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Accelerate Your Sustainability Efforts with Oracle Fusion Cloud EPM

Our journey from manual processes to efficiency, flexibility, and automation.

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Introduction

In recent years, as new regulations and standards emerged, organizations have struggled with managing data and determining which metrics matter most to regulators, investors, and stakeholders. The complexity of global reporting, compounded by varying regional disclosure requirements, presents a significant challenge. Inaccurate or delayed reporting risks regulatory penalties and damages stakeholder trust, which depends on timely, accurate data. Many sustainability teams rely on disparate, low-quality systems and manual processes, making it difficult to provide a clear performance snapshot. As laws and guidelines evolve, the need for a trusted, end-to-end solution for environmental, social, and governance reporting has become critical.

One of the most significant hurdles in corporate sustainability reporting is effectively tracking, aggregating, and analyzing data to inform strategic decisions. Oracle's mission is to help people see data in new ways, and we are committed to helping our more than 430,000 customers solve complex data challenges. We set out to professionalize sustainability reporting, building on Oracle Fusion Cloud Enterprise Performance Management (EPM), and developed a solution that exceeded our expectations—and hopefully the expectations of our customers, too.

Designing with the end goal in mind

Historically, Oracle's environmental, social, and governance (ESG) reporting involved various systems, spreadsheets, and reports managed across departments, which required significant manual effort to consolidate. While this approach served us well for many years, the growing complexity of regulatory requirements highlighted the need for more streamlined and automated processes. By addressing these challenges internally, we also identified an opportunity to develop a solution that could benefit our customers.

We chose Oracle Cloud EPM to build our solution. Oracle had been using Cloud EPM for years to close our books—a process now completed in 10 days. Cloud EPM is used by leading organizations across the globe as their trusted end-to-end solution, providing a verifiable single source of truth for financial reporting. For Oracle, it reduced manual accounting by 60%, with 94% of the balance sheet automatically reconciled without human intervention. Oracle's focus on automation through its software solutions allows finance teams to not only understand past performance but proactively drive cost savings, innovation, and business growth.

Oracle Cloud EPM's out-of-the-box features offered best-in-class planning, forecasting, and reporting flexibility, with built-in capabilities, such as process management and audit logs. These features, essential for financial reporting, made Cloud EPM the ideal choice for ESG reporting because it applies the same rigor to nonfinancial data.

The first step in the implementation process involved an assessment to identify relevant topics to include in our prototype, such as energy consumption and supply chain emissions. We focused on environmental factors first, as these were highly complex and most material for our organization.

Once the relevant data points were identified, we established a process within Oracle Cloud EPM that would automate data collection and ensure completeness and accuracy without manual intervention. Using a combination of direct connections and file-based uploads, we were able to load data on factors, such as fuel and energy consumption, water usage, and waste to purchased and capital goods, in Oracle Fusion Cloud Supply Chain & Manufacturing (SCM). With the activity data loaded, we proceeded to tackle another critical step in the process: developing the carbon calculator and ensuring that the activity data would be matched with the right emission factors and transformed into impact metrics that follow a simple, yet configurable set of rules. Once test results were satisfactory, we broadened our scope and built out the comprehensive data model that would cover all environmental, social, and governance topics.

The reporting framework was built primarily around the European Sustainability Reporting Standards (ESRS), supplemented by the Global Reporting Initiative (GRI) and International Financial Reporting Standards (IFRS), with carbon accounting based on the GHG Protocol. This approach ensured that our data points were aligned with global standards and utilized the most up-to-date methodologies. After developing the data model and the calculation engine, we input generic sets of emission factors published by the UK Department for the Environment, Food and Rural Affairs (DEFRA), the U.S. Environmental

Protection Agency (EPA), the International Energy Agency (IEA), and the U.S. EPA's Emissions and Generation Resource Integrated Database (eGrid). These generic emission factor libraries would serve as the foundation, as we eventually integrated the option to use supplier-specific emission factors as well. Building this foundation while allowing for incremental methodology improvements would allow us to innovate at our own pace, while ensuring compliance with reporting deadlines.

Managing the transition

To reduce implementation risk during go-live, we chose to mirror our existing environmental reporting process to test the ease of replicating previous methodologies. Oracle's Greenhouse Gas and Air Pollutant Emission Inventory Management Plan outlines the process for calculating direct and indirect emissions and pollutants from our operations. By adhering to this policy, teams across Real Estate and Facilities, Data Centers, and Supply Chain and Operations were able to continue data gathering with minimal disruption, while the corporate team gradually transitioned more of the processes onto Oracle Cloud EPM.

