Helping the World **Run Better** with SAP

Working toward a more equitable society and thriving planet

October 2020

Fourth edition
Social enterprise procurement
Finding a better way to grow

Cemal’s social enterprise has boomed, quadrupling its turnover and tripling the number of people they support. They have extended from London to Los Angeles and San Francisco; to Sydney and Melbourne and were named Sir Richard Branson’s Startup of the Year.

This is more than Cemal’s story. This is the story of the social-enterprise movement, businesses spiritually and operationally focused on changing the world. Social enterprises like Cemal’s operate in every market and every industry. They are just like any other commercially viable business – but with three crucial differences:

▪ **Their purpose:** They are founded and governed on the basis of a clear social or environmental mission.

▪ **Their business model:** They reinvest the majority (in the case of Change Please all) of their profit into this mission.

▪ **Their independence:** They are majority controlled solely in the interest of this mission.

Understanding the social enterprise movement and the promise it holds is far more than a feel-good story – I’m convinced it is the future of business.

The imperative of social entrepreneurship
The concept of social enterprise underlies SAP’s very mission: to help the world run better and improve people’s lives. This mission connects us closely to the movement, and we are both inspired by and seek to inspire social entrepreneurship throughout the global economy.

This isn’t just corporate philanthropy or even traditional corporate social responsibility. This is about having an environmental or humanitarian mission woven into the fabric of your business. And this is what it’s going to take if we are to overcome the environmental and social challenges we face today.

We already knew that business had a much more active role to play in building a more inclusive, more sustainable global economy. We already knew businesses needed to find a better way to grow. And now, with life under COVID, finding a better way to grow has new urgency.

Adaire Fox-Martin
**Member of the Executive Board, SAP SE**
**Global Buy Social Ambassador, Social Enterprise UK**

Cemal Ezel was a commodity broker in London. He had his dream job – from a financial and professional perspective, it was everything he’d ever wanted. After a few years, though, he increasingly felt that his daily work revolved solely around someone winning at the expense of someone else losing – and it didn’t sit right with him. He knew he could do more.

On his way to work one day, he encountered a homeless person on the sidewalk holding up a cardboard sign on which was written, “keep your coins, I want change.” This call for change triggered Cemal’s social-enterprise journey.

He founded Change Please, a coffee provider that reinvests its profits to train the homeless as professional baristas. Cemal and team provide each trainee with housing within 10 days, a bank account, access to in-house counsellors, and typically support them into a living-wage job and the dignity of work within six months.
How does social entrepreneurship help? The pandemic threatens to intensify inequality. But it also presents us with a once-in-a-century opportunity. The economy has effectively stopped, and it is now in our power to shape how we start it up again. I believe social entrepreneurship plays a fundamental role in how we rebuild our economy from here. And the most immediate way we can create greater impact is in the way we procure goods and services.

**Social enterprise procurement at the heart of purpose**
Every company in every industry needs to procure. We all need soap in our washrooms, landscaping for our offices, food and drink in our cafeterias, marketing services, office supplies, pest control, and even talent acquisition. These and many more are all products and services provided by social enterprises. This is money we are spending anyway. Why not spend it with suppliers who are delivering certified social impact as well?

For every dollar, pound, or euro companies invest in traditional CSR programs, we spend 400 on the indirect goods and services we use to run our business. By simply directing a proportion of this spend toward organizations with a social or environmental mission, our spend has a drastically improved impact.

SAP has engaged with social enterprises since 2010, but not until recently have we begun a concerted effort to direct our own spend to these organizations. As part of a pilot in the UK, we were able to direct 2.5% of our addressable spend to social enterprises (including Change Please) in just nine months – and there is still much more potential to tap. In this process, we destroyed some entrenched myths:

- **Myth 1: Social enterprises are too expensive.** Not the case. By integrating these suppliers into our supply chain we’ve actually been able to save money.
- **Myth 2: Social enterprises deliver lower quality.** Quite the opposite. So far, our employees have been much happier with the products and services we buy from social enterprises.
- **Myth 3: Social enterprises are too small to deliver to corporates.** Very much the contrary. In the UK, we’ve engaged over 20 social enterprises across four procurement categories in fewer than nine months, in full compliance with our stringent procurement policies.

These are often the KPIs procurement teams apply in assessing their suppliers. But other benefits may surprise you. Not only your procurement teams but also buyers across your lines of business will be energized knowing that the purchasing decisions they make each day have a direct impact on improving lives and helping the environment. What we’re seeing here is undeniable value plus.

When more and more corporates partner with social enterprises in this way, the impact is substantial. SAP isn’t just procuring more from social enterprises; we’re working on making it easier for our customers to do the same. Our Ariba Network is the largest business-to-business marketplace in the world, supporting nearly US$3.5 trillion in transactions each year. In partnership with leading social-enterprise interest organizations, we are opening this network up to their members, connecting corporate-ready social enterprises with more organizations that want to make a difference with their spend.

**Introducing 5 & 5 by ‘25**
We have formalized our ambition through this initiative to direct 5% of our addressable spend to social enterprises and 5% to diverse businesses by 2025. Together with our social-enterprise intermediaries, customers, partners, and social enterprises themselves, we have set out to expand social procurement where infrastructure exists and establish the infrastructure and build capacity where it doesn’t. We invite our entire ecosystem to learn more and take part, join us in this initiative, and help build the pathways and the momentum to realize this ambition.

5 & 5 by ‘25 is part of the SAP One Billion Lives program I founded six years ago to help marshal the best of SAP – our core business, our people’s passion, and our vast ecosystem in service of social good. 5 & 5 by ‘25 is a social procurement initiative and it furthers our mission to positively impact one billion lives specifically by supporting social entrepreneurs and accelerating the integration of social enterprises into the global economy through procurement practices.

Purpose and profit can and must coexist. The social enterprise movement isn’t only evidence; it’s inspiration.
We lead with purpose ...
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... to help the world run better and improve people’s lives
Executive summary

The growing importance of purpose
In what has become an increasingly global society, we are now more aware than ever of the disparities in wealth, resources, living conditions, and social justice in different communities around the world. Organizations therefore need to move away from the more traditional business models, which simply operated to the benefit of a small number of stakeholders, and instead embrace models that create value for all – supply chains, communities, and the planet. Over time, failure to respond and address sustainability risks will make it difficult to attract investors. The creation of resilient, profitable, and more sustainable strategies is now an imperative.

