Sustainability at SAP
Overview and Key Initiatives

July 2021

THE BEST RUN **SAP**

Help the world run better and improve people's lives

*"… We must act decisively to **protect our planet** from both the **coronavirus** and the existential **threat of climate disruption**…"*

Secretary-General's Message (Earth Day, April 22nd 2020)

Agenda

- Overview Sustainability at SAP

- SAP as Exemplar – Selected Initiatives

- SAP as Enabler – Product Portfolio

António Guterres
Secretary-General of the United Nations

Increasing Stakeholders Expectations

CEOs
48% of CEOs implement sustainability in their business operations *Source*

Consumers
5.6x faster growth of sustainable consumer packaged goods *Source*

Investors
34% growth in global sustainable investments between 2016 and 2018 *Source*

Regulators
60+ carbon pricing initiatives in place or scheduled for implementation *Source*

Employees
Responsible employers = **#1** concern amongst Millennial and Gen Z *Source*

Sustainability at SAP

Sustainability
Creating Positive Economic, Environmental and Social Impact within Planetary Boundaries

Enabler
Providing products and services that meet the sustainability challenges and opportunities of our customers

Exemplar
Leading by example in our own sustainable business operations and practices

Holistic Steering and Reporting

- SAP Sustainability Control Tower
- Integrated Reporting
- Value Balancing Alliance

Climate Action *Zero Emissions*

- SAP Product Footprint Management
- SAP Environment Management (EHS)
- Carbon Neutrality by 2023
- Environmental Management System

Circular Economy *Zero Waste*

- SAP Responsible Design & Production *
- GreenToken by SAP
- Phase out single-use Plastics

Social Responsibility *Zero Inequality*

- SAP Health and Safety Management (EHS)
- SAP Ariba
- Diversity, Equity, and Inclusion
- Health & Well-Being
- Skilled and Inclusive Workforce
- Social and Inclusive Entrepreneurship

Ethical business practices

- Enabler
- Exemplar

SAP as **Exemplar** | Selected Initiatives

Leading by example in our own sustainable business operations and practices

SAP's Approach to Holistic Steering and Integrated Reporting
Multi-capital management for long-term success

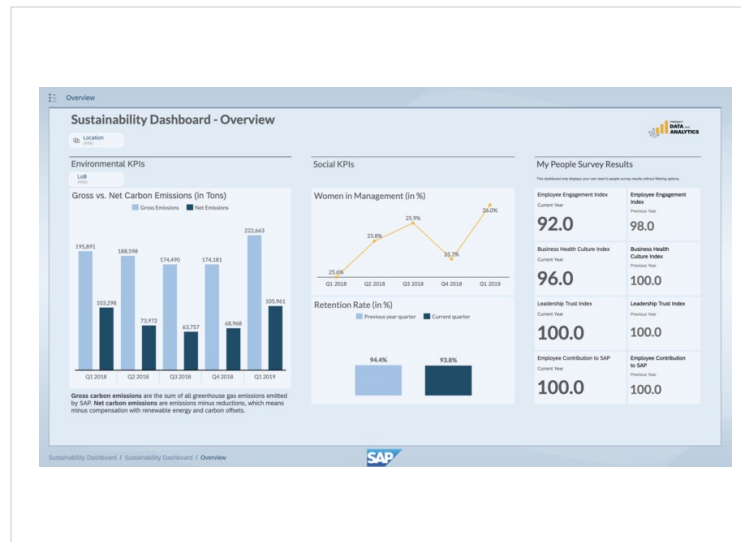| **Holistic View on Performance**	**Internal Dashboard**	**Founding member of the Value Balancing Alliance**
by connecting financial and non-financial indicators in SAP's Integrated Report	for all employees to drill-down into their contributions to SAP's environmental and social sustainability KPIs	to help measuring the environmental, human, social and financial value companies provide to society

SAP Integrated Report
https://www.sap.com/integrated-reports/2020/en/connectivity.html

SAP's internal Sustainability Dashboard,
based on SAP Analytics Cloud
(internal: https://go.sap.corp/Sustainability_Dashboard)

Value Balancing Alliance
https://www.value-balancing.com

Environmental Sustainability at SAP

Strategic Objectives

- **Carbon Neutral by 2023:** Achieve a net-zero carbon footprint of SAP's operations by 2023 (avoid, reduce, compensate approach)

- **Business Ambition for 1.5°C**: Committed science-based target to limit global temperature rise to 1.5 degrees

