



Climate 21

Vision, Strategy & Framework

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PUBLIC

Why do we need **Climate Action**?



Sustainability trends are shifting markets



Investors

integrating ESG*
into investment decisions

76%

growth in the UK between 2015 and 2017



Consumers

Shift to more sustainable
products and services

42%

of consumers walk away from the brand in frustration.
One in five (21 percent) never come back



Employees

Focus career choices on
responsible employers

15%

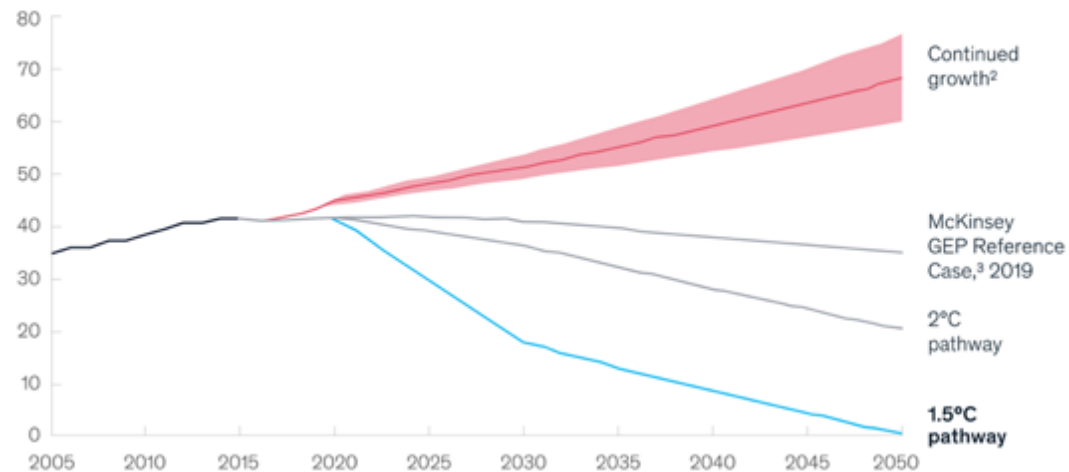
of Fortune 1000 employees satisfied with employer
action on environmental impact.

Climate action is high on the CEO agenda

~ 50% reduction in CO₂ emissions needed over the next 10 years for a 1.5 degree pathway

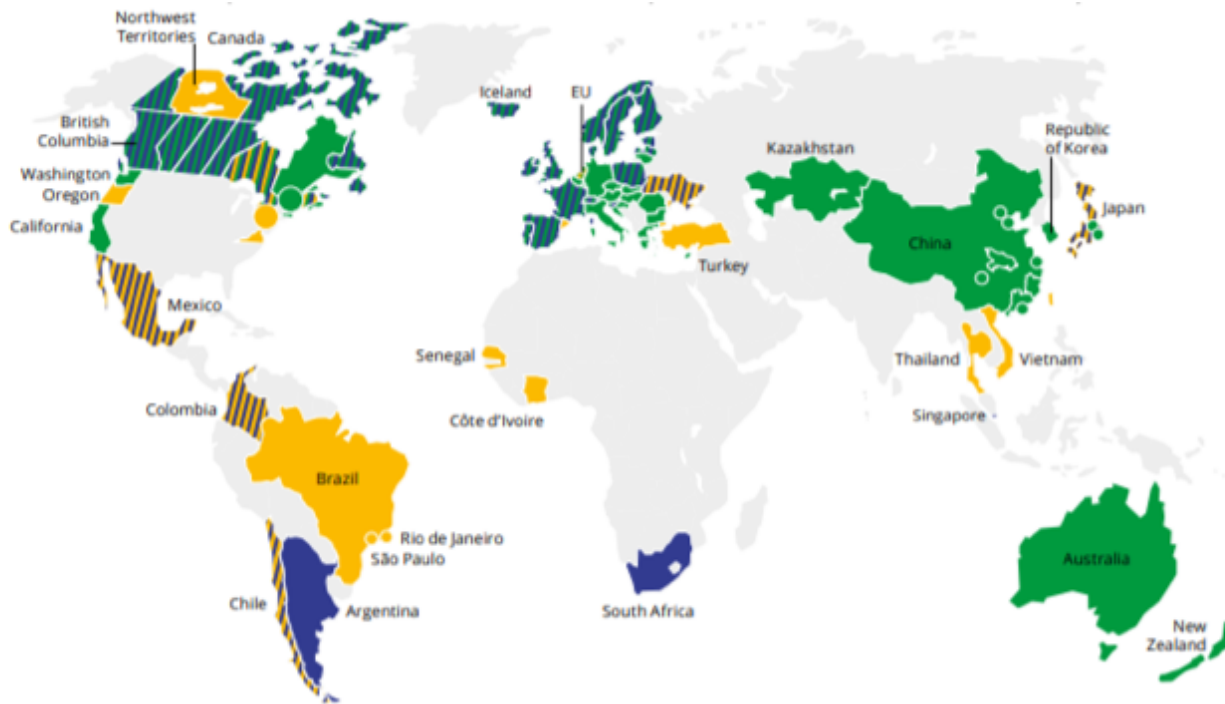
Projected global CO₂ emissions per scenario¹

Metric gigatons of CO₂ (GtCO₂) per year



Business Models?
Sourcing strategy?
Location strategy?
Product Portfolio?