Leading by example: Sustainability at SAP
At SAP, we strive toward running a more sustainable business. Following a triple bottom line approach (environmental, social, and economic, also known as “people, planet, and profit”), we are constantly reviewing and adapting our internal processes to be more in line with the objectives set out by the United Nations Sustainable Development Goals (SDGs). As we learn and grow in this area, we become better informed and more able to assist our customers on their own sustainability journeys.

Enabling others: Maximizing the impact
For more than 40 years, SAP has helped organizations understand and run their businesses more effectively and efficiently. Our solutions provide data-driven insights, the means to collaborate better and become more nimble, adaptable, and responsive – all vitally important capabilities for any organization that truly wants to instill purpose into the business. Our solutions and expertise help our customers travel, source and procure, hire staff and contingent workers, and even develop their own solutions in ways that are smarter and more sustainable.

Partnering for positive impact
The issues around environment, social, and economic sustainability touch everyone in the world – every region, every walk of life, every business, every industry. No single individual or entity can solve the world’s problems, but together we can have a greater chance of creating real, positive change. SAP is working with a variety of people and organizations that share our commitment to creating a better future for the planet and the people who live here.

The benefits to your business
The year 2020 brought an unprecedented level of crisis and upheaval. Businesses and individuals have had to weather volatility unlike any we have seen in our lifetimes. More than ever, organizations must now employ practices that not only help them navigate the constant change, but also ones that foster greater well-being both inside and outside the areas where they operate.

A strong purpose strategy can benefit organizations in many ways, including:
- Driving positive impact on the balance sheet
- Signaling a high standard of ethics and corporate responsibility to institutional investors
- Providing an advantage over competitors that have a less robust corporate social responsibility program/record
- Potentially outperforming the market and gaining cheaper equity financing due to reduced risk
Next steps
We have developed a collaborative approach for working with customers focused on purpose-led value and key themes such as climate impact, the circular economy, and accelerating diversity and inclusion. The approach commences with an executive alignment conversation followed by a purpose impact lab that will deliver an action plan for deep-dive workshops according to three paths to purpose-led value:

- Run sustainably using existing SAP solutions
- Innovate for impact with SAP services
- Accelerate inclusive business through strategic partnering

This phase is followed by an executive presentation that summarizes the proposed scope, benefits, measures, and road map. All purpose-led engagements leverage a governance model to ensure adoption and purpose outcomes.

“”
I’m asking you and all of us to become more resilient, sustainable, and profitable companies. Together, as intelligent enterprises, we can turn the world’s biggest challenges into our greatest opportunities.

– Christian Klein, SAP CEO
The growing importance of purpose
Over time, companies and countries that do not **respond to stakeholders and address sustainability risks** will encounter growing skepticism from the markets, and in turn, a higher cost of capital. Companies and countries that **champion transparency** and demonstrate their responsiveness to stakeholders, by contrast, will attract investment more effectively … .
Progress has been made, but there is still work to be done.

Many organizations are already making positive contributions to the environment and society by creating jobs in areas where quality jobs are scarce, making significant investments in projects such as improving water quality in at-risk communities, and championing zero waste programs and renewable energy. But there is more work to be done to create a more equitable world and a thriving planet.

The vast majority of the world’s nations recognize the need for coordinated, global action on environmental and social justice issues. The COVID-19 pandemic and large-scale social movements focusing on racial and gender issues have shined a stark light on the inequality that still exists today. There is also growing evidence that global efforts to curb climate change are not moving fast enough. Despite Paris Agreement commitments to limit global temperature increases to less than 2°C, the practical reality is daunting; achievement of the goal would require both greatly increasing the use of carbon-free energy (nine times more than levels seen in 2018) and immediately ceasing the deployment of new carbon-emitting energy.¹ An even more unfortunate aspect of this reality is the fact that the poorest and the most vulnerable, who contribute least to carbon emissions, are most likely to suffer the negative impacts of climate change.²

There have always been ecologically and socially minded groups and individuals participating in reuse/recycling, conservation, and social justice efforts. But now we must also look to organizations of every size in both the public and private sectors to help drive the change necessary to make the planet safer, cleaner, and fairer for everyone. No single entity can solve these issues. Consumers, governments, local and international non-government organizations (NGOs) are all working together to create solutions. This will only succeed if businesses also play their part by putting sustainability and purpose at the heart of what they do.

¹Forbes, The World Is Not Going To Halve Carbon Emissions By 2030, So Now What?, Oct 2019; ²World Economic Forum, Climate change is exacerbating hunger in some of the world’s poorest countries. And those most at risk are the least to blame, Aug 2019
Leading by example: Sustainable at SAP
United Nations Sustainable Development Goals

2020 marks the fifth anniversary of the United Nations Sustainable Development Goals (SDGs) – the to-do list for a better and more sustainable future for all.¹ The 17 global goals are a universal call to action to end poverty, protect the planet, and improve the lives and prospects of all people. SAP has integrated the UN SDGs into our purpose and promise.

Inspired by the work of the Stockholm Resilience Center, we believe that we can create the biggest and most direct value within the economic layer with the help of our core competency of improving business process management for our customers. SAP is therefore focusing on the SDGs that specifically target these economic areas. Our own aspirations toward zero waste and a circular economy reflect our desire to be a role model and an enabler for additional goals. These include responsible consumption and production within our own operations and making positive impacts on health and well-being, education, climate action, and collaboration.

¹ UN Sustainable Development Goals https://sdgs.un.org/goals
How SAP addresses sustainability
Leading by example, partnering for positive impact, and enabling others

SAP’s purpose is to help the world run better and improve people’s lives. Our sustainability program is at the core of this purpose. SAP is part of a growing movement of policymakers, NGOs, social groups, and leading companies working together on solutions to create a restorative and regenerative economy. Our objective is to create positive environmental, social, and economic impact using the following key levers:

- **Leading by example**: Our own sustainable business operations and practices allow us to learn from experience and pass these learnings on to our customers. This approach gives us the credibility to advise our customers on their sustainability journeys.
- **Enabling others**: We provide products and services to help our customers navigate their sustainability challenges and opportunities. By doing so, we create a multiplier effect for positive impact.
The triple bottom line and SAP’s sustainability pillars

The SAP-defined sustainability pillars support the triple bottom line as a concept that seeks to broaden the focus of the traditional financial bottom line to also include environmental and social responsibilities.

