USAGE OF SAC IN RICHEMONT CSR

SAP BTP EVENT – LAUSANNE, 6TH OCTOBER 2022

RICHEMONT

RICHEMONT INTRODUCTION

- Richemont, founded in 1988, is one of the world's leading luxury goods groups.
- User of many SAP solutions.
- Early adopter of SAC for reporting, now stepping into planning.

Jewellery
Maisons

BUCCELLATI Cartier Van Cleef & Arpels

Specialist
Watchmakers

A. LANGE & SÖHNE JAEGER-LECOULTRE ROGER DUBUIS
BAUME & MERCIER PANERAI VACHERON CONSTANTIN
IWC SCHAFFHAUSEN PIAGET

Online
Distributors

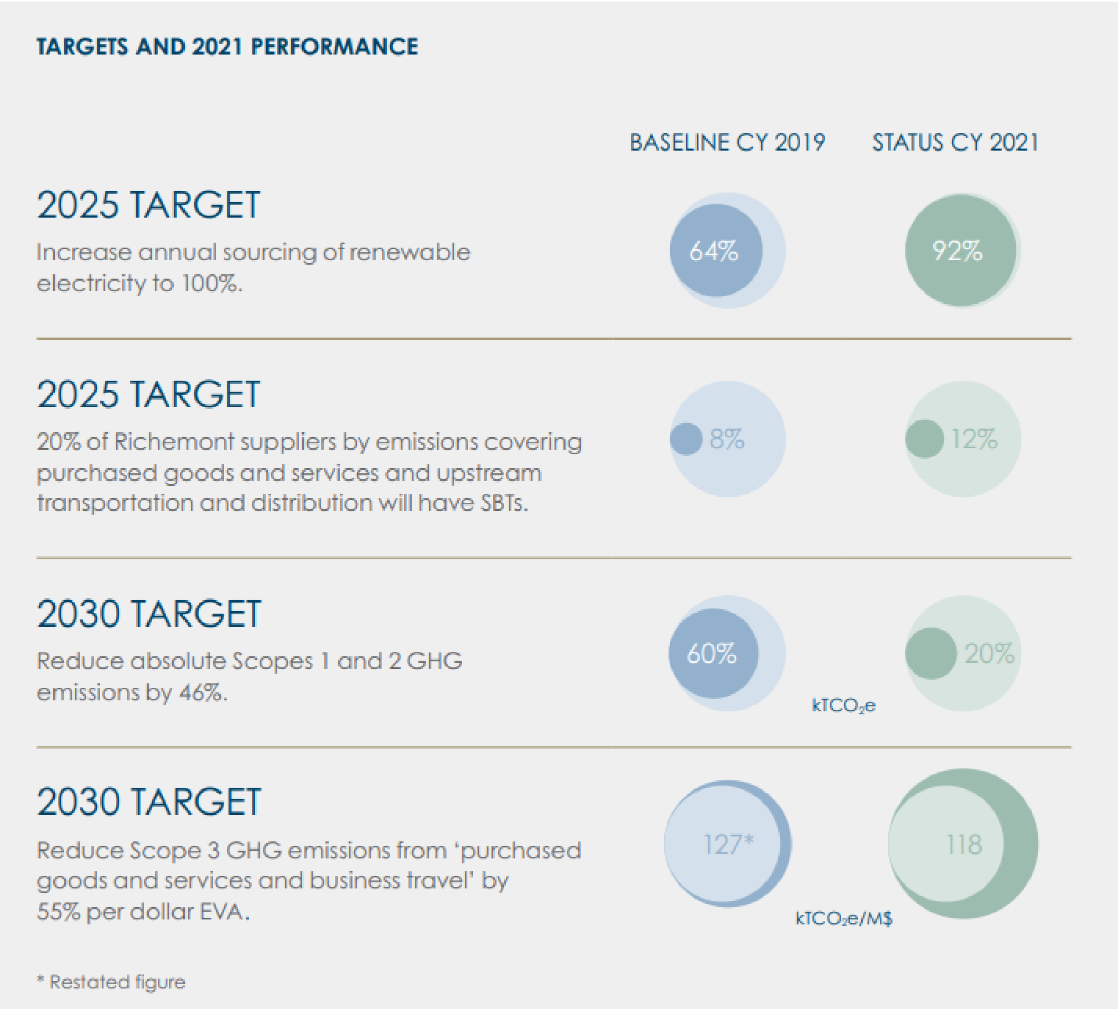
MR PORTER NET-A-PORTER ONLINE FLAGSHIP STORES
WATCHFINDER&Co. THE OUTNET YOOX

Fashion
& Accessories / Other

ALAÏA Chloé PETER MILLAR
dunhill DELVAUX PURDEY
AZ FACTORY MONTBLANC SERAPIAN MILANO

RICHEMONT ENVIRONMENT TARGETS

- Sustainability is an important area within Richemont.
- There are clear processes both for:
  - Data collection of situation as-is
  - Mitigation measures for to-be



TARGETS AND 2021 PERFORMANCE

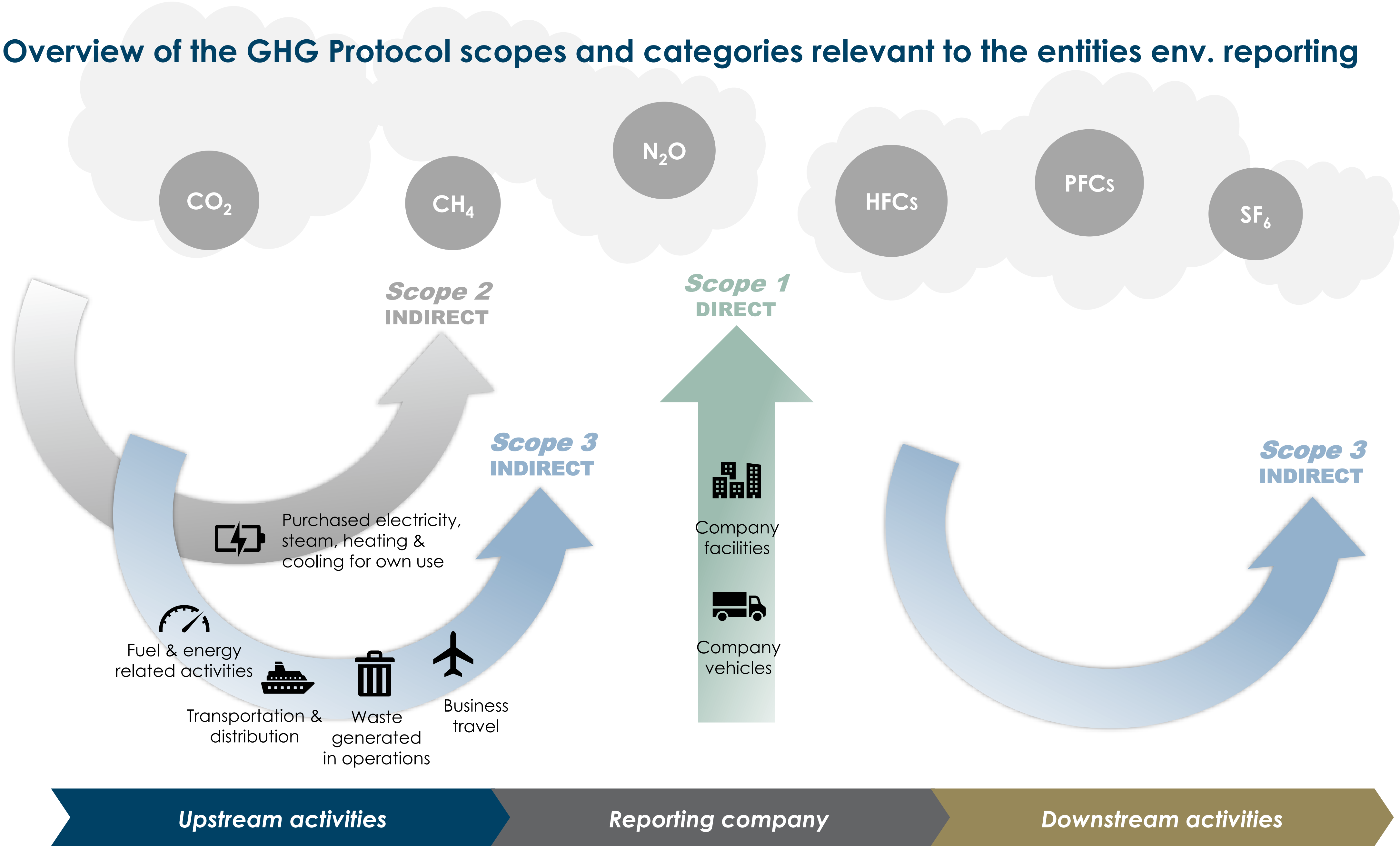
	BASELINE CY 2019	STATUS CY 2021	
2025 TARGET Increase annual sourcing of renewable electricity to 100%.	64%	92%	
2025 TARGET 20% of Richemont suppliers by emissions covering purchased goods and services and upstream transportation and distribution will have SBTs.	8%	12%	
2030 TARGET Reduce absolute Scopes 1 and 2 GHG emissions by 46%.	60%	20%	kTCO$_2$e
2030 TARGET Reduce Scope 3 GHG emissions from 'purchased goods and services and business travel' by 55% per dollar EVA.	127*	118	kTCO$_2$e/M$

* Restated figure

CSR TOOL USAGE IN SAC

- Group CSR is monitoring and managing the **Carbon Dioxide emissions** across all activities (Fuel; Diamonds and Gemstones; Office Supplies; Buildings; IT Equipment; Business Travel; etc)
- Local entities and maison headquarters are requested to keep track of all their activities/consumption and input them in screens that we developed in SAC
- There are converted into Carbon Dioxide equivalent using some logic based on coefficient factors
- There is an integrated report that aggregates all data

Overview of the GHG Protocol scopes and categories relevant to the entities env. reporting



CO_2 CH_4 N_2O HFCs PFCs SF_6

Scope 2
INDIRECT

Purchased electricity, steam, heating & cooling for own use

Scope 3
INDIRECT

Fuel & energy related activities

Transportation & distribution

Waste generated in operations

Business travel

Scope 1
DIRECT

Company facilities

Company vehicles

Scope 3
INDIRECT

Upstream activities

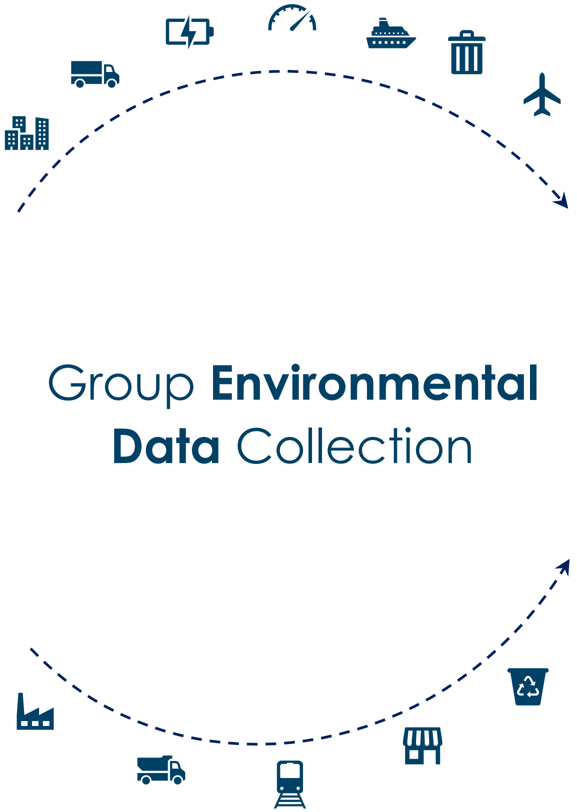
Reporting company

Downstream activities

ENVIRONMENTAL REPORTING DATA COLLECTION DIVIDED IN 2 FLOWS

120
Financial Entities

26
Maisons



Group **Environmental Data** Collection

SEM

SAC

2 SAP tools to report data

EY

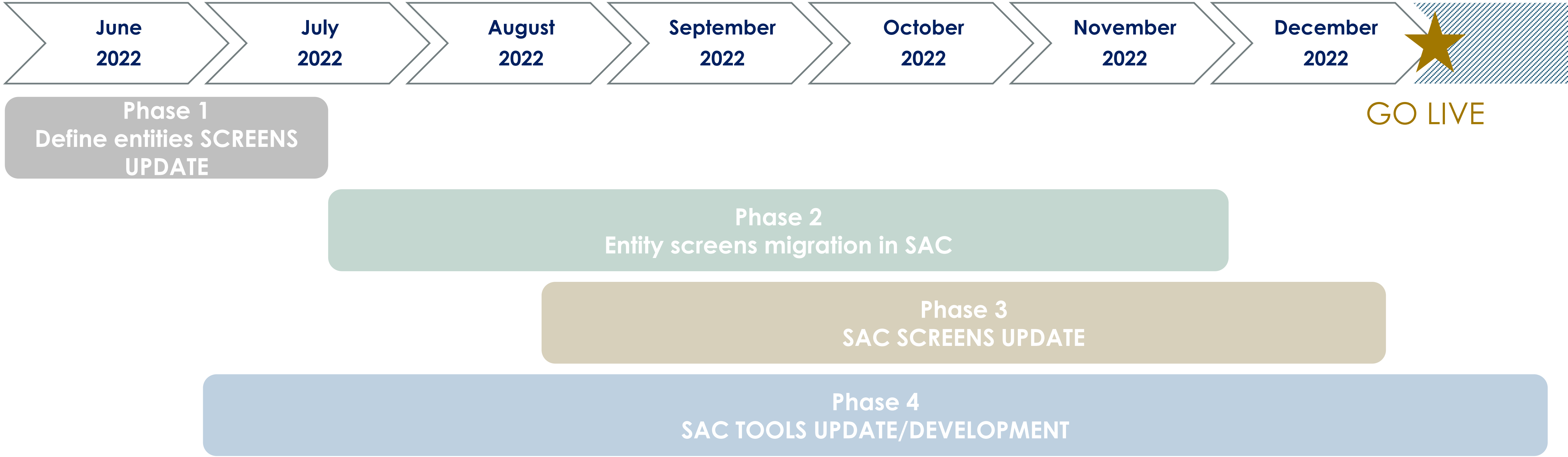
Annual audit

PAIN POINTS AND BENEFITS OF TRANSITION INTO SAC

PROBLEM STATEMENT

- It will avoid duplicated tasks (Maintenance, analysis queries…) or duplicated developed (restatement, timing dimension…)
- It will allow compatibility with all existing environmental features (SBT action plan tracker, SBT monitoring tool,…).
- It will increase env reporting efficiency (licences, system,…)
- It will avoid confusion by having one central system for all carbon figures and analysis.
- SEM will become obsolete in a couple of years.

PROJECT HIGH LEVEL ROADMAP



June 2022

July 2022

August 2022

September 2022

October 2022

November 2022

December 2022

GO LIVE

Phase 1
Define entities SCREENS UPDATE

Phase 2
Entity screens migration in SAC

Phase 3
SAC SCREENS UPDATE

Phase 4
SAC TOOLS UPDATE/DEVELOPMENT

NUMBER OF USERS AND GROWTH (IN SAC)

- For pure reporting
  - ~20 000 total users
  - ~800 active users every working day

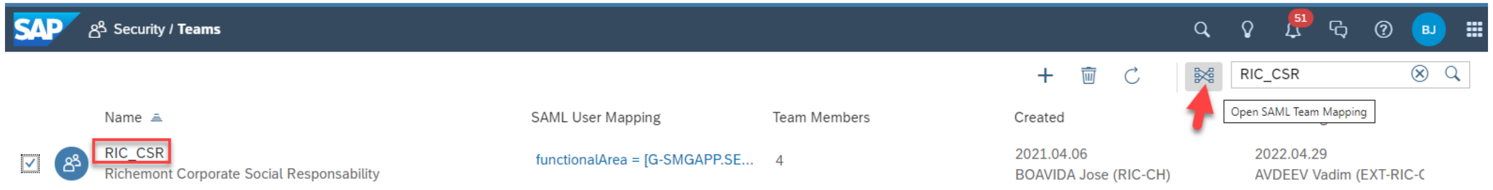
- For planning (specifically in CSR)
  - Last Fiscal Year: ~60 total users
  - This Fiscal Year: ~300 total users expected

TECHNICAL POINTS

- **Authorizations**
- **Data Locking**
- **Integration of sensitive financial actuals**
- **Restatements**
- **Allocations**
- **Submission status monitoring**
- **Commitments tracking**

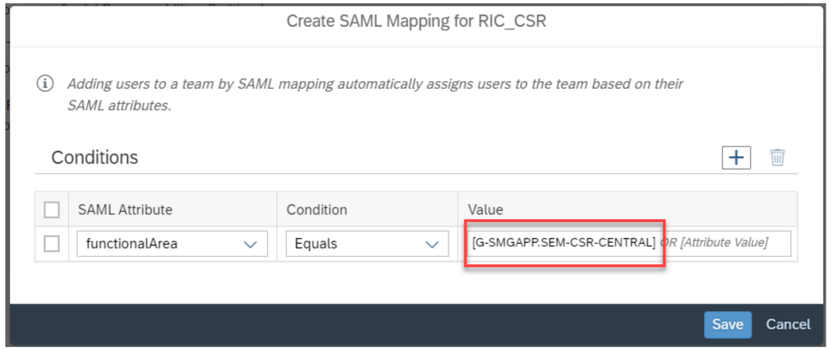
TECHNICAL POINTS

- **Authorizations** – Managed via SAML mappings - from Active Directory groups



RIC_CSR

	Name	SAML User Mapping	Team Members	Created	
☑	RIC_CSR Richemont Corporate Social Responsability	functionalArea = [G-SMGAPP.SE...	4	2021.04.06 BOAVIDA Jose (RIC-CH)	2022.04.29 AVDEEV Vadim (EXT-RIC-(



Create SAML Mapping for RIC_CSR

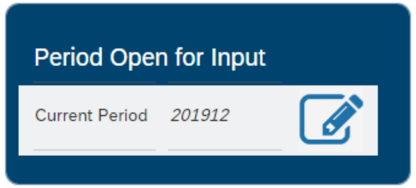
Adding users to a team by SAML mapping automatically assigns users to the team based on their SAML attributes.

Conditions

☐	SAML Attribute	Condition	Value
☐	functionalArea	Equals	[G-SMGAPP.SEM-CSR-CENTRAL] *OR [Attribute Value]*

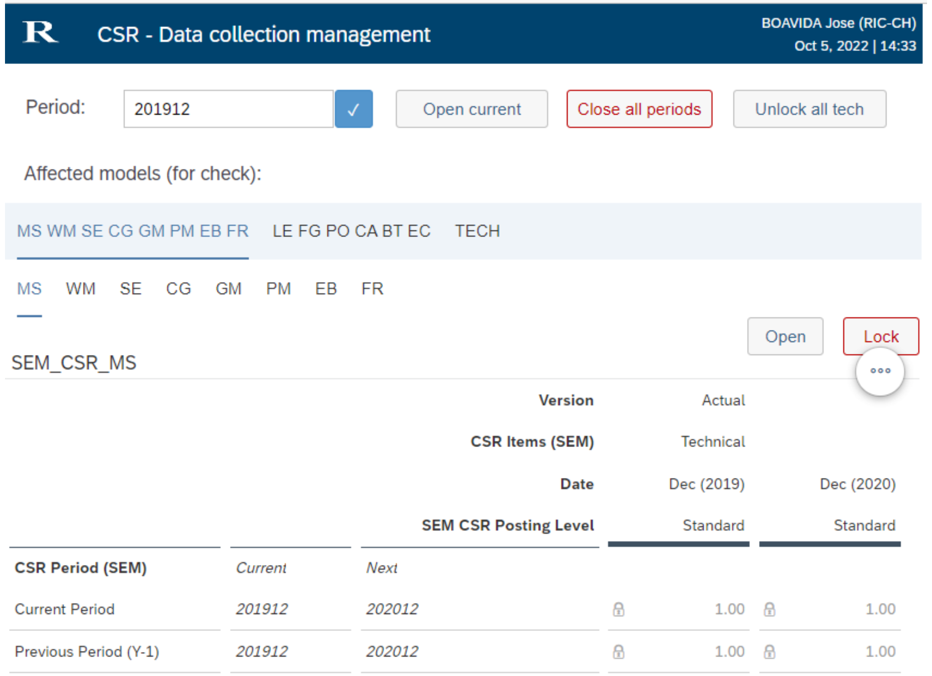
TECHNICAL POINTS

- **Data Locking** – Custom made application to affect multiple models at once



Period Open for Input

Current Period *201912*



CSR - Data collection management

BOAVIDA Jose (RIC-CH)
Oct 5, 2022 | 14:33

Period: 201912 ✓

Open current
Close all periods
Unlock all tech

Affected models (for check):

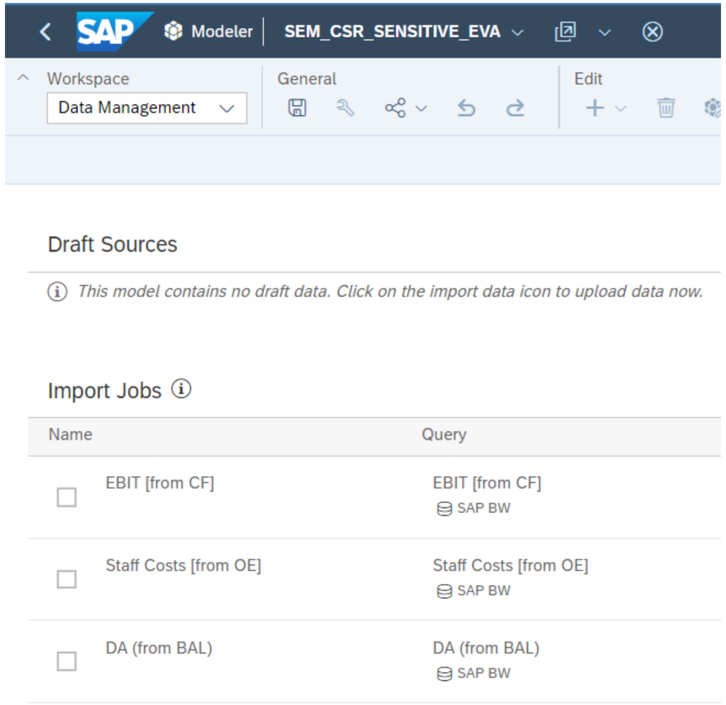
MS WM SE CG GM PM EB FR
LE FG PO CA BT EC
TECH
MS
WM
SE
CG
GM
PM
EB
FR
Open
Lock

SEM_CSR_MS

		Version	Actual	
		CSR Items (SEM)	Technical	
		Date	Dec (2019)	Dec (2020)
		SEM CSR Posting Level	Standard	Standard
CSR Period (SEM)	*Current*	*Next*		
Current Period	*201912*	*202012*	🔒 1.00	🔒 1.00
Previous Period (Y-1)	*201912*	*202012*	🔒 1.00	🔒 1.00

TECHNICAL POINTS

- **Integration of sensitive financial actuals** – Intermediary model before main model
    - Intermediary model with more granularity, some calculations, just for IT
    - Main model less sensitive, normal users can access it


SAP
Modeler
SEM_CSR_SENSITIVE_EVA
Workspace
General
Edit

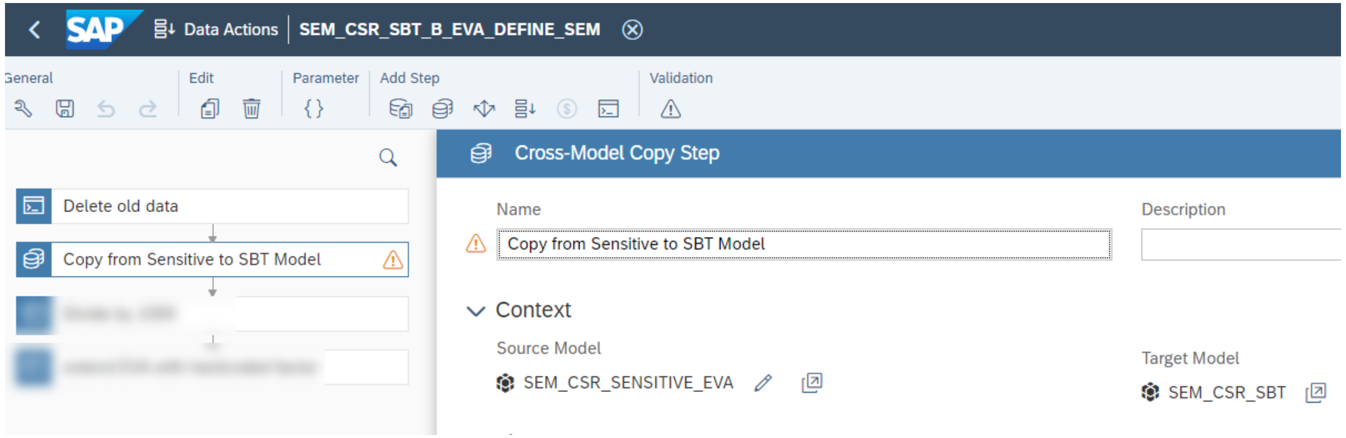
Workspace: Data Management

Draft Sources

This model contains no draft data. Click on the import data icon to upload data now.

Import Jobs

	Name	Query
☐	EBIT [from CF]	EBIT [from CF] SAP BW
☐	Staff Costs [from OE]	Staff Costs [from OE] SAP BW
☐	DA (from BAL)	DA (from BAL) SAP BW


SAP
Data Actions
SEM_CSR_SBT_B_EVA_DEFINE_SEM
General
Edit
Parameter
Add Step
Validation

Delete old data

Copy from Sensitive to SBT Model

Cross-Model Copy Step

Name: Copy from Sensitive to SBT Model

Description:

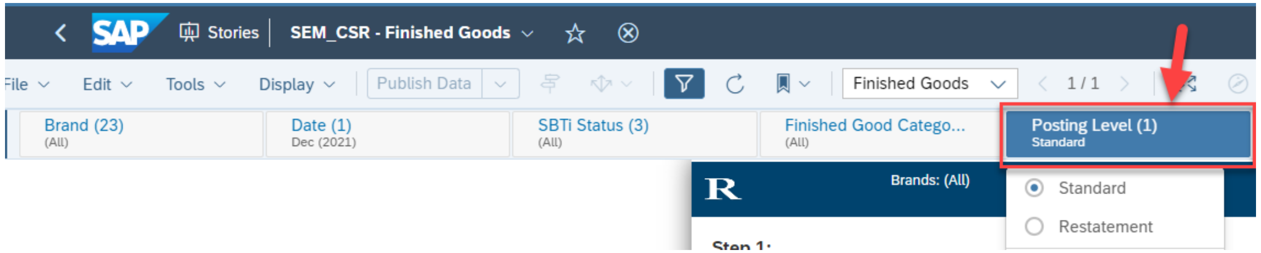
Context

Source Model: SEM_CSR_SENSITIVE_EVA

Target Model: SEM_CSR_SBT

TECHNICAL POINTS

- **Restatements** – Concept of posting level


SAP
Stories
SEM_CSR - Finished Goods
File
Edit
Tools
Display
Publish Data
Finished Goods
1 / 1
R
Brands: (All)
Step 1:

Brand (23)
(All)

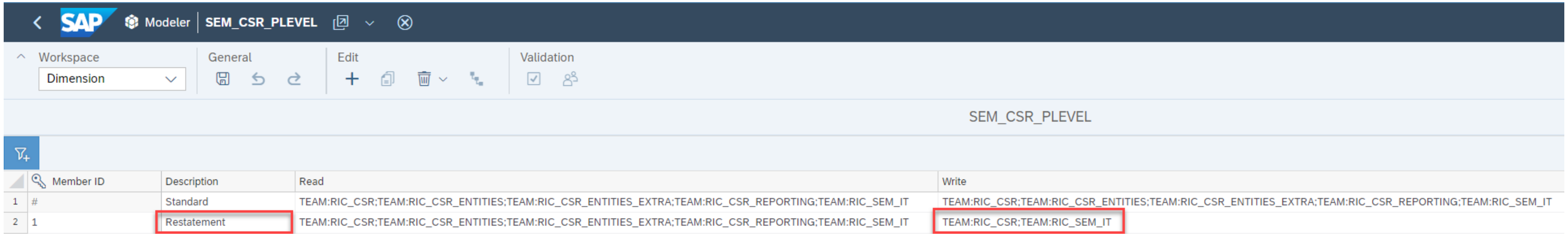
Date (1)
Dec (2021)

SBTi Status (3)
(All)

Finished Good Catego...
(All)

Posting Level (1)
Standard

● Standard
○ Restatement


SAP
Modeler
SEM_CSR_PLEVEL
Workspace
Dimension
General
Edit
Validation
SEM_CSR_PLEVEL

	Member ID	Description	Read	Write
1	#	Standard	TEAM:RIC_CSR;TEAM:RIC_CSR_ENTITIES;TEAM:RIC_CSR_ENTITIES_EXTRA;TEAM:RIC_CSR_REPORTING;TEAM:RIC_SEM_IT	TEAM:RIC_CSR;TEAM:RIC_CSR_ENTITIES;TEAM:RIC_CSR_ENTITIES_EXTRA;TEAM:RIC_CSR_REPORTING;TEAM:RIC_SEM_IT
2	1	Restatement	TEAM:RIC_CSR;TEAM:RIC_CSR_ENTITIES;TEAM:RIC_CSR_ENTITIES_EXTRA;TEAM:RIC_CSR_REPORTING;TEAM:RIC_SEM_IT	TEAM:RIC_CSR;TEAM:RIC_SEM_IT

TECHNICAL POINTS

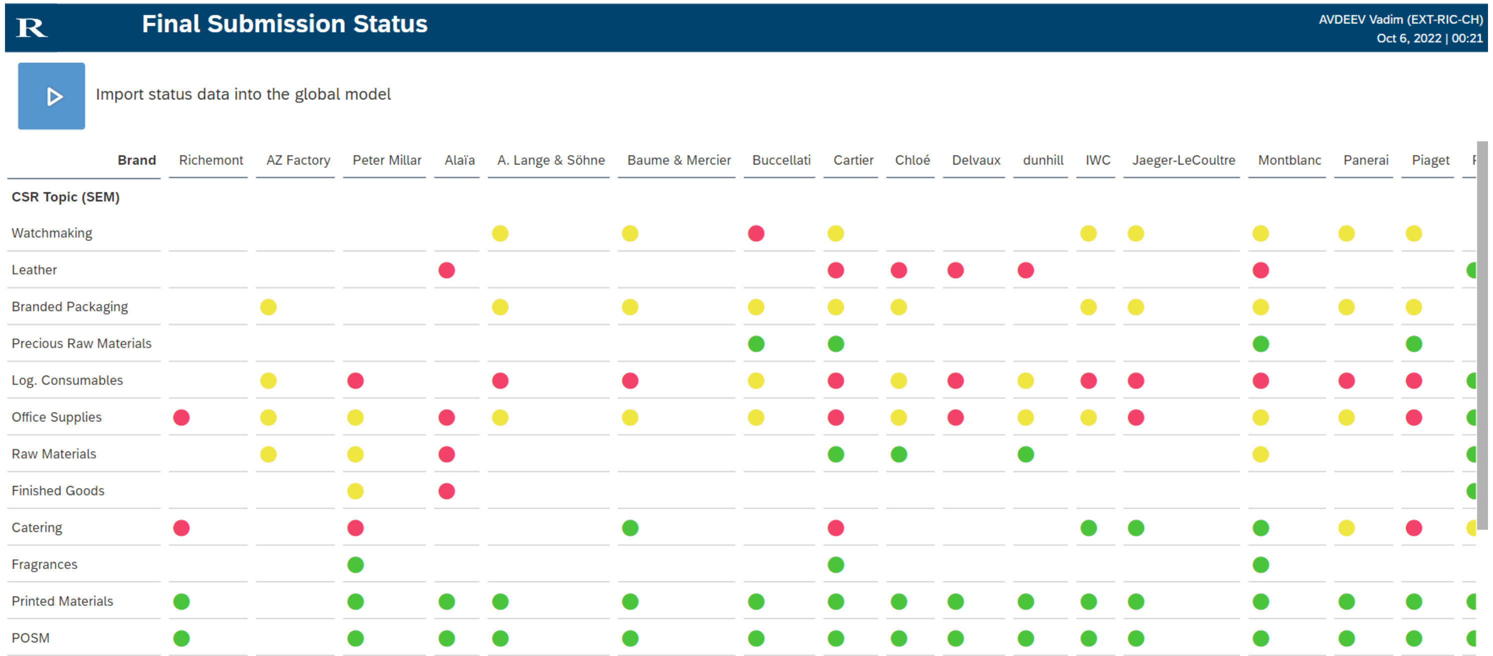
- **Allocations** – number of tracked CSR topics require distribution of produced emissions
  - E.g. Employees from multiple Maisons share the same building
  - Gathered emission generating data are valorized and emissions are proportionally allocated to the corresponding Maisons based
  - Multiple allocation keys – **FTE** for buildings related, **Expense** data for travels, etc.

TECHNICAL POINTS

- **Submission status monitoring** – matrix of CSR topics & Maisons for central team
  - **1.** Not started, **2.** In progress, **3.** Completed (+ 0. Not tracked)
  - Valorization pushes from 1. to 2.
  - Validation from 2. to 3.
  - Tracked in each topic

Status:

Cartier 🔴



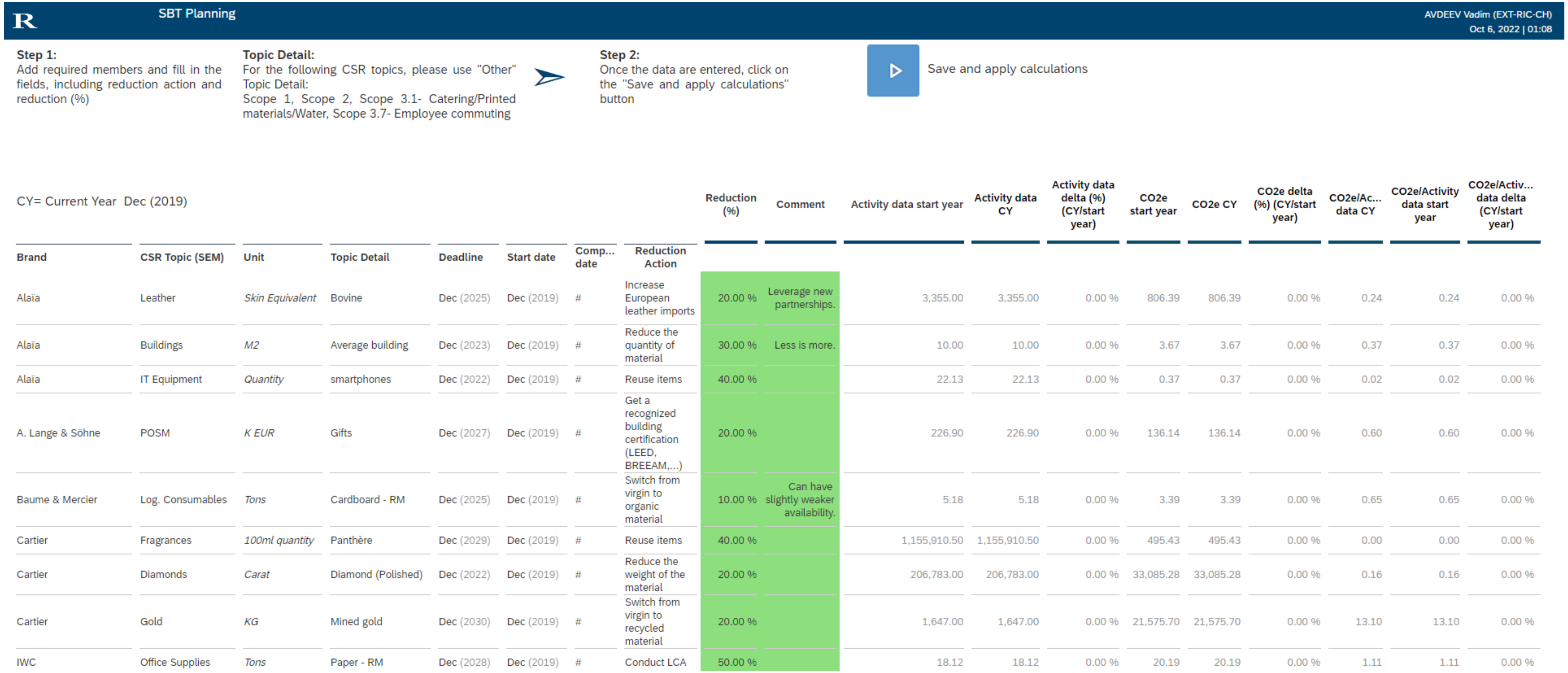
Final Submission Status

AVDEEV Vadim (EXT-RIC-CH)
Oct 6, 2022 | 00:21

Brand	Richemont	AZ Factory	Peter Millar	Alaïa	A. Lange & Söhne	Baume & Mercier	Buccellati	Cartier	Chloé	Delvaux	dunhill	IWC	Jaeger-LeCoultre	Montblanc	Panerai	Piaget	
CSR Topic (SEM)																	
Watchmaking					🟡	🟡	🔴	🟡				🟡	🟡	🟡	🟡	🟡	
Leather				🔴				🔴	🔴	🔴	🔴			🔴			🟢
Branded Packaging		🟡			🟡	🟡	🟡	🟡	🟡			🟡	🟡	🟡	🟡	🟡	
Precious Raw Materials							🟢	🟢						🟢		🟢	
Log. Consumables		🟡	🔴		🔴	🔴	🟡	🔴	🟡	🔴	🟡	🔴	🔴	🔴	🔴	🔴	🟢
Office Supplies	🔴	🟡	🟡	🔴	🟡	🟡	🟡	🔴	🟡	🔴	🟡	🟡	🔴	🟡	🟡	🔴	🟢
Raw Materials		🟡	🟡	🔴				🟢	🟢		🟢			🟡			🟢
Finished Goods			🟡	🔴													🟢
Catering	🔴		🔴			🟢		🔴				🟢	🟢	🟢	🟡	🔴	🟡
Fragrances			🟢					🟢						🟢			
Printed Materials	🟢		🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
POSM	🟢		🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢

TECHNICAL POINTS

- **Commitments tracking** – actions taken by maison to reduce generated emissions



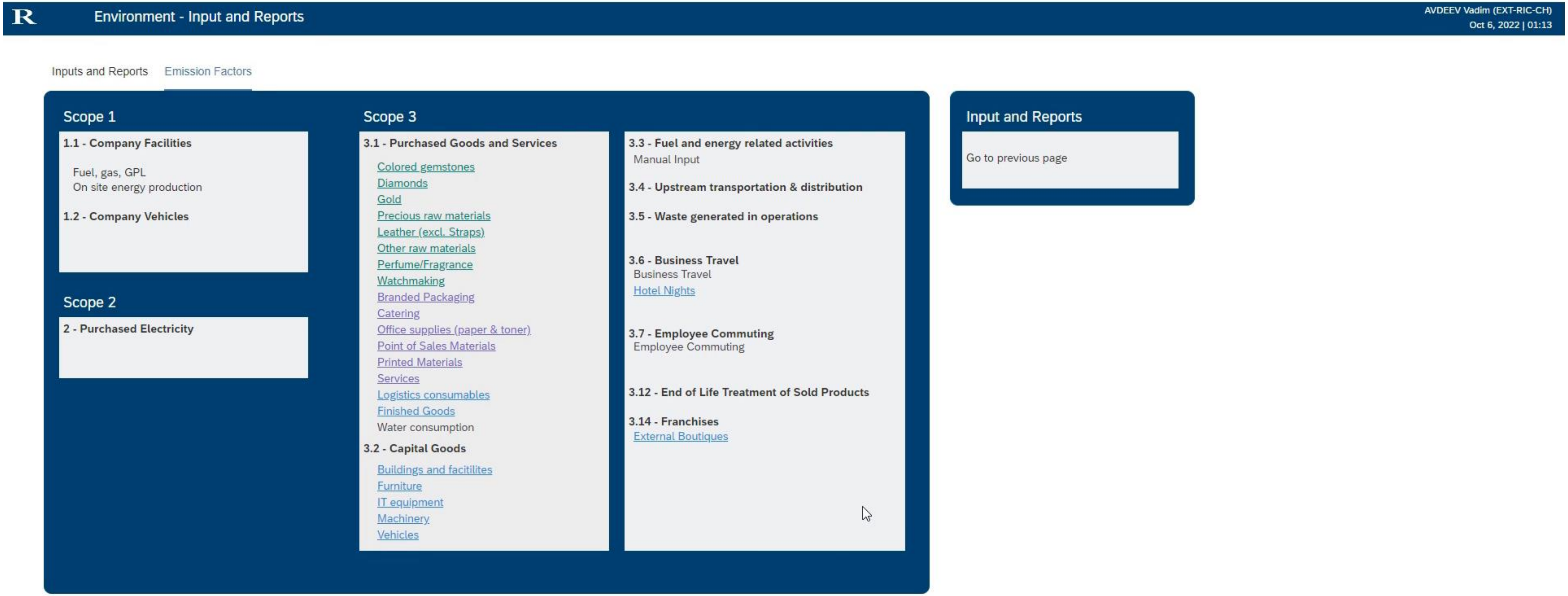
Step 1:
Add required members and fill in the fields, including reduction action and reduction (%)

Topic Detail:
For the following CSR topics, please use "Other" Topic Detail:
Scope 1, Scope 2, Scope 3.1- Catering/Printed materials/Water, Scope 3.7- Employee commuting

Step 2:
Once the data are entered, click on the "Save and apply calculations" button

CY= Current Year Dec (2019)

Brand	CSR Topic (SEM)	Unit	Topic Detail	Deadline	Start date	Comp... date	Reduction Action	Reduction (%)	Comment	Activity data start year	Activity data CY	Activity data delta (%) (CY/start year)	CO2e start year	CO2e CY	CO2e delta (%) (CY/start year)	CO2e/Ac... data CY	CO2e/Activity data start year	CO2e/Activ... data delta (CY/start year)
Alaïa	Leather	*Skin Equivalent*	Bovine	Dec (2025)	Dec (2019)	#	Increase European leather imports	20.00 %	Leverage new partnerships.	3,355.00	3,355.00	0.00 %	806.39	806.39	0.00 %	0.24	0.24	0.00 %
Alaïa	Buildings	*M2*	Average building	Dec (2023)	Dec (2019)	#	Reduce the quantity of material	30.00 %	Less is more.	10.00	10.00	0.00 %	3.67	3.67	0.00 %	0.37	0.37	0.00 %
Alaïa	IT Equipment	*Quantity*	smartphones	Dec (2022)	Dec (2019)	#	Reuse items	40.00 %		22.13	22.13	0.00 %	0.37	0.37	0.00 %	0.02	0.02	0.00 %
A. Lange & Söhne	POSM	*K EUR*	Gifts	Dec (2027)	Dec (2019)	#	Get a recognized building certification (LEED, BREEAM,...)	20.00 %		226.90	226.90	0.00 %	136.14	136.14	0.00 %	0.60	0.60	0.00 %
Baume & Mercier	Log. Consumables	*Tons*	Cardboard - RM	Dec (2025)	Dec (2019)	#	Switch from virgin to organic material	10.00 %	Can have slightly weaker availability.	5.18	5.18	0.00 %	3.39	3.39	0.00 %	0.65	0.65	0.00 %
Cartier	Fragrances	*100ml quantity*	Panthère	Dec (2029)	Dec (2019)	#	Reuse items	40.00 %		1,155,910.50	1,155,910.50	0.00 %	495.43	495.43	0.00 %	0.00	0.00	0.00 %
Cartier	Diamonds	*Carat*	Diamond (Polished)	Dec (2022)	Dec (2019)	#	Reduce the weight of the material	20.00 %		206,783.00	206,783.00	0.00 %	33,085.28	33,085.28	0.00 %	0.16	0.16	0.00 %
Cartier	Gold	*KG*	Mined gold	Dec (2030)	Dec (2019)	#	Switch from virgin to recycled material	20.00 %		1,647.00	1,647.00	0.00 %	21,575.70	21,575.70	0.00 %	13.10	13.10	0.00 %
IWC	Office Supplies	*Tons*	Paper - RM	Dec (2028)	Dec (2019)	#	Conduct LCA	50.00 %		18.12	18.12	0.00 %	20.19	20.19	0.00 %	1.11	1.11	0.00 %



Environment - Input and Reports

AVDEEV Vadim (EXT-RIC-CH)
Oct 6, 2022 | 01:13

Scope 1

1.1 - Company Facilities

Fuel, gas, GPL
On site energy production

1.2 - Company Vehicles

Scope 2

2 - Purchased Electricity

Scope 3

3.1 - Purchased Goods and Services

- Colored gemstones
- Diamonds
- Gold
- Precious raw materials
- Leather (excl. Straps)
- Other raw materials
- Perfume/Fragrance
- Watchmaking
- Branded Packaging
- Catering
- Office supplies (paper & toner)
- Point of Sales Materials
- Printed Materials
- Services
- Logistics consumables
- Finished Goods
- Water consumption

3.2 - Capital Goods

- Buildings and facitilites
- Furniture
- IT equipment
- Machinery
- Vehicles

3.3 - Fuel and energy related activities

Manual Input

3.4 - Upstream transportation & distribution

3.5 - Waste generated in operations

3.6 - Business Travel

Business Travel
Hotel Nights

3.7 - Employee Commuting

Employee Commuting

3.12 - End of Life Treatment of Sold Products

3.14 - Franchises

External Boutiques

Input and Reports

Go to previous page

NEXT STEPS

- Higher data collection frequency
- Simulations – external factors, scenarios
- Simplified file drag‘n‘drop data collection
- Further process automation
- Extended commitments tracking
- Other business areas integration

RICHEMONT