



# Sustainability Management by SAP

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# Agenda

- **Understanding our Customer Challenges**
- **SAP's Value Proposition**
- **Sustainability Management by SAP:** Product Portfolio Overview
  - SAP Product Footprint Management (PFM)
  - SAP S/4HANA for Environment, Health, & Safety (EHS)
  - SAP Responsible Design and Production (RDP)
  - SAP S/4HANA for product compliance (PC)
  - SAP Sustainability Control Tower (SCT)
- Enabling your **Sustainability Management Transformation** Journey
- **Looking Ahead:** Product Roadmap, Enablement Sessions and Events
- **Useful Links**



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# Circular Economy

Take action towards a circular economy, by managing your limited resources productively



## Absolute Facts

- World is only 8.6% circular. 61% of the world's population don't have access to waste management infrastructure
- 45% of GHG emissions come from consumer industries and manufacturing
- Adopting circular principles will allow us to regenerate natural systems and make better use of finite resources



## We Need to Act Now

- Work together with customers, partners, NGOs and regulators end to end for sustainable product lifecycles across the value chains
- Industry must shift to enable system change, embedding environmental and social stewardship into material flows
- Upstream visibility for sustainable inputs, downstream visibility to enable reverse logistics and product authentication to promote reuse



## What's our Ambition

- Plastic-free ocean by 2030
- Design out waste and pollution, products and materials are kept in use for longer, and natural systems can regenerate
- Provide formal work and improved working conditions for informal laborers, creating a more equal, fair and sustainable future



# Holistic Steering and Reporting

Building a strong, resilient path to grow from Enterprise Value to Society Value



## Absolute Facts

- ESG integration, transparency more critical throughout the supply chain
- 363% increase in reporting on SASB
- 94% with approved SBTi have value chain targets, but miss standardization
- Improved financial performance due to ESG becomes more noticeable over longer time horizons



## We Need to Act Now

- Granular data and insights, down to product and transaction level. Integrated and cohesive data sets with visibility across business units
- Real-time data capture within a digitized end-to-end system focused on generating insights to guide action and automation
- ESG information architecture meeting the needs of external audiences and internal managers



## What's our Ambition

- Integrated reporting, bringing together corporate and product impact
- Serve hyper transparency needs, with higher level of granularity than historically available through reporting and disclosure
- Focused analysis on the most important data, protecting against business risks, tying it back to underlying business data



# Business Challenges

## Sustainability Big Picture

### **STEERING TO ZERO** with Holistic Steering and Reporting

- Integrated Reporting and Sustainable Finance
- Supplier Risk & Reputation
- Holistic Supply Chain Transparency
- Sustainability Strategy, Science Based Targets
- Environmental Management System (ISO 14001)
- Supply Chain Transparency Law
- Industry Innovation
  - Impact Investment, Financing and Insurance

### **ZERO EMISSIONS** with Climate Action

- Corporate Emission Management (Scope 1, 2 and 3)
- Product Emission Management
- Carbon Data Network across the Value Chain
- CO<sub>2</sub> as a financial Asset (EU ETS, CO<sub>2</sub> Tax)
- Sustainable Travel
- Sustainable Transport
- ...

### **ZERO WASTE** with Circular Economy

- Managing Extended Producer Responsibility
- Plastic Taxes and Voluntary Commitments
- Circular Design
- Responsible Sourcing and Marketplaces
- Material recovery and re-use
- Move from consumption to re-use business model
- Managing Takeback
- ...

### **ZERO INEQUALITY** Social Responsibility

- Employee Safety, Labor Law Compliance and Incidence Management
- Diversity, Inclusivity, Equality and Enablement
- Employee Experience & Talent Attraction
- Business Ethics
- ...

### **INDUSTRY INNOVATION**

- Logistics Emissions, Bulk Transportation and Fleet Management
- Renewable Energy Transformation
- Last Mile Delivery Optimization
- ...
- Reusable Packaging
- Returns Management
- Reverse Logistics
- Product as a Service
- ...
- Safe Operations and Process Transitions
- Control and Monitor Safety Measures
- ...

# Agenda

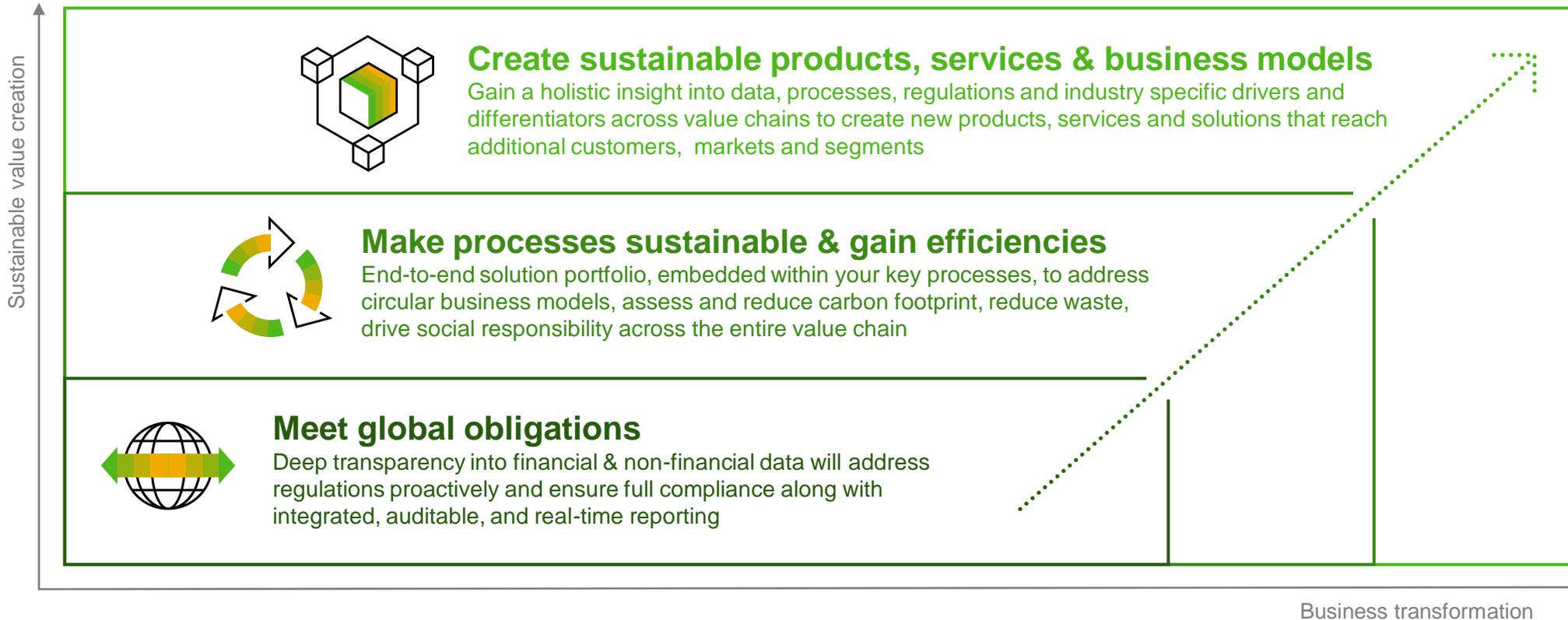
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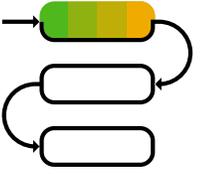
# Our Approach: Embed Sustainability into your Business DNA