- **Environmental**
  - Energy and climate change
  - Minimizing resource consumption and climate impact by choosing to transact with suppliers who share your values
  - Ongoing monitoring of environmental risks and natural disasters
  - Responsible management of operations to minimize climate change
  - Support for the development of eco-friendly products and services
  - Recycling and waste reduction
  - Elimination of single-use plastics to reduce the amount of pollutants in our oceans and landfills

- **Social**
  - Human and workplace rights
  - Commitment to respect human rights that extends across the supply chain
  - Human and workplace rights and eradication of modern slavery
  - Focus on diversity, inclusion, and elimination of wage discrimination
  - Ethical workplace practices, including health and safety
  - Social advancement for all members of the communities in which organizations operate

- **Economic**
  - Decent work and fair employment
  - Choosing suppliers who practice ethical trading standards, such as adhering to anti-bribery and anti-corruption regulations
  - Working with local, indigenous, and diverse suppliers, resulting in improved access to small and midsize enterprises
  - Procurement practices that create and maintain decent jobs and fair employment
  - Fair treatment of suppliers (formal and fair contracts, prompt payment)
  - Supplier diversity for support of minority-owned suppliers and social enterprises
As a global organization, we at SAP are committed to our ongoing journey toward running more sustainable, inclusive, and socially responsible operations. We believe that improving our sustainability performance gives us insight that helps our customers do the same.

### Environmental management
- Reducing our environmental footprint

### Circular economy
- Managing limited resources productively to lead the transition to an inclusive and circular economy
- Zero waste
- 100% green cloud since 2014
- Carbon neutrality by 2025
- Phasing out single-use plastics by 2020
- First German company to set a 1.5°C science-based target

### Social responsibility
- Enhancing digital skills, health, equality, and inclusive work
- Learning for Life
- SAP One Billion Lives
- Diversity and inclusion
- Health and well-being

### Responsible business
- Employing and safeguarding responsible business practices across our value chain
- Ten principles of the UN Global Compact
- Respecting human rights
- AI ethics principles
- Ethical sourcing
- SDG Ambition

### Holistic steering and reporting
- Holistic steering and reporting of economic, environmental, and social performance for long-term success
- Environment, health, and safety (EHS)
- Integrated reporting
- Sustainability Impact Management Project (SIMP)
- Value Balancing Alliance founded 2019
Sustainability at SAP
Striving for real impact

We are committed to driving positive change within SAP. Our experiences in addressing concerns within our own organization make us a more-informed partner for our customers as they tackle these and similar issues. Below is a sampling of the concrete steps we are taking to realize our goals around SAP’s environmental, social, and economic impacts.

▪ We aim to phase out single-use plastics by the end of 2020 and make all of our operations carbon-neutral by 2025. SAP also joined the CEO Carbon Neutral Challenge in January 2020.

▪ Since 2014, SAP-owned and run datacenters draw 100% of their power from renewable energy sources, mostly from wind turbines. Emissions are compensated through Renewable Energy Certificates. Since 2015, SAP’s net data center emissions in Europe and worldwide are completely balanced out at zero.

▪ In response to the Black Lives Matter movement, we are increasing our investments in social justice reform. As part of this, we have launched a new program, “Spotlight Black Businesses,” which provides support to small, Black-owned businesses whose operations have been negatively affected by the pandemic.

▪ We have set a new goal to double our representation of African-American talent in the United States over the next three years.

▪ We are determined to advance opportunities for women in management, with the goal of increasing the number of women in leadership roles to 28% in 2020 and 30% in 2022.

▪ Our procurement organization and corporate social responsibility efforts will continue to integrate social enterprises into our supply chain. We have formalized our ambition in what is known as “5 and 5 by ‘25” (5&5/25), SAP’s public pledge to direct 5% of our addressable spend to social enterprises and 5% to diverse businesses by 2025.

▪ SAP has joined Social Enterprise UK’s Buy Social Corporate Challenge, a ground-breaking initiative through which leading corporations integrate social enterprises into their supply chains with the aim of achieving a combined £1 billion spend.
The role of supply chains

Through collaboration across business functions, supply chains can become more nimble, adaptable, and responsive to the purpose agenda. With the right technologies and capabilities, supply chains can:

- Pay more attention to the positive contribution of their procurement decisions on the environment and economy
- Establish and embed policies to drive their organizations’ corporate social responsibility (CSR) agendas
- Optimize planning and scheduling, manufacturing, and distribution to streamline operations and reduce carbon footprint
- Award contracts on behalf of the organization to drive positive social and environmental impacts
- Identify and manage risks across the supply chain and actively work with suppliers to quickly respond before disruptions cause costly delays
- Promote supplier diversity as a means to support local communities and create business opportunities
- Foster a culture of innovation through collaboration with small to medium-sized enterprises, niche organizations, and other supply chain partners
Promoting **purpose** in SAP’s supply chain

We believe that diverse and sustainable businesses bring significant added value to SAP, for example through their flexibility and high innovation potential. Establishing an inclusive supplier network – that is, minority enterprises defined by gender, ethnicity, disability, sexual orientation, and other characteristics – has become a key priority for SAP.

Driven by our Global Procurement Organization (GPO), our supplier diversity program is an integral part of our supplier management program. We proactively include diverse suppliers of all categories into our sourcing process, thereby giving these businesses a fair chance at competing for contracts and treating them the same as other SAP suppliers.

As part of this supplier diversity program, SAP is a corporate member of the following minority supplier certification organizations in 2020:

- National Minority Supplier Development Council (NMSDC)
- WEConnect International
- Disability:IN
- US Business Leadership Network (USBLN)

Content related to diversity and inclusion and the environment is included in our supplier code of conduct. We recommend that SAP suppliers deliver goods and services that are accessible to everyone, including people with disabilities and special needs.
Enabling others: Maximizing the impact
We already help our customers manage transactional data along the end-to-end value chain. By integrating sustainability data into business processes across all industries and all value chains to drive performance, new products, and new markets, we can help drive a significant, positive impact for our customers and the world. Embedding sustainability as a new dimension of success into analytical and transactional applications will help optimize resources across value chains. SAP’s product focus is on climate and natural capital accounting; resource efficiency, tracking, and reuse; protecting and developing people and communities; and next-generation sustainability steering and reporting.

