SAP

SAP Holistic Steering & Reporting – L1 Solution Overview

Manage your Green Line like your Top- & Bottom-Line

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Public

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Agenda

1   **WHY: Holistic Steering and Reporting**

2   HOW: SAP approach to make sustainability measurable

3   WHAT: SAP Sustainability Control Tower

Sustainability is more relevant than ever

Companies need to act on sustainability now

Customers	Investors	Employees	Regulators	**Companies**
79% of buyers are changing preferences based on sustainability	**50%** of all professionally managed assets will be ESG-mandated by 2025	**90%** of employees implied that a company's ESG efforts enhances job satisfaction	**>600** voluntary & regulatory ESG standards / frameworks currently exist	**70%** of EBITDA could be at stake from sustainability challenges

The ESG expectations are continually growing

RECORD

ESG transparency along the value chain

Data spanning multiple sources, formats and organizations without the granular level of details and precision

REPORT

New and increasing ESG reporting requirements

Multiple frameworks and standards to report against and fulfilling the respective requirements

ACT

Sustainability touches all business processes

Sustainability strategy and initiatives disjoint from corporate strategy, business models and processes

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

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

Agenda

1 WHY: Holistic Steering and Reporting
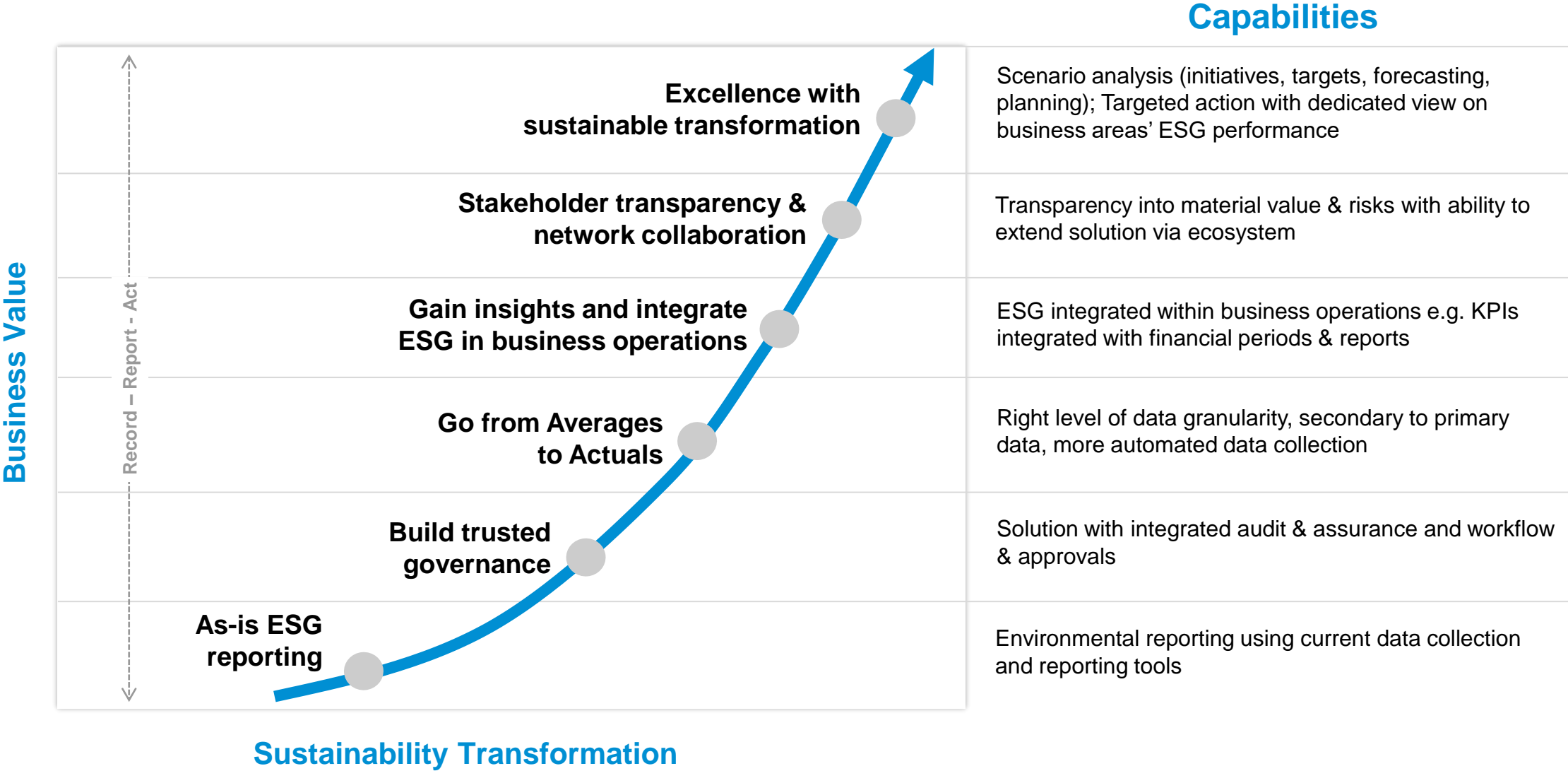
2 **HOW: SAP approach to make sustainability measurable**