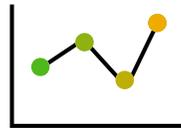
Place sustainability front and center. Embed sustainability insights into end-to-end processes extended throughout your business network. This will ensure efficiency gains, social responsibility and compliance, while mitigating risk.



# The Process: Sustainability is a Journey, not a Destination



Today's definitive business issue is to make sustainability profitable and profitability sustainable



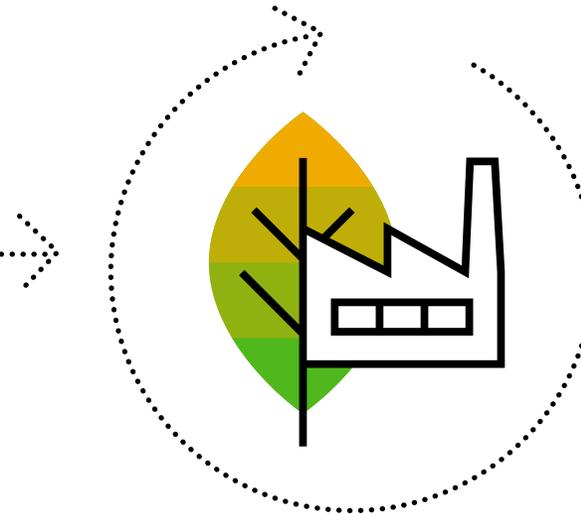
**Assess** by collecting new data



**Evaluate** through advanced data processing



**Optimize** using an Intelligent Enterprise approach

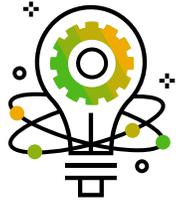


Real success depends upon **Data Transparency** and **Process Action** working together

Embed sustainability comprehensively into processes to create actionable insights **across the entire value chain.**

# The Value Proposition: SAP's 3 Zeros Strategy for Sustainability

A blueprint to integrate sustainability data into business processes across all value chains to drive performance, new products & new markets



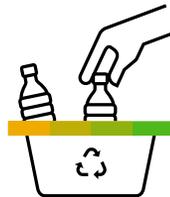
Complete the transition to a high-performance Sustainable Intelligent Enterprise by combining operational data mapping with holistic sustainability reporting

## Steering to Zero with **Holistic Steering and Reporting**



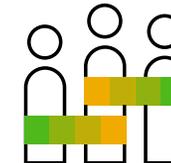
### Zero Emissions with **Climate Action**

Generate cost savings by transitioning from "Low to No" carbon across your entire network.



### Zero Waste with **Circular Economy**

Contribute to a zero-waste world by incorporating resilience and circularity into your supply chains.



### Zero Inequality with **Social Responsibility**

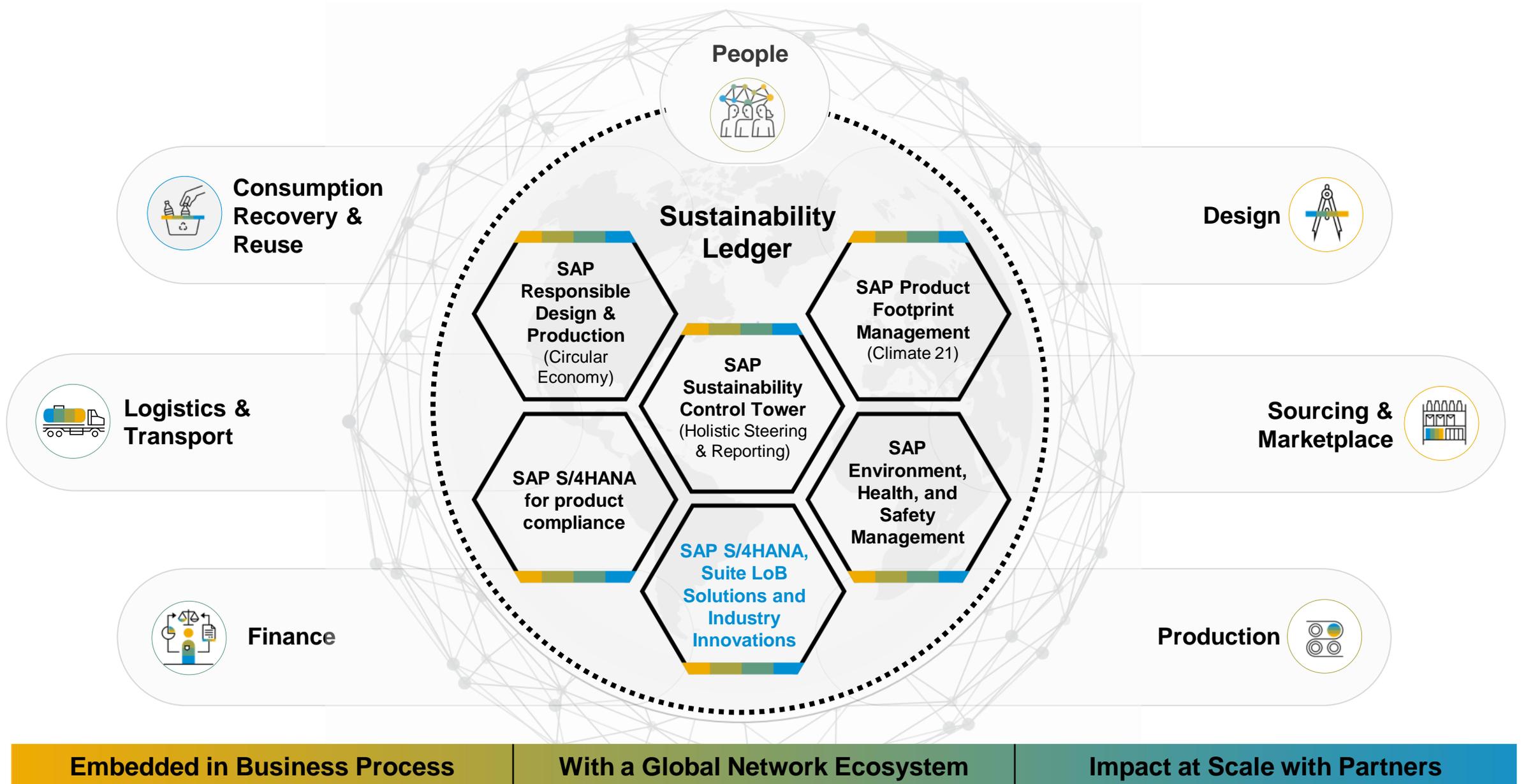
Ensure zero incidents, accidents and harm to communities, people and the environment.

