



Enabling CSRD Reporting with Finance EPM

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How can the Finance technology landscape help companies meet their Sustainability Reporting / CSRD requirements?

With the current wave of regulations such as the EU’s Corporate Sustainability Reporting Directive (CSRD), most CFOs will be required to manage more non-financial than financial data in the coming years, and will need to expand their reporting and controlling processes to incorporate non-financial metrics. For many organisations, the right answer is to re-use as much as possible their strategic finance reporting capabilities - a pragmatic and future-proof approach that reduces initial investment and decision pressure, delivers value quickly, and is aligned with the organisation’s systems and data strategy. Scroll down for more.

The broader Sustainability context and its many demands

Sustainability requirements can be looked at through multiple lenses, from the “push” of compliance to the “pull” from opportunities to create new value:

PUSH from Compliance & Risk	PULL from Value Creation
<ul style="list-style-type: none">• Range of compliance regimes and disclosure frameworks such as CSRD, GRI, CBAM, CSDDD, ISSB (incl. TCFD and TPT¹), etc.• Increased ad-hoc demands from stakeholders such as customers, financial institutions, regulators, shareholders, non-executive directors.• Increasing significance of physical and transition risks.	<ul style="list-style-type: none">• Differentiation of a Sustainable business model and market response in terms of cost of capital, share price, customer demand, and talent attraction.• Operational insights, efficiency, innovation, better risk selection, ESG-driven pricing potential that comes with a deeper understanding of the value chain.• Linking non-financial data with financial data (cost, revenue, capital) to allow for better decision, e.g., by understanding better the ROI of sustainability initiatives

As the market translates these demands into capabilities, a range of familiar use cases starts to take shape, of which CSRD Reporting is in present focus although much of it also applies to other frameworks.

What is CSRD?¹

CSRD originates from the European Green Deal and is an extension of the non-financial reporting directive (NFRD). It comprises 12 reporting standards covering 12 sustainability topics and prescribes over 1,000 data points for external disclosure spanning environmental, social and governance matters subject to materiality assessment.

The CSRD comes with [specific demands and timelines](#), including the requirement for a double materiality assessment, which determines what to report on, external assurance (limited assurance initially, likely progressing to reasonable assurance at the end of the decade) and XBRL tagging (from the second year of reporting onwards). The expected reporting deadlines are FY24 year end for NFRD reporters, FY25 for many EU firms, and FY28 for many non-EU undertakings with subsidiaries in the EU.

CSRD promises “transformation through scrutiny,” and most organizations understand it as a programme of change that will deliver value through the increasing integration of sustainability into their business. The envisioned maturity journey goes, from left to right, as:

Assess	Report	Manage	Transform
<ul style="list-style-type: none"> Perform entity scoping Assess Double Materiality and reporting gaps set up cross-functional governance 	<ul style="list-style-type: none"> Design the mock up report Define the new KPIs Design new reporting process & controls Select and implement any needed technologies Source the data Secure external limited assurance Report with the annual results 	<ul style="list-style-type: none"> Embed metrics in the organisation, with the right accountabilities, Integrate metrics with performance cycles Refine the operating model accordingly 	<ul style="list-style-type: none"> Leverage factual insights and a more prepared organisation to evolve the business model and deliver on goals and new opportunities Deliver tangible ESG outcomes

There are however a few obstacles to deliver Sustainability Reporting and CSRD:

- The value proposition is not proven beyond “achieving compliance,”
- The scope of data is broad, and sources are often fragmented or unreliable,
- The internal governance and process ownership are often not clear,
- The technology landscape is crowded with point solutions, and
- The delivery requires a combination of many internal and external capabilities.

Overcoming blockers through capabilities in Finance Reporting and Performance Management

We are observing that Finance teams are increasing involved in ESG topics, and in most cases, the CFO sponsors, or co-sponsors, the CSRD programme. The Finance function brings a strong understanding of what it means to be compliant and how to get finance data audited. Their experience is invaluable to achieve compliance – [and trust](#) - on ESG data: [Finance already ‘owns’ reporting, knows the drill across the organization, and can make the connections.](#)

¹ CSRD: Corporate Sustainability Reporting Directive; GRI: Global Reporting Initiative; CBAM: Carbon Border Adjustment Mechanism; CSDDD: Corporate Sustainability Due Diligence Directive; ISSB: International Sustainability Standards Board; TCFD: Task Force on Climate-Related Financial Disclosures; TPT: Transition Plan Taskforce.

Leading organisations recognise that they can accelerate the Sustainability Reporting agenda by leveraging Finance capabilities already in place (e.g., technologies, processes, controls, methodologies, teams, etc).