Climate Action **requires a coherent global strategy**



Summary map of regional, national and subnational carbon pricing initiatives implemented, scheduled for implementation and under consideration (ETS and carbon tax)

Local complexities are creating new pressures to steer planning and **decision making globally** with greater transparency

Traditional Annual GHG reporting is **no longer adequate**



Source: World Bank Carbon Markets

Leaders **across all industries** are taking action



**don't insure coal fired
power plants any longer**



**going for
zero emission vessels**



**take CO₂
out of supply chain**



**integrate carbon risk
into investment strategy**



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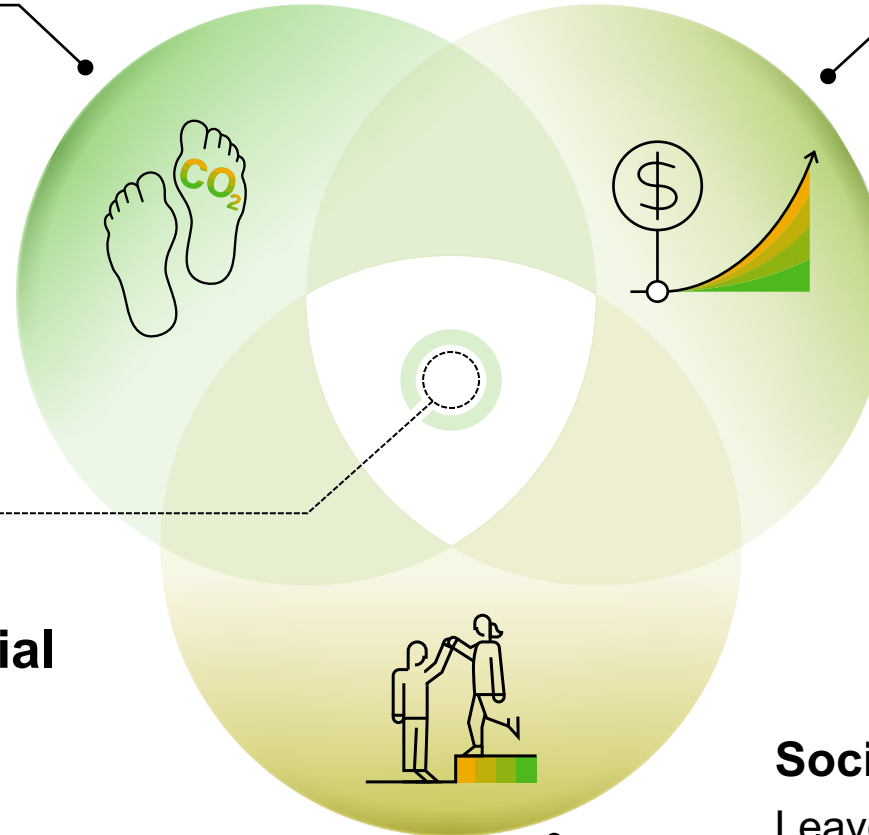


Ecological

Honor the 2030+ carbon reduction promises

Fighting Climate Change:

CO₂e at the intersection of ecological, economical, and social sustainability



Economical

- Safeguard the “license to operate”
- Be a viable investment on the capital market
- Make business model, product portfolio, and operations resilient to climate related regulation



Social

Leave a livable planet to our children and grandchildren



Climate Action **Challenges** and how they impact the business

Market Risks

- Market is changing with focus on Climate Action. With that, the behavior of consumers and supply chains.
- Competition will have new niches to play in.

Regulatory Risks

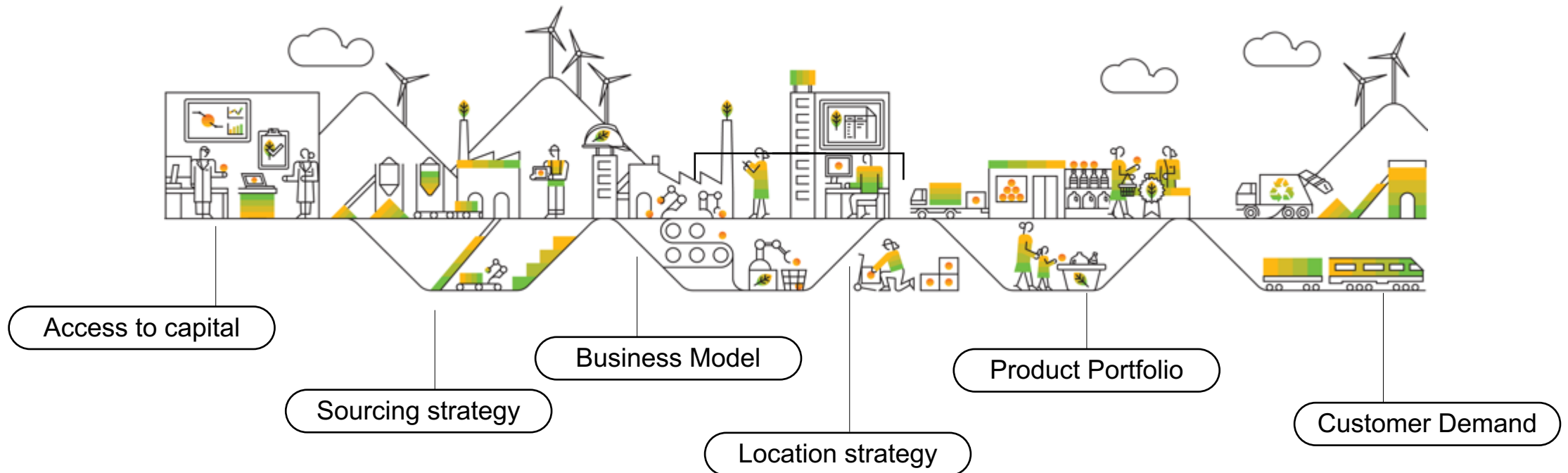
- Standards / regulations
- Future regulations expected
- Increased costs/taxation
- Missing benchmarking

Investor Risks

- Need to prove ability to react on requests for Climate Action to stay attractive for Investors
- Safeguard the “license to operate”

Reputational Risks

- Consumers distribute opinions fast via internet.
- Missing Climate Action can destroy the reputation of a company.
- Not getting the right talent