## Industry Innovation



Generate additional value by incorporating industry-specific solutions from across our Partner Ecosystem and Industry Cloud

# Sustainability Management by SAP: Overview



Embedded in Business Process

With a Global Network Ecosystem

Impact at Scale with Partners

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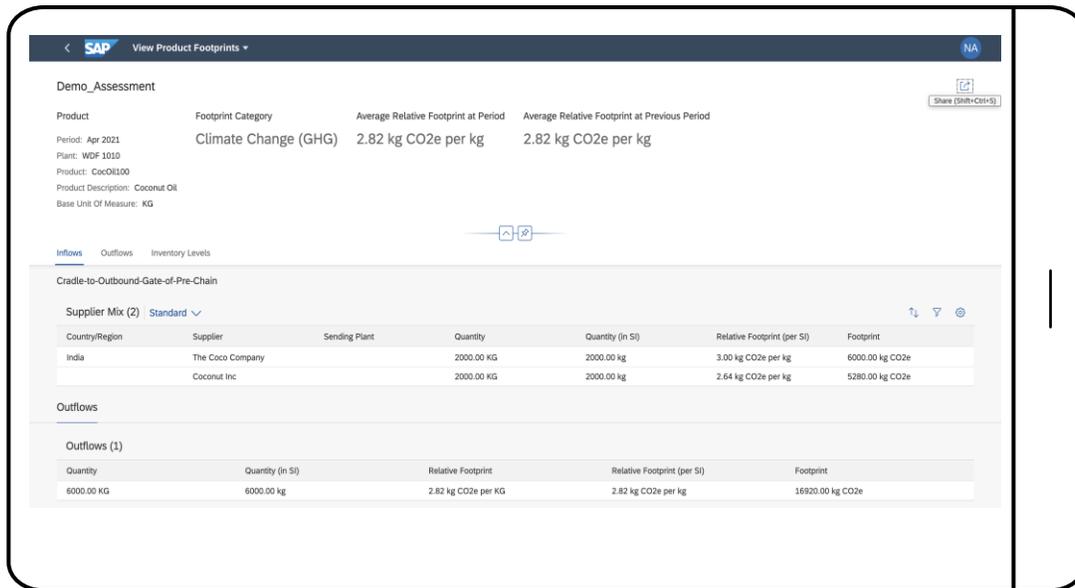


# Zero Emissions with Climate Action

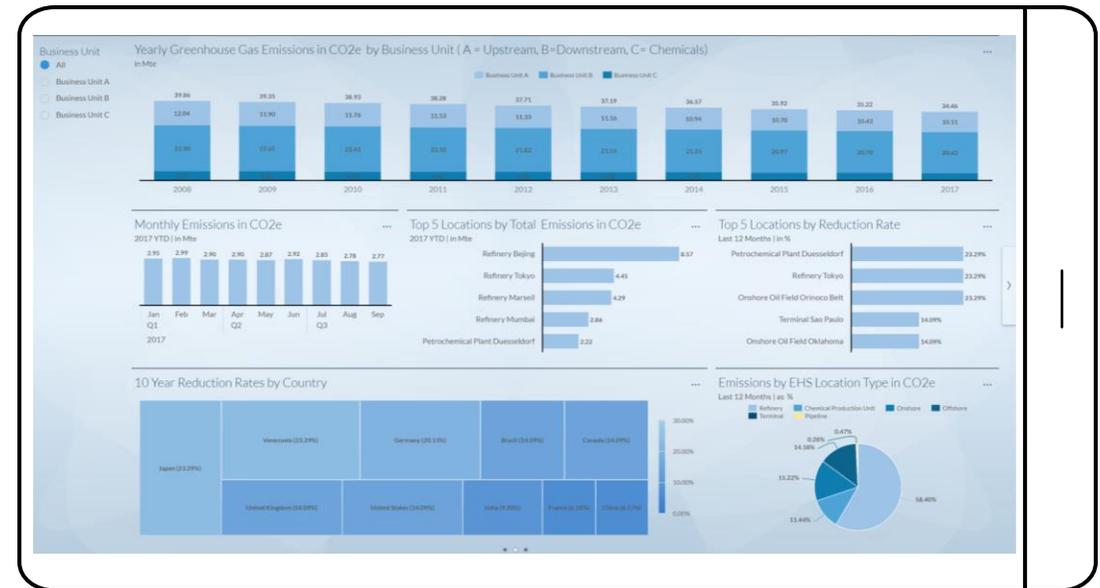
- Bring transparency on corporate and product footprints to reduce carbon emissions, across the customer's value chain.
- Empower consumers to make better informed low-carbon decisions.
- Optimize for CO2: Redesign products, operations and services for sustainability.