3 WHAT: SAP Sustainability Control Tower

Unlock your journey to Holistic Steering & Reporting with SAP

Capabilities

Business Value

Record – Report - Act

Excellence with sustainable transformation
Scenario analysis (initiatives, targets, forecasting, planning); Targeted action with dedicated view on business areas' ESG performance

Stakeholder transparency & network collaboration
Transparency into material value & 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 and workflow & approvals

As-is ESG reporting
Environmental reporting using current data collection and reporting tools

Sustainability Transformation

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

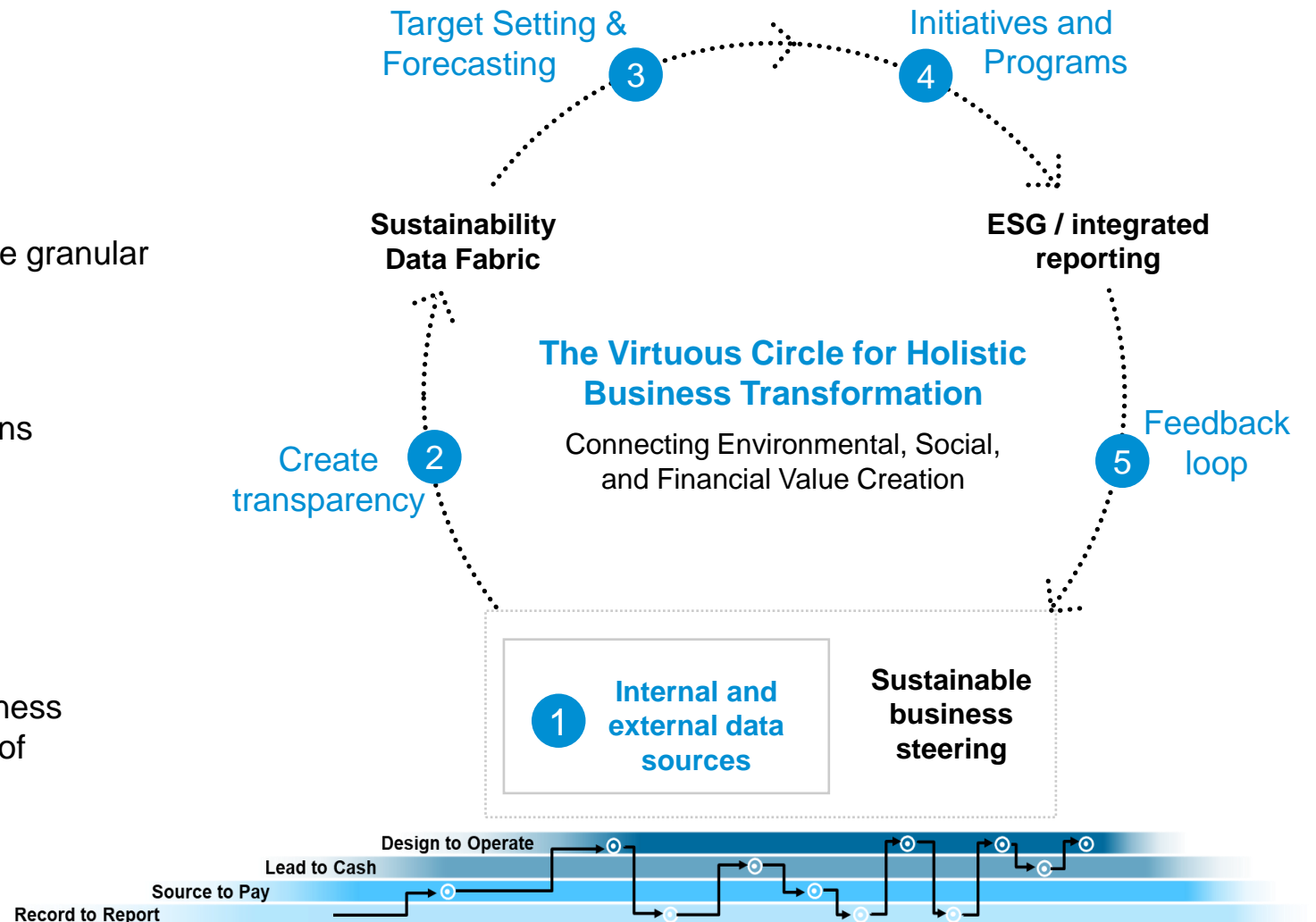## 3. Planning & Target Setting & Forecasting
Define and plan against your Sustainability ambitions

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

Target Setting & Forecasting **3**

Initiatives and Programs **4**

Sustainability Data Fabric

ESG / integrated reporting

The Virtuous Circle for Holistic Business Transformation
Connecting Environmental, Social, and Financial Value Creation

Create transparency **2**

Feedback loop **5**

1 **Internal and external data sources**

Sustainable business steering

Design to Operate
Lead to Cash
Source to Pay
Record to Report

Integrate ESG performance directly with financial close

Chief Financial Officer

"I can now get our ESG house in order by leveraging our auditable standard reports in line with industry standards and prepare for additional upcoming mandatory standards."