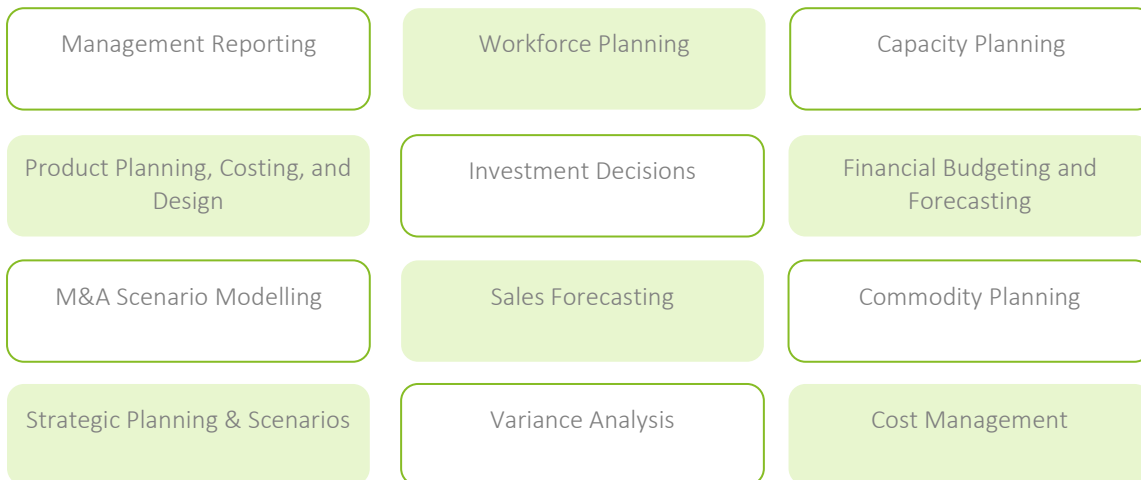
Let us explore technology, and more specifically Finance’s “Enterprise Performance Management” (EPM) toolkit. EPM solutions are typically used to support processes such as Management Reporting, KPI and Profitability analysis, Planning, Budgeting and Forecasting, Financial Consolidation, and External Disclosures. Familiar technology EPM vendors include Oracle, SAP, Workday, Anaplan, OneStream, Workiva, Board, and more.

How EPM tools support the Sustainability Reporting process

To the Financial professional eye, the compliance and assurance requirements and the Sustainability Reporting process looks familiar as parallels are drawn with typical Quarterly or Annual Reporting activities. And indeed, the typical Sustainability Reporting process can be outlined as:



And as financial reporting has led to end-to-end financial performance management, sustainability reporting will lead to the management of the performance of sustainability metrics. This will permeate other decision-making processes, such as the ones below, which are also often enabled by EPM tools:



Now, let us understand how we can “sweat the assets” and turn existing EPM tools into enablers of the CSRD Reporting process, and more. The simplified but helpful view below illustrates how EPM functionalities enable Sustainability Reporting/CSRD requirements:

Typical EPM Functionality:	Sustainability Reporting requirement:
Integration of financial data and its operational drivers into a consistent view that can be used to generate business KPIs	Collection and consolidation of ESG data, calculation of KPIs, review and adjustments
Maintain multiple business views and hierarchies, complex charts of accounts, and group vs local performance lenses	Alignment with reporting standards e.g., CSRD, EU-Taxonomy, GRI, etc. and mapping to existing organisational views
User driven data inputs, uploads, upload of prices & rates, overlays and overrides to central assumptions	Management of corporate-level conversion factors incl. uploads, overrides, adjustments. Input & upload of unstructured, quantitative data sets
Capture of narrative inputs, summarizations and reports blending financial, non-financial, and narrative data	Submission of narrative requirements, integration with quantitative requirements
Management Reporting, Analysis, Visualization	Internal reviews and external publication of sustainability reports
Workflow management, approval, locking versions, freezing data, and role-based security	Cross-functional workflow and enterprise-wide inputs and collaboration to capture and review disclosure requirements
Traceability of inputs, automated controls and validations, and support for assurance	The same need applies across Finance and Sustainability related reporting processes
Planning, Budgeting & forecasting	Planning and monitoring of ESG related metrics at the right points in the organisation

There is no shortage of case studies to illustrate this trend. Be it a Switzerland-based global Pharma Company, a Denmark-based manufacturer, or a UK-based Global Insurance Group, where Deloitte has helped implement EPM solutions to support Sustainability/CSRD Reporting, thus bringing the strengths of Finance into the Sustainability space and integrating Sustainability into the Finance organisation.

In summary - the key to developing a sustainable business model is in a) realising the Sustainability “value proposition and b) overcoming the cost and change barriers. We believe – we know - that it makes a lot of sense for organisations to look at Sustainability use cases as a lever to increase the value from investments already made on enterprise performance management capabilities. You can get there faster, with less fuss, and achieve more.

How we can help

We integrate Sustainability into most dimensions of the Finance function. This means:

- Embedding CSRD/Sustainability Reporting in the **Enterprise Information Model** and defining data and persona-based requirements.
- Assessing, selecting and implementing technologies for Sustainability Reporting, leveraging solutions for **Oracle, Anaplan, Workiva, OneStream, Workday, and SAP**, their integration with cloud hyper scalers such as **AWS, Databricks, Google Cloud Platform, Microsoft Azure** or **Snowflake** and with other dedicated ESG tools such as **CarbonCTRL, Envizi or Watershed**.
- Revisiting the **Finance Operating Model**, designing the Sustainability Reporting Process, RACI and Governance, and even help you run the process.

Our full-day **CSRD Acceleration Lab** may be a great option to accelerate (or launch) your journey and help you develop answers for questions such as:

- “How to unlock value beyond compliance?”
- “How to embed CSRD in current data and tech architecture?”
- “Where/how to source the data?”
- “How do I limit regret costs?”

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