## Outlook:

- Starting with PFM and EM, embed climate action capabilities into SAP business processes, expanding beyond SAP S/4HANA core to LOBs, across the Intelligent Enterprise.
- Through global alliances, enable cross-industry action, exchange data with customers and business partners, bringing transparency across scope 1,2,3 operations, enabling business leaders to uncover new business potential.
- Unleash the full power of digitalization to improve energy efficiency, enabling the just transition and nature regeneration.



SAP Product Footprint Management (PFM)



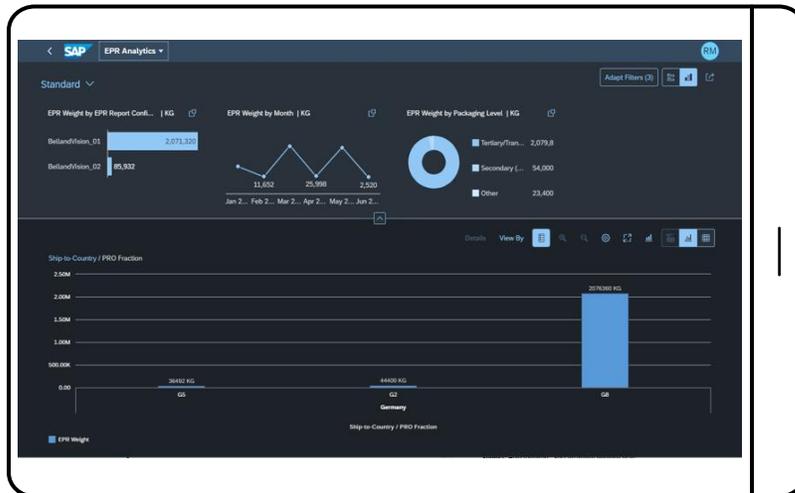
SAP S/4HANA for Environment, Health, & Safety Environment management (EM)

# Zero Waste with Circular Economy

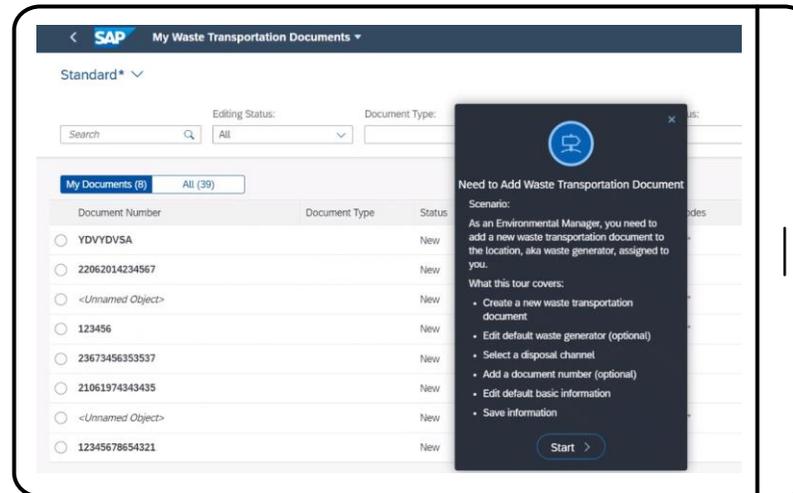
- Plastic-free ocean by 2030. Design out waste and pollution, products and materials are kept in use for longer, and natural systems can regenerate.
- Bring upstream visibility for sustainable inputs, downstream visibility to enable reverse logistics and product authentication to promote reuse, embedding environmental and social stewardship into material flows.
- Provide formal work and improved working conditions for informal laborers, creating a more equal, fair and sustainable future.

## Outlook:

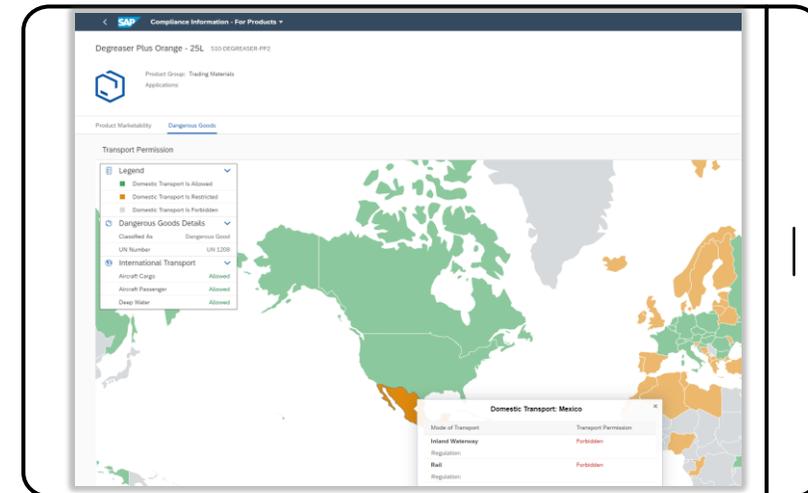
- Lead with Extended Producer Responsibility(EPR) focus, collaborate with customers, partners, NGOs and regulators, to design end to end sustainable product lifecycles across the value chains for 5 countries.
- Sustainable Product Management: Actively embedded product compliance for all compliance-relevant products with integrated product marketability, dangerous goods, and safety data sheet checks.
- Waste Management: Identify waste and compliant disposal channels with waste partners, including transportation documentation.