- **Zero Waste**: Phase out single-use plastics
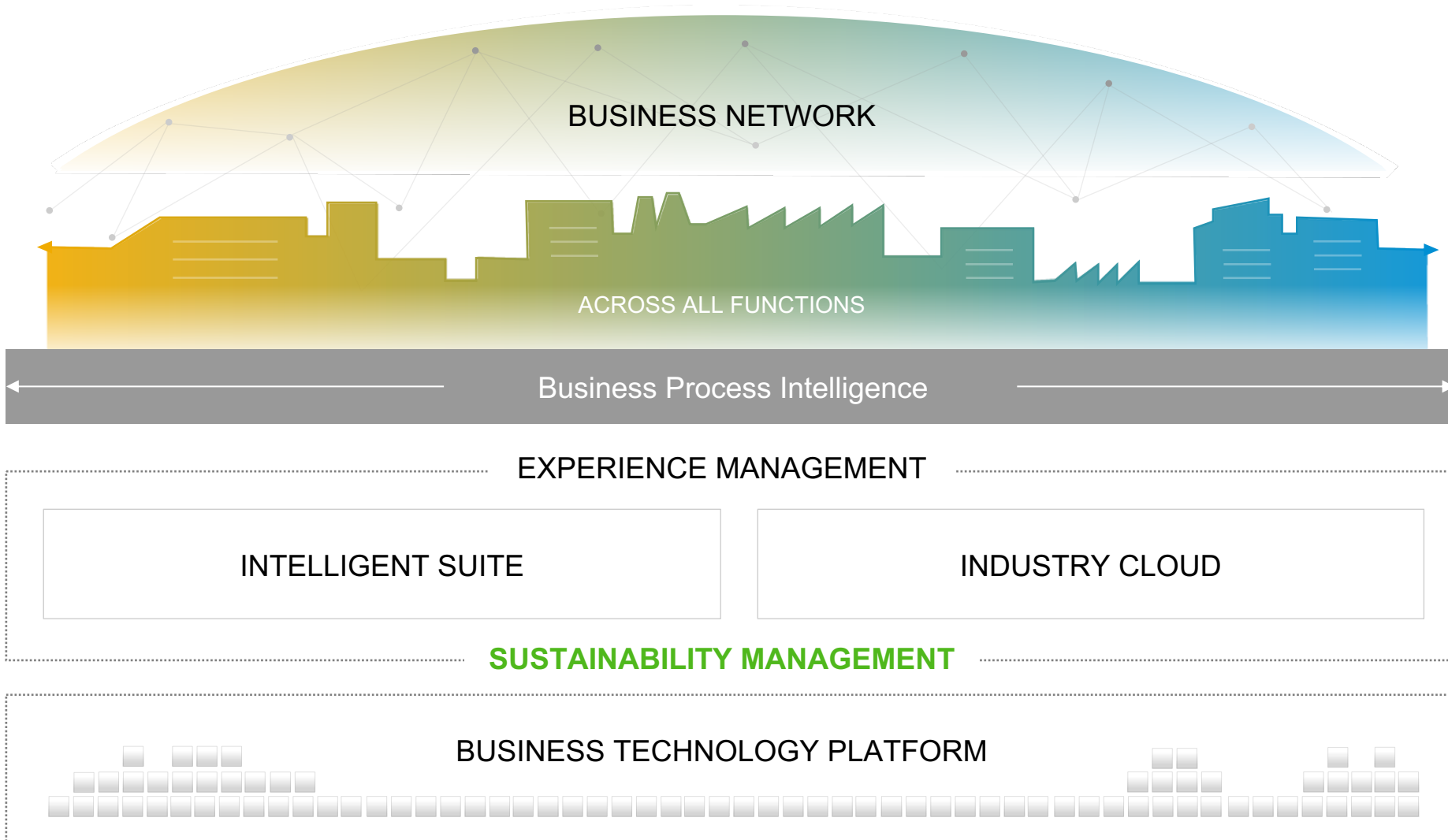
Key Initiatives

- **Green cloud**: 100% renewable electricity for all data center and facilities globally since 2014

- **E-cars**: 33% e-cars in global car fleet by 2025 (~10.000 cars)

- **Business flights**: Internal carbon price for business flights to offset related carbon emissions

- **Offsets**: From our strategic investment in the Livelihoods Carbon Funds

- **Environmental Management System**: All SAP-owned facilities ISO 14001 certified by 2025

About SAP SE / SAP News Center / **Sustainability**

SAP Accelerates Climate Protection to Achieve Carbon-Neutrality by 2023

March 4, 2021 by SAP News

🔥 Hot Story

WALLDORF — SAP SE (NYSE: SAP) today announced its intention to become carbon-neutral in its own operations by the end of 2023 – two years earlier than previously stated. This announcement coincided with the publication of SAP's Integrated Report 2020.

