# Scaling Sustainability with SAP

## Harnessing ESG Data, Cloud ERP and AI to drive Sustainable Business

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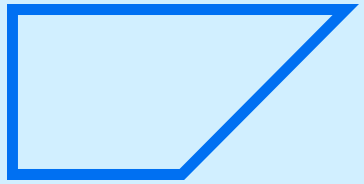
For all recent and planned innovations, potential data protection and privacy features include simplified deletion of personal data, reporting of personal data to an identified data subject, restricted access to personal data, masking of personal data, read access logging to special categories of personal data, change logging of personal data, and consent management mechanisms.

# Agenda



- ESG expectations
- Sustainability – a team sport
- Sustainability data journey
- ERP-centric sustainability
- Enterprise-wide approach
- Where to start

# ESG expectations continue to grow

ESG transparency along the value chain (scopes 1-3)

Data is based on averages instead of actuals and gathered manually with data quality problems

New and increasing ESG reporting requirements

There are over 600 different regulatory frameworks, standards, industry initiatives, and guidelines

Embedding sustainability in core business processes

Sustainability strategy is typically disconnected from corporate strategy and business models

RECORD

REPORT

ACT

# Regulatory frameworks are evolving quickly

## From optional to mandatory – and auditable

Global best practice for how organizations communicate and demonstrate accountability for their impacts on the environment, economy and people.

**GRI -> beyond climate, to nature and other factors**

CSRD will start to have impact in 2024; up to 50,000 companies within the EU need to start recording their sustainability impact.

**EU CSRD -> CBAM & EU DR**

Comprehensive global baseline of sustainability disclosures focused on the needs of investors and the financial markets.

**ISSB – IFRS S1 & S2 -> ASRS**

The Climate Corporate Data Accountability Act requires companies in California to report their Scope 1, 2, and 3 GHG emissions.

**SB253/SB261 -> SEC**

Regulators, jurisdictions and international standards to use TCFD's recommendations in development of climate related reporting standards.