Prepare

Discovery & Advisory Services

- Determine your single materiality ESG KPI's
- Use SCT's TCFD framework to track KPI's and data

Record

Sustainability Control Tower

- Collect TCFD data with integration to SAP S/4HANA
- Track every step with audit and assurance

Report

Sustainability Control Tower

- Integrate SAP S/4HANA period close, org. data & financials
- Prepare a holistic and regulatory reporting
- Structure TCFD single materiality risks against your financials to mitigate financial risk

Act

Sustainability Control Tower

- Enable Controller to write-back TCFD impairments to SAP S/4HANA Finance Income Statement
- Manage Finance & ESG risks side by side in SAP S/4HANA
- Complement with **Treasury & Risk Management** to add TCFD ESG risks to Risk Mitigation Control

SAP S/4HANA

Holistic Steering & Reporting Use Cases (1/2)

Enable compliant reporting

- Comply with changing and growing number of standards and frameworks e.g. GRI, SASB, CSRD, EU Taxonomy, TCFD
- Provide automated, timely, audit-ready ESG KPIs to investors, customers & other stakeholders

Gain ESG transparency and insights

- Source accurate data by integrating with SAP and non-SAP applications
- Gain powerful insights to quantify the impact of your business and make informed decisions to achieve your goals

Ensure assurance and auditability to reduce risk

- Mitigate financial risk by ensuring assurance
- Gain trust by establishing a robust and auditable ESG reporting

Holistic Steering & Reporting Use Cases (2/2)
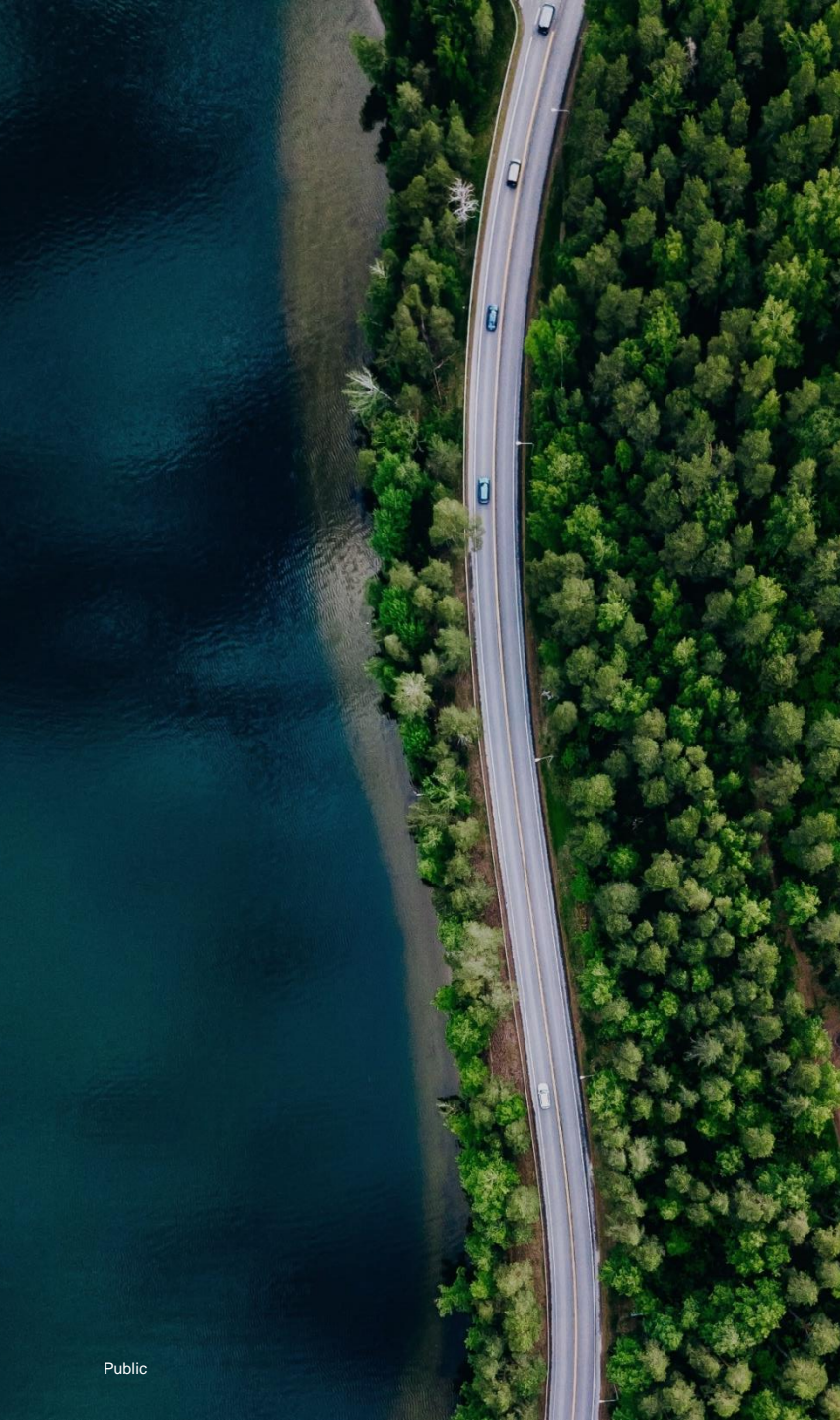
Set and achieve ESG targets

- With the help of ESG transparency and insights, set definite targets, create initiatives and track progress continuously
- Use intelligent forecasts and planning tools to future-proof your business and achieve your ESG goals

Improve ESG performance

- Embed relevant sustainability information into financial and operational processes to drive targeted action
- Give business units a dedicated view on their sustainability performance and indication of improvement areas