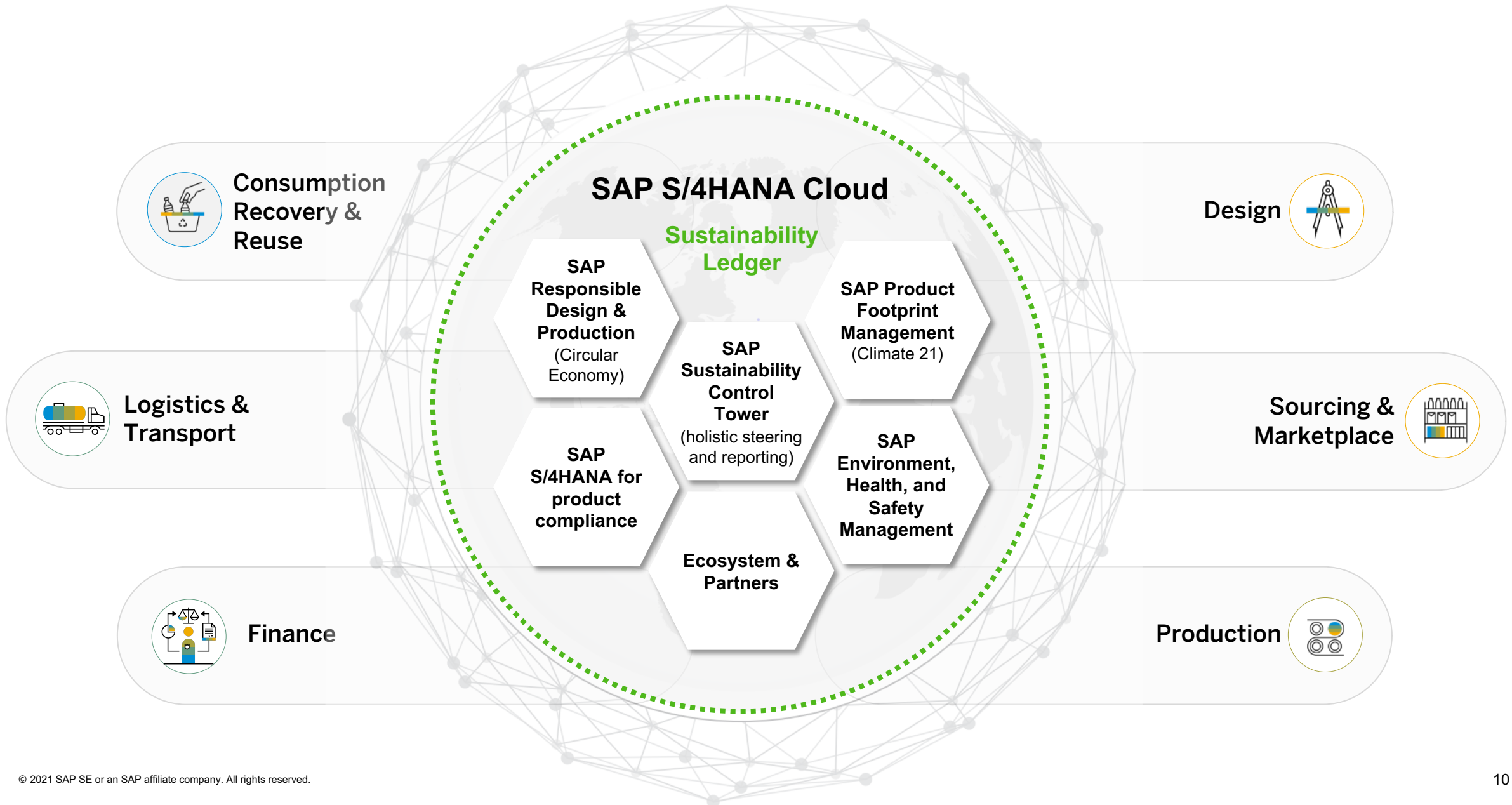# SAP as **Enabler** | Overview

Providing products and services that meet the sustainability challenges and opportunities of our customers