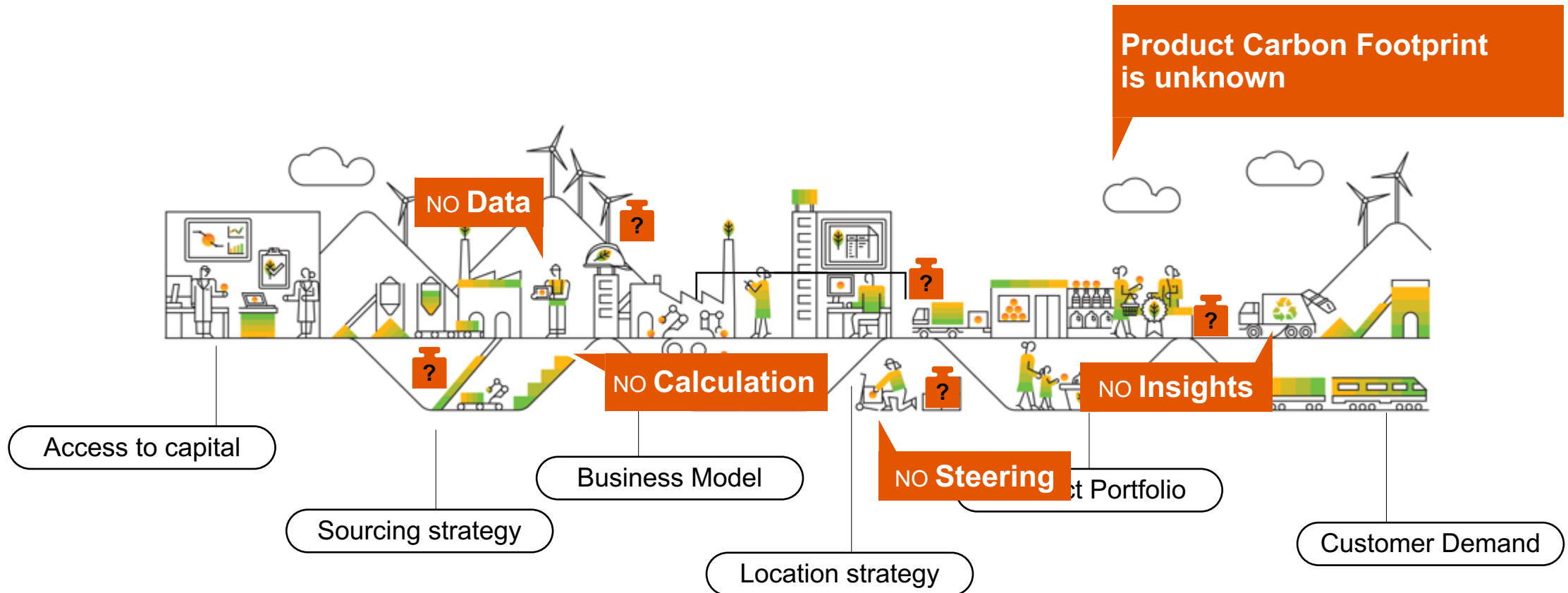
Climate Action Challenges and what is hindering the mitigation

Market Risks

Regulatory Risks

Investor Risks

Reputational Risks



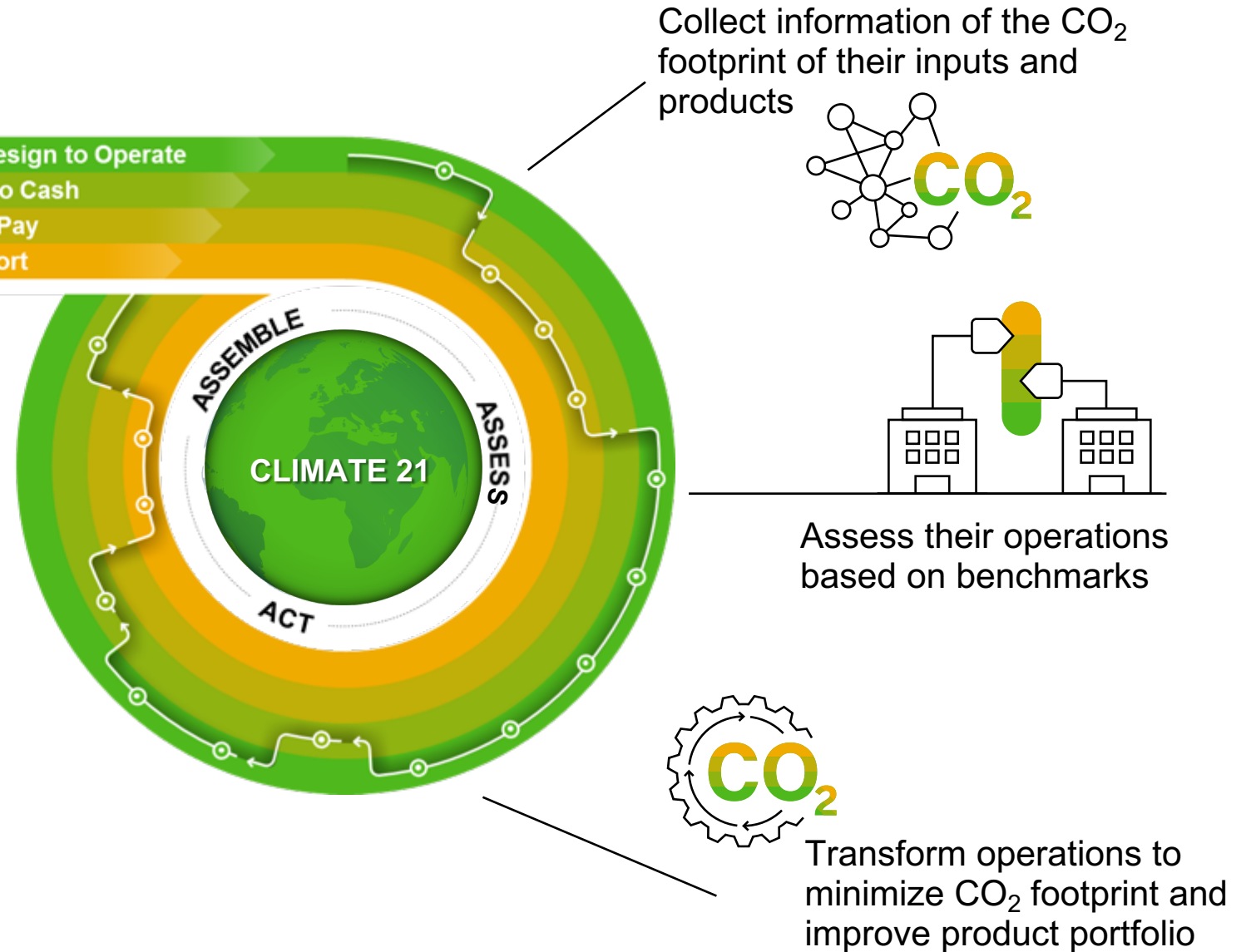
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Create transparency on the Product CO₂e Footprint