**SAP Responsible Design and Production (RDP)**



**SAP S/4HANA for Environment, Health, & Safety – Waste management (WM)**



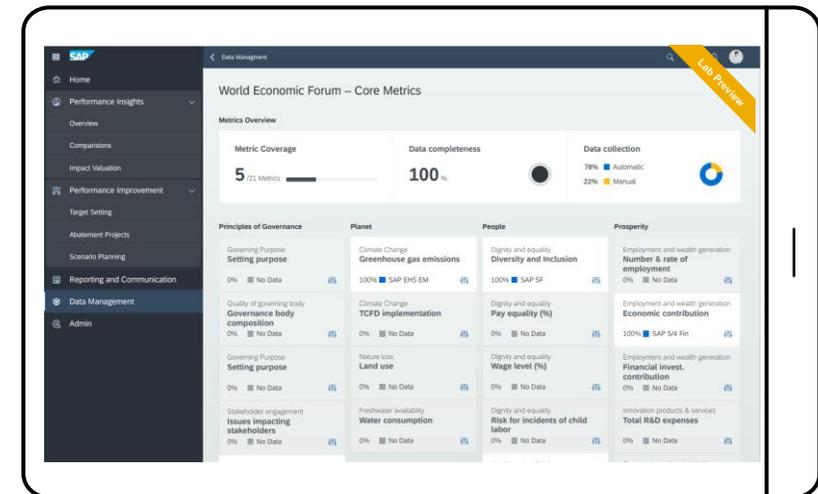
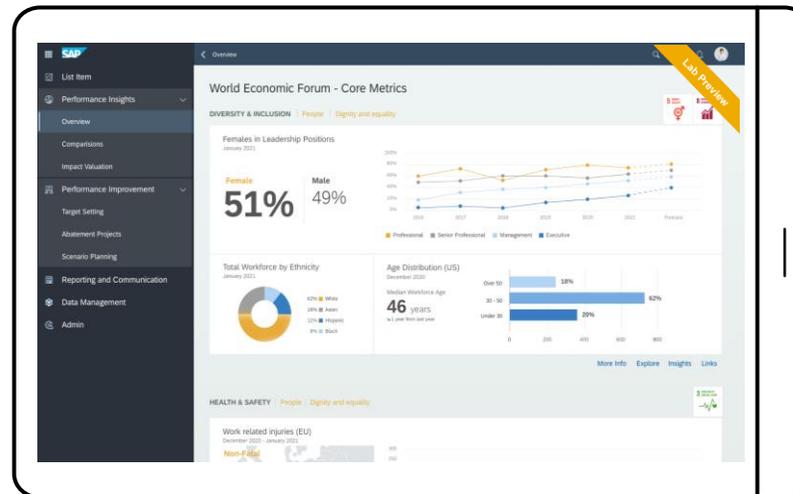
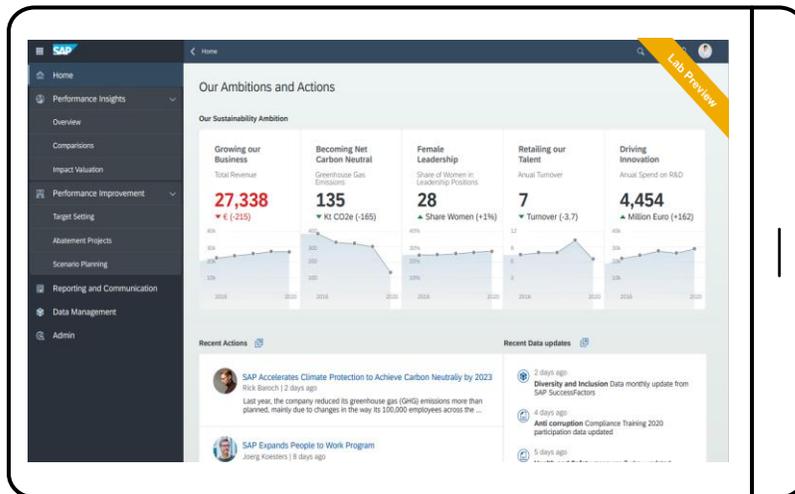
**SAP S/4HANA for product compliance (PC)**

# Steering to Zero with Holistic Steering & Reporting

- Integrated reporting, bringing together corporate and product impact, serving hyper transparency needs, with higher level of granularity than historically available through reporting and disclosure.
- Periodic data capture within a digitized end-to-end system focused on generating insights to guide steering and automation.
- Focused analysis on the most important data, protecting against business risks, tying it back to underlying business data.
- ESG information architecture meeting the needs of external audiences and internal managers.

## Outlook:

- Lead with 21 World Economic Forum Stakeholder Capitalism Metrics, providing a strong foundation for our customers to bring ESG transparency, from their SAP applications data including integrated content from EHS, HCM, SF and Finance
- Support upcoming reporting requirements, communicating progress to both internal and external audiences.
- Create actionable insights to drive Sustainability Performance across the organization.
- Leverage sustainability data across company boundaries to drive sustainability improvements across the value chain.



## SAP Sustainability Control Tower (SCT)

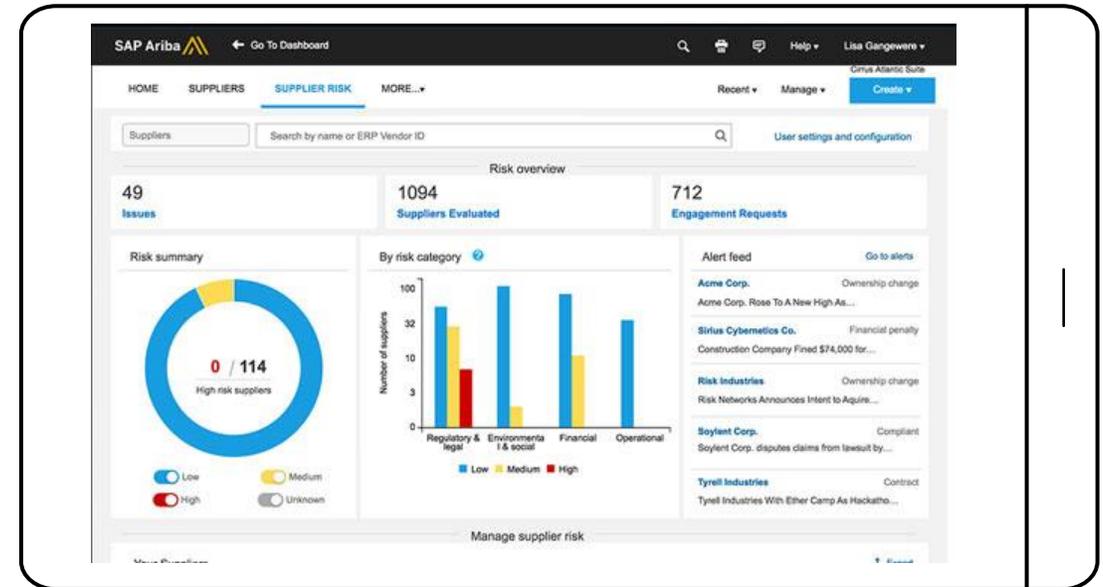
# Zero Inequality with Social Responsibility



- Embedding ESG metrics across our business operations, extending to our business networks.
- Ensure continuous improvement in safe equitable and compliant businesses, within the company and across the value network.
- Responsible and Fair Wages

## Outlook:

- Evaluating our suppliers based on their ESG performance, including diversity and inclusion metrics, to ensure responsible businesses across our networks, while managing our footprints data.
- Improve EHS performance by incorporating risk management into daily operations with integrated business processes and shared data and workflows.
- Protect asset integrity and optimize production by reducing unplanned downtime and outages through proactively identifying and mitigating safety risks.