Integrate sustainability data into business processes across all value chains to drive performance, new products, new markets

Climate and natural capital accounting
Build true value into end-to-end management of enterprises and across business networks

Resource efficiency, tracking, and reuse
Building resilience and circularity principles into supply chain, material flows, markets, and resource consumption

Protecting people, communities, and societies
Driving continuous improvement in safe, equitable, and compliant businesses within the company and across the value chain

Holistic reporting and steering
Mapping operational data to show impact with holistic sustainability reporting, enabling sustainable business steering and decisions
SAP’s commitment to environmental sustainability

It is important for SAP to focus our energy and resources on areas where we can make the most impact for customers and the planet with solutions for a circular economy and climate action. We do this, for example, by enabling the supply chain transparency needed to deliver products fit for circularity, and by connecting producers and waste managers to predictable and traceable sources of secondary materials and insights that support targeted infrastructure investment. SAP is also helping our customers transition to a low-carbon economy to deliver on their climate goals. This is achieved by creating greater efficiency, transparency, and accountability of carbon and emissions across the entire supply chain and by innovating new processes and business models.

The Climate 21 program is a co-innovation initiative between SAP and our customers, in which technology is developed to track, analyze, and report the carbon footprint of customers’ products along the entire value chain. The first product in this program, the SAP Product Carbon Footprint Analytics application, supports enterprises trying to make their operations better prepared for the emerging business reality where sustainability is a strategic and economic imperative. It allows for tracking of CO₂ and embedded CO₂ throughout supply chains, which is a very difficult data set to assemble, manage, and trend. The application delivers carbon emission insights for a company’s products by plant, profit center, or cost center. Based on SAP S/4HANA, SAP Analytics Cloud, and SAP Cloud Platform, the application delivers transparency on the carbon emissions of a product across the entire value chain, including production, raw materials, energy use, and transport. Producers can also integrate data from product databases and third-party solutions to analyze and understand the emissions breakdowns.
SAP product strategy for **sustainability**
Embedding sustainability into end-to-end processes

- **Design to operate**
  - Lead to cash
  - Source to pay
  - Record to report

- **Design for sustainability (processes and products)**
  - Sustainable supplier management
  - Sustainable purchased goods and services
  - Sustainable business network

- **Energy/CO\(^2\)e efficient production planning and scheduling**

- **CO\(^2\)e/energy optimized warehousing (e.g., cool chain)**

- **Sustainable packaging**

- **Emissions and waste management in operations**

- **Sustainable purchased goods and services**

- **Sustainable business network**

- **Sustainability financial impact (valuation)**

- **New business models (sustainable products)**

- **Sustainable customer support, more efficient product use**

- **Returns and recycling**

- **Product carbon footprint disclosure**

- **Promote corporate sustainability image**

- **Sustainability reporting**

The green line for the sustainable enterprise
Enabling a **sustainable** supply chain

**Plastics Cloud** is a pilot program from SAP that was launched in 2019 to help reduce the waste of single-use plastics. Working with partners on Ariba Network, we have created a global marketplace for recycled plastics and plastics alternatives, connecting major consumer products companies with suppliers that are enabling plastics reuse at scale. About 40% of plastic produced globally is used in product packaging, but less than one-fifth of plastic is recycled, creating serious environmental and human health problems.¹ Some US$10 billion worth of packaging flows through Ariba Network annually.

**The challenge**

Due to rapid population growth and growing industrialization, many regions in Africa and Southeast Asia suffer from an insufficient solid waste management system underscored by irregular collection, inadequate operational funding, undertrained and insufficient staffing, and the general environmental impact of mismanaged plastic waste and pollution of rivers and oceans.

Typically ecosystems of waste pickers, collectors, and recyclers exist at the local, national, and regional level, but in most cases they are completely informal. Pickers’ identities are not always known, and the payments made to them are unregulated, which results in poor pay and general welfare.

**The solution: benefits**

**Ecosystem overall:** Data and reporting on KPIs are set, such as recycling rates, volumes, types of materials recycled (plastics, metals), prices and volumes along the value chain, and processing capacity.

**Waste pickers:** When connected to the digital supply chain, pickers can establish a route to market, better access to capital and welfare services, and a fair share of the additional revenue and margin, with much less risk of being exploited.

**Collectors and recyclers:** Technology can be an enabler to prove where the materials are sourced, automate manual processes, connect sellers to new buyers, and increase collector productivity, thereby generating more income for everyone.

**Buyers:** All stakeholders within the supply chain can have insights/traceability into materials to know whether they have sourced ethically. The network also provides a means of finding new sources of recycled materials.

¹National Geographic, *Fast facts about plastic pollution*, Dec. 2018
Making sustainable **travel** choices easier

From 2013 to 2018, CO\textsuperscript{2} emissions from commercial flights (cargo and passenger planes) grew by 32%, according to the [International Council on Clean Transportation].\textsuperscript{1} Travel, though not a major contributor to total global CO\textsuperscript{2} emissions (about 2.5% of global CO\textsuperscript{2} emissions stem from air travel),\textsuperscript{2} has historically been a difficult area for organizations to manage. With more and more scrutiny being placed on organizations to rein in their emissions,\textsuperscript{3} finding every means available to do so is essential.

But organizations often need employees, consultants, and other representatives to travel and conduct business on their behalf – to visit customers or attend conferences, seminars, and other events that would be much less effective when not done in person. Tracking the impact of this travel is now easier with tools from SAP Concur.

### Triplt mobile app and Concur Travel solution

- View carbon emissions for flights and learn ways to reduce or offset the environmental impact
- Track cumulative carbon emissions for all your flights in a given year
- Align individual travel with corporate sustainability and environmental, social, governance objectives (ESG)
- Utilize air carbon footprint reports to help you monitor, analyze, and adjust your approach to sustainable travel
- Enable travelers to view the estimated carbon impact of their booking choices
- Flag hotels with environmentally friendly policies and display hybrid rental cars within booking choices

\textsuperscript{1}Los Angeles Times, *Travel by plane and you might get 'flight shamed.' This worries airlines*, Feb. 2020; \textsuperscript{2}New York Times, *Worse Than Anyone Expected: Air Travel Emissions Vastly Outpace Predictions*, Sept. 2019; \textsuperscript{3}Bloomberg, *Greenwashing Concerns Soar as Companies Vow to Clean Emissions*, Dec. 2019
The **GreenToken by SAP** solution is a unique supply chain traceability tool that offers companies a new level of transparency in their complex raw material supply chain. Companies that need to source raw materials can now accurately report on origin and sustainable or ethical facts, even if the raw materials are mixed or blended, allowing them to meet their procurement goals. This provides value by delivering:

- **Risk mitigation:** Undeniable sustainability claims for products even when they are produced with commingled commodity ingredients
- **Brand enhancement:** Gain consumer trust, explore new business models, and promote your sustainability goals across the supply chain to your customers
- **Complete transparency:** Blockchain-backed chain of custody for proof of sustainability, ethical production, and origin facts

The traditional use of an invoice for transferring sustainability claims is replaced with a “digital twin token” that represents the volume and carries origin and sustainability data with it as it journeys through the supply chain. A blockchain network underpins transactions so sustainability business rules can be more easily enforced. All supply chain members can gain process transparency and auditability while also maintaining data privacy. Only those parties with appropriate permission can view sensitive data. The blockchain ledger also makes it almost impossible to alter a record without supply chain consensus.