Engage with the ESG ecosystem

- Utilize API's that enable solution extensibility to bring in your own content, KPIs, data sets or applications
- This allows you to cater to your individual requirements and gain access to the largest ESG ecosystem

Sustainability is a team sport

◤ Global Strategic Service Partners & Alliances

accenture   **BearingPoint**   **Deloitte.**   **IBM**

BCG   *Capgemini*   **EY**   **pwc**

◤ The **SAP**® **PartnerEdge**® Ecosystem

◤ Thought leadership partners & impact networks

BSR®   **GLOBAL PLASTIC ACTION PARTNERSHIP**   value balancing alliance   **WORLD ECONOMIC FORUM**

ELLEN MACARTHUR FOUNDATION   **United Nations Global Compact**   **wbcsd**

Agenda

1 WHY: Holistic Steering and Reporting

2 HOW: SAP approach to make sustainability measurable

3 **WHAT: SAP Sustainability Control Tower**

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

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
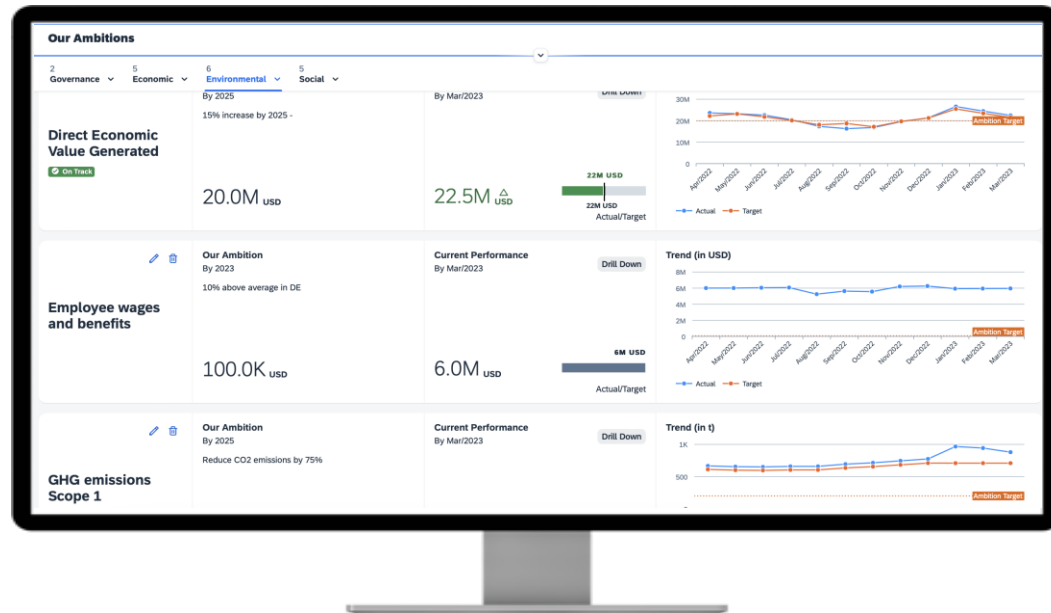**with Social Responsibility**

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

SAP Sustainability Control Tower

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

Standard semantic frameworks supported

WORLD ECONOMIC FORUM

TCFD — TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

GRI

EU Taxonomy

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 | Record

Record ESG factors with integration into SAP systems for faster time to value & granular data visibility based on actual data

RECORD

REPORT

ACT
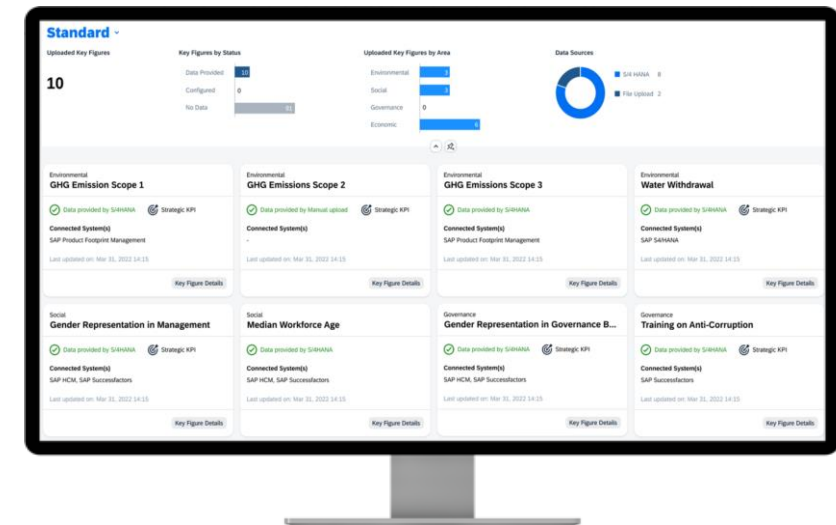
Streamline data integration process

Automate the data collection and harmonization with pre-built data integration, APIs, file import and manual entry

Instantly create audit-ready data

Improve data integrity and quality with data validation and approval workflows to ensure audit-ready data

Use predefined data models & calculations

Harmonize, allocate and calculate granular sustainability KPIs according to established structures from Finance, HR and Operations

