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How climate reporting plays a strategic role in business success

Reliable data forms the basis for governance and competitiveness in SMEs and large enterprises

A changing playing field

Climate reporting is an integral part of modern corporate governance. Investors, customers and banks expect **transparent, reliable information** on emissions, goals and progress. Even enterprises not directly subject to mandatory reporting – in particular small and medium-sized enterprises (SMEs) – are facing increasing demands as transparency becomes a **key factor in remaining competitive and gaining trust** when it comes to supply chains, financing and tendering. Companies that invest early in data quality, governance and transparency gain a head start in terms of strategy, efficiency and credibility.

All based on the GHG calculation

Climate reporting begins with the **greenhouse gas (GHG) calculation**.
Scope 1 emissions are direct emissions from company-owned or controlled facilities and vehicles, while **scope 2** emissions are those associated with purchased energy. Together they form the quantitative core of every climate strategy and provide the basis for setting goals and measuring progress.
However, the focus is increasingly turning to **scope 3** emissions, which are the indirect emissions that occur along a company's value chain. They account for the majority of emissions at many companies and are crucial for understanding climate risks, procurement decisions and business opportunities.

For SMEs in particular, **commuting and business travel emissions** are a good starting point for GHG calculations. In the long term, however, companies will also need to address more complex categories such as **procurement, transport and product use**.

Data quality over quantity

The greater the volume of data, the more challenging it is to maintain consistency in collecting and evaluating information before it is used in the decision-making process. This is what determines whether climate reporting remains a mere data collection project or becomes a robust **governance tool**.

Climate data must be of **high quality** if it is to be used effectively: Consistent methods, transparent assumptions and clearly defined responsibilities are a must if emissions data is to be reliably incorporated into planning, procurement and investment decisions.

How enterprises can generate high-quality GHG emissions data:

1. **Clearly specify perimeters and relevance** – identify which areas and emission sources are relevant to the business model.

2. **Document methodology and assumptions** – keep calculation logic and factors transparent.

3. **Coordinate data flows** – tightly integrate sustainability, finance and purchasing.

4. **Establish validation** – periodically review data to achieve continuous improvement.

This is how to create a system that goes beyond mere reporting obligations, in which climate data

becomes traceable, controllable and – with increasing maturity – verifiable.

Credibility through assurance readiness

Credibility is achieved when climate data is not only collected but is also **traceable and verifiable**.

Assurance readiness is not a formal certification, but the result of careful processes and reliable data quality. It shows that an enterprise processes its climate data in such a way that it can be **controlled internally** and **reliably traced by third parties**.

This approach ensures transparency with regard to assumptions, methods and responsibilities and increases confidence in the informational value of the data. This makes assurance readiness a sign of **credibility and professionalism** – both vis-à-vis external stakeholders and within the enterprise itself.

Enterprises that are quick to establish structures for assurance-ready climate data are not only well prepared to meet regulatory requirements but are also better placed in terms of strategy. They become more confident and effective in their governance, have a sound basis for evaluating developments and enjoy a **clear advantage in terms of the trust** they gain on the market.

Fundamental principles of assurance readiness

- **Traceability:** Origin, calculation methods and changes are documented.
- **Consistency:** Methods and system boundaries remain stable or are adapted with good reason.
- **Checks and evidence:** Review and approval processes ensure good quality data; records are traceable.
- **Clearly defined interfaces:** Sustainability, finance and purchasing roles are defined; supplier data is integrated into the process.

From information to governance

Reliable climate data provides orientation and certainty in decision-making. It reveals the driving forces behind emissions and costs, enables targeted investments and measures progress. SMEs in particular can benefit from seeing climate reporting as part of their future strategy – not as an obligation but as an opportunity to boost efficiency, control costs and strengthen their market position. Companies that combine quality, relevance and assurance readiness build trust – and generate measurable economic benefits.

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