**TCFD -> ISSB**

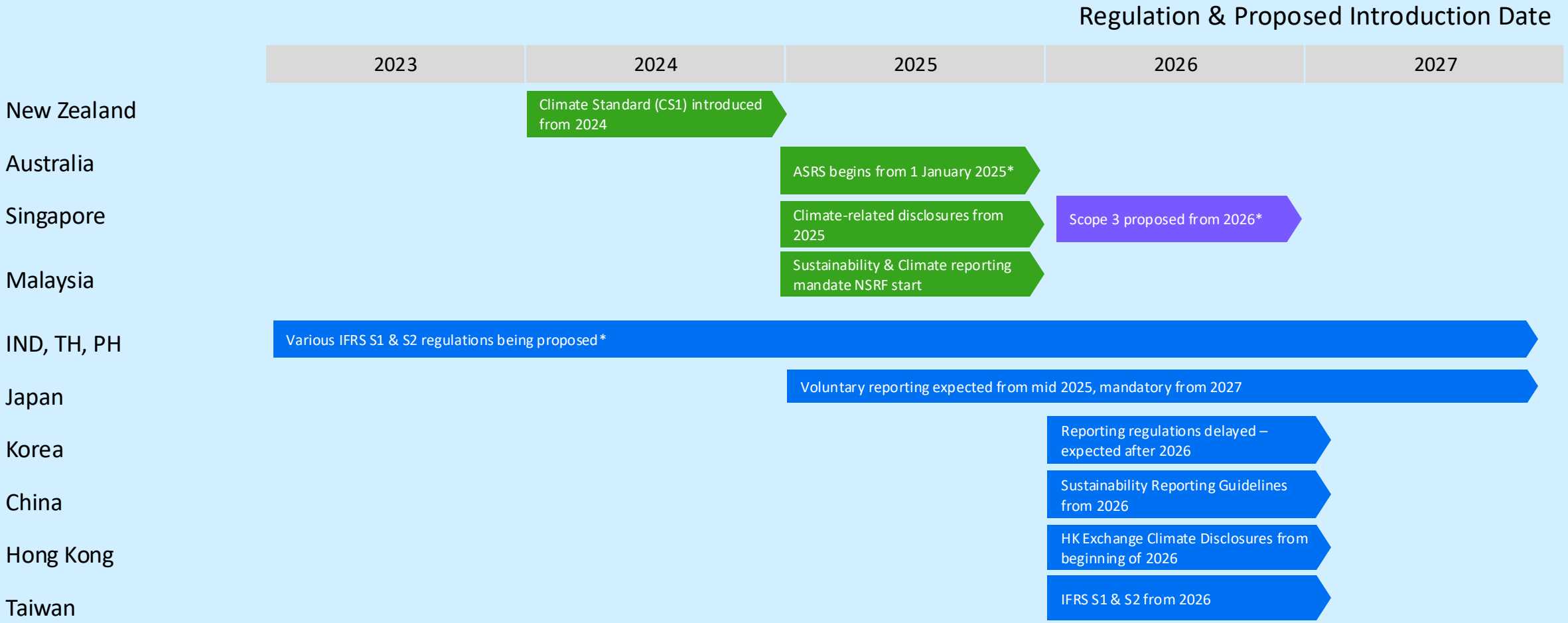


Audit-ready, granular data

Integrated reporting across carbon & financials

Simplified data management & reporting that scales as regulations evolve

# Most Asian markets are implementing IFRS S1 & S2 sustainability/climate disclosures




Source: Deloitte – Sustainability Reporting Readiness – September 2024

# Beyond corporate strategy & steering – perspectives by personas

## CFO

**Sustainability priorities**

How do I meet our sustainability targets and manage risk and cost of sustainability regulations?

**Outcomes needed**

Manage regulations and compliance while efficiently transitioning to sustainable growth with aligned financial and non-financial metrics and goals

## CPO

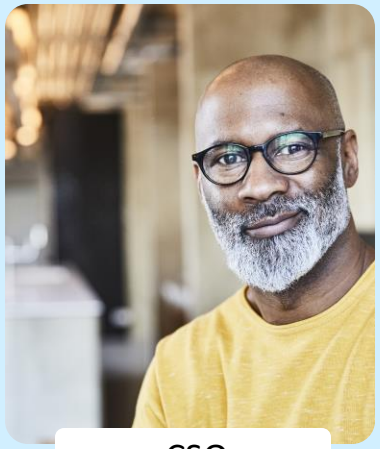
What can I do to manage suppliers in compliance with regulations?

Optimize supplier selection and comply with the regulations that matter to my business

## COO

How do I ensure sustainable resilient supply chains?

Operationalize your sustainability goals by embedding sustainability metrics across your supply chain



## CSO

Are we on track to deliver on sustainability performance?