Climate 21 – Product Direction & Vision

We will embed **sustainability** as a **new dimension of success** into **analytical and transactional applications** to enable an **Intelligent Enterprise** to **minimize CO₂e**, across entire **value chains** – from **cradle to gate**.



Climate Action Risk Mitigation Strategy

Market Risks

- Open to support different standards
- Influence definition of regulations

Regulatory Risks

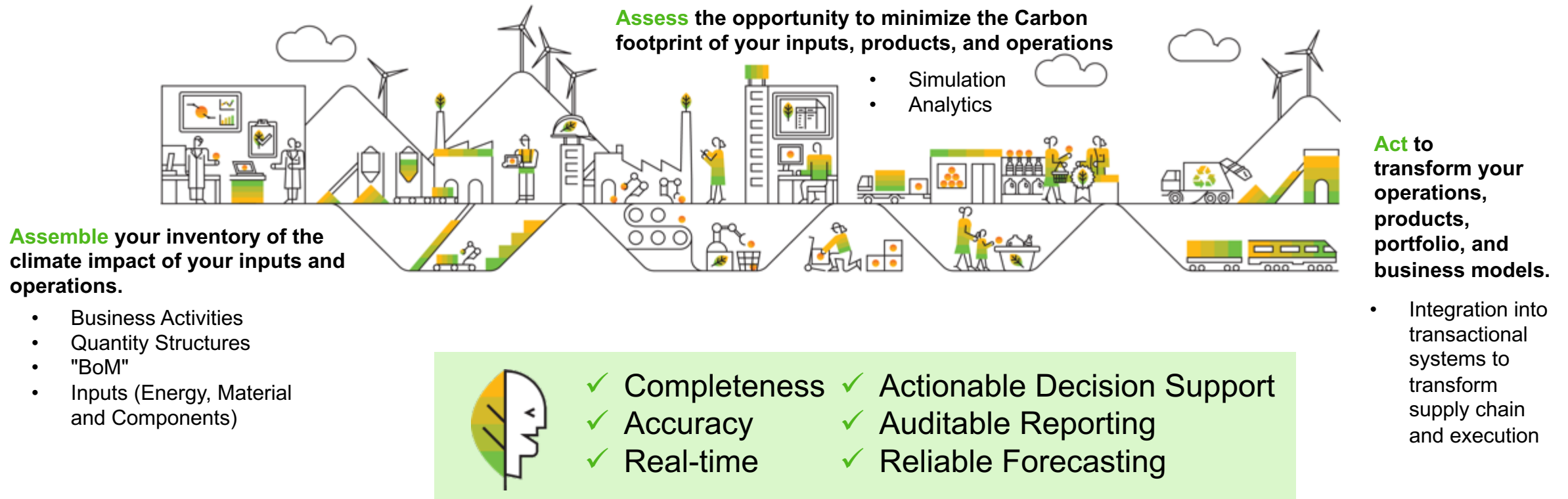
- Benchmark to investment alternatives
- Define Targets and actions

Investor Risks

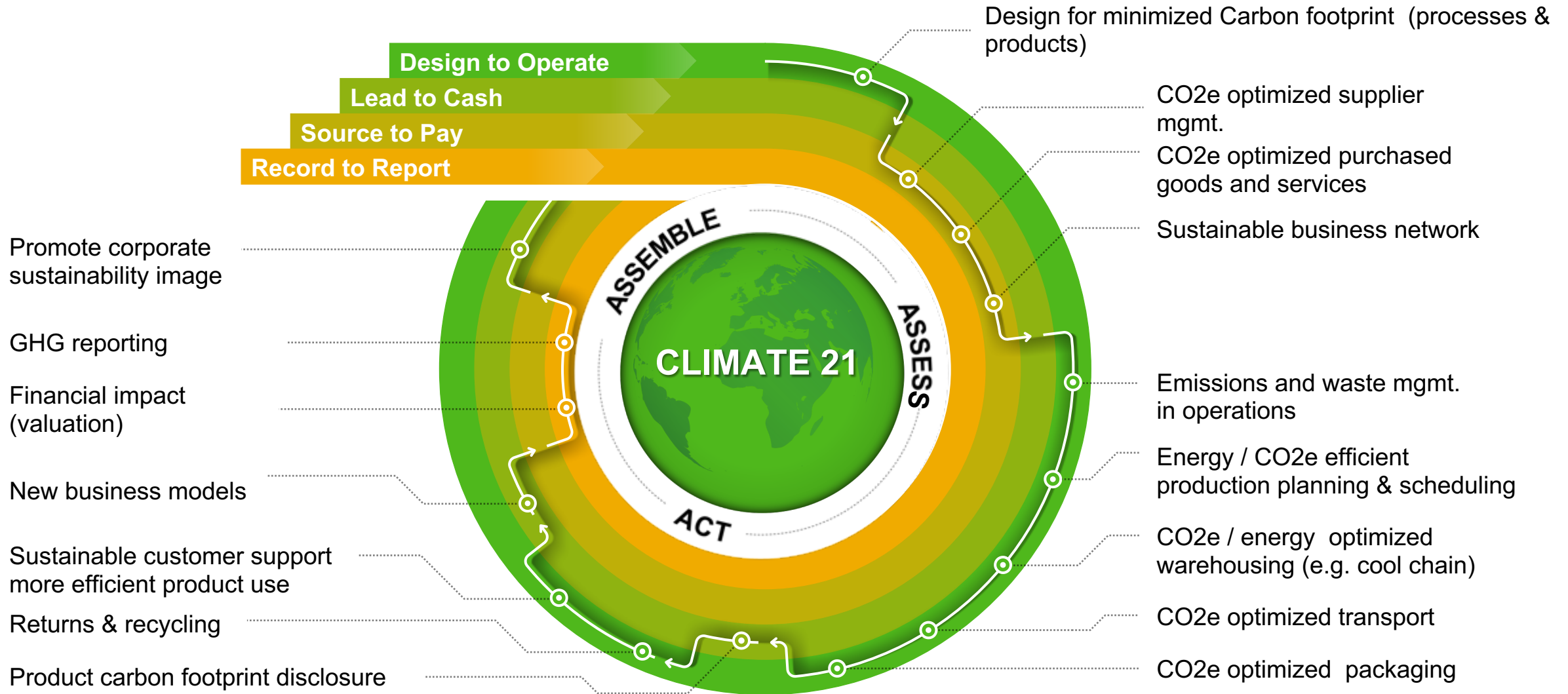
- Optimize product Portfolio and production parameters
- Best-in-class products
- Reduce energy, water, waste