GreenToken can be applied to any bulk raw material, such as:

- **Plastics**: Track the origin of plastic waste and the percent content of recycled plastic in new circular polymers.
- **Agriculture**: Obtain chain of custody information from origin to customers, proving both origin and sustainable and ethical sourcing claims.
- **Metals**: From gold to cobalt to copper and everything in between, GreenToken can track origin of ore, concentrate, or amalgams to give sourcing confidence to your end customers.
Social procurement for positive impact on employees, communities, and societies

Social procurement is aligned to the overall SAP product strategy by driving positive impact for communities and societies. Our approach helps organizations define and measure the impact of supporting local communities, level the playing field for disadvantaged people, and redefine business models through the inclusion minority-owned, diverse suppliers and social enterprises.

Procurement solutions from SAP promote sustainability and governance worldwide. By leveraging our platform, customers are able to drive social policies while achieving improved business results. Organizations that utilize our procurement solutions are able to maintain their commitment to human and workplace rights while also avoiding risk.

- We are building capabilities in SAP Ariba solutions to help better connect buyers with social enterprises.
- Ariba Network matching identifies the social enterprises already on Ariba Network. This uncovers the existing potential opportunities to create social impact.
- Our tools make it easy to buy from social enterprises and enforce policies for purpose-driven procurement through the guided buying capability.

With procurement solutions from SAP, our proven network benefits both buyers and suppliers by promoting trading relationships among organizations with strong purpose programs, such as social enterprises. Buyers can connect efficiently and easily with local, diverse, and minority-owned businesses, while suppliers enjoy more seamless payments of their invoices, thereby boosting cash flow. And as the current crisis disrupts global supply chains, procurement leaders have an opportunity to reimagine their operating models to be more nimble, bringing more and more of their supply chain back into the country of origin, challenging low-cost country sourcing models, and empowering local businesses and diverse suppliers to flourish.
The SAP One Billion Lives program (SAP 1BLives) is SAP's flagship social intrapreneurship initiative. It gives employees permission, time, technology, and mentorship to turn their passion for making a difference into sustainable, income-generating ventures. With a social mission at the core of their business, they aspire to improve one billion people's lives.

Our employees, driven by their hearts and skills and underpinned by SAP resources, have created ventures that have helped establish more effective cancer treatment protocols in India, improved disaster relief efforts worldwide, made sustainable supply chain sourcing possible and set out to eliminate child labor in cobalt mines. In the face of a global pandemic this year, SAP One Billion Lives also drew focus on addressing COVID-19 challenges, from enabling humanitarian response to better management of cohorts with different COVID-19 status to managing critical life-saving devices and emergency response.

SAP One Billion Lives was founded six years ago by Adaire Fox-Martin, Executive Board Member, SAP SE. It aims to help marshal the best of SAP – our core business, our people's passion, and our vast ecosystem in service of social good to positively impact one billion lives.

GreenToken by SAP
This SAP 1BLives venture enhances the traceability of product raw materials through a cloud platform supported by blockchain technology. It offers companies a new level of transparency for their sourced raw materials, as opposed to the current practice of only tracking the final packaged good.
Creating transparency and positive impact with **holistic reporting and steering**

**Challenges**

- Consumers are shifting to more sustainable products and services and request more transparency also on social factors.
- Employees are focusing their career choices on sustainably responsible employers.
- Investors are demanding and integrating environmental and social data and into investment decisions.

Enterprises see the necessity of running a sustainable business, reducing reputational risks, driving more sustainable growth, attracting new talent, and unlocking new sustainable business potential. Currently, companies are not able to build on real-time data for sustainability, and a lot of manual work is necessary to execute on sustainability reporting.

SAP uniquely offers enterprises the ability to consume their operational data throughout the value chain and core processes. This allows them to gain vital insights toward become sustainable, intelligent enterprises.

**How can SAP help?**

Seventy-seven percent of the world’s transactions touch SAP systems. Customers can leverage the large amounts of data generated to drive their enterprise sustainability decisions. SAP offers data analytics solutions that help prepare, structure, and analyze this data for business steering. As part of the Holistic Reporting and Steering initiative (NextGen SRS), SAP has partnered with Deloitte and HPE to develop an impact measurement framework that can help our customers leverage their existing data and translate it into impact measurement. To help our customers translate the different frameworks and existing standards and deliver on their reporting requirements, SAP also has existing offerings, such as the SAP Profitability and Performance Management application for business data aggregation, the SAP Data Intelligence solution for data orchestration into actionable business insights, and the SAP Analytics Cloud solution for business analytics and steering.

SAP’s solutions are complemented with the new ‘Sustainability Service Package’ to help customers deliver on their sustainability agendas and guide them towards concrete implementations based on customer-outcomes.
Making **external workforce management** resilient and transparent

It is estimated that 44% of total workforce spend is on external workers.¹ Maintaining transparency of and visibility into this workforce helps organizations avoid risks, such as underpayment of workers, worker health and safety issues, and suppliers that don’t adhere to regulations for fair treatment of their workers. With procurement solutions from SAP, steps can taken to protect both businesses and human rights of all workers.

SAP solutions can help by:

- Prioritizing requests to send to diverse and minority suppliers first
- Providing visibility into how much each contractor will actually be paid by breaking down the rate components.
- Increasing visibility into which contractors have the right qualifications and then onboarding them to complete their jobs safely
- Digitizing invoices to streamline payment cycle times and remove paper

Creating a culture of sustainability and well-being for the internal workforce

SAP SuccessFactors is developing technology and partnerships to help advance the UN Sustainable Development Goals related to the workforce, including the recently introduced SAP SuccessFactors Human Experience Management (HXM) Suite.