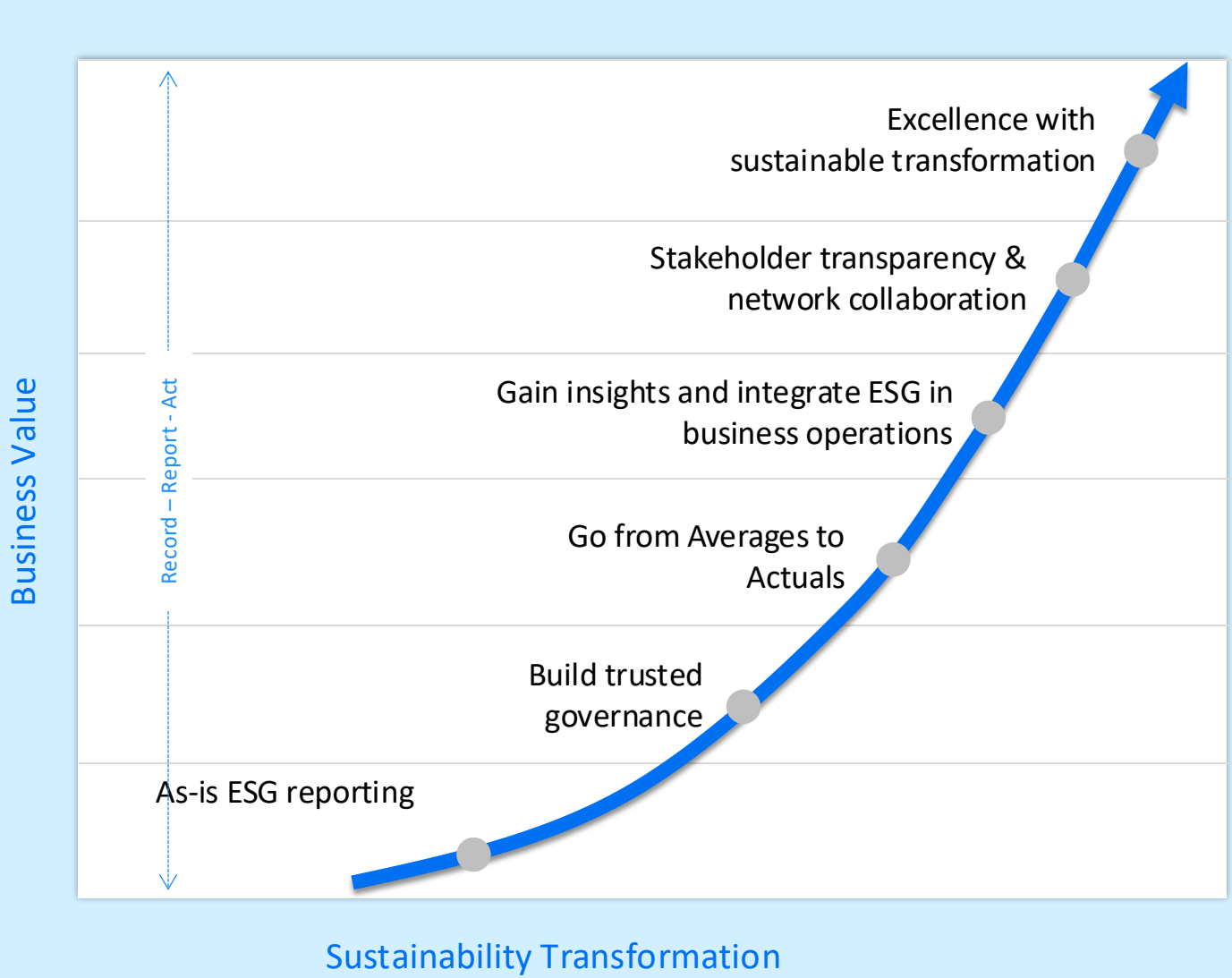
Manage sustainability goals and outcomes

## CIO

How do I integrate sustainability data whilst managing governance, cost and innovation needs?

Future-proof tech landscape; integrate sustainability data, apps and governance

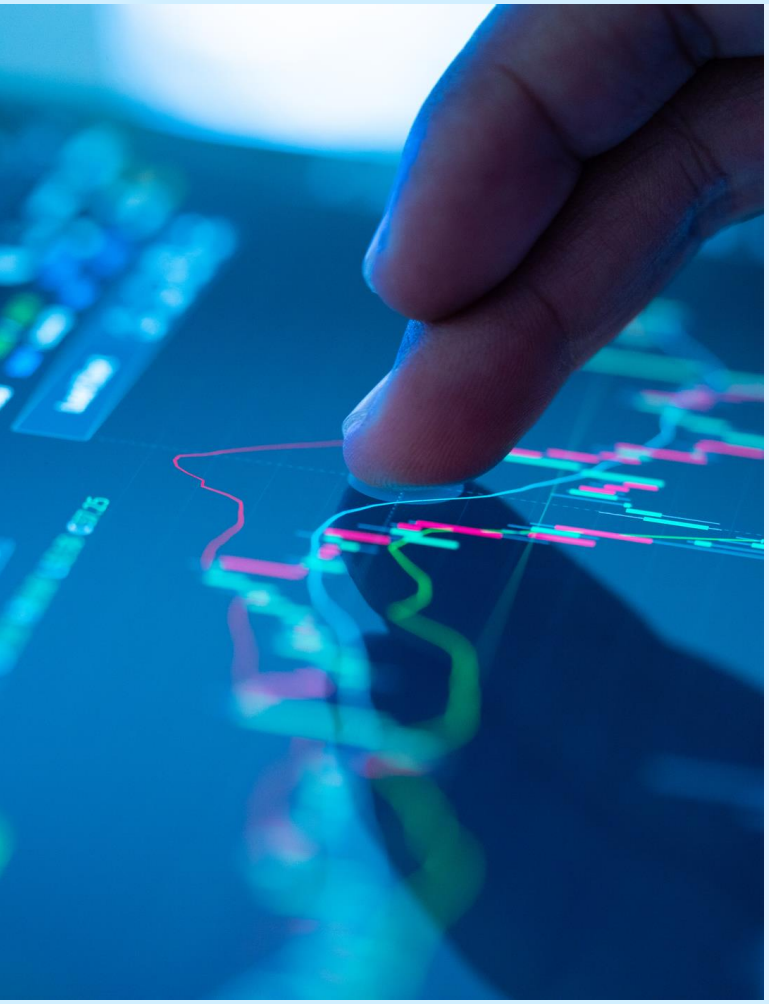
# Sustainability data – best practice journey