The purpose of using a sustainability solution built on Oracle Cloud EPM was not to duplicate what we did in spreadsheets, but rather to use this as an opportunity to redesign our approach to reporting to support more-recent standards and legal requirements. We tailored features and controls to our sustainability needs at specific stages and created the process shown below. We took time at each individual step to define procedures that would help ensure accuracy, completeness, and timeliness of reporting. For example, at the **Connect and Collect** stage, we modified how we imported data and provided lineage back to the source where it originated. At the **Transform** stage, we transformed how we translated purchased goods and services into Scope 3 emissions—previously calculated using spend-based emission factors—to the more preferred supplier-specific method. Finally, in the **Report and Act** stage, we created an environmental report that could be updated with a single click to any country, region, or division, while keeping the underlying methodologies and visual structure.
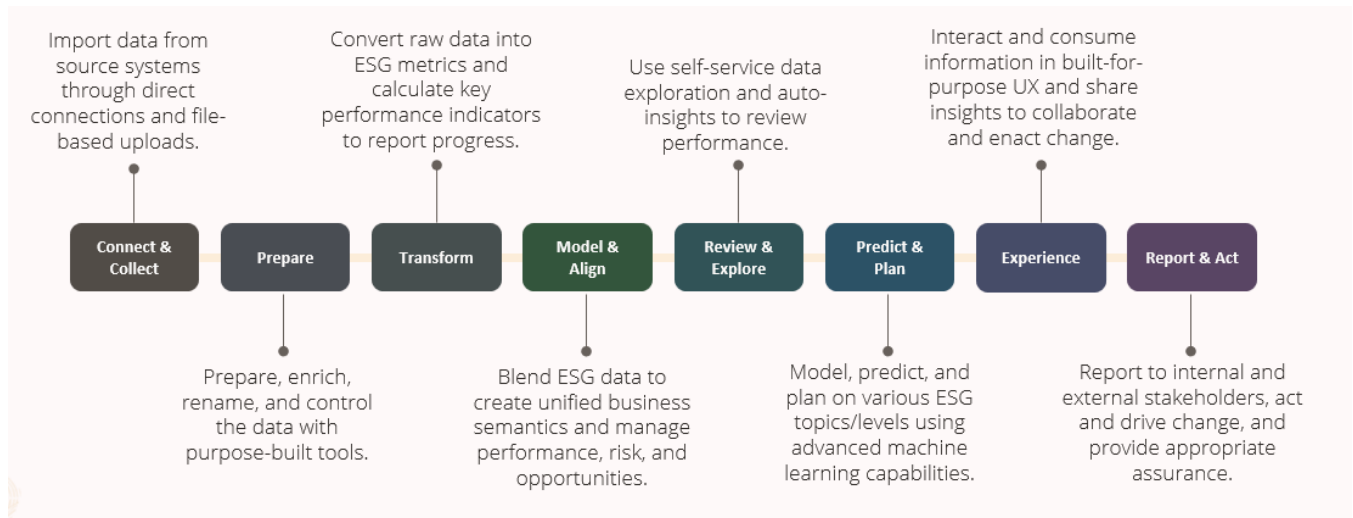

| Connect & Collect | Prepare | Transform | Model & Align | Review & Explore | Predict & Plan | Experience | Report & Act |

Import data from source systems through direct connections and file-based uploads.

Convert raw data into ESG metrics and calculate key performance indicators to report progress.

Use self-service data exploration and auto-insights to review performance.

Interact and consume information in built-for-purpose UX and share insights to collaborate and enact change.

Prepare, enrich, rename, and control the data with purpose-built tools.

Blend ESG data to create unified business semantics and manage performance, risk, and opportunities.

Model, predict, and plan on various ESG topics/levels using advanced machine learning capabilities.

Report to internal and external stakeholders, act and drive change, and provide appropriate assurance.

Figure 1: Oracle Cloud EPM reimagined for sustainability reporting.

Impact on reporting

The implementation of Oracle Cloud EPM for sustainability has significantly improved the speed, accuracy, and reliability of our sustainability reporting. We have a single version of the truth controlled by our corporate sustainability and finance teams and have defined a consistent methodology across all regions and lines of business. Since its first cycle, Cloud EPM for sustainability has significantly reduced the time and resources required to collect, validate, and consolidate our environmental sustainability data, and we have reduced our reporting timeline by 30%.

The solution offers several key advantages, such as:

- The ability to report sustainability on the same levels that we currently execute management reporting, aligned with financial reporting timelines.
- Support for an unlimited number of scenarios—allowing us to have both fiscal and calendar year reporting and allow for changes in boundaries.
- Data consistency between internal and external reports while accounting for the reporting flexibility required by different standards and frameworks.
- Embedded intelligent process management—supported by artificial intelligence and machine learning—to find anomalies and automatically provide insights.
- Data tracking back to where it originated to check quality, identify errors, and reconcile discrepancies, dramatically reducing audit time and costs.
- Reduced the time it takes to update our emission factors for the new reporting period to only 30 minutes.
- The ability to measure CH_4 and N_2O for all of Scope 1 and 2—for the first time ever.
- Enhanced security for all user accounts, job roles, duty roles, privileges, security context, data access, and change logs.
- Automatic process and data backups, along with disaster recovery, ensuring that we do not lose any data.

Enabling our customers

Collaboration with key partners and stakeholders—customers, regulators, suppliers, employees, and leadership—was essential in defining the requirements for the customer-facing solution, Cloud EPM for sustainability. A key lesson learned was the importance of adaptability to ensure the solution remained relevant across diverse industries. As a company that operates in more than 175 countries, we face a wide range of regulatory requirements and reporting needs, necessitating a solution that is both highly adaptable and configurable for ongoing improvements.