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

SAP Sustainability Control Tower | Report

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

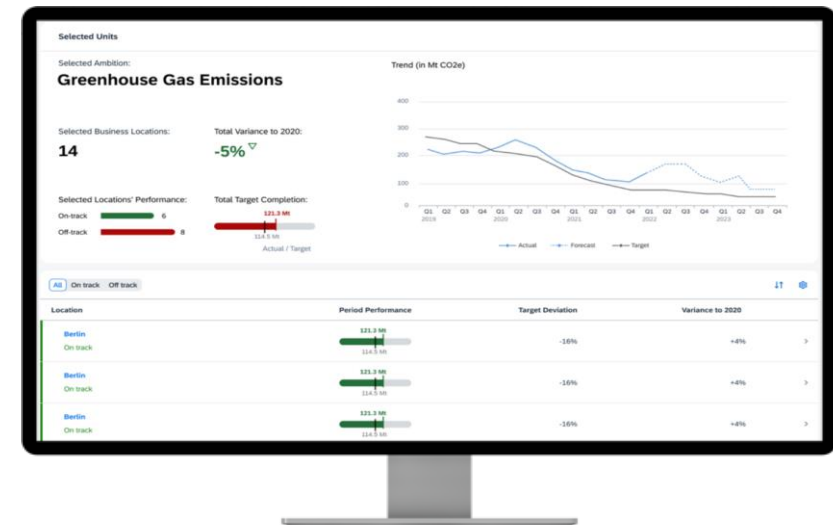| RECORD	**REPORT**	ACT

Map seamlessly to multiple ESG standards

Report the metrics for the most common standards, such as GRI, TCFD, EU Taxonomy and more with pre-defined ESG metrics

Extend standard functionality via APIs

Create your own metrics and bring partner metrics, business and regulatory content and apps to drive impact

Create management dashboards

Provide your management transparency on core ESG metrics with one easy-to-use dashboard

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

SAP Sustainability Control Tower | Act

Act by planning your future with actionable insights, forecasts & concrete targets to achieve a measurable impact

RECORD	REPORT	**ACT**

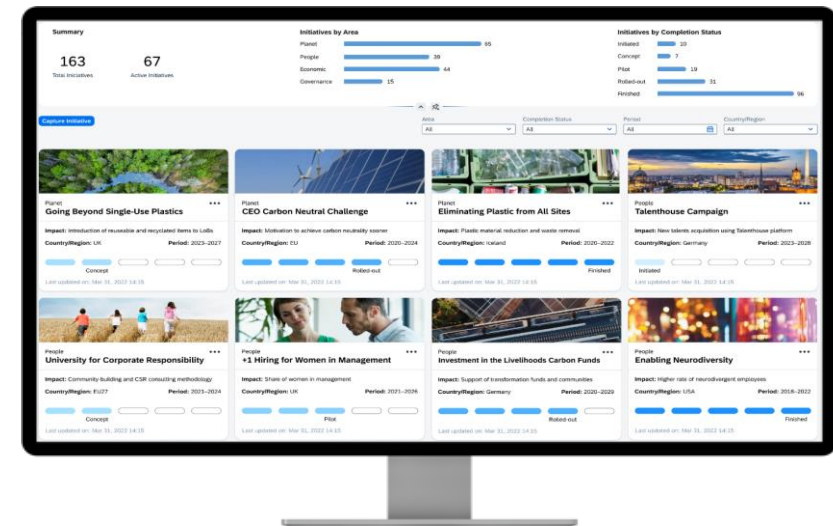### Set actionable, realistic targets

Set targets, gain actionable insights into your core processes, forecast outcomes and analyze scenarios

Monitor and improve your progress

Link your initiatives to your sustainability targets and track progress

Embed sustainability into core processes

Create role-based sustainability actions (e.g., CFO, CPO etc.) to improve business unit performance and mitigate risks

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

Transform into a sustainable future with SAP

Enable Holistic Sustainability Steering & Reporting with SAP Sustainability Control Tower