## Capabilities

| | |
|---|---|
| Excellence with sustainable transformation | Scenario analysis (initiatives, targets, forecasting, planning); targeted action with a dedicated view on business areas' ESG performance |
| Stakeholder transparency & network collaboration | Transparency into material value and risks with ability to extend solution via ecosystem |
| Gain insights and integrate ESG in business operations | ESG integrated within business operations e.g. KPIs integrated with financial periods & reports |
| Go from Averages to Actuals | Right level of data granularity, secondary to primary data, more automated data collection |
| Build trusted governance | Solution with integrated audit & assurance, workflow and approvals |
| As-is ESG reporting | Environmental reporting using current data collection and reporting tools |

# Why Cloud ERP-Centric Sustainability?



## Go Beyond Reporting: Transforming Sustainability Insights into Action

**Status Reports are Only Snapshots**
Last-mile, high-level reporting on sustainability metrics provides valuable information but only offers a momentary view, leaving out crucial insights into why gaps exist.

**Understanding the Gaps**
Achieving sustainability goals requires identifying gaps between current status and targets by uncovering root causes like inefficiencies, supply chain issues, or operational misalignments.

**Driving Impactful Change**
Closing sustainability gaps requires granular, real-time data connecting business processes and sustainability metrics for continuous monitoring, timely intervention, and improvement.