Our goal was to build a solution that would solve the data challenges in any industry with the built-in flexibility to evolve alongside changing sustainability regulations and standards. This meant giving customers the ability to organize sustainability reports as needed, while retaining control and oversight to help ensure record accuracy, compliance, and risk mitigation.

For our existing and future Oracle EPM Enterprise customers, we introduced our foundational EPM for sustainability solution at no additional cost.[1] Here are some of the key advantages of this new solution.

Advantages of Oracle Cloud EPM for sustainability

- **Data governance**: With operational data coming from many sources and in many forms, Oracle's integrated solutions streamline data collection into a single source of truth, ensuring data integrity and compliance.
    - o Gather data: Collect, aggregate, and manage sustainability disclosures from across the enterprise using AI and embedded intelligent process management.
    - o Control data: Import data with full data lineage to help reduce reporting and compliance risk, improve transparency and accuracy, and satisfy stakeholder demands.
    - o Manage data: Use state-of-the-art reporting, planning, and analytics features to manage sustainability reporting and support sustainable goals. AI-driven insights and scenario modeling go beyond rear-view reporting, enabling insight and foresight across complex data sets.
- **Operational efficiency**: By reducing the time and effort needed to collect, validate, and report ESG data, Oracle Cloud EPM for sustainability enhances operational efficiency, allowing businesses to focus on strategic initiatives.
- **Regulatory compliance**: As global regulatory frameworks evolve, Oracle's EPM sustainability solution can help customers update their disclosures with minimal effort and maintain compliance through standard EPM configurations.

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[1] Even though the solution can be downloaded free of charge, customers might need additional resources to make use of it. The solution makes use of a single Planning business process. Customers will need a an existing "spare" or request a new Oracle Cloud EPM Planning (Enterprise Edition) business process where they can import the solution ready for configuration. It cannot be imported into an existing Planning application. Customers may also require additional Oracle Cloud EPM users outside of their existing user base.

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- **Transparency and disclosure**: Enhanced data visibility and reporting capabilities can improve stakeholder engagement, providing transparent and reliable information to investors, customers, and regulators.

Through our stakeholder engagements, we have learned that some customers seek a standardized solution to their reporting challenges and may feel intimidated by the configuration requirements. While standardization may seem appealing, sustainability reporting is inherently complex, involving diverse and distributed data along with custom transformations that require precise context. Our flexibility is a key strength that allows us to address the unique needs of each customer.

Oracle Cloud EPM for sustainability empowers businesses to transform how they manage and report the impact of their corporate sustainability initiatives. Built on Oracle's next-generation cloud, EPM for sustainability is the best-in-class solution to help meet the intricate demands of ESG reporting within a secure, integrated environment. Our advanced technology combines speed and consistency with rigorous control and auditability, enhancing transparency in disclosure.

Future outlook

Looking ahead, we aim to leverage Oracle Cloud EPM to strengthen our reporting controls, improve timelines, and further enhance forecasting and analysis. We view granularity and speed as two sides of the same coin. This will include direct integration with Oracle Fusion Applications, such as Enterprise Resource Planning (ERP), Supply Chain & Manufacturing (SCM), and Human Capital Management (HCM). Additionally, we plan to incorporate new features powered by artificial intelligence and machine learning.

To enable the use of primary data from Fusion Applications, we will implement a new solution—Oracle Fusion Cloud Sustainability—which was introduced at Oracle CloudWorld 2024. Fusion Cloud Sustainability can automatically capture granular sustainability data from Oracle Fusion Applications, beginning with Fusion Accounts Payable in the Oracle Financials 24D release. The deeper integration with our transactional systems will allow us, and our customers, to source primary data for impact calculations. The solution also supports advanced emission factor management and introduces the Sustainability Ledger. This ledger will maintain records of sustainability activities, serving as a highly auditable source of truth for reporting and will mirror the rigor of a financial ledger with defined calendars, periods, and a closing process.

Among the most powerful features we plan to leverage in EPM are its Intelligent Performance Management capabilities, which demonstrates our commitment to delivering AI and machine learning out of the box. These capabilities will enable us to gain unique insights into our sustainability data by running predictive models based on actual data, helping us understand future impacts and facilitate timely interventions. Additionally, by using automated insights, we will be able to monitor organizational performance at a granular level, pinpointing critical areas for focus—such as data anomalies, forecast biases, and significant variations from predictions.

Conclusion

The need for data stewardship and transparent reporting will continue to intensify as organizations are impacted by climate change, evolving regulations, and shifting trends in sustainability. By moving away from spreadsheet dependency and data silos and leveraging Oracle's secure and reliable technology, sustainability professionals will be better able to develop business practices that deliver change to the organization. Oracle Cloud EPM helps integrate financial and nonfinancial data to fulfil more than just reporting requirements; it also helps you plan and manage your sustainability practices—now and into the future.

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