Reputational Risks

- Be an exemplar in the industry related to products and operations
- Invest into innovative products and processes

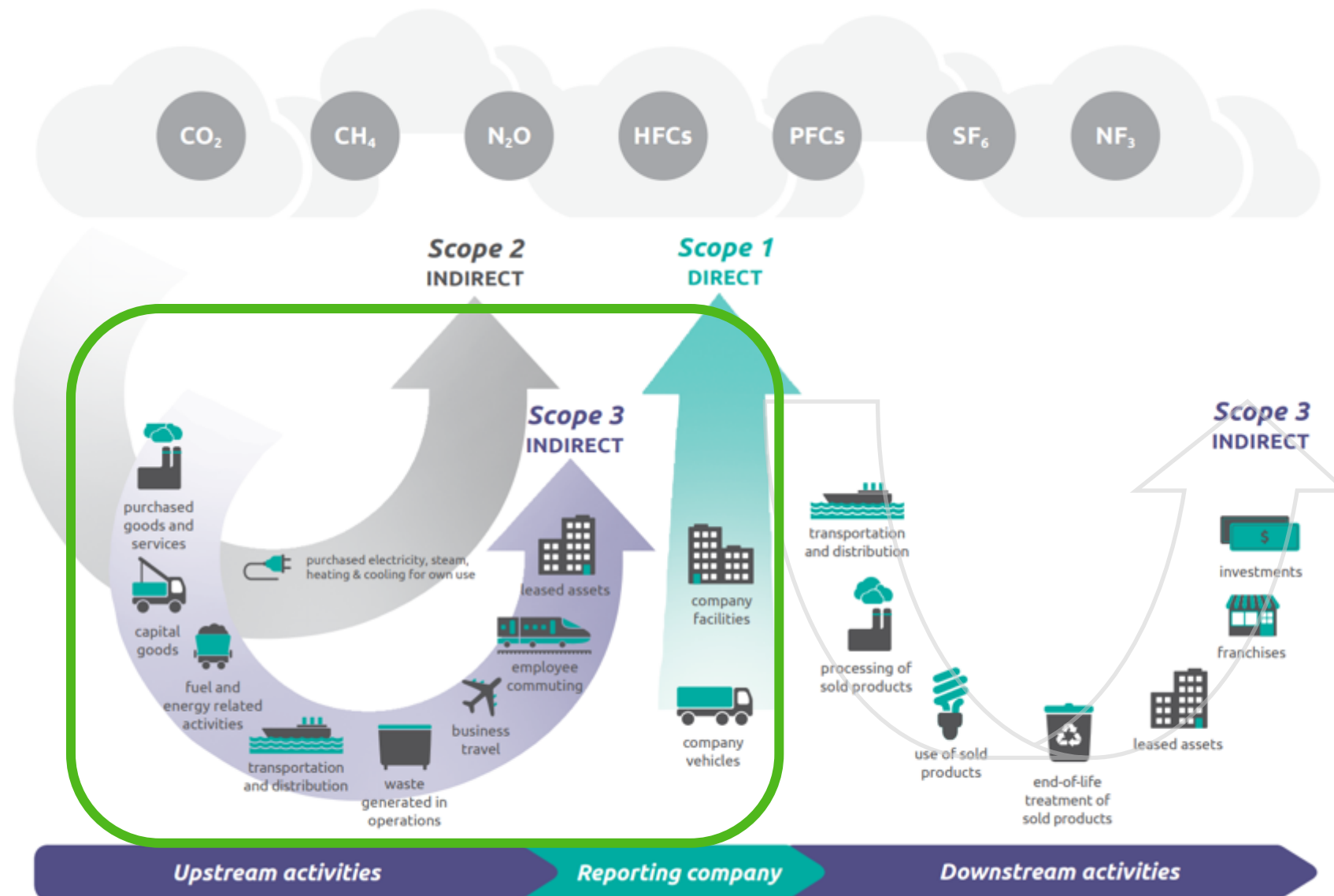


E2E Processes View – Embedding the new dimension for **Climate Action**



GHG Protocol Scopes and Emission

Scope
covered by
**Climate 21
roadmap**



Climate 21 Vision - CO₂ Transparency end-to-end

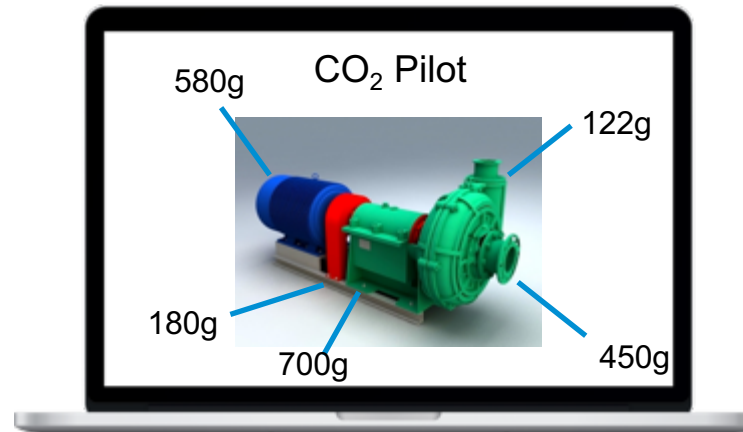
Enterprise

Safeguard the license to operate by making business models, product portfolio, and operations resilient to carbon regulation.