# Automated ESG Report Generation

Save time & effort, while using reliable data with AI

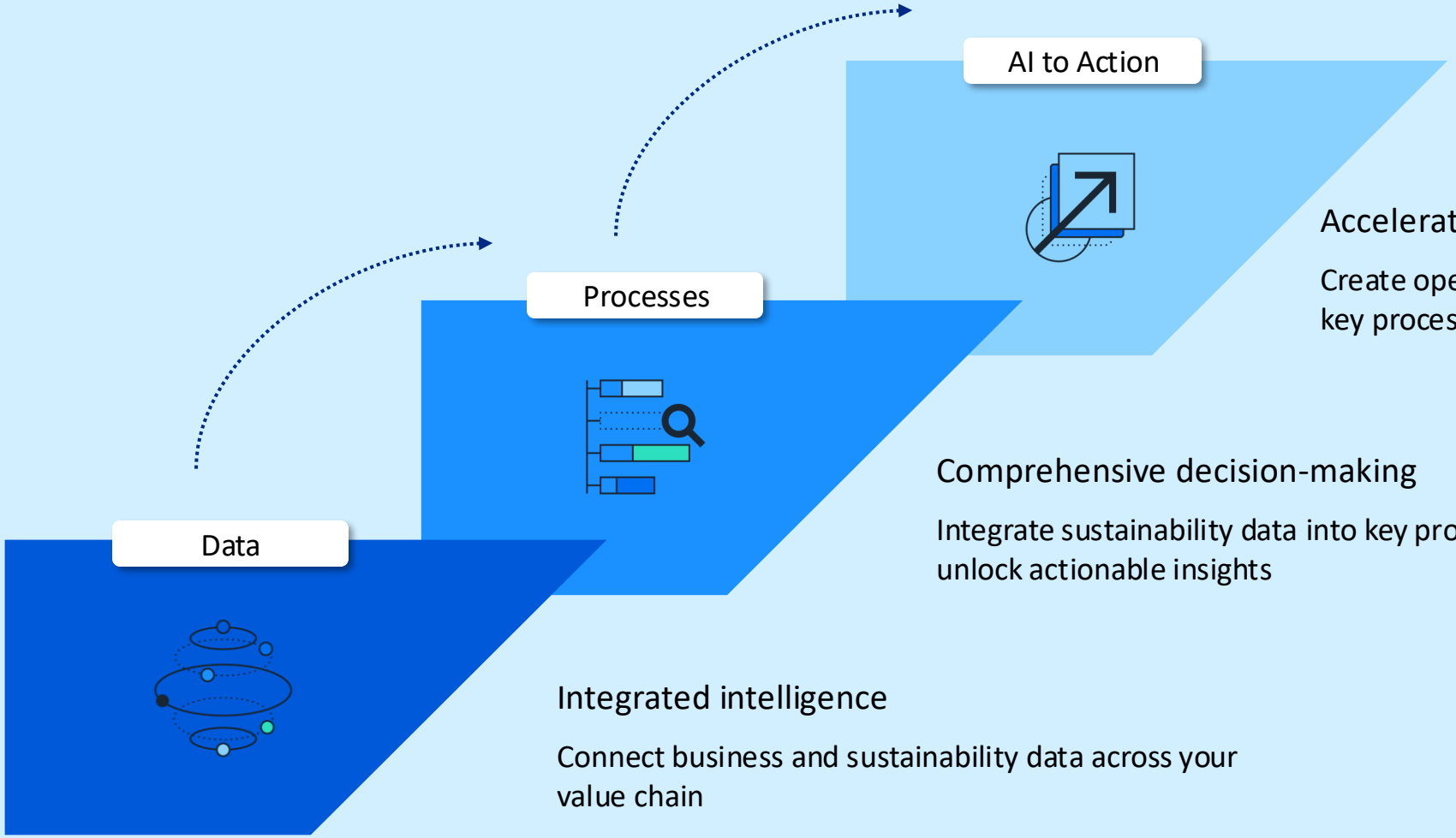
**98%**
reduction in time needed to collect relevant ESG metrics

**80%**
reduction in time needed to generate a draft report

**Generate** comprehensive sustainability reports with best practice templates, generative AI text, and SAP and non-SAP data

# SAP Business Suite unlocks enterprise sustainability

SAP Sustainability solutions integrate with ERP and Applications drive your business forward




## Accelerated transition

Create operational efficiencies by automating key processes and leveraging AI tools

## Comprehensive decision-making

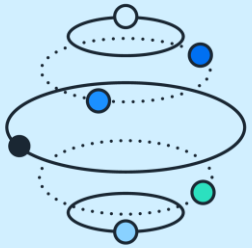
Integrate sustainability data into key processes and unlock actionable insights

## Integrated intelligence

Connect business and sustainability data across your value chain

# Integrated intelligence

Connect business and sustainability data across your value chain



## Leverage and extend existing data

Break down data siloes to establish a clean core with an end-to-end sustainability data foundation.

## Accelerate with AI

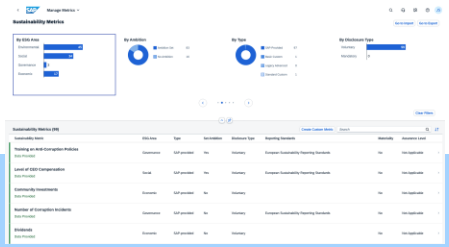
Streamline data preparation, automate manual processes and unlock insights with AI to enhance accuracy, minimize risks, and accelerate ESG compliance.

## Audit-ready and transparent

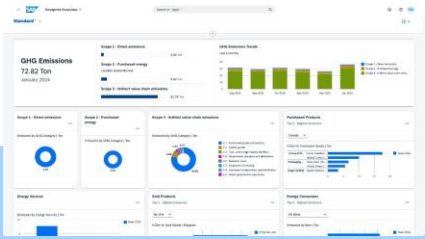
Use granular and traceable ERP data for transparent and audit-ready disclosures, compliance and risk management.