# Collaborating with our Ecosystem to enable Sustainable Intelligent Enterprises

## Selected Strategic Partnerships

### Climate Action

- SAP is [innovation partner in WBCSD's Value Chain Carbon Transparency Pathfinder](#), dedicated to enhancing transparency in corporate carbon emissions with the objective to ultimately decarbonize supply chains.
- SAP is founding member of [European Green Digital Coalition](#) to emphasize the role of technology for the green transition and EU taxonomy, set up with the European Commission, our customers and partners. SAP will invest in digital technology and work on the methodology and its deployment across industries including buildings, agriculture, transportation to assess a positive impact of tech on environment.

### Circular Economy

- As a member of the Global Plastic Action Partnership, [SAP Aims for a Plastic-Free Ocean](#), and is working with the Ellen MacArthur Foundation, the World Wildlife Fund, and other strategic partners to create a cleaner ocean by 2030.
- SAP has joined the call to action with Ellen MacArthur Foundation, on [EPR for packaging](#). 100+ businesses in the packaging value chain, publicly recognize that without Extended Producer Responsibility (EPR) packaging collection and recycling is unlikely to be meaningfully scaled and tens of millions of tones of packaging will continue to end up in the environment every year.

### Holistic Steering & Reporting

- SAP is a member of International Business Council (IBC) community with World Economic Forum. Close to 70 IBC's members have agreed to advance the creation of common metrics and consistent disclosure of sustainable value creation with [Measuring Stakeholder Capitalism](#) initiative. SAP joined the Alliance as a Net-Zero champion, with the Forum's Alliance of CEO Climate Leaders
- SAP supports [Value Balancing Alliance](#), which aims to advance the measurability of the sustainability dimension. VBA offers a standardized methodology that helps companies, investors, and other stakeholders compare nonfinancial performance. These insights enable companies to create business value beyond revenue or profit growth while taking into consideration the long-term impacts of their business operations on the environment and society as a whole.

### Social Responsibility

- With United Nations Global Compact, SAP and Accenture have created 3 guides for implementing [SDG Ambition](#) approach, enabling customers transformative journeys on sustainability. Apart from 10 Business Benchmarks, this also includes guidance on Achieving the [Living Wage Ambition](#)
- With United Nations Global Compact, SAP Ariba has contributed to [The Decent Work Toolkit for Sustainable Procurement](#) which enables companies, procurement professionals and suppliers to develop a common understanding on how to advance decent work through purchasing decisions and scaling up efforts to improve lives around the globe.

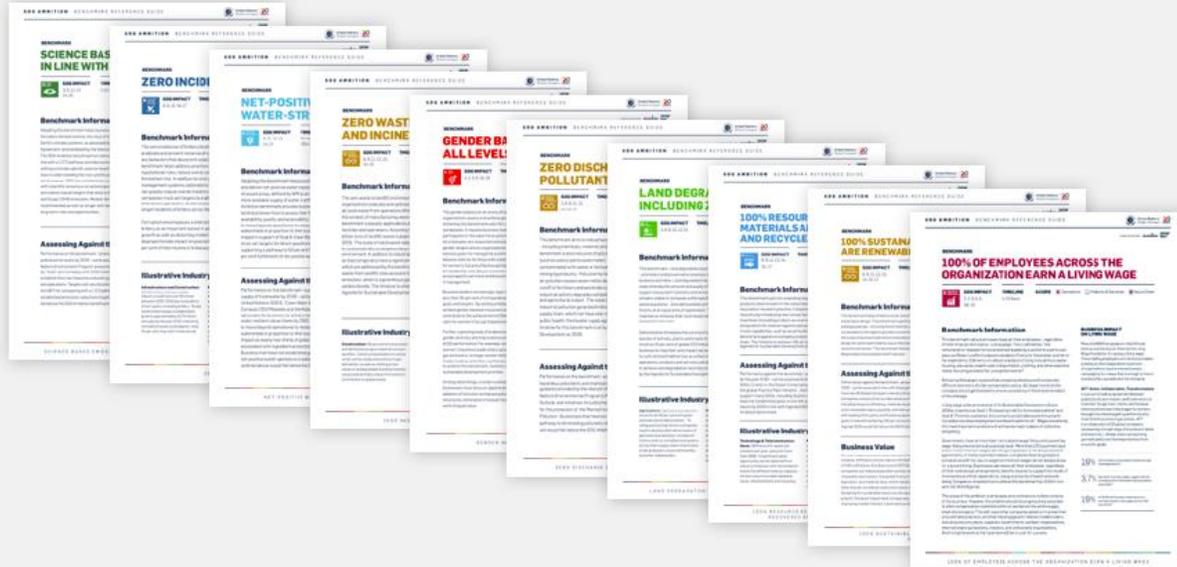
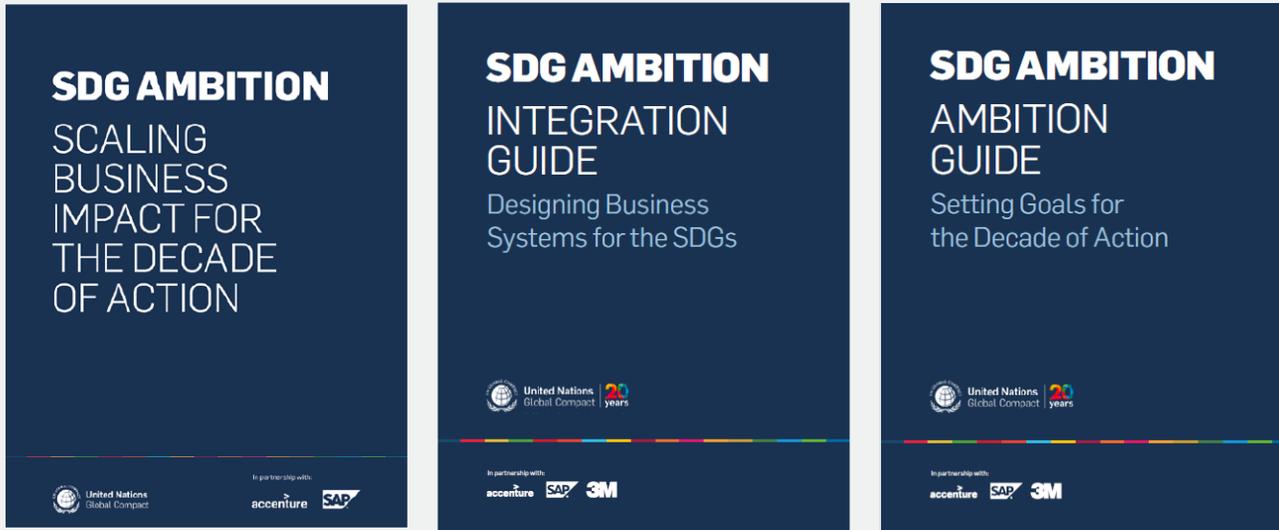
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# Methodology

