Whitepaper

How to Build a Reporting Foundation That Holds

CEMAsys

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Context & Rationale

This whitepaper expands the key insights shared by Gustav Halldin and Katrine Haga, Senior Consultants at CEMAsys.com, in their recent discussion on why ESG reports often fail before the reporting process even begins.

Anchored in ESG-reporting standards such as the GHG Protocol, CDP, SBTi, CSRD, ISSB & GRI, and tailored for organizations operating in the Nordics, Europe at large, and North America, the paper explores the structural decisions that determine whether ESG reporting becomes a credible management discipline or a last-minute documentation exercise.

For organizations seeking to move from fragmented reporting to structured ESG infrastructure, this document offers a clear starting point

The Structural Failure

Most ESG reports do not fail during submission. They break down much earlier, but it is not apparent. By the time inconsistencies appear, unclear Scope 3 boundaries, mismatched emission factors, missing audit trails, the structural weakness is already embedded. What looks like a reporting problem is almost always a management problem due to an unclear project plan.

In both Europe and North America, regulatory scrutiny is tightening. CSRD and ESRS expectations are reshaping the reporting discipline in Europe, while climate disclosure expectations continue to evolve in North America. Meanwhile, the GHG Protocol remains the global backbone for carbon accounting, particularly as Scope 3 expectations expand.

Yet many organizations still approach ESG reporting as a documentation exercise where templates are downloaded, KPIs are selected, and data collection begins. When ESG is treated as a reporting output instead of a management infrastructure, the cracks are inevitable

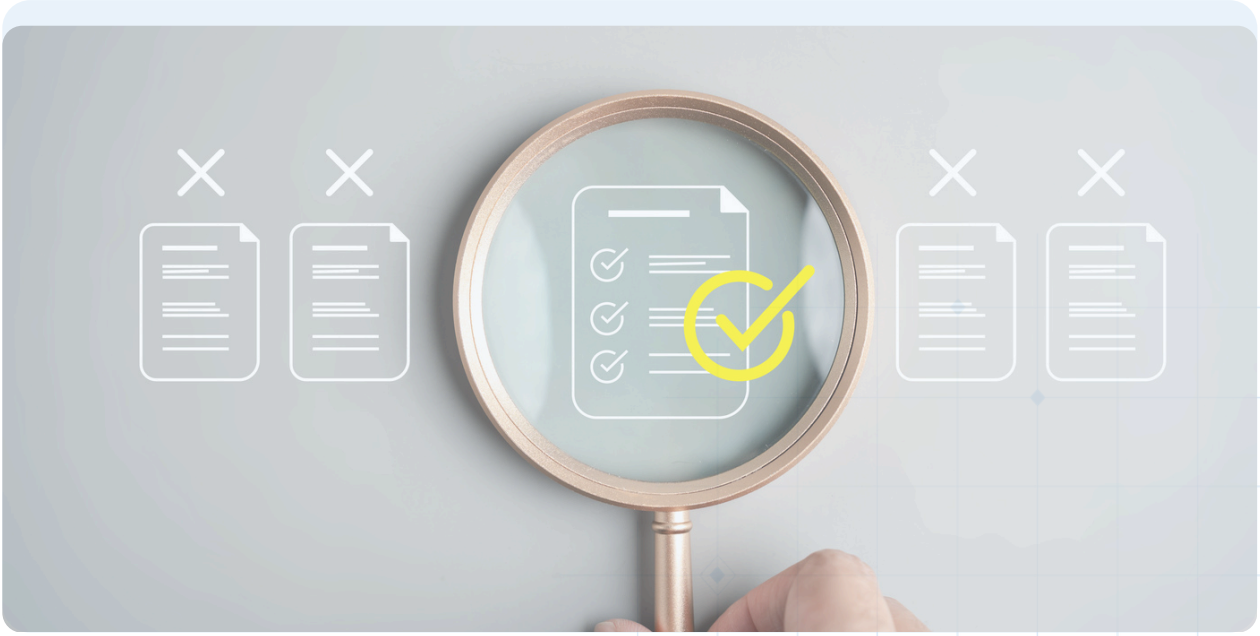
Documentation vs. Management Infrastructure

The documentation mindset focuses on the end product, the report, whereas the management mindset focuses on the system that produces it. Under a documentation approach, organizations often:

- Collect data before defining boundaries
- Assign responsibilities informally
- Overlook methodological consistency
- Build parallel reporting processes outside core operations
- Address Scope 3 reactively

This approach may produce a visually polished report. It rarely produces defensible disclosures with auditable tracks. The ESG-reporting standards mentioned at the beginning of this paper require clarity on organizational boundaries, operational boundaries, emission factors, and calculation methodologies. Without internal alignment on these foundations, numbers become fragile.