## Business capabilities

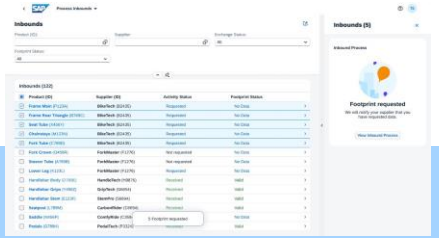
### Metric calculation and management



### Product and Corporate carbon footprint calculation




### Supply chain data exchange



# Comprehensive decision-making

Integrate sustainability data into core processes so you can make the right decisions in real time

## Contextualized data

Connect, validate, and contextualize the highly complex and variable data sources across the enterprise to integrate sustainability into key processes and unlock actionable insights.

## ERP-embedded capabilities

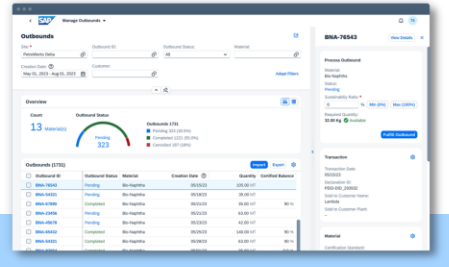
Enable quicker and more informed decisions with embedded ESG reporting, carbon accounting and environmental health & safety capabilities that support your sustainable business goals.

## Ready for change

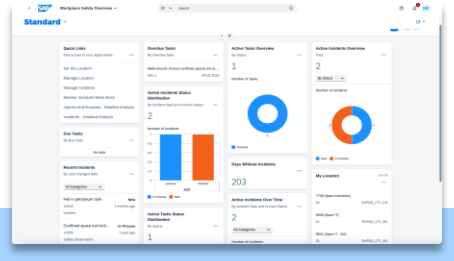
Respond to a rapidly changing sustainability landscape with AI-enabled, cloud-based solutions, enabling agile, scalable responses to regulatory and market developments.

## Business capabilities

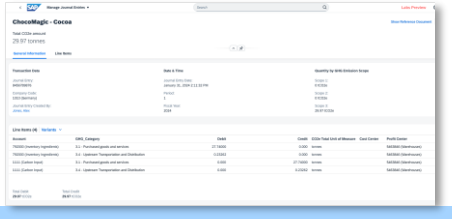
### Materials lifecycle assessment



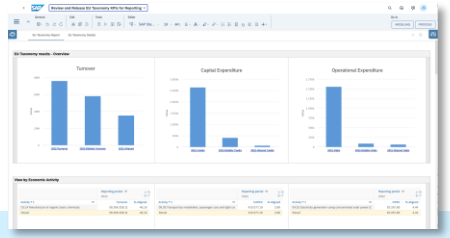
### Workplace Safety



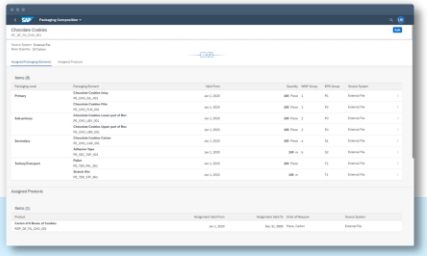
### Carbon accounting



### Regulatory compliance



### Extended Producer Responsibility



# Accelerated transition

Elevate your environmental and social outcomes while growing your business in a modern, low-carbon, circular economy

## Streamline sustainable operations

Create operational efficiencies by automating key processes and leveraging AI tools to reduce carbon and material usage along the value chain.

## Measure and adapt

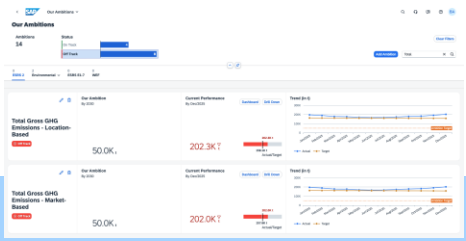
Accurately measure the financial and sustainability implications of your decisions and align your strategic, operational, procurement, and design processes.

## Proactively transform

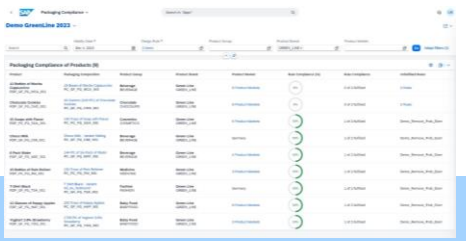
Transition to a sustainable business by acting on new regulations and enhancing supply chain resilience to proactively prepare for physical climate risk while accelerating growth.