Sustainability Is Core to SAP's Strategy and Vision of the Intelligent Enterprise

BUSINESS NETWORK

ACROSS ALL FUNCTIONS

Business Process Intelligence

EXPERIENCE MANAGEMENT

INTELLIGENT SUITE

INDUSTRY CLOUD

SUSTAINABILITY MANAGEMENT

BUSINESS TECHNOLOGY PLATFORM

SAP Sustainability Management: Cloud. Modular. Embedded. Into the Network

Consumption Recovery & Reuse

Logistics & Transport

Finance

Design

Sourcing & Marketplace

Production

SAP S/4HANA Cloud

Sustainability Ledger

SAP Responsible Design & Production (Circular Economy)

SAP Sustainability Control Tower (holistic steering and reporting)

SAP Product Footprint Management (Climate 21)

SAP S/4HANA for product compliance

Ecosystem & Partners

SAP Environment, Health, and Safety Management

Climate 21 | Reduce GHG emissions along the value chain

The Challenge

Tackling the challenge of the 21th Century
SAP has launched the Climate 21 program to build analytical and transactional capabilities into SAP enterprise applications that can help customers to understand and minimize the greenhouse gas (GHG) footprint of their products and operations along their value chains.

Understand your CO2 footprint
Since 2000 GHG reporting and performance has been primarily built into separate EHS systems. For full management of CO2 the integration with core business is essential. SAP is committed to supporting customers in pursuing their low carbon business objectives.
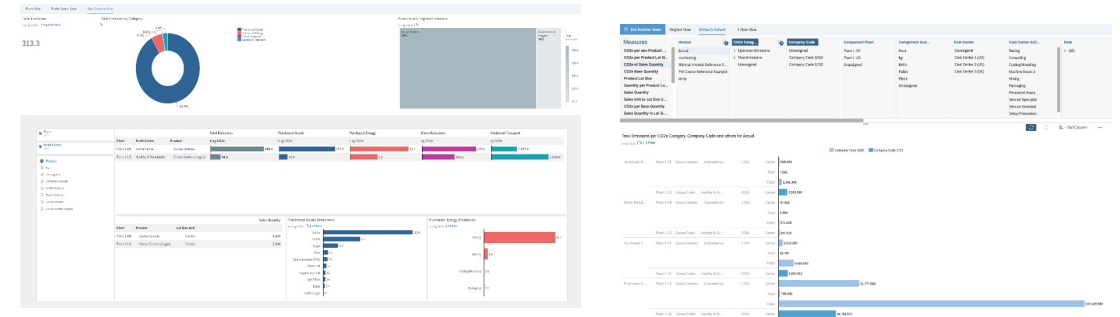
… **understand**
CO_2 footprint
of inputs operations and products

