellence for Data Intelligence.

She also serves on the Board of Directors at XBRL International and contributes to European initiatives on artificial intelligence (CEN-CENELEC). A frequent keynote speaker and advisor to regulators and organizations worldwide, she works to ensure that AI and digital tools make sustainability reporting more transparent, reliable, and actionable.