Record

Move from averages to actuals with data across the entire value chain

Report

ESG KPIs for most relevant frameworks with built-in audit & assurance

Act

Embed sustainability into your business DNA & drive transformation

Adopt SAP Sustainability Control Tower to..
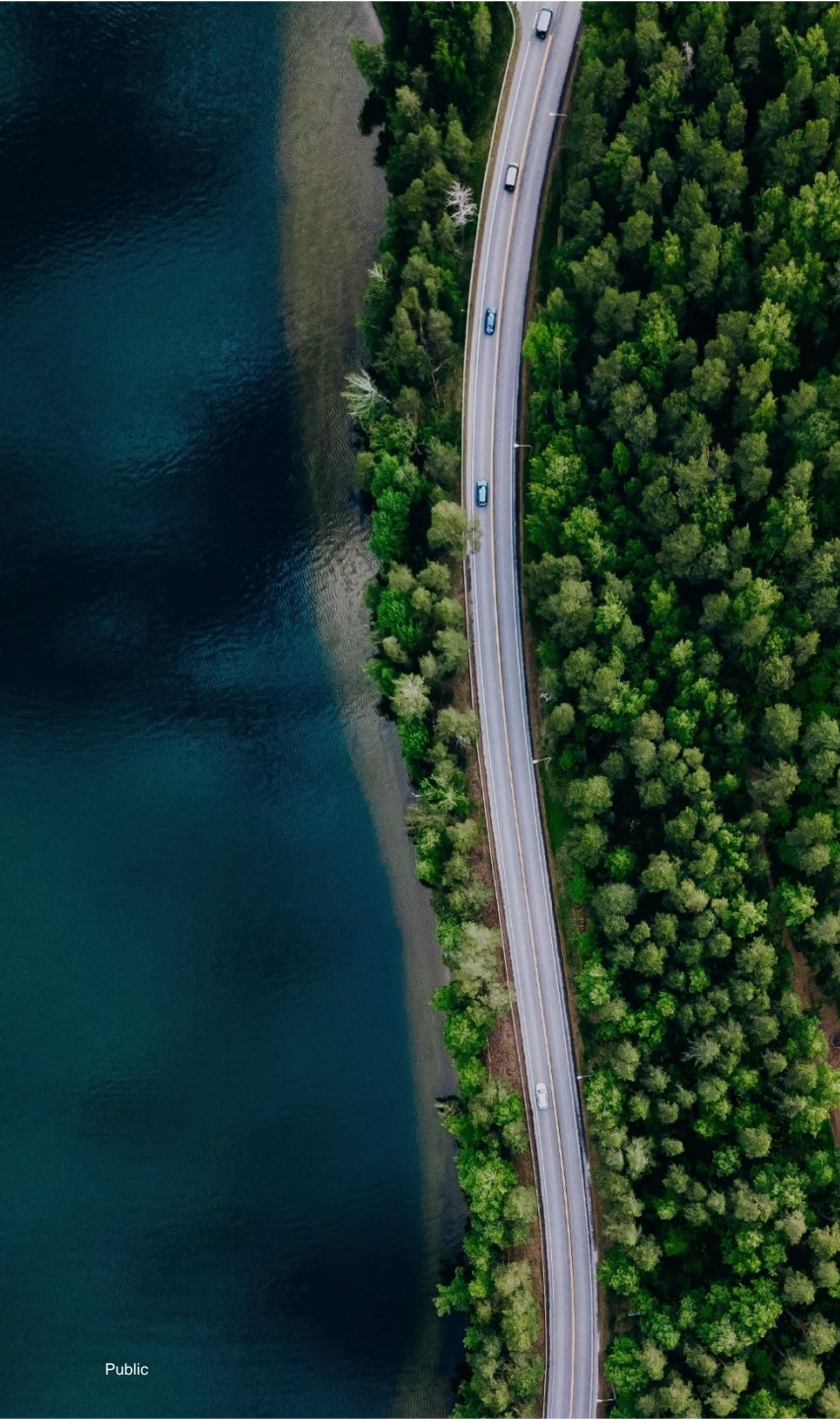
| Enable compliant ESG reporting | Gain transparency & insights on ESG | Improve ESG performance | Set and achieve ESG targets | Ensure assurance & auditability of ESG | Engage with the ESG ecosystem |

Next step: Join us in an SAP ESG Impact Lab session

Discuss your **ESG requirements, from regulatory reporting to business unit integration to sustainable transformation**

Deep dive into **your specific needs for ESG reporting and associated GHG-Protocol** & other sustainability requirements

Validate the **way forward** for a quick win first phase and longer term implementation roadmap leveraging our services offering

SAP

Thank you.

Contact information:

Name
name@sap.com

SAP Sustainability Control Tower

Fit for purpose SaaS application

Detailed architecture

SCT – Frontend

> ### Fiori applications
> Landing page, configuration, administration audit, design time

SCT – Data integration & management

> ### Services on BTP
> Calculation & process engine[1], metric catalogue, BTP integration agents, public API

Primary Persistency

SCT – Data foundation

> ### HANA cloud DB server[2]
> SCT DB schema, Customer data

Data model
Resides in HANA Cloud, decoupled from SAP Data Warehouse Cloud – (DWC & SAC as extensions available[1])

Integration
Turnkey integration with S/4HANA (based on Cloud Data Integration interfaces)