… **optimize** operations based on benchmarks

… **transform** business models and product portfolio

The Solution Vision

Analysis of the CO_2 footprint of products and services along the end-to-end value chain.
Transactions to optimize the CO_2 footprint of products and operations for all GHG categories.
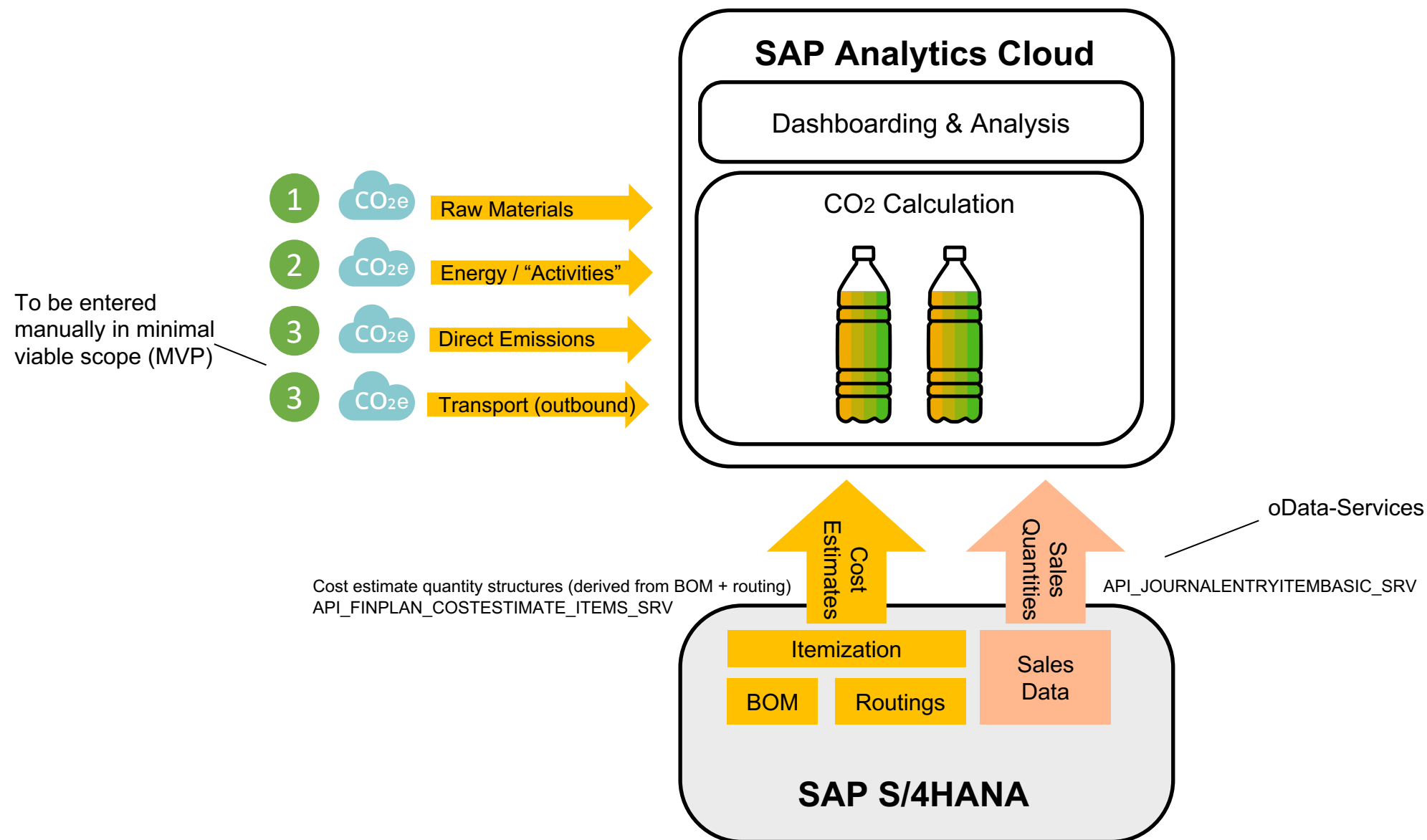
Mock-up

Mock-up
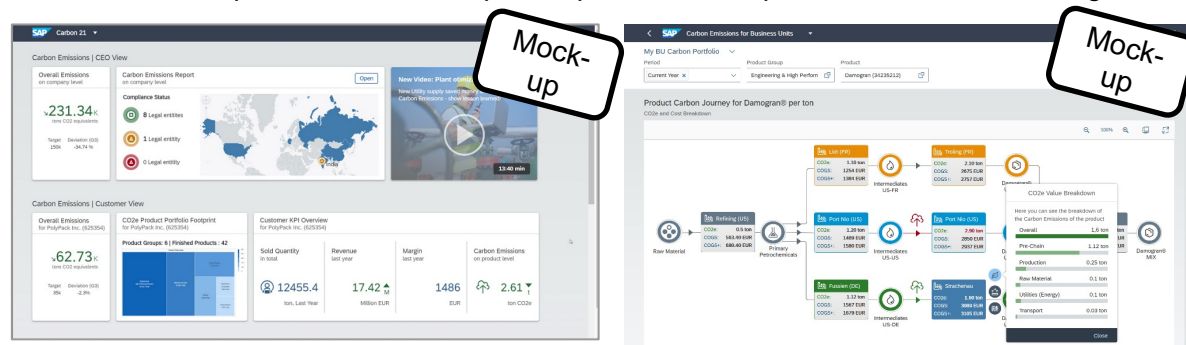
The First Solution Release

First solution release offers initial capabilities to calculate product carbon footprint based on the companies direct emissions, manufacturing activities, material input, and outbound transport combined with the product production information (BOM and Routing) in SAP

SAP Product Carbon Footprint Analytics Architecture

SAP Analytics Cloud

Dashboarding & Analysis

CO_2 Calculation

1 CO_2e Raw Materials

2 CO_2e Energy / "Activities"

3 CO_2e Direct Emissions

3 CO_2e Transport (outbound)

To be entered manually in minimal viable scope (MVP)

oData-Services

Cost Estimates

Sales Quantities

Cost estimate quantity structures (derived from BOM + routing)
API_FINPLAN_COSTESTIMATE_ITEMS_SRV

API_JOURNALENTRYITEMBASIC_SRV

Itemization

BOM   Routings

Sales Data

SAP S/4HANA

Circular Economy | Responsible Production & Design

The Challenge

To remain competitive, supply chain leaders must dramatically alter how supply chains operate. The 'new normal' is becoming Global Supply Chain with Local Execution (i.e. design everywhere, produce everywhere, deliver personalized products in a sustainable and affordable way for the mass market) which includes transparency of impact (i.e. CO_2) and a shift from wasteful linear models to circular models that reuse and renew limited resources.
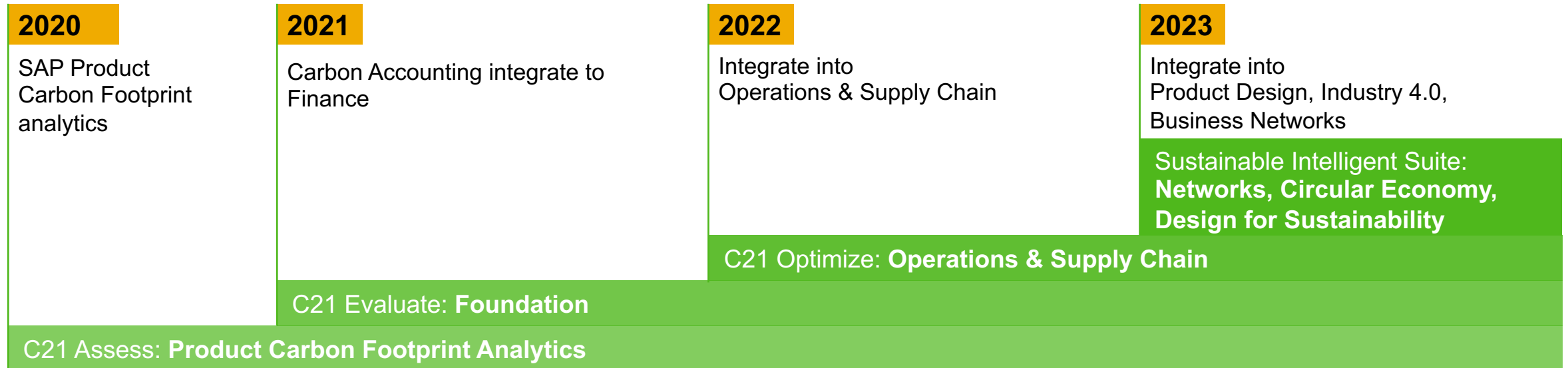
The Solution Vision

Circular Economy initiative will enable customers to manage limited resources productively throughout their lifecycle and transform product portfolios to design out waste and pollution, keep products and materials in use, and regenerate natural systems, leading the transition to inclusive & circular economy.

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Responsible Design and Production

Provide visibility into product use & fate and insight into material value maintenance or loss at end-of-life. Provide material, product and customer insights to create new value and develop innovative business models.

Responsible Sourcing and Marketplace

Ethically connect sources of secondary material demand to supply to maintain its highest value.

Responsible Consumption

Engage and empower consumers to choose more sustainable products and improve product experience across the entire product lifecycle.
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Resource Recovery & Reuse

Provide insights businesses need to deliver collection, processing, recycling and composting infrastructure to increase cycling of material flows at their highest value.

Mock-up

Mock-up

Responsible Production: Material Cockpit showing a category manager metrics such as packaging recyclability and extended producer responsibility (EPR) schemes, allowing them to make changes to product design, for example changing a component to use more recycled materials.

Climate 21 Product Roadmap - Key Use Cases

2020

SAP Product
Carbon Footprint
analytics

2021

Carbon Accounting integrate to
Finance

2022

Integrate into
Operations & Supply Chain

2023

Integrate into
Product Design, Industry 4.0,
Business Networks

Sustainable Intelligent Suite:
**Networks, Circular Economy,
Design for Sustainability**

C21 Optimize: **Operations & Supply Chain**

C21 Evaluate: **Foundation**

C21 Assess: **Product Carbon Footprint Analytics**

Thank you.

Contact information:

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