

Recommended Features for Digital Reporting Systems to Support Emissions Disclosures for Small and Medium-Sized Enterprises

About

This study investigates the digital and workflow-related challenges that small and medium-sized enterprises (SMEs) face when collecting and reporting emissions data for Corporate Sustainability Reporting Directive (CSRD) compliance. Using a multi-method approach combining document analysis of regulatory standards and semi-structured interviews with SME professionals, the paper identifies key barriers and proposes features for digital reporting systems to address these issues.

Problem

New European Union regulations (CSRD) mandate extensive sustainability and emissions reporting, creating significant challenges for SMEs, which often lack the technical infrastructure, expertise, and resources to comply. There is a research gap concerning how these smaller companies can adopt or struggle with digital solutions to meet these demanding new requirements for collecting, measuring, and reporting emissions data accurately.

Study Outcome

- SMEs predominantly rely on manual, fragmented, and error-prone data collection methods, such as Excel spreadsheets and gathering information from emails and invoices.
- A major hurdle is the complexity of calculating Scope 3 emissions (from the value chain), forcing SMEs to use imprecise estimation methods due to a lack of supplier data and specialized tools.
- SMEs experience 'compliance overload' and declining motivation, as the reporting burden often shifts to finance departments, taking time away from implementing actual sustainability projects.
- The study recommends that digital reporting systems should feature automated data integration from various sources, real-time data validation to ensure quality, and flexible tools for estimating Scope 3 emissions.
- To ease the reporting burden and ensure compliance, recommended systems should also provide structured, machine-readable report templates and role-based access controls to facilitate collaboration across departments.

Keywords

CSRD Compliance • Emissions Reporting • Digital Reporting Systems • SMEs