Well-being at work

- SAP SuccessFactors HXM Suite empowers companies to support and care for employees in the moments that matter, providing them with the individual and organization resources to be resilient, engaged, and productive.

- Embedded features help operationalize a culture of wellness and purpose for individuals, teams, and the organization.

- Personalized and evidence-based interventions may be created.

- A curated partner ecosystem delivers unique offerings that support the organization’s well-being strategy.

Diversity, equity, and inclusion:

- SAP SuccessFactors HXM Suite enables a business beyond bias by providing decision makers with the tools they need to identify and reduce unconscious bias where it occurs, creating change not just in how they see and understand diversity, but also in how they make decisions that cultivate a diverse and inclusive workforce.

- SAP’s tools designed to counter unconscious bias in compensation, together with the full SAP SuccessFactors solution portfolio, provides valuable insight into reward and compensation practices.

- Job analyzer functionality embedded in SAP SuccessFactors Recruiting helps businesses craft effective, competitive job descriptions – while eliminating unconscious bias in recruiting.
Digital inclusion powers opportunity

As 21st century innovation rapidly changes the skills and competencies needed to succeed in today’s world, our digital skills initiatives generate inclusive opportunities for underserved and under-represented people, communities, and nations. We want to help everyone participate in – and benefit from – today’s digital world.

Building digital skills

Accelerating best-run nonprofits and social enterprises

Connecting employees with purpose

4.5m
Young people engaged

>1,200
NPOs and social enterprises engaged

20K
Employees engaged

56K
Teachers trained

€3.4M
In-kind contributions

270K
Volunteer hours

105
Countries involved

6M
Lives impacted

52%
Skills-based volunteer projects

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Helping supply chains drive more positive societal and environmental impacts

With procurement solutions from SAP, you can minimize supply chain disruptions and meet your sustainability goals by becoming more nimble, adaptable, and responsive.

Source to contract
- Compliance with ethical sourcing policies and codes of conduct for suppliers
- Supplier collaboration to develop more eco-friendly products
- Sourcing suppliers with the necessary CSR and sustainability-related certificates
- Social and environmental impact of awarding business
- Spend analyses that provide comprehensive information on supplier diversity metrics

Order to pay
- Workflows to promote or enforce the use of ethical suppliers
- Tail spend management and opportunities for small and local suppliers through tactical purchases
- High on-time payment rate and faster processing for local, small or vulnerable suppliers

Supplier due diligence
- Risk insights integrated into supplier due diligence
- Monitoring and mitigation of supplier risk
- Supply base that is segmented by inherent risks to drive sustainability
- Cross-referencing of suppliers against global watch lists for human rights and environmental abuses
- Reduced dependency on auditing

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Partnering for positive impact
Maximizing impact through partnership

As we strive to achieve our own sustainability goals within SAP, we have recognized the immense value of partnering with like-minded organizations to raise the profile and importance of such efforts throughout the world. As this message gets out and is embraced more and more by companies, governments, and other sectors, the need for coordinated action and accountability has become clear.

One such partnership is SDG Ambition, a joint initiative of SAP, the UN Global Compact, and Accenture. It is an accelerator initiative that aims to challenge and support participating companies in being more strategic and transformational in how they run their businesses to deliver on the UN’s 2030 Agenda. It also helps companies collaborate better with their partners to spread change in their broader ecosystems. By raising ambition, deepening integration, and embracing new technologies, businesses can become leading actors in achieving the SDGs.

A set of SDG Ambition guides is available to help business leaders measure and manage sustainability performance:

- **Ambition Guide: Setting Goals for the Decade of Action** establishes the initial set of SDG Ambition benchmarks that challenge organizations to set more ambitious goals and targets in the areas in which business is positioned to have a substantial impact. Business leaders can use this document to support their strategy and set goals ambitious enough to deliver the SDGs by 2030.

- **Integration Guide: Designing Business Systems for the SDGs** presents the approach through which the 10 SDG Ambition benchmarks can be integrated into core business processes and systems to enable effective measurement and management of sustainability performance. Business leaders can use this publication to identify the system opportunities to integrate the SDGs into core business processes.

- **SDG Ambition Benchmark Reference Sheets (for consultation)** provide illustrative details regarding the steps to integrate each of these benchmarks into a company’s business systems, as well as the key design decision required to engage technology partners.
“SAP is committed to a significantly cleaner ocean by 2030. We want to achieve this objective together with customers, NGOs, governments and partners and will provide them with the tools, insights, and solutions to **eliminate waste and maximize resource productivity**. Many of our customers have also made commitments to a cleaner planet. We will support them in achieving their ambitious goals, and together we can accelerate the move to a restorative and regenerative economy.”

- Christian Klein, SAP CEO
Working together for the environment

SAP is a platform member of the World Economic Forum’s Global Plastic Action Partnership, which is determined to create a cleaner ocean by 2030. Our Plastics Cloud offering will allow businesses to shift rapidly to alternatives to single-use plastics, scale design for circularity, and invest in materials collection infrastructure.

As part of the Ellen MacArthur Foundation’s Circular Economy 100 Network, SAP helps create new circular solutions that accelerate marketplaces for waste materials, enable more responsible production methods through the use of advanced data, provide waste management insights, and drive better consumer and citizen experiences.

SAP has partnered with local industry representatives in Southeast Asia to address the deforestation of rain forests across the region for the purposes of illegal palm plantations. The SUSTAIN (Sustainability Assurance & Innovation) alliance helps determine what is legal, older plantation versus younger, illegal plantation palm. Regional organizations collaborate, align efforts, and help build an industry-wide solution for palm oil traceability and sustainability using blockchain technology.
Along with our partners, these are some of the ways we are striving for positive change in the world.

- The COVID Response Alliance for Social Entrepreneurs, led by the Schwab Foundation for Social Entrepreneurship and including SAP and over 50 other global organizations, is aiding social entrepreneurs in the wake of the COVID-19 pandemic. It supports by pooling knowledge, experience, and responses to alleviate suffering and advance new models for a more inclusive, equitable, and sustainable world.

- SAP Ariba and Social Enterprise UK (SEUK) are partnering to help corporate buyers discover and connect with social enterprises, opening the door to new relationships and business opportunities. Once successfully proven in the UK, this capability will be followed by work to connect social enterprises across the globe.