With audit expectations rising, assurance providers increasingly examine controls, data lineage, and governance structures, not just final figures. Inconsistent methodologies or undocumented assumptions expose organizations to credibility risk, regulatory exposure, and reputational damage. This also poses a risk to emission reduction target setting and strategies, as the organizations' emissions tend to vary greatly from year to year when methodologies are inconsistent.



Five Foundational Decisions That Must Happen First

1. Start With Materiality, Not Metrics

Too often, organizations begin by identifying what can be measured rather than what should be managed. Best practice dictates that it should be the other way around. A focused materiality process clarifies which ESG issues are most relevant to the business, its stakeholders, and its regulatory exposure. Undertaking such a materiality assessment will also inform boundary decisions and Scope prioritization, in line with the requirements of i.e. the GHG Protocol. Without a materiality alignment, resources are spread thin, leading to ESG topics such as Scope 3 categories becoming inconsistently addressed, and reporting becomes a reactive activity instead of a strategic exercise with operational outcomes. A materiality assessment will aid in focusing the resources on providing the most significant output.

2. Define Ownership Before Output

ESG reporting is inherently cross-functional. If ownership and priorities are unclear, data collection becomes a late-stage chase. Under an ESG-reporting framework most of our clients have started their ESG journeys with, the GHG Protocol, the following areas of responsibility should be defined within an organization as early as possible to report in line with the GHG Protocol:

- Boundary decisions
- Emission factor selection
- Methodological updates
- Scope 3 categorization

To ensure the best possible outcome, a clear mandate with clear priorities across functions should be paired with explicit decision-making authority. Otherwise, uncertainties and inconsistencies are certain to arise.

3. Build the Data Model Before Collecting Data

Another common set of errors is that an organization starts collecting data before defining how the organization should approach the following topics for its ESG reporting. These topics form a certain set of rules ensuring a common, auditable methodology within the organization:

- Organizational and operational boundaries
- Scope classification criteria
- Emission factors and data sources
- Assumptions and estimation methods
- Control mechanisms and documentation standards
- What data is needed, and from where can they be collected

A standardized data model aligned with the standards relevant for the organization prevents rework and strengthens auditability, setting the organization up for long-term ESG-success. Further, it enables both strategic and operational use of ESG-data.

4. Integrate ESG Into Existing Processes

Parallel, disconnected systems create friction. If sustainability reporting sits outside finance, procurement, risk, and operational management, it remains an isolated compliance activity. However, the positive note is that existing corporate systems can be integrated into ESG software for an easier ESG-reporting process.

Integration means:

- Leveraging ERP systems for activity data
- Aligning ESG reporting cycles with financial reporting
- Embedding climate considerations into procurement workflows
- Connecting ESG-data with other operational inputs to provide strategic oversight and operational use

5. Communicate Early and Often

UESG reporting requires the same amount of change management as any other form of organizational change. Without visible leadership support and consistent communication, internal prioritization weakens, and the resistance to change continues to build. In such instances, teams revert back to immediate operational pressures. Frequent communication and management buy-in therefore is not symbolic; it is the foundation to be able to make lasting organizational change.

Advanced Enablers for ESG Maturity

Once the foundation is established, organizations must address scalability, regardless of which ESG-reporting framework they choose to report in accordance with or with reference to.

1. Systemize and Automate Data Collection

Manual spreadsheets and email-driven data requests are not resilient and will likely fail over time. Let us use GHG emissions accounting as an example. As Scope 3 complexity increases and the standards supplied by the GHG Protocol evolve, automation becomes a governance requirement rather than a convenience.

Systemized data collection:

- Improves consistency
- Strengthens audit trails
- Reduces manual errors
- Enables year-over-year comparability
- Increases the amount of time spent operationalizing learnings from the data, instead of data collection