## SDG Ambition Approach: Getting the Transition Started



# RAISING AMBITION

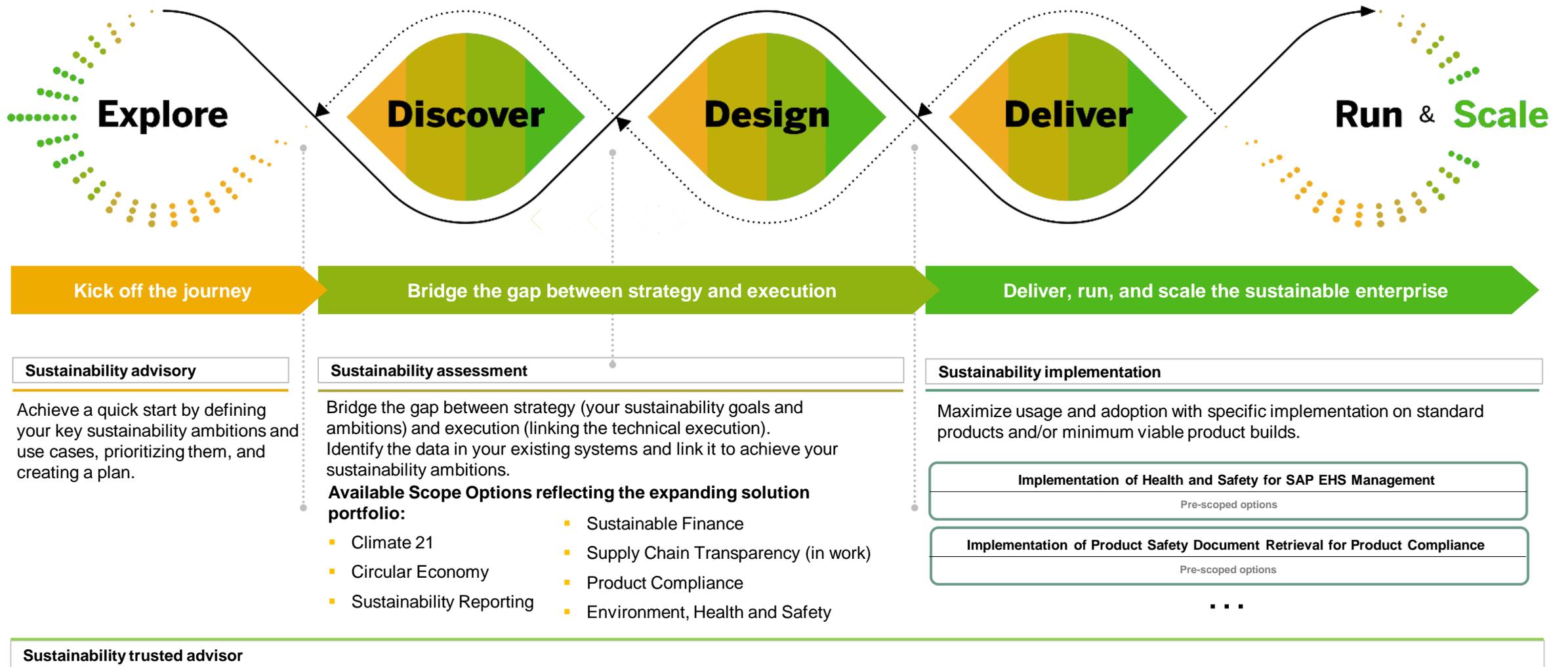


# SDG Ambition Approach: From Raising Ambition to Business Integration

- **Ambition Operationalization:** Integrate your sustainability commitments in your core business strategy and operations
- **Systemic Shift:** Sustainability innovations bring together business and technology partners across the ecosystem, while also respecting geographical, industry and system diversity
- **Accountability through Reporting:** KPIs and metrics drawn from leading standards to inform decision making
- **KPIs Ownership and Goals:** Understand the interplay of maturity between people, process and technologies
- **Goal Setting** that is more absolute, impact-oriented, and interconnected forms a strong foundation for looking into the “enabling technologies” and understanding the systemic impact



# Sustainability – Service Package and Portfolio 2021



Work with SAP as a trusted advisor on sustainability topics from project start to implementation. Align your project road map with the sustainability product road map, provide feedback to product management, and build a bridge with product development. Apply the latest sustainability innovations.