## Business capabilities

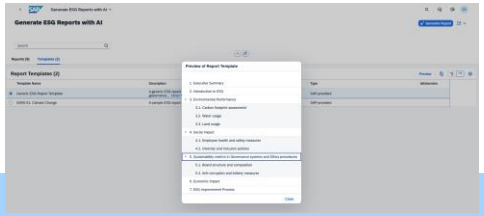
### Target setting and monitoring




### Design rules management




### AI-assisted report generation



# Identify Scope 3 Emissions Effectively

## Automating Emissions Factor Mapping with AI

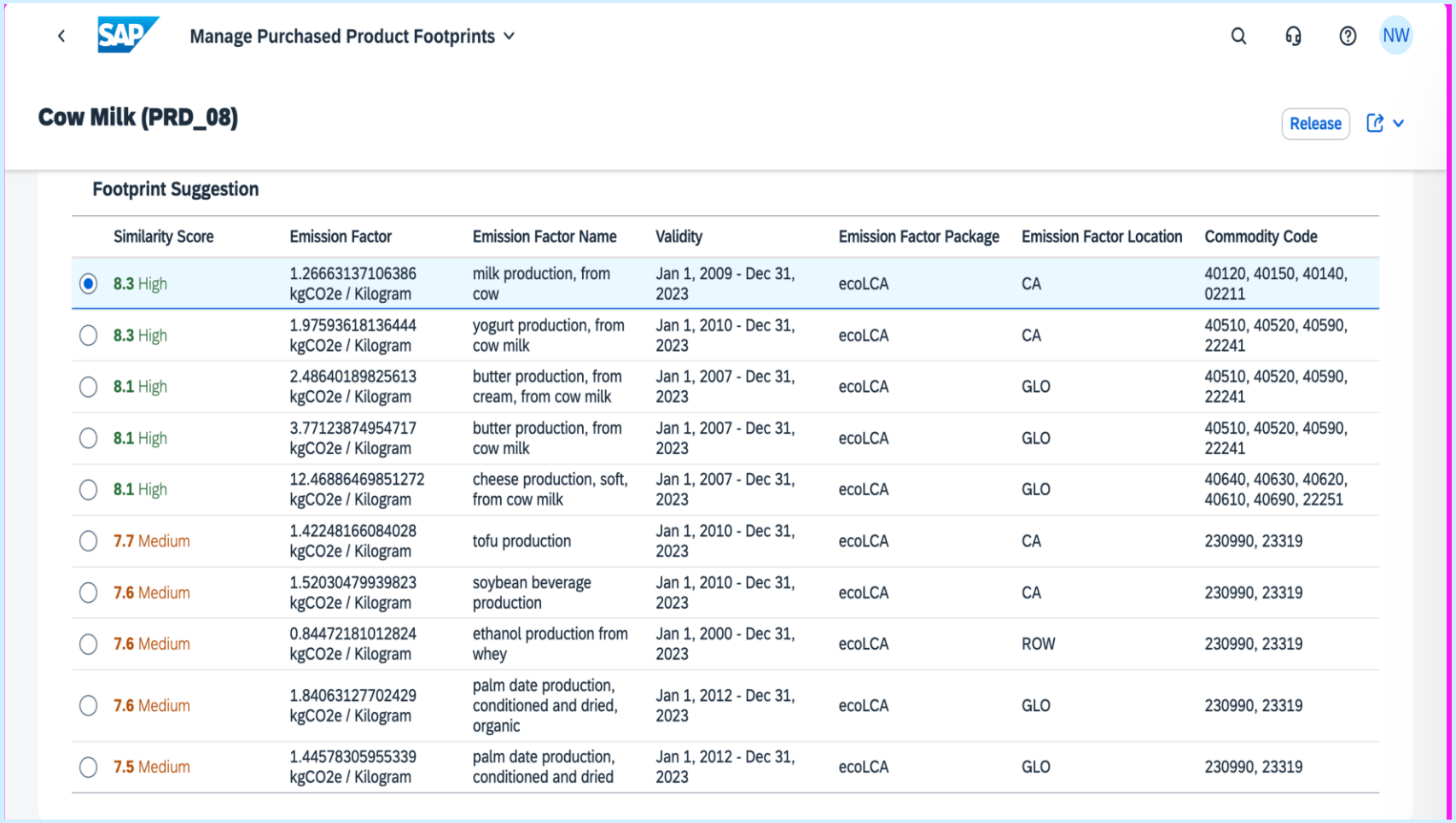
**80%**
reduction in time and effort

### Challenges

- Thousands of purchased products, materials and suppliers
- Suppliers unable to provide product carbon footprint