- SAP’s corporate social responsibility (CSR) and procurement teams have expanded their reach with partners Social Traders in Australia and Buy Social Canada to improve social welfare and connect corporate buyers with social-enterprise suppliers to help them prosper and grow.

- We are increasing support for inclusive supply chains in partnership with the MovingWorlds S-GRID program, or Sustainable Growth of Revenue for International Development.

- SAP has joined Business Call to Action (BCTA) with an aim to cater to the needs of different market segments, including small and mid-sized organizations, to accelerate and scale impact on smallholder farmers. SAP has developed the SAP Rural Sourcing Management solution for better management of sustainability data connecting smallholder farmers to global agricultural supply chains.

- We have also joined the “Stop Hate for Profit” effort, suspending all paid advertisements across Facebook and Instagram until the company takes sufficient action to confront hate speech on its platforms.
“You cannot get through a single day without having an impact on the world around you. What you do makes a difference, and you have to decide what kind of a difference you want to make.”

- Jane Goodall
Setting the workforce up for success

Among the most important ways to expand the availability of decent work and fair employment are education and job skills training. SAP is working with multiple partners to engage with populations in need of such resources in an effort to provide learning opportunities and foster a more inclusive workforce.

**Code Unnati**

“Code Unnati is more than just a coding initiative. The topics are delivered in a do-it-yourself model. Students learn in experiential form how to leverage the power of science and technology for the betterment of society.”

- Gunjan Patel, head of Corporate Social Responsibility (CSR) for APJ and India, SAP

**Generation Unlimited**

“For young people, the path to a successful future goes through quality education that equips them – and empowers them – with the skills they need to thrive in today’s workforce. Young people are some of the world’s best creatives, enthusiasts, and thinkers. We are excited to work with SAP to harness young people’s energy and ideas, and help them contribute to their economies and societies.”

- Henrietta Fore, UNICEF Executive Director

**Learning for Life**

“While I think governments have a role in setting up the correct environments, this is a universal problem that companies cooperating together can help address. That’s why I love the Global Alliance for YOUth. It really helps us bring together some of the resources and programs that we have as companies, and facilitate this learning initiative. For example, SAP launched Learning for Life last year, which so far has already touched 2.8 million youth in 93 countries across the world.”

- Adaire Fox-Martin, Member of the Executive Board, SAP SE, Global Customer Operations

**Global Alliance for YOUth**

“Every organization has a role to play in creating access for all to quality education and decent, meaningful work. Multi-stakeholder partnership is a crucial element to drive effective, sustainable change. We connect the core competencies of different organizations and multiply the impact that we have with each other.”

- Alexandra van der Ploeg, global head of Corporate Social Responsibility, SAP
Procurement with purpose partnerships focused on supply chain sustainability, transparency, and diversity

Through collaboration with partners, such as the ones listed below, SAP has committed to supporting organizations in their mission to create a more sustainable, equal, and nondiscriminatory world. We will continue to increase our footprint to connect more such purpose-driven partnerships through the SAP App Center, the digital marketplace for SAP partner offerings.

**EcoVadis** enhances the SAP Ariba Supplier Risk solution by providing customers with critical risk assurance and performance in the area of business sustainability. Full access to EcoVadis sustainability ratings and scorecards is available from within SAP Ariba Supplier Risk. Procurement teams can bring sustainability performance management to all purchasing categories and regions.

**Givewith** is available as an application extension that enables companies to connect to Ariba Network to embed social impact programs. A buyer can select its preferred nonprofit programs and add this content into its existing RFP process using the SAP Ariba Sourcing solution. Suppliers can subscribe to the Givewith platform and add social impact to any RFP response, which enables them to create unique social impact opportunities to differentiate from competitors.

**Daivergent** is dedicated to the autism and neurodiversity community. It provides a technology platform utilizing artificial intelligence and machine learning to match its pool of candidates to existing job posting. The Daivergent for Autism Recruiting solution is available to SAP Fieldglass customers in the SAP App Center. The partnership enables companies to hire and manage neurodiverse talent who have been sourced and trained by Daivergent.

**Made In A Free World’s** FRDM tool integrates with the SAP Ariba Supplier Risk solution to deliver completely new levels of supply chain transparency, with forced labor risk insights delivered based on customer requirements.

**Jet-Set Offset** sends notifications prompting employees booking through SAP Concur Travel to choose more sustainable or alternative travel options (like train transportation or lower-emission flights). Jet-Set Offset uses booking and expense data from SAP Concur solutions to help corporations automatically meet their sustainability goals with actionable, mileage-based offsetting donations for employee travel.
The benefits to your business
Environmental sustainability

Purpose and sustainability are not simply buzz words to include in an annual report or press release. They encompass real steps that organizations can take to help improve the world we live in and the lives of all who live here. But this approach is not only good for the planet – it’s also good for business.

When it comes to environmental sustainability, it is often assumed that what’s good for the planet is bad for the bottom line – when just the opposite is true. Operating with sustainability and purpose at the core of your business can result in:

- Improved brand image and competitive advantage
- Increased profit for those organizations that fill the higher demand for eco-friendly goods and services\(^1\)
- More efficient operations and much better utilization (conservation) of resources, which leads to lower costs
- Better and faster adherence to ever-changing regulations when it comes to emissions and other environmental legislation
- Government subsidies that are available in many countries in the form of tax breaks, rebates, and incentives to organizations with practices and solutions that are environmentally friendly\(^2\)


US$970 billion

Could be wiped from the valuations of 215 of the world’s biggest companies due to the climate crisis\(^3\)
Globalization and outsourcing have created cost efficiencies, but this has come at the expense of visibility and transparency across the supply chain. Without this visibility, organizations can run the risk of damaging their own businesses when their suppliers’ practices are unethical or illegal. Issues range from unfair and unsafe conditions for workers (even to the extent of modern slavery) to human trafficking, and these issues impact every region, country, and industry. As both employees and society at large are now more focused on global human rights concerns, it is of utmost importance that organizations also take notice and take action.

Beyond the **reputational and moral implications** of knowingly or unwittingly supporting slavery, the threat of penalties on this scale creates some incentive for multinational corporations to get serious about **eradicating the crime from their supply chains**.


The costs of forced labor do not end with its victims. The **effects of modern slavery ripple through the economy**, snowballing into large-scale, intergenerational effects. … Ending modern slavery and human trafficking would have significant payoffs for society at large. But above all, it is a **moral imperative** and our common responsibility.