Extensibility
Offered via (generic) data model and calculation engine

Target picture
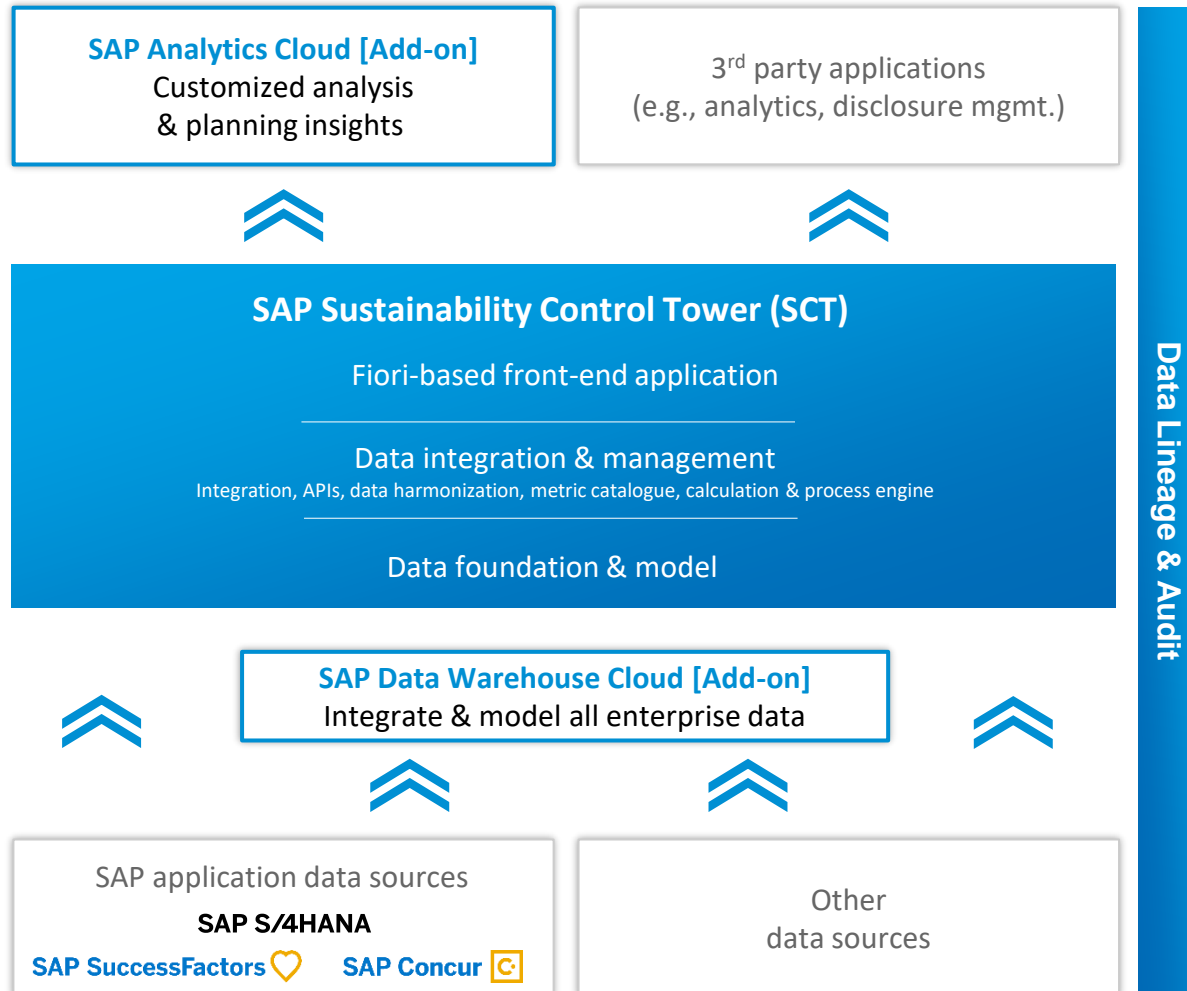Significantly reduced TCO via high tenant density (multiple tenants on same HANA instance)

Application Lifecycle management
Streamlined deployment & updates via Deploy with Confidence

1 Includes key functionalities of PaPM 2. Multi tenant
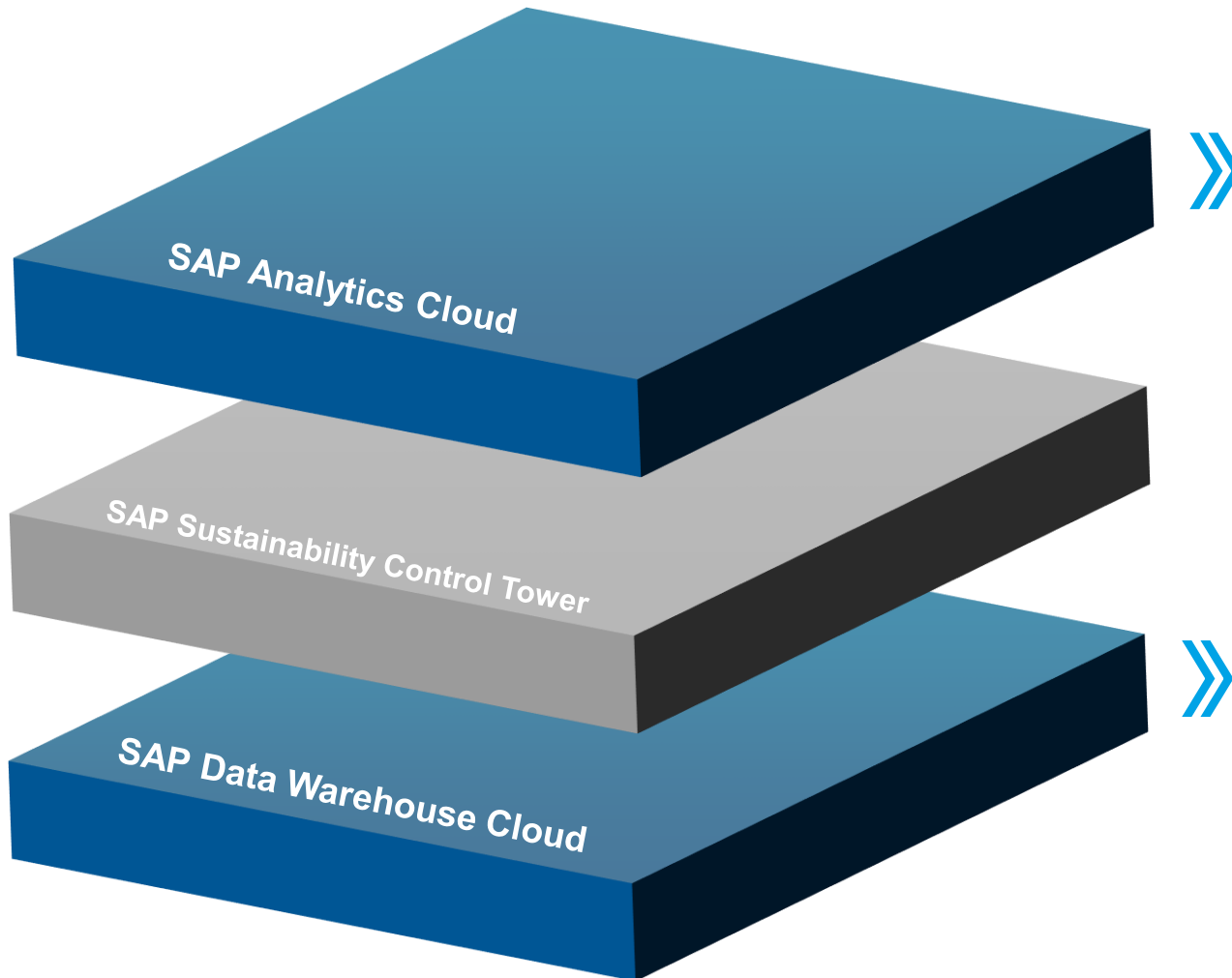
Achieving Holistic Steering and Reporting