### Solution

- Use SAP AI Assistant to identify matching emissions factors from LCA* databases




| Similarity Score | Emission Factor | Emission Factor Name | Validity | Emission Factor Package | Emission Factor Location | Commodity Code |
|---|---|---|---|---|---|---|
| 8.3 High | 1.26663137106386 kgCO2e / Kilogram | milk production, from cow | Jan 1, 2009 - Dec 31, 2023 | ecoLCA | CA | 40120, 40150, 40140, 02211 |
| 8.3 High | 1.97593618136444 kgCO2e / Kilogram | yogurt production, from cow milk | Jan 1, 2010 - Dec 31, 2023 | ecoLCA | CA | 40510, 40520, 40590, 22241 |
| 8.1 High | 2.48640189825613 kgCO2e / Kilogram | butter production, from cream, from cow milk | Jan 1, 2007 - Dec 31, 2023 | ecoLCA | GLO | 40510, 40520, 40590, 22241 |
| 8.1 High | 3.77123874954717 kgCO2e / Kilogram | butter production, from cow milk | Jan 1, 2007 - Dec 31, 2023 | ecoLCA | GLO | 40510, 40520, 40590, 22241 |
| 8.1 High | 12.46886469851272 kgCO2e / Kilogram | cheese production, soft, from cow milk | Jan 1, 2007 - Dec 31, 2023 | ecoLCA | GLO | 40640, 40630, 40620, 40610, 40690, 22251 |
| 7.7 Medium | 1.42248166084028 kgCO2e / Kilogram | tofu production | Jan 1, 2010 - Dec 31, 2023 | ecoLCA | CA | 230990, 23319 |
| 7.6 Medium | 1.52030479939823 kgCO2e / Kilogram | soybean beverage production | Jan 1, 2010 - Dec 31, 2023 | ecoLCA | CA | 230990, 23319 |
| 7.6 Medium | 0.84472181012824 kgCO2e / Kilogram | ethanol production from whey | Jan 1, 2000 - Dec 31, 2023 | ecoLCA | ROW | 230990, 23319 |
| 7.6 Medium | 1.84063127702429 kgCO2e / Kilogram | palm date production, conditioned and dried, organic | Jan 1, 2012 - Dec 31, 2023 | ecoLCA | GLO | 230990, 23319 |
| 7.5 Medium | 1.44578305955339 kgCO2e / Kilogram | palm date production, conditioned and dried | Jan 1, 2012 - Dec 31, 2023 | ecoLCA | GLO | 230990, 23319 |

# Elevate your outcomes while growing your business

Deliver value to your customers, investors and wider ecosystem


Sustainable business value

"Managing financial and other sustainability data in an ERP-centric, cloud-based, AI-enabled solution can help **meet rising requirements and future-proof the business.**"

IDC Infobrief: "Boost your Sustainability Performance with ERP-Centric, AI-Driven Solutions, Assessment"

# The Cloud ERP Centric Sustainability Journey

Elevate and accelerate sustainability transformation with SAP cloud ERP

## Start Now

Establish a foundation of accurate, reliable sustainability data for regulatory compliance.

- Simple
- Reliable
- Efficient

## Expand and Evolve

Build a future-proof sustainability platform for integrated, data-driven decision making, target setting, and progress tracking.

- Investor trust
- Executive compensation
- Stakeholder sentiment

## Act and Lead

Empower transactional-level sustainability decisions across ERP business processes, and lead the way in making impactful change.

- Transactional level decisions
- New products and services
- Continuous innovation

A holistic sustainability strategy, embedded at the core of the business with cloud ERP, transforms disruption into a competitive advantage.

# Thank you.

Contact information:

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