- Amina J. Mohammed, UN Deputy Secretary-General, *speaking at the United Nations in New York*, July 13, 2020
Economic sustainability

Diverse businesses are an essential part of larger companies’ supplier networks and play a crucial role in contributing to more prosperous societies across the world. These include minority enterprises defined by gender, ethnicity, disability, sexual orientation, and other characteristics. Working with these suppliers allows companies to use their everyday procurement spend in a way that changes lives, whether that’s creating jobs for vulnerable women, protecting our planet through sustainable materials, or reinvesting profits back into communities, such as social enterprises that trade for a social purpose. COVID-19 has also forced organizations to reduce the dependency on global suppliers and to augment their supply chains with local suppliers.

Some of the benefits of operating in ways that promote economic sustainability include:

▪ Creating a diverse and therefore more flexible and resilient supply chain by supporting minority-owned suppliers and smaller suppliers
▪ Becoming less dependent on globalization for products and services, thereby reducing carbon footprint
▪ Gaining access to unique market insights from diverse suppliers
▪ Achieving a broader perspective to help in bringing innovative ideas to market, which positively impacts the bottom line
Financial and market performance impact

There are various environment, social, and governance (ESG) scoring methodologies and ratings used more and more by investors to identify companies better equipped to recognize and respond to sustainability opportunities and challenges. Recent analysis has shown a positive correlation between sustainability and stock market performance. As an example, the brand equity database BrandZ measured brand value for the same 87 brands in 2006 and 2017 and found that the top third – or the high-purpose brands that are “trying to make people’s lives better” – grew nearly three times more over that period than the bottom third (low-purpose brands).¹

- **Enhance brand value and reputation:** Organizations with strong sustainability performance outperform the market by 4.8%²

- **Reduce cost of capital** through a lower-risk profile and provide access to cheaper equity financing²

- **Increase attractiveness to investors,** nearly 60% of whom view nonfinancial disclosures as essential or important to investment decisions²

- **Increase shelf space for your products** due to increased demand among consumers³

- **Respond to rising consumer expectations,** with nearly 66% of consumers believing they have a responsibility to purchase products that are good for the environment and society⁴

- **Achieve cost efficiencies** by considering sustainability risks and opportunities to reduce costs

In reviewing 200 academic studies on sustainability and corporate performance, researchers found that, of those 200 studies:²

- **90%** conclude that ESG standards lower the cost of capital

- **88%** show that good ESG practices result in better operational performance

- **80%** show that stock price performance is positively correlated with good sustainability practices

Companies working with SAP to incorporate sustainability into their businesses

TemperPack Technologies Inc. helps companies deliver perishable foods and temperature-sensitive medicines without using foam coolers, which are a large source of carbon emissions and plastic waste. TemperPack’s plant-based, curbside recyclable packaging provides the same level of thermal protection as foam coolers.

The company saw 40% growth last year, which put incredible stresses on its operations. Inventory, production workflow, and cost data were unreliable at best. Without significant economies of scale, sustainable manufacturers cannot compete with the price of plastic. TemperPack sought a modern business platform to organize data, empower its people to be more responsive, and make more-informed decisions.

TemperPack chose to partner with SAP to gain access to accurate, real-time information across the business. SAP is helping transform TemperPack into an Intelligent Enterprise. It can now calculate margins instantly, plan production better, and ultimately, deliver a superior customer experience. It also now has gate-to-gate material tracking capabilities – allowing TemperPack to calculate its carbon footprint and provide customers with accurate sustainability data on the finished product.

With SAP, TemperPack feels supported to realize its goal to be the largest sustainable packaging company in the world by 2025.

Döhler started out as a spice mill during the industrial revolution and has been a leading supplier of natural ingredients for the food and beverage industry ever since. With over 5,000 different raw materials and more than 20,000 product applications, such as flavors and colorings, the company has an incredibly complex supply chain. Not only does that mean high operating costs, it means high carbon emissions.

To remain innovative, the company is working closely with its technology vendor, SAP, to find better ways to manage the supply chain and reduce emissions. The journey to digitization began over two years ago and required a change in mind-set as well. Döhler’s supply chain challenge is not an exception. Many companies have highly complex operating and supply chain structures, and their CO2 footprints are hard to evaluate. But Döhler’s solution is innovative; it is the first company to implement the SAP Product Carbon Footprint Analytics application, a new tool for tracing carbon emissions with SAP S/4HANA and SAP Analytics Cloud.

SAP Product Carbon Footprint Analytics provides insights into carbon usage by product, plant, or profit center and reveals production steps or raw materials causing high emissions.
Companies working with SAP to incorporate sustainability into their businesses – cont’d

**Nielsen** is a global information and measurement organization that provides market research and consumer insights. The greatest human risk in its supply chain is with contract electronics manufacturers, particularly in Asia.

Nielsen aligned its supplier code with that of the Responsible Business Alliance (formerly the Electronic Industry Coalition) to specifically address the supply chain risk exposure to child and forced labor exploitation within the technology and electronics equipment manufacturing segments. Nielsen used the SAP Ariba Supplier Risk solution to connect with the Made In A Free World FRDM tool to analyze its supply base against forced labor risk exposure. They identified one significant category/region with high risk exposure as well as tier-one and tier-two suppliers in this category/region that needed to be assessed and engaged regarding their human rights practices.

With SAP Ariba, Nielsen’s global procurement organization works to ensure supplier compliance with its human risks policies through oversight that involves planning, control, monitoring, measurement, corrective action, auditing, review, and reporting.

**Insurance Australia Group (IAG)** is an insurance group with operations in Australia and New Zealand and joint ventures in Malaysia and India. With business underwriting almost US$12 billion per annum, IAG sells insurance under many leading brands. Significant tail spend exists in all large corporates, which is largely untracked by procurement systems. IAG wanted to direct this spend for community impact.

In collaboration with SAP, IAG created an internal diversity marketplace to enable its employees to channel their spend to make a positive impact. IAG and SAP worked closely with key suppliers across Aboriginal, Torres Strait Islander, women-owned businesses and social enterprises to identify diverse suppliers ready to transact on Ariba Network. It made buying from diverse suppliers easy, enabled e-approval before purchase, pulling these purchases off the company credit card; Provided a platform that scales, as access to this diverse marketplace is available to all Australian customