



SAP Sustainability Control Tower

March, 2023

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ESG transparency is the first step in solving these challenges

SAP's unique position to be your partner

RECORD

Move from averages to actuals
with data across the value chain

88% of the World's Supply Chains
networked through SAP

Public

REPORT

Incorporate relevant frameworks
with built-in audit & assurance

>600 ESG frameworks & standards
simplified on extensible data foundation

ACT

Embed sustainability into your
business DNA

50 years of market leadership
in enterprise processes & applications

SAP Holistic Steering & Reporting

A part of the SAP Cloud for Sustainable Enterprises

Business Network
for carbon data sharing

Industry Capabilities
to solve your specific challenges

Partner Ecosystem
geared towards sustainability

Holistic Steering and Reporting – SAP Sustainability Control Tower

Record – Report – Act

ZERO EMISSIONS with Climate Action



- SAP Environment Management (EHS)
- SAP Product Footprint Management
- SAP Business Ecology Management * (May)
- SAP E-Mobility
- SAP Landscape Management Cloud
- SAP Transportation Management
- SAP Concur
- SAP Treasury and Risk Management
- SAP Traders & Schedulers Workbench
- SAP Cloud for Energy
- SAP Digital Vehicle Hub (SAP AIN)
- SAP Direct Distribution
- SAP Multichannel Order Management

ZERO WASTE with Circular Economy



- SAP Responsible Design & Production
- SAP S/4HANA for Product Compliance
- SAP Environment Management (EHS Waste Mgmt)
- SAP Rural Sourcing Management
- SAP Logistics Business Network Material Traceability
- Product Lifecycle Management
- Integrated Business Planning
- SAP S/4HANA for Waste & Recycling
- SAP Returnable Packaging Management
- SAP Intelligent Returns Management
- SAP Replenishment Planning

ZERO INEQUALITY Social Responsibility



- SAP Health and Safety Management (EHS)
- SAP Occupational Health (EHS)
- SAP Incident Management (EHS)
- SAP Business Integrity Screening
- SAP S/4HANA for Product Compliance
- SAP Concur (Duty of Care)
- SAP Ariba (Supplier Diversity)
- SAP Fieldglass (Contingent Workforce Diversity)
- SAP SuccessFactors
- Qualtrics Employee XM
- SAP Work Clearance Management (EHS)
- SAP Management of Change (EHS)

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Focus today

Holistic Steering and Reporting – SAP Sustainability Control Tower

Record – Report – Act

Zero Emissions

with Climate Action

Decarbonize your entire value chain (scope1-3)
based on actual business transactions

Zero Waste

with Circular Economy

Incorporate **circularity** into your supply chain
& create sustainable business models

Zero Inequality

with Social Responsibility

Understand the **impact of your business**
on **people and the society**

SAP S/4HANA, Customer relationship management, Human capital management, Spend Management and Business Network

SAP Business Technology Platform

The virtuous circle for holistic business transformation

1. Manage business processes

Run business processes at their best

2. Create transparency with data

Enable automated and timely extraction of auditable granular data from source systems

3. Planning & Target Setting & Forecasting

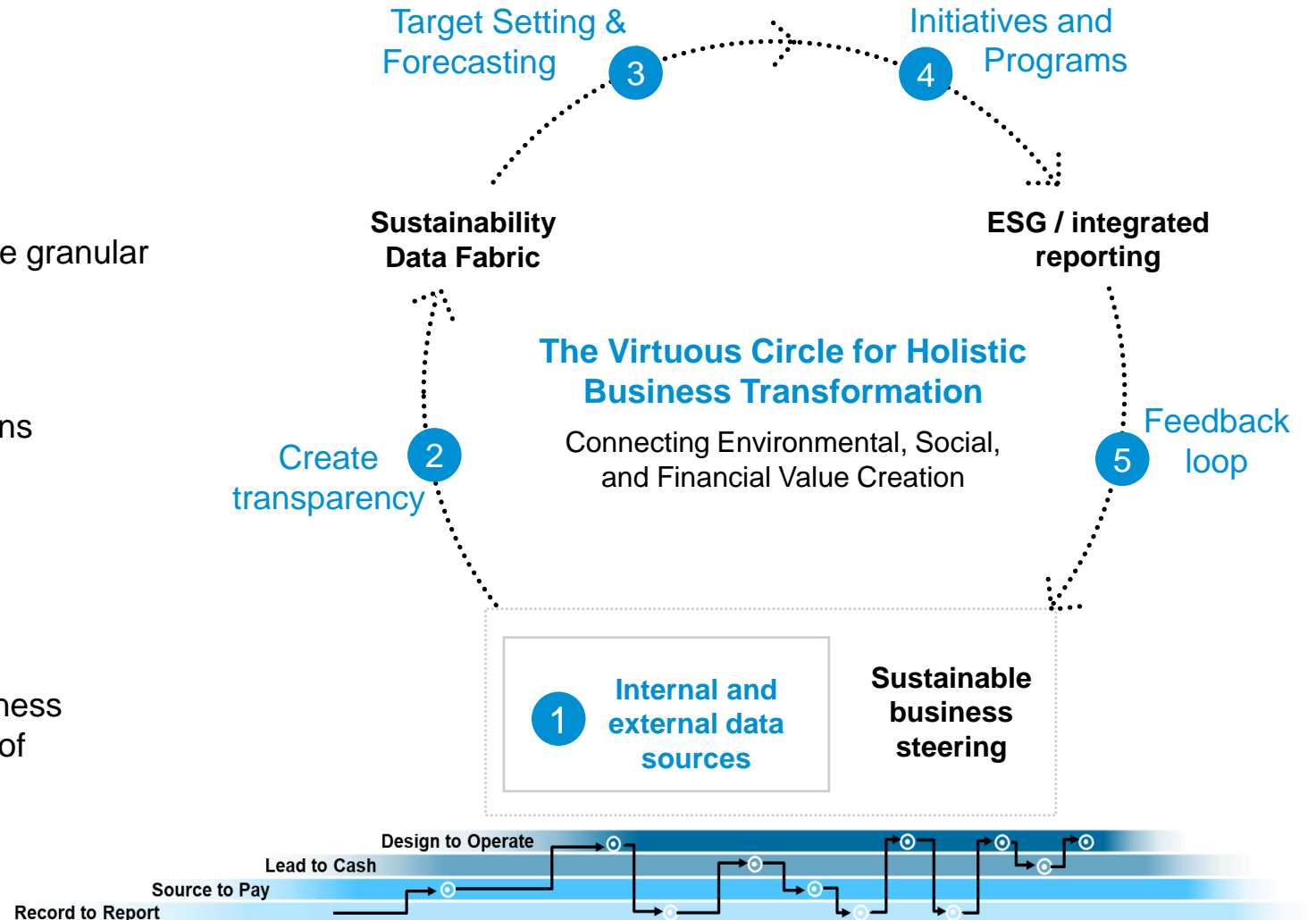
Define and plan against your Sustainability ambitions

4. Initiatives and Programs

Taking action and monitoring progress

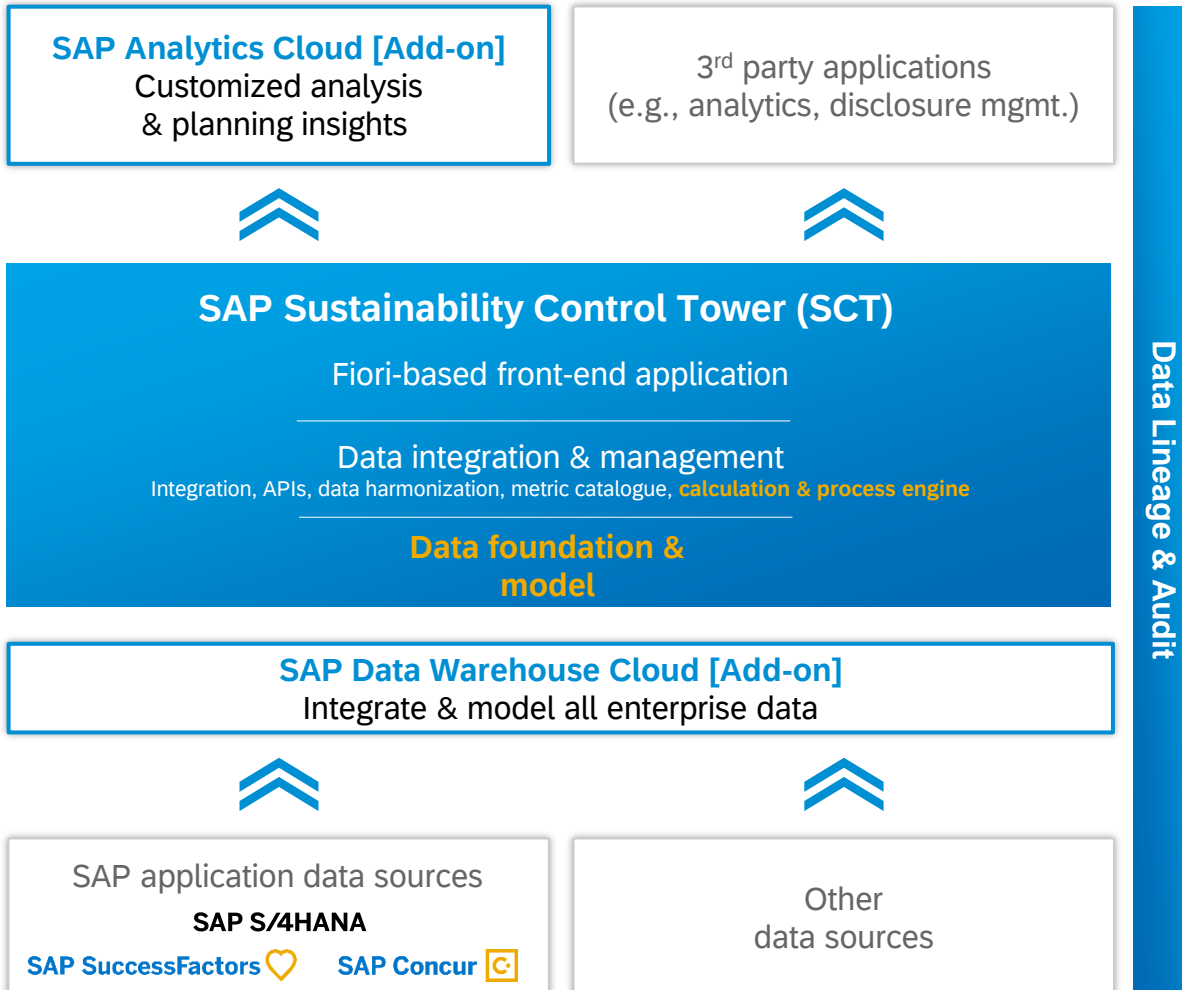
5. Feedback loop and improvement

Embed relevant sustainability information into business processes to impact total performance at the point of decision-making



Achieving Holistic Steering and Reporting

Empower your business to act with ESG transparency along the value chain



- **Harmonized insights** by consolidating, modelling and enriching ESG, financial and operational data enabling boardroom and business-level decisions
- **ESG performance management** with enterprise planning, predictive forecasting, what-if simulations and impact analysis across the value chain
- **Pre-built data models** to support established reporting frameworks and customer-specific adaptations based on SAP, non-SAP, structured and unstructured data
- **Embed sustainability dimension** into business applications and processes through enterprise data integration and modelling and enriched partner content

Data Quality and Assurance

Automatic data validation and completeness checks to highlight data quality issues

Input data controls

Standard technical and consistency checks flag and sort out erroneous data. Allow responsible business user to correct the data by manual adjustments or reload corrected data again

Data completeness checks

Understand incomplete and missing data in order to mitigate gaps by manual action or by an automated business rule to allow a faster period closing process and ensure high data quality

Configurable plausibility checks

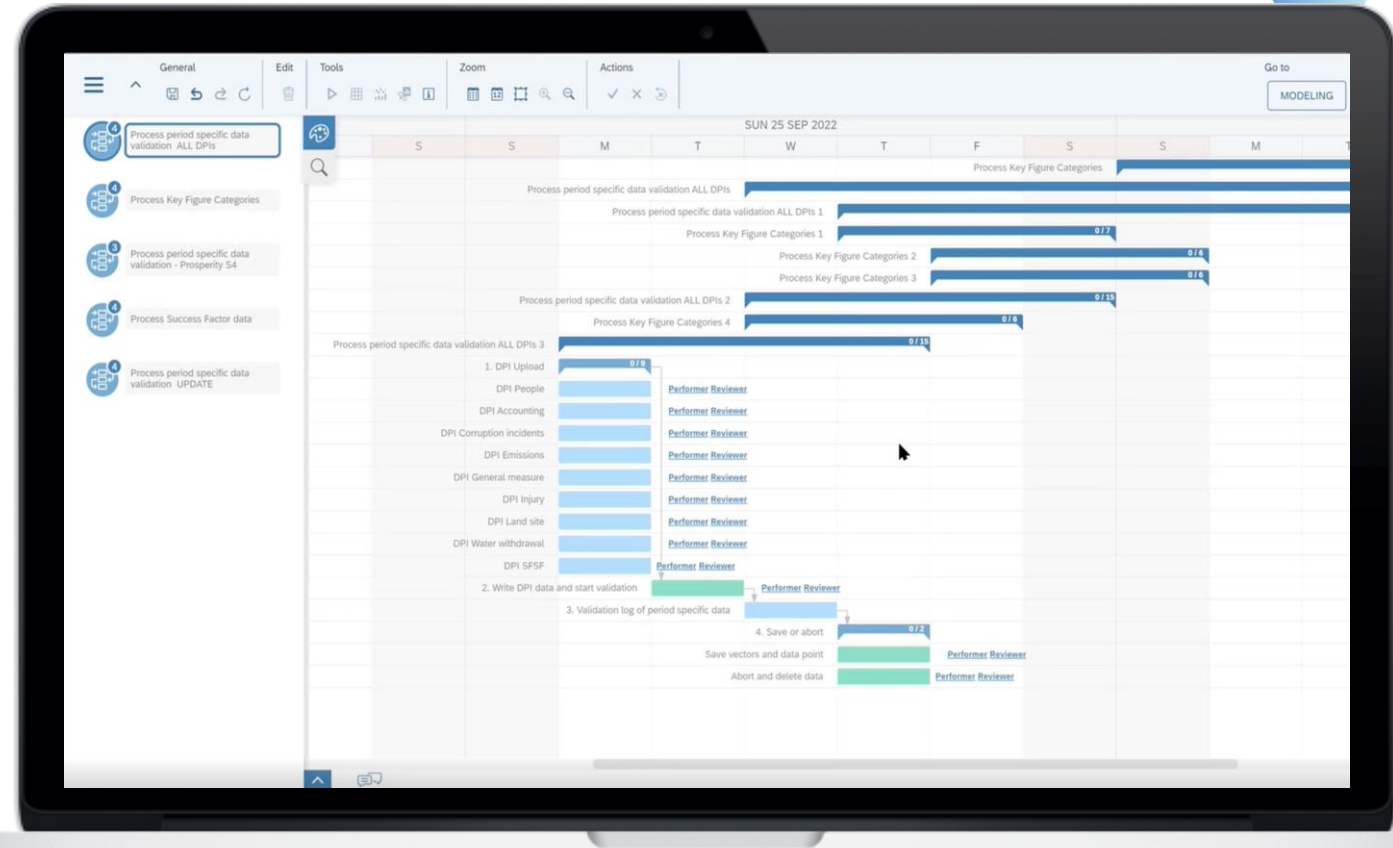
Mitigate non technical input data errors by showing deviations to previous periods, which allows to react immediately and initiate corrective actions

Transparency

Track validation results and errors easily with detailed error and warning messages, audit logs and validation reports

Review/Approval Workflows

Define which user groups may perform the data upload and which user groups must approve the data before releasing the data for consumption.



Note: Some capabilities are planned as part of Sustainability Control Tower roadmap and may not be available today.

Data Enrichment and Calculation

Complete missing data via configurable and flexible operations

Dealing with missing data

Run automated estimations and extrapolations on missing data based on predefined, customer specific business rules

Run calculations

Use calculation logic for valuations, allocation or conversions of ESG data to track your sustainability performance and targets

Flexible configuration

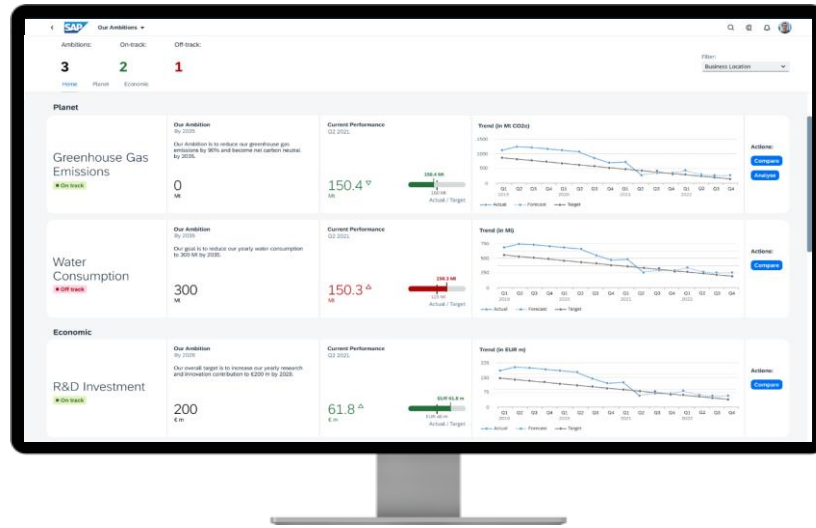
Apply specific customization to run business rules and calculations. A central steering table makes the use of custom factors, reference data or formulas possible



Note: Some capabilities are planned as part of Sustainability Control Tower roadmap and may not be available today.

SAP Sustainability Control Tower

Automated, auditable, compliant reporting with actual data & insights to embed sustainability into business processes



Standard semantic frameworks supported



Record: Actuals instead of averages

Record ESG factors with out-of-the-box integration with SAP systems for faster time to value & granular data visibility based on actual data, not averages

Report: Audit-ready ESG metrics

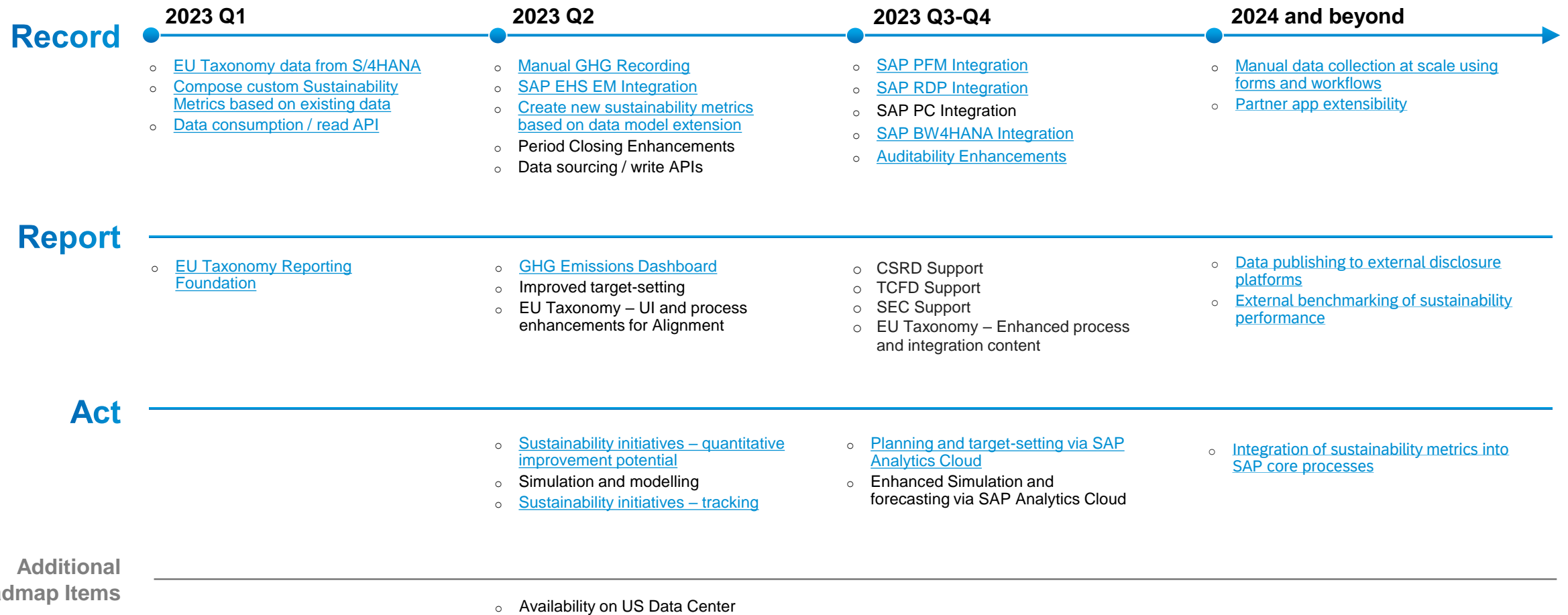
Report regulatory compliant ESG metrics covering common frameworks based on an open & extensible solution with the largest ESG ecosystem

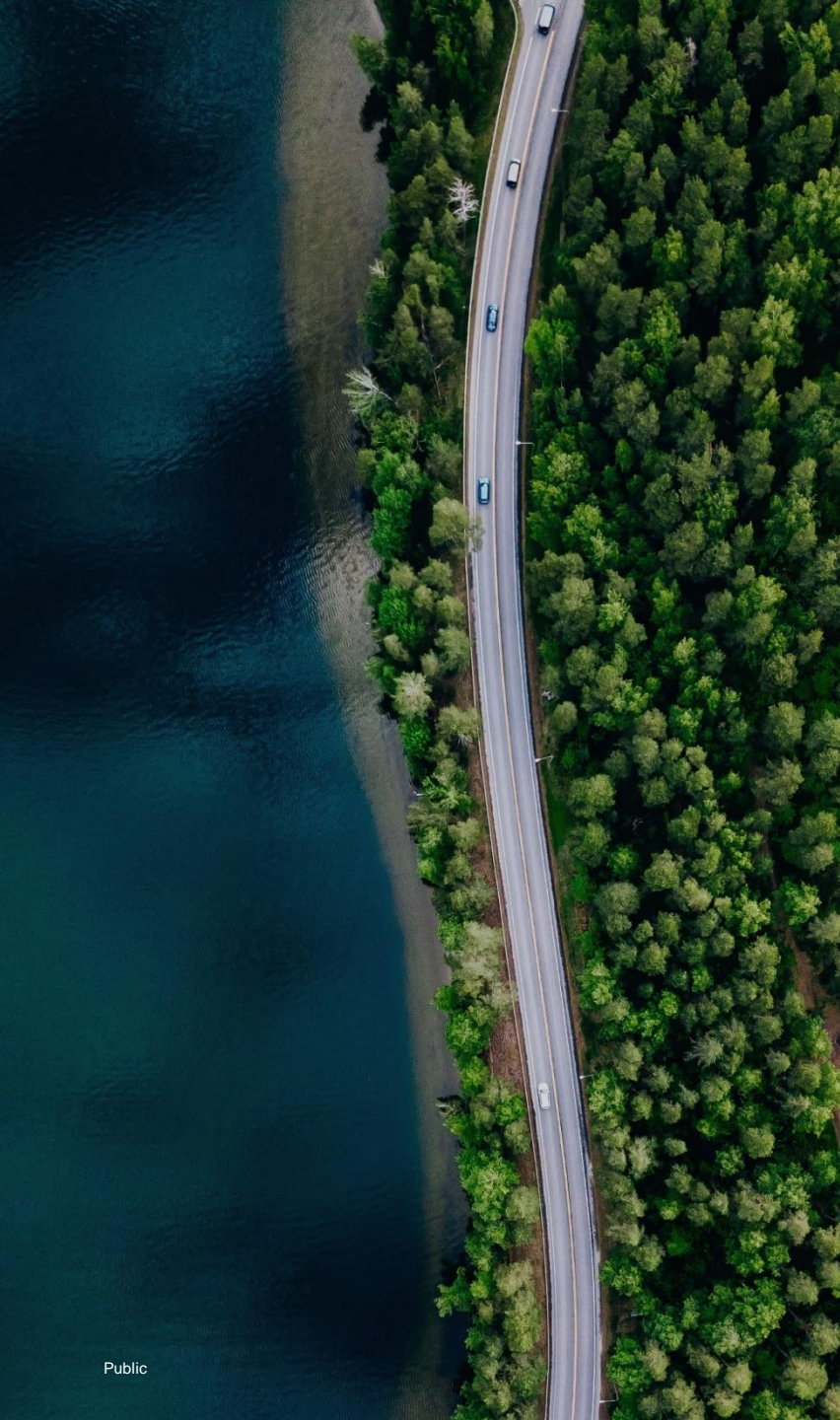
Act: ESG embedded in business processes

Act by planning your future with actionable insights, forecasts and setting targets; track initiatives & optimize business processes to make an impact

SAP Sustainability Control Tower | Roadmap 2023 and beyond

Future Functionality
subject to change





Sustainability is a team sport

Global Strategic Service Partners & Alliances



The SAP® PartnerEdge® Ecosystem

Thought leadership partners & impact networks





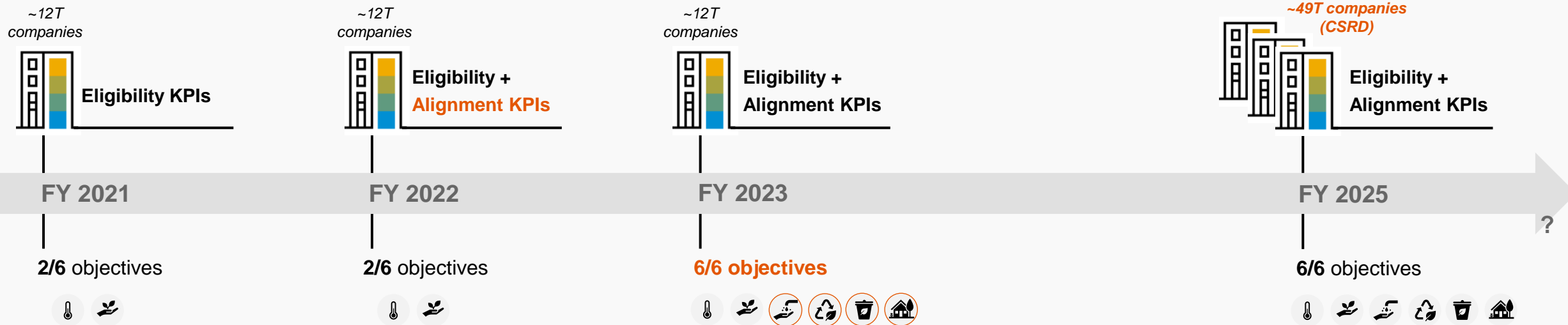
SAP Sustainability Control Tower – EU Taxonomy | SAP solution approach

SAP
February 2023

The EU Taxonomy represents a major, mandatory and evolving mechanism for assessing sustainability and increasing transparency

- EU Taxonomy introduces a **new sustainability classification system** that requires companies to integrate financial, sustainability and operational data at an unprecedented level of detail.
- The aim of this system is to **provide transparency to the EU market** on what should be considered sustainable (according to the Taxonomy) so that capital can be reallocated accordingly.
- To this end, the requirements for the Taxonomy and its coverage are being **significantly expanded in the coming years**.

Scope of the EU Taxonomy increases over time:



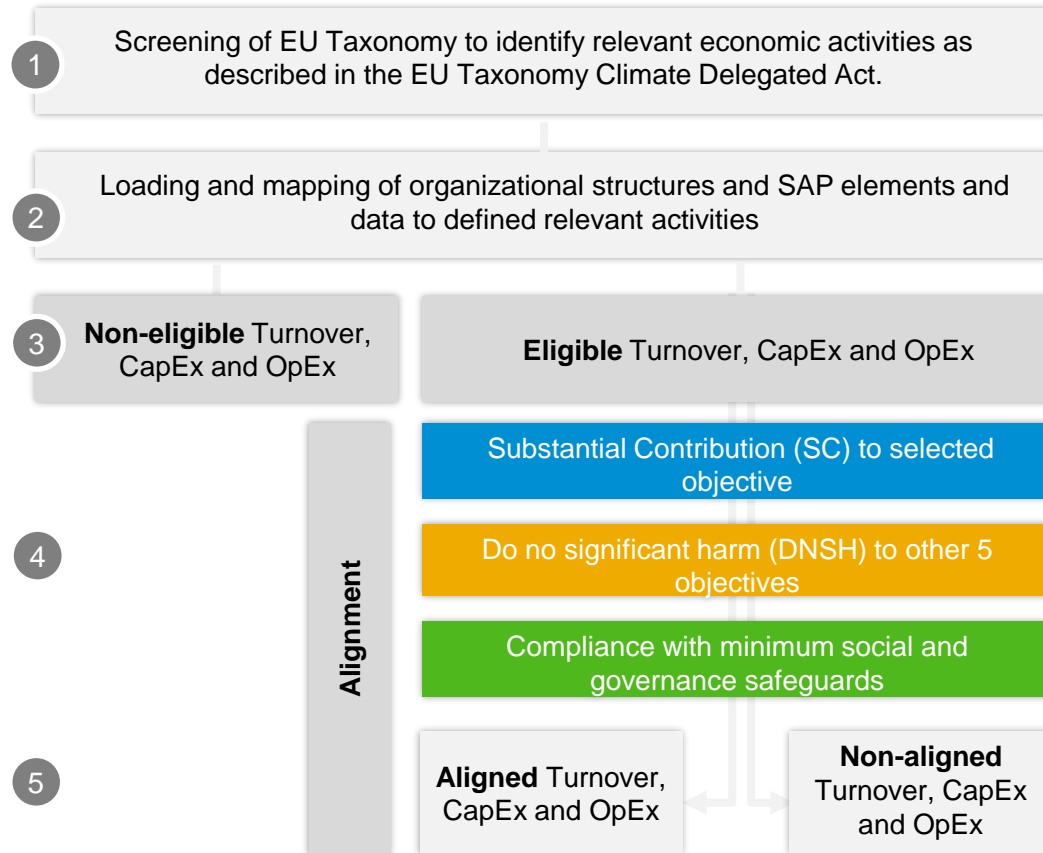
-potential introduction of further objectives (e.g. social)

?

What do customers require?

High degree of flexibility & pre-integration as well as rigor of a financial close

End-to-end EU Taxonomy Process



Customer Requirements

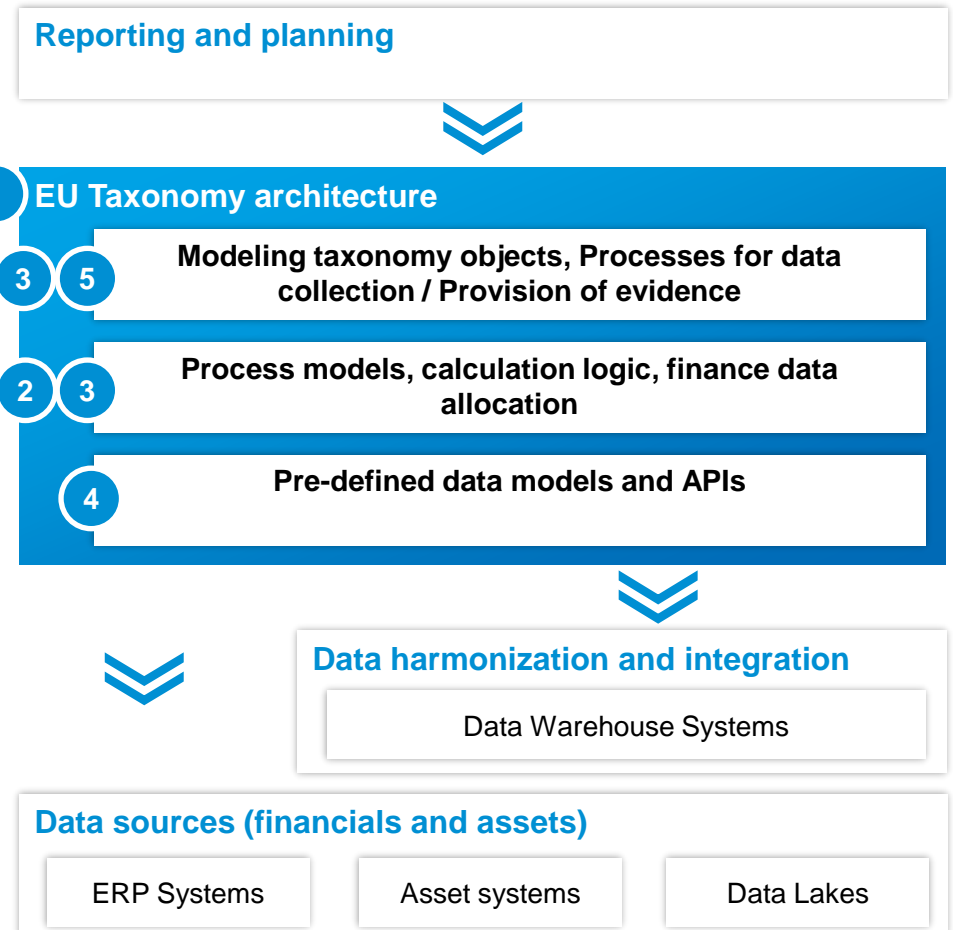
- **Easily consumable EU-T regulatory content**
- **Workflows** that can "guide" the identification of relevant activities.
- **Integration** of relevant SAP data entities (master data)
- **Flexibly assign / link EU Taxonomy activities** to SAP entities
- **Prepare financials** according to the EU Taxonomy definitions (e.g. OpEx calculations, elimination of intercompany transactions).
- **Pre-defined end-to-end process enabling rigor of a financial close**
- **Transparent flexible alignment options – e.g. screening on any level**
- **Customizable, questionnaire workflow for de-central screening**
- **Integration / link of evidence documentation** for criteria fulfilment.
- **Allocations and aggregation of results for reporting**

The EU Taxonomy requires a flexible data and process architecture, based on the principles of financial reporting

Requirements to IT

- 1) **Architecture:** Taxonomies always require two elements – the evaluation of taxonomy objects and assignment of financial flows
- 2) **Process:** Der EU-T process should follow the same rigor as financial reporting (pre-defined steps, roles, status control) and corresponding data maintenance, validation and release mechanisms.
- 3) **Auditability:** The taxonomy requires traceability and life-cycle control of data per taxonomy (assurance relevant).
- 4) **Automation:** Much of the needed information is already available in customer's business systems and should be integrated into the process.
- 5) **Taxonomy object modeling:** Flexible definition and modelling of taxonomy objects is critical

Reference architecture (Top-down)



SAP Sustainability Control Tower | EU Taxonomy Preview Content

Kick-start content for EU Taxonomy enabling exploration of the end-to-end process with pre-configured process steps and sample data

Pre-configured process templates for EU Taxonomy

Explore the end-to-end process via six pre-configured process flows, including all required data collection and data processing steps

Pre-configured data models with sample data

Sample data for demo company and pre-defined data models for all process steps (incl. EU-T regulatory, master data, financials, alignment results)

Simple workflows for eligibility and alignment

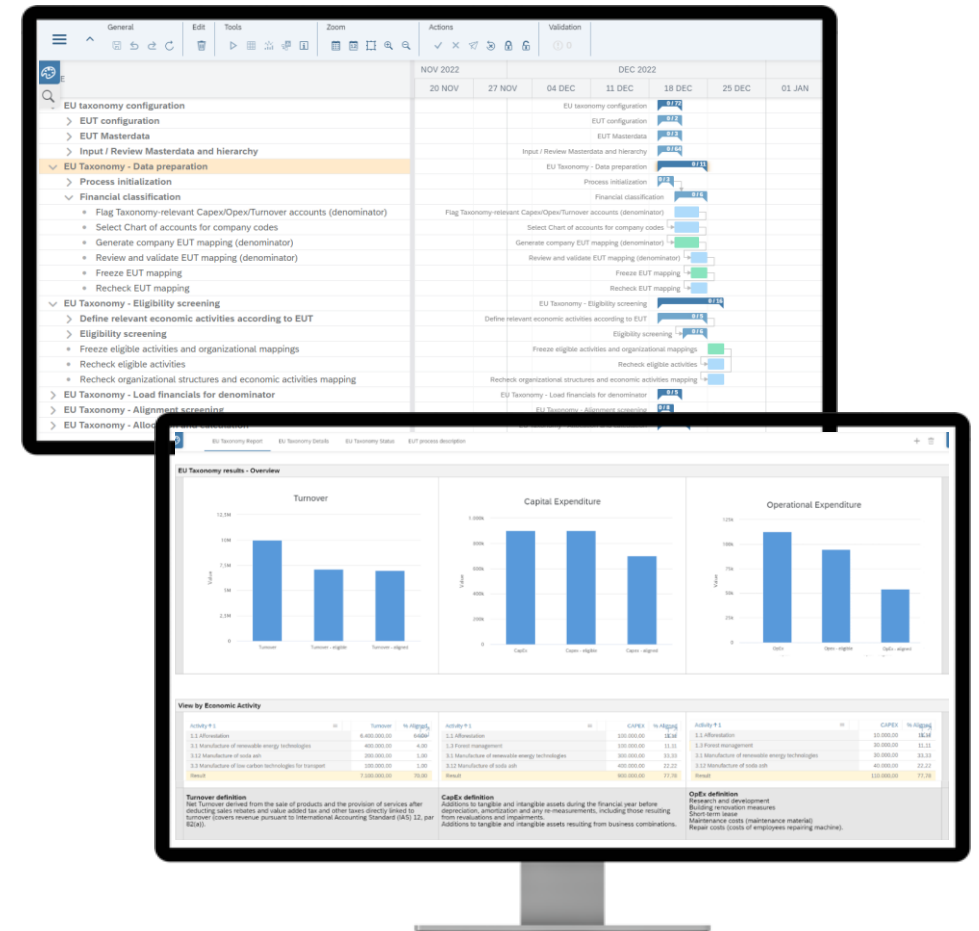
Model and prepare the corporate structures, map to EU Taxonomy requirements and perform SC and DNSH criteria evaluations

Sample reporting content for results analysis

Analyze results via sample reports and dashboards on different levels of granularity (including organization, activity, objective, asset)

Integration of customer specific data via file upload

Integrate your own customer specific data via flat file upload and explore process flow and results

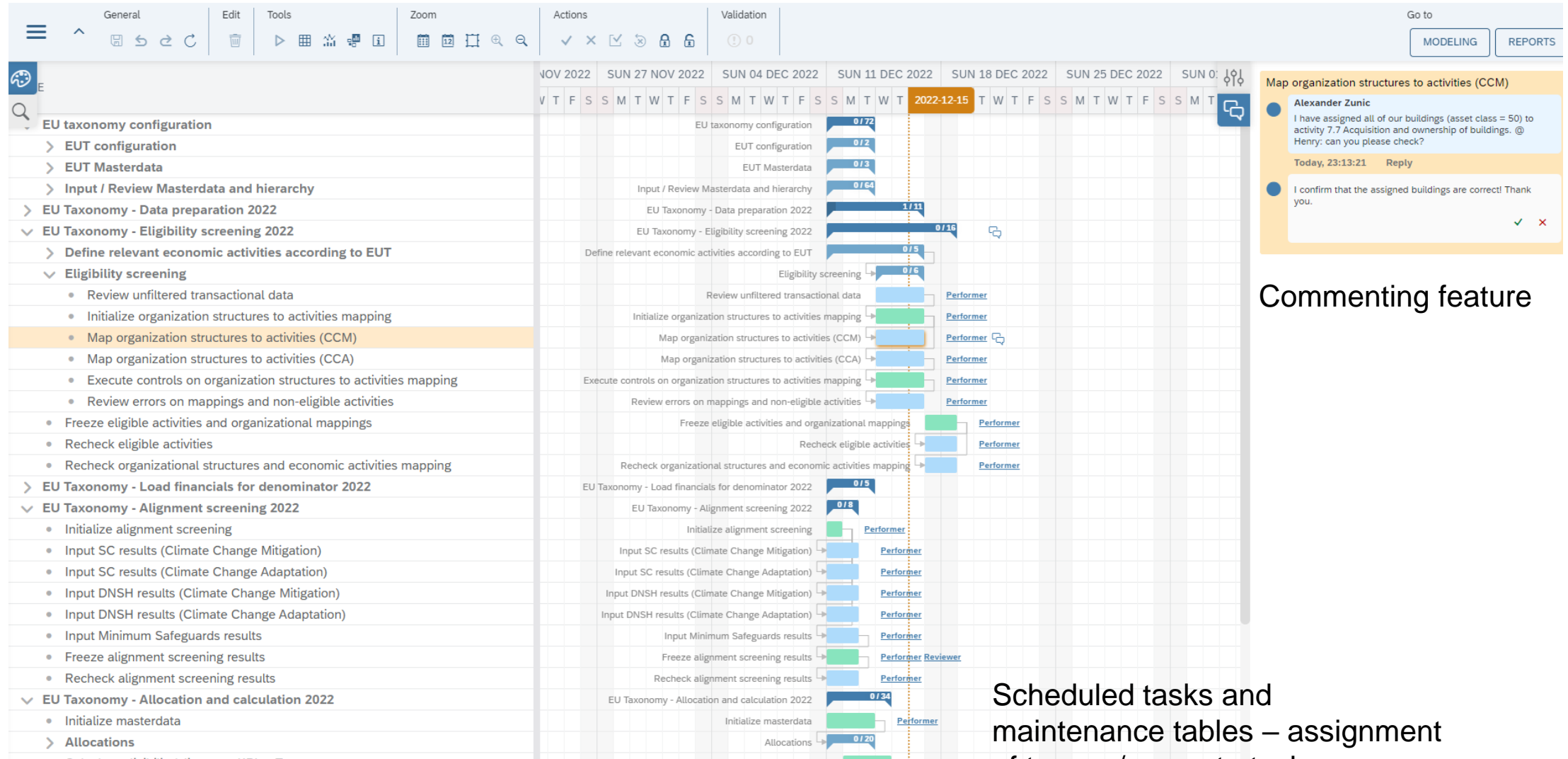


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Overview SCT for EU-Taxonomy Content (1/3) – as of 12'2022

E2E Process Template

Pre-defined process steps

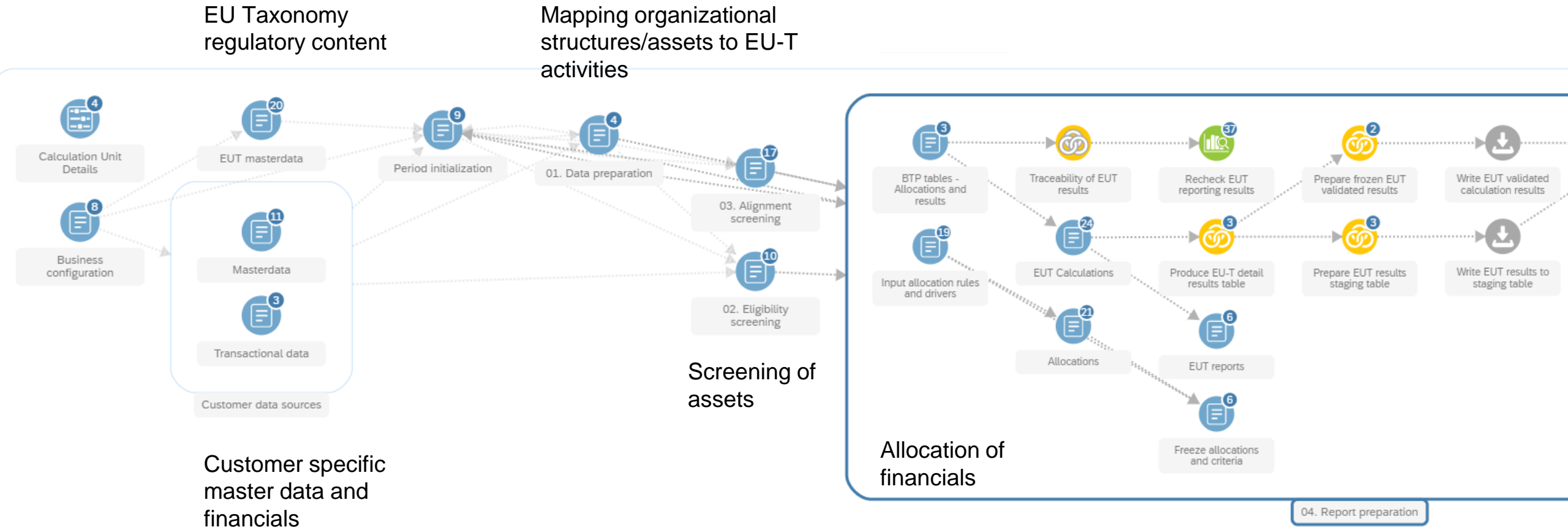


Commenting feature

Scheduled tasks and maintenance tables – assignment of teams / users to tasks

Overview SCT for EU-Taxonomy Content (2/3) – as of 12'2022

Pre-defined data models and configuration options



Pre-defined sample reports

EU Taxonomy Report

EU Taxonomy Details

EU Taxonomy Status

EUT process description

EU Taxonomy results - Overview

Turnover

Category	Value (M)
Turnover	10.0
Turnover - eligible	7.0
Turnover - aligned	7.0

Capital Expenditure

Category	Value (k)
CapEx	900
Capex - eligible	900
Capex - aligned	700

Operational Expenditure

Category	Value (k)
OpEx	110
Opex - eligible	90
OpEx - aligned	55

View by Economic Activity

Activity ↑ 1

	Turnover	% Aligned
1.1 Afforestation	6.400.000,00	64,00
3.1 Manufacture of renewable energy technologies	400.000,00	4,00
3.12 Manufacture of soda ash	200.000,00	1,00
3.3 Manufacture of low carbon technologies for transport	100.000,00	1,00
Result	7.100.000,00	70,00

Activity ↑ 1

	CAPEX	% Aligned
1.1 Afforestation	100.000,00	11,11
1.3 Forest management	100.000,00	11,11
3.1 Manufacture of renewable energy technologies	300.000,00	33,33
3.12 Manufacture of soda ash	400.000,00	22,22
Result	900.000,00	77,78

Activity ↑ 1

	CAPEX	% Aligned
1.1 Afforestation	10.000,00	11,11
1.3 Forest management	30.000,00	11,11
3.1 Manufacture of renewable energy technologies	30.000,00	33,33
3.12 Manufacture of soda ash	40.000,00	22,22
Result	110.000,00	77,78

Turnover definition

Net Turnover derived from the sale of products and the provision of services after deducting sales rebates and value added tax and other taxes directly linked to turnover (covers revenue pursuant to International Accounting Standard (IAS) 12, par 82(a)).








CapEx definition

Additions to tangible and intangible assets during the financial year before depreciation, amortization and any re-measurements, including those resulting from revaluations and impairments.
Additions to tangible and intangible assets resulting from business combinations.

OpEx definition

Research and development
Building renovation measures
Short-term lease
Maintenance costs (maintenance material)
Repair costs (costs of employees repairing machine).

EU-T Foundation Release | Solution Capabilities

Typical business requirements	Solution Capabilities	Coverage*
EU-T as a repeatable and transparent end-to-end process closely synchronized with financial close	<ul style="list-style-type: none"> Customizable process templates with pre-configured steps Business-driven configuration (e.g. mappings) Data ingestion via S/4 (standard interface), files or manual entry Pre-defined data validations (e.g. duplication checks) 	
Facilitated consumption of regulatory content	<ul style="list-style-type: none"> File upload templates for taxonomy-related entities Sample taxonomy content pre-filled 	
Audit-proof data capture, screening and validation	<ul style="list-style-type: none"> Simple data collection workflows (submit/approve/reject), commenting Assignment of user groups to tasks Audit logs, linking of evidence via URLs in comments 	
SAP-oriented reference architecture and productized content	<ul style="list-style-type: none"> Pre-defined EU Taxonomy data model as "Foundation" content Pre-defined configuration options (e.g. account mappings) Re-use of financials and master data from SAP 	
Standardized SAP integration and automation	<ul style="list-style-type: none"> Standard integration to S/4HANA financials and master data (in Q1.2023) 	
Flexible allocation and calculation functionality	<ul style="list-style-type: none"> Customizable templates for financial allocation rules Provisioning of allocation keys (file) 	
Integrated data validation and reporting	<ul style="list-style-type: none"> Pre-defined EU taxonomy results templates Sample reports and EU-T dashboard embedded in SCT 	

 Basic functions (20-40%)
  Main functions (40-60%)
  All main functions (60-80%)
  Close to all functions (>80%)

SCT for EU-T Content Package – Incremental Delivery Approach

	Foundation – Q4.2022/Q1.2023	Release 2	Release 3
Themes	EU Taxonomy – Foundation	EU Taxonomy – Experience and consistency	EU Taxonomy – Process enhancements
Items	<p>Pre-configured process and integration content for kick-start implementation of EU Taxonomy reporting (for corporates)</p> <ul style="list-style-type: none"> • Pre-configured process templates and data models for eligibility and alignment (Substantial Contribution, DNSH and MS) • Pre-defined interfaces for (manual) consumption of regulatory content • Data integration content for master data and financials (turnkey integration to S/4) 	<p>Enhanced EU Taxonomy process experience with facilitated alignment UI and additional standard integration to SAP sources</p> <ul style="list-style-type: none"> • UI and process enhancements for alignment (screening app) • Data integration enhancements (APIs for additional SAP sources) • EU Taxonomy dashboard and Fiori analytics 	<p>Comprehensive coverage of the alignment screening process (incl. de-central data collection) for all major industries</p> <ul style="list-style-type: none"> • Workflow enhancements to include de-central alignment processes • Activity- and industry-specific process and data model enhancements (content)



Thank you.

Contact information:

Mikal Netteberg
mikal.netteberg@sap.com