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

SAP Analytics Cloud [Add-on]
Customized analysis
& planning insights

3rd party applications
(e.g., analytics, disclosure mgmt.)

SAP Sustainability Control Tower (SCT)

Fiori-based front-end application

Data integration & management

Integration, APIs, data harmonization, metric catalogue, calculation & process engine

Data foundation & model

Data Lineage & Audit

SAP Data Warehouse Cloud [Add-on]
Integrate & model all enterprise data

SAP application data sources

SAP S/4HANA

SAP SuccessFactors ♡   **SAP Concur** C∙

Other
data sources

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

■ SCT   ☐ SCT Extended (add-on)

Broaden the impact of your ESG projects

Extend the SAP Sustainability Control Tower and transform your data strategy

SAP Analytics Cloud

SAP Sustainability Control Tower

SAP Data Warehouse Cloud

Extend analytics to reduce environmental footprint at the source, optimize supplier decisions and foster inclusive culture across the organization

Gain deeper insights into your ESG scores to make smart investment decisions for your sustainability programs and diversity spend

Simulate outcomes and evaluate sustainability initiatives with what-if analysis and scenario planning

Integrate sustainability, financial, and operational planning on one enterprise planning foundation

Unify all data with a single business semantic service to **make the most impactful decisions**

Simplify the integration of 3rd party data to **understand the influence of external forces** on your operations

Incorporate your existing data in SAP Business Warehouse (BW) in the cloud to **enrich analysis and accelerate innovation**

Sustainability metrics overview – Q4 update

SCT delivers a set of mostly commonly used sustainability metrics[1] out-of-the-box

Environmental

Metric	Reference
GHG Emission Scope 1	GRI 305 1-3
GHG Emissions Scope 2	GRI 305 1-3
GHG Emissions Scope 3	GRI 305 1-3
Water Withdrawal	GRI 303-3
Water Consumption	GRI 303-5
Land Use – Area	GRI 304-1
Land Use – Sites	GRI 304-1

Social

Metric	Reference
Gender representation in Management	GRI 405-1b
Median Workforce Age	GRI 405-1b
Pay equality by Gender (Renumeration)	GRI 405-2
Pay equality by Gender (Base salary)	GRI 405-2
Pay equality by Ethnicity(Renumeration)	GRI 405-2
Pay equality by Ethnicity (Base salary)	GRI 405-2
Wage Level	GRI 202-1
Level of CEO Compensation	GRI 202-1
Work-related incidents	GRI 403
Work-related fatalities	GRI 403
Incidents per million hours worked	GRI 403
Training duration per employee	GRI 404-1
Training expenditure	GRI 404-1
Rate of new hires	GRI 401-1
Total number of new hires	GRI 401-1
Rate of turnover	GRI 401-1
Total number of turnover	GRI 401-1

Governance

Metric	Reference
Gender representation in Governance Body	GRI 2
Training on Anti-Corruption	GRI 205-2
Number of Corruption Incidents	GRI 205-3

Economic

Metric	Reference
Revenue	GRI 201-1
Operating costs	GRI 201-1
Employee wages and benefits	GRI 201-1
Payments to providers of capital	GRI 201-1
Payment to government	GRI 201-1
Community investments	GRI 201-1
Financial assistance received from the government	GRI 201-4
Capital expenditures	IAS 7, US GAAP ASC 230
Depreciation	IAS 7, US GAAP ASC 230
Share buybacks	IAS 7, US GAAP ASC 230
Dividend payments	IAS 7, US GAAP ASC 230
Total global tax	GRI 201-1
Corporate income taxes	GRI 201-1
Property taxes	GRI 201-1
Non-creditable VAT	GRI 201-1
Other sales taxes	GRI 201-1
Employer-paid payroll taxes	GRI 201-1
Other taxes	GRI 201-1
Total R&D expenses	US GAAP ASC 730

1. Selection based on World Economic Forum - Stakeholder Capitalism Core Metrics - representing metrics from GRI and US GAAP