Business Operations

Track and optimize the carbon footprint of products and services from cradle to gate.



Consumers

Empower consumers to make responsible buying decisions with carbon footprint information about products and services.



Why SAP?

75% of the worlds transactions touch a SAP system

We have the **analytical tools**
and **transaction systems**
to help our customers
on a **global scale**



along the **full supply chain**
and **across all industries**

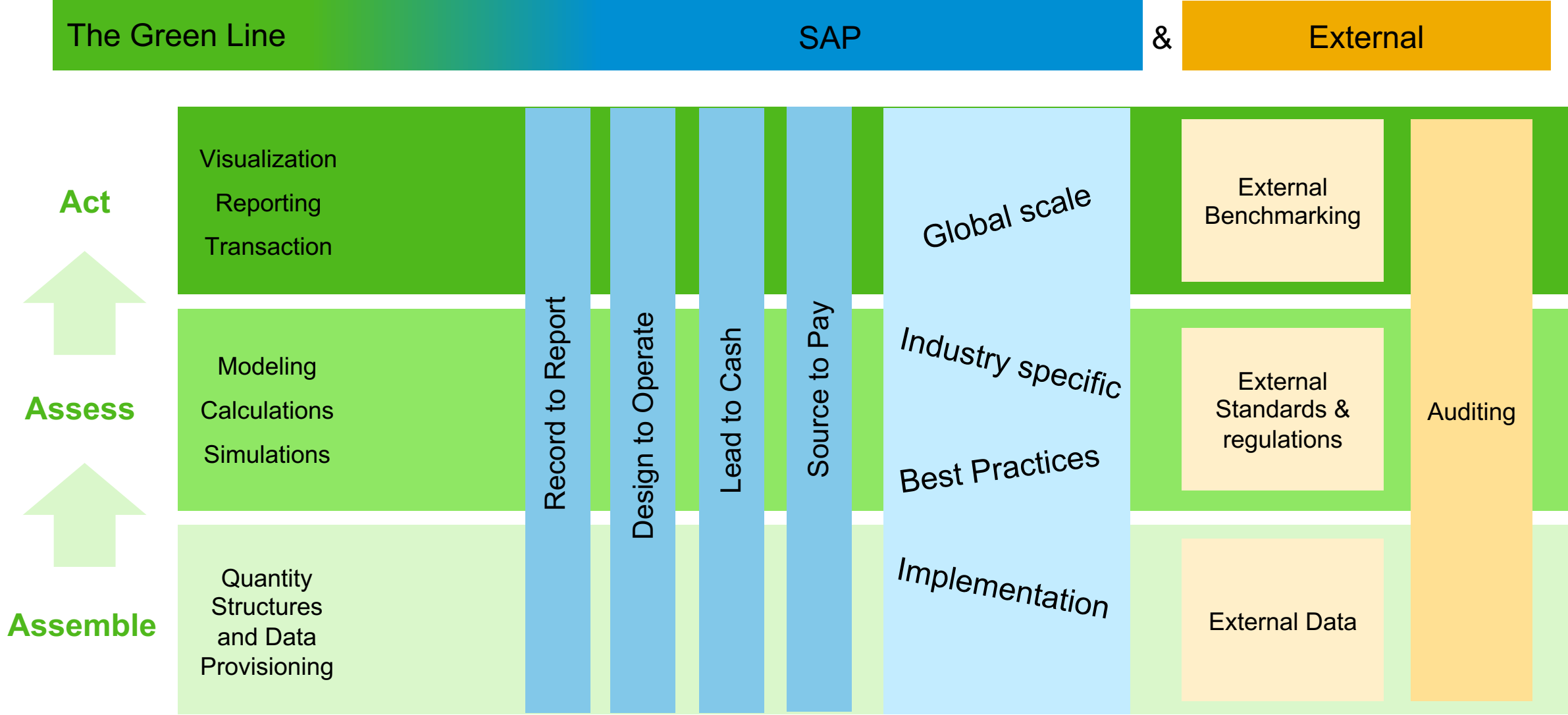


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A New Dimension