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# Sustainability Solution Capabilities Planned for Q3 – Q4 2021

	2021 Q3	2021 Q4
<b>Climate Action</b>	<ul style="list-style-type: none"> <li>• <b>PFM:</b> <a href="#">Calculate product footprints of purchased goods</a> with S/4HANA 2108</li> <li>• <b>EHS Environment Management:</b> <a href="#">Support for indirect greenhouse gas emissions management</a> with SAP S/4HANA 2108</li> <li>• <b>LBN:</b> <a href="#">Gain insights into the carbon footprint of your shipments</a></li> <li>• <b>LBN:</b> <a href="#">Track the transport-related carbon emissions of your shipments</a></li> </ul>	<ul style="list-style-type: none"> <li>• <b>PFM:</b> Calculate product footprints at scale including production activities + embedding E2E scenarios with SAP S/4HANA 2111</li> <li>• <b>EHS Environment Management:</b> <a href="#">Management of environmental summary reports</a> with SAP S/4HANA 2111</li> <li>• <b>IBP:</b> SAP Best Practices: <a href="#">Enhanced inventory scenario planning</a> with SAP S/4HANA 2111</li> </ul>
<b>Circular Economy</b>	<ul style="list-style-type: none"> <li>• <b>RDP:</b> Beta release</li> <li>• <b>EHS Environment Management:</b> <a href="#">Analytical CDS views for transactional data</a>; <a href="#">Integration of dangerous goods in management of material data</a>; <a href="#">Management of waste-transport documents</a> and <a href="#">Waste characterization – waste stream and channel management</a> with SAP S/4HANA 2108</li> <li>• <b>PC:</b> <a href="#">Dangerous Goods Management</a> with SAP S/4HANA 2108</li> <li>• <b>PC / MM:</b> <a href="#">Purchasing integration with product compliance</a> with SAP S/4HANA Cloud 2108</li> <li>• <b>PC:</b> Support for manual shipments of <a href="#">Safety Data Sheets</a> with SAP S/4HANA 2108</li> <li>• <b>TM / PC:</b> <a href="#">Logistics integration with product compliance – dangerous goods checks</a> with SAP S/4HANA 2108</li> <li>• <b>LBN:</b> <a href="#">Blockchain based Material Traceability</a></li> </ul>	<ul style="list-style-type: none"> <li>• <b>CE:</b> General Availability of RDP to support Extended Producer Responsibility obligations and reporting</li> <li>• <b>EHS Environment Management:</b> <a href="#">Integration of product compliance data with SAP S/4HANA 211</a></li> <li>• <b>TM / PC:</b> <a href="#">Enhancement of dangerous goods checks</a> with SAP S/4HANA 2111</li> <li>• <b>TM / PC:</b> Dangerous goods documents for ADR/RID/IMDG/CFR/TDG with SAP S/4HANA 2111</li> </ul>
<b>Holistic Steering and Reporting</b>	<ul style="list-style-type: none"> <li>• <b>SCT:</b> Private Beta Testing (<i>selected customers and partners</i>)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>SCT:</b> General Availability. Key Figures and analytics along WEF Core Metrics, integrating data from diverse sources via “open data provider interfaces” resp. integration with SAP S/4HANA, SAP EHS EM and IM, and Success Factors.</li> </ul>
<b>Social Responsibility</b>		<ul style="list-style-type: none"> <li>• <b>EHS:</b> <a href="#">Enhanced Analytics in Management of Change</a> with SAP S/4HANA 2108</li> <li>• <b>Ariba:</b> <a href="#">Diversity-based supplier classification</a></li> </ul>

# Upcoming Enablement Sessions



More companies than ever are looking for a holistic solution to take the right steps towards climate action. You can start acting on climate change and reduce product footprints with **SAP Product Footprint Management**, a new cloud-native application built on SAP Business Technology Platform. ([Link](#))



Together with SAP S/4HANA Product Success, Co-Innovation and Content team, we will enable our partner's ecosystem to take advantage of our fully-fledged SAP S/4HANA Cloud and on prem solutions on sustainability. We will offer various enablement assets demonstrating the features and functions as well as the benefits our innovations bring our users. ([Link](#))



October 27<sup>th</sup> 2021  
**SAP S/4HANA Cloud Summit**  
Leading digital transformation and capitalizing on cloud (To be announced)

October 28<sup>th</sup> 2021  
**SAP Sustainability Forum**  
[SAP Sustainability Summit | Home](#)

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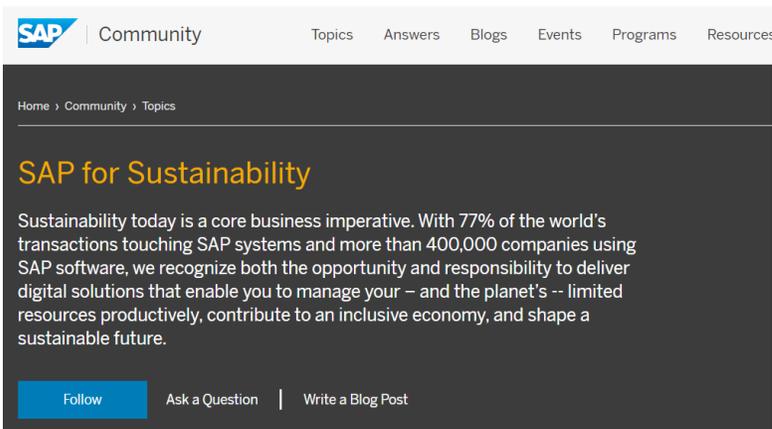
[SAP Purpose and Sustainability](#)  
[SAP Solutions for Sustainability](#)



Product Perspective Sessions  
[SAP Sustainability Summit | Home](#)



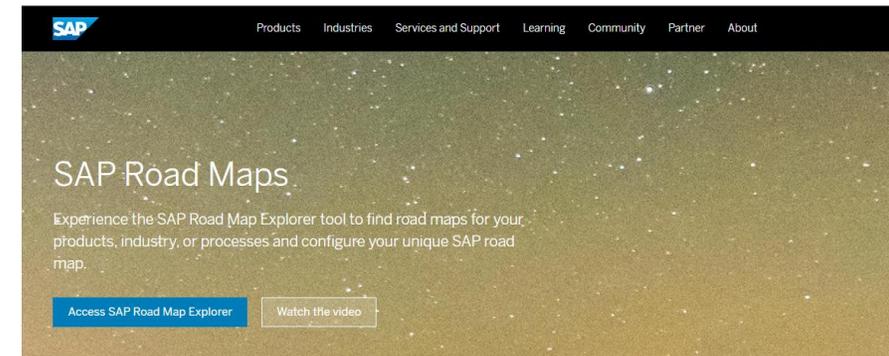
[Business Success with Climate Action](#)  
[Helping Business Thrive in a Circular Economy](#)  
[SAP Environment, Health, and Safety for Operational Sustainability](#)



[SAP Community | SAP for Sustainability](#)



[SDG Ambition](#)



[SAP Road Map Explorer](#)  
[SAP Help Portal](#)

# Thank You