2. Ensure Access to the Right Resources

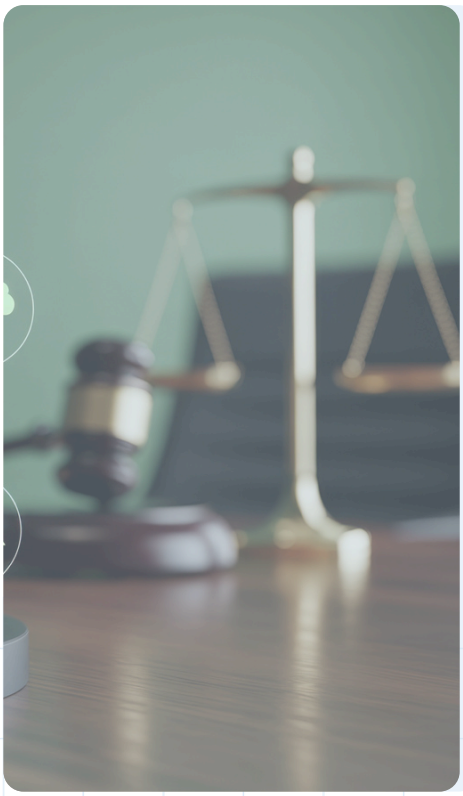
ESG reporting requires time and resources. Without a clear mandate from executive leadership, sustainability teams often lack authority and time to secure the required data across departments and their upstream and downstream value chain. Resource allocation must reflect reporting obligations and regulatory exposure and reflect the company's ambition level.

3. Enable Cross-Functional Cooperation

ESG is a complex field that requires cooperation and input from large parts of the organization in order to bear fruit. Silo thinking undermines the operationalization of insights from the ESG data, inhibiting organizational maturation. CSRD, a massive reporting undertaking for any organization, is now only required for large businesses, and requires input on day one from the whole organization. Let us here use Scope 3 reporting as an example. The GHG Protocol mandates that this is a requirement for any company where it is deemed relevant. We can use the SBTi to determine what constitutes relevancy here, and that is when Scope 3 emissions exceed 40% of the total emissions of the organization. Scope 3 reporting requires input and collaboration across procurement, suppliers, finance, and operations, in order to fully report on the emissions of the organization. If these departments do not work together, and have it clarified that their input is necessary to reach an end goal, then Scope 3 reporting will be an uphill battle. Therefore, we experience an increase in clients using incentives related to company-wide emissions reduction initiatives to drive cooperation for completing emissions accounting in a timely and accurate manner, while also reducing company emissions.

4. Monitor Evolving ESG Standards and Regulatory Development

Alongside the changes that have happened since the beginning of 2025 with the CSRD, CSDDD and CBAM, several other ESG-reporting frameworks have been developing. Recently, in late February 2026, the GHG Protocol released an update, the Land Sector and Removals Standard, which includes updates affecting land sector emissions and Scope 3 methodologies and aligning the GHG Protocol even further with emerging technologies. Regulatory convergence between Europe, North America and the rest of the world is increasing expectations around transparency and comparability in ESG Reporting. As such, with continuously updating ESG standards and regulations, it is vital that organizations monitor the landscapes in the regions and countries they are operating in to adhere to relevant standards and regulations related to ESG reporting, such as technical updates and even assurance trends.



5. Build Strategic Partnerships

As with so many other things, ESG reporting is not a light exercise that should be completed with only one person on the job. As mentioned earlier, internal interdepartmental cooperation is important, but it will likely not solve all issues. This is where Strategic Partnerships come into play. ESG reporting exercises often depend on supplier data, which if you have been working with, for example, Scope 3 for a while, you know, can be lacking in quality. Having developed strategic partnerships with suppliers, customers, and industry peers can significantly help improve data access, methodological alignment and pathways to reducing negative externalities. Improving a business, and the world, is rarely a solo effort.

Technology as Governance Infrastructure

At a certain scale, manual ESG reporting becomes structurally fragile. Increasing Scope 3 complexity, audit expectations, and cross-functional integration requirements demand infrastructure.

Technology designed for ESG reporting:

- Aligns data with structures from recognized standards such as the GHG Protocol, SBTi, CSRD, CDP and ISSB
- Integrates with ERP, HR, and procurement systems
- Maintains consistent emission factor libraries
- Provides audit-ready documentation trails
- Supports evolving regulatory frameworks

Organizations across sectors rely on structured ESG platforms to move from documentation to management infrastructure. CEMAsys.com provides ESG and compliance solutions built to systemize reporting processes, strengthen governance structures, and improve auditability across global operations. Public customer stories are available at portal.cemasys.com/customers for further insight into operational implementation

Getting Day One Right

A strong ESG report does not begin with a template.

It begins with clarity.
Clarity on what matters. Clarity of ownership. Clarity on boundaries and methodologies. Clarity on integration.

When those decisions are made early, reporting becomes more than a compliance exercise. It becomes part of how the organization manages risk, strategy, and operational performance.

If your organization is preparing for increasing ESG-aligned disclosure expectations in the Nordics, North America or anywhere really, the right starting point needs to be structural. To explore how structured ESG infrastructure can support your reporting maturity, book a demo with CEMAsys today.

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