Climate 21 Solution Overview

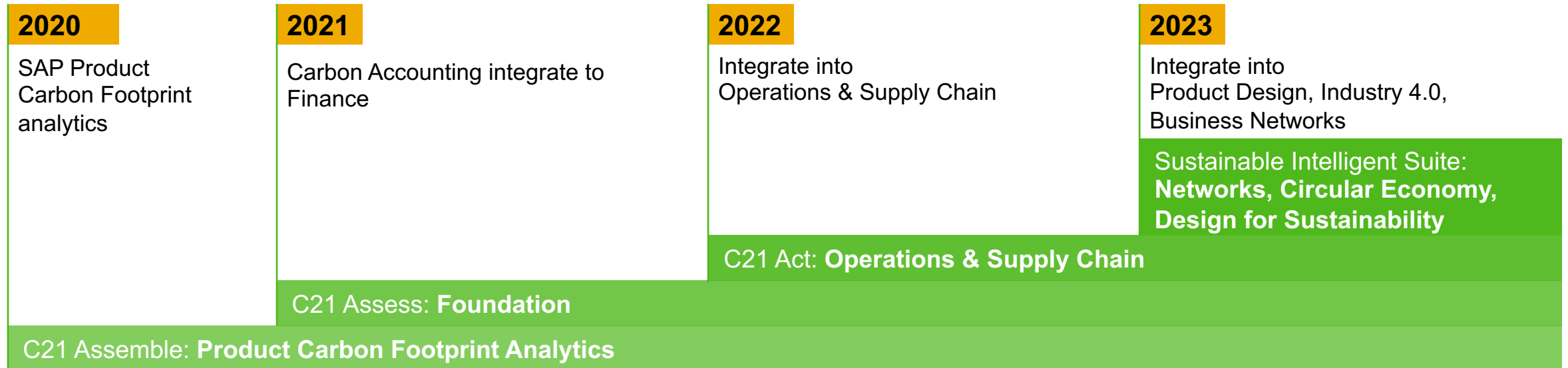


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Roadmap



Climate 21 Product Roadmap - Key Use Cases

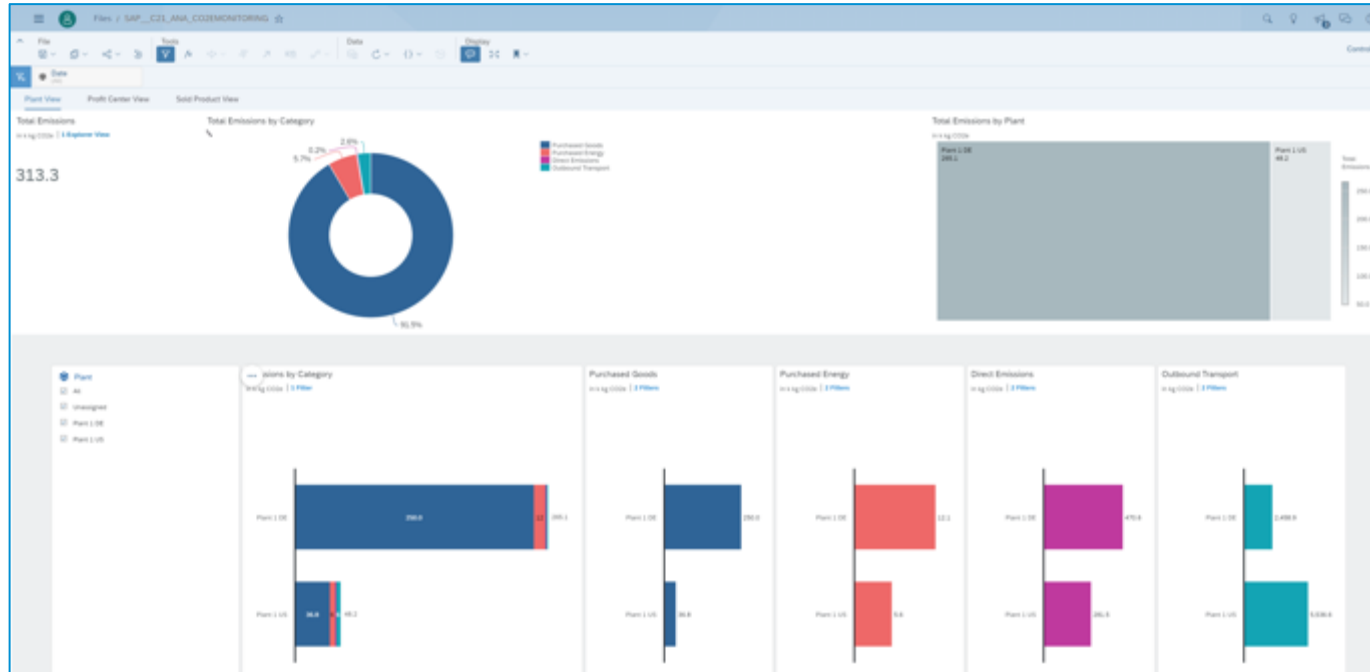


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SAP Product Carbon Footprint Analytics



SAP Product Carbon Footprint Analytics



Objective

Analyze the product carbon footprint.

Capabilities

- CO2e analysis by Plant, Profit Center and Product.
- Maintain CO2 values for transport, direct emissions, electricity and purchased goods

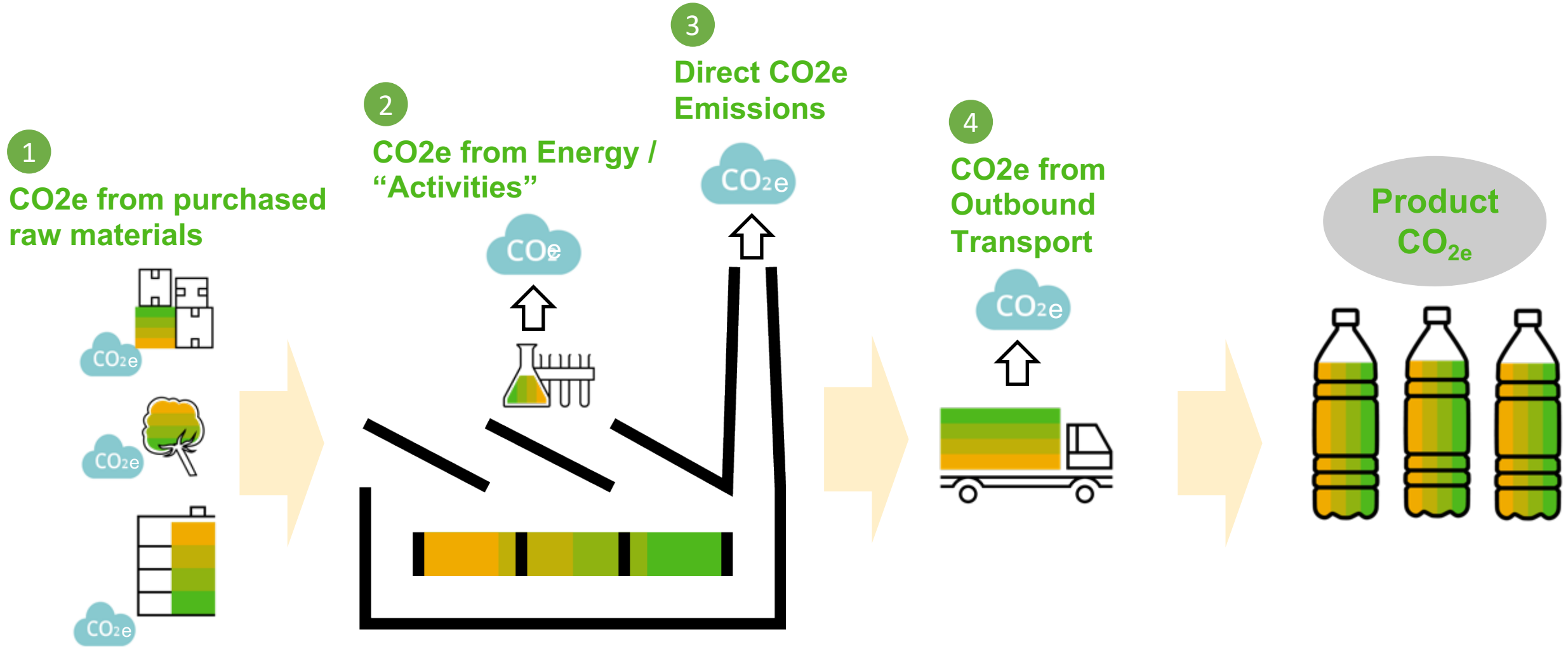
Benefit

- Transparency on CO2 details

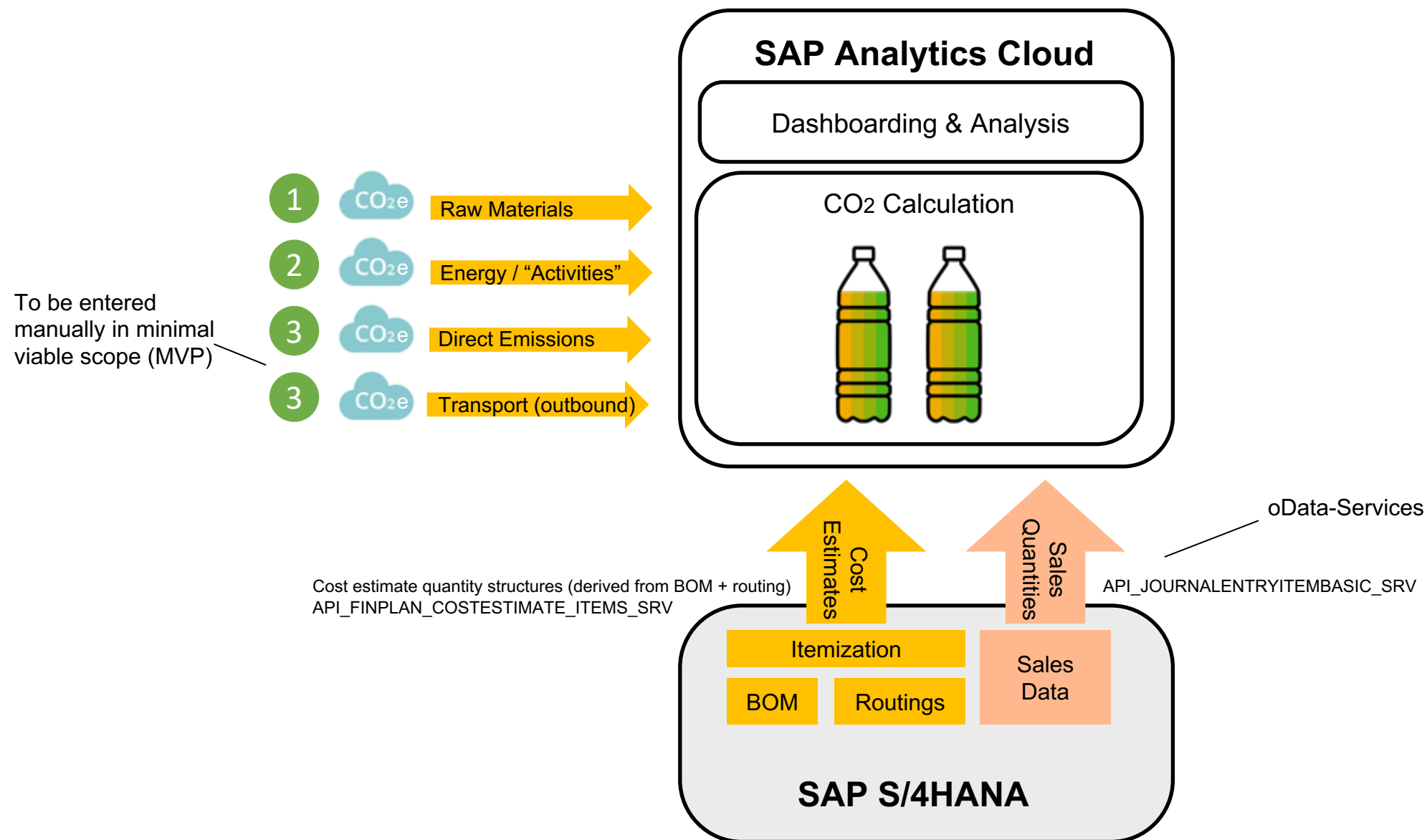
Supporting Applications

- SAP S/4HANA Enterprise Management
- SAP Analytics Cloud

Product Carbon Footprint Analytics: Coverage of Emission Categories in Release 1



SAP Product Carbon Footprint Analytics Architecture



Further Information

[Customer Connect Community](#)

[Goal 13: Climate Action](#)

[Diginomica Interview with Christian Klein speaking about sustainability and Climate 21](#)

[SAP Investor Magazin 2020: Interview Thomas Saueressig](#)

[Video: CEO Christian Klein on Sustainability](#)

[Position paper](#)

[LinkedIn article: Thoughts from Davos: Intelligent Enterprises Will Be Sustainable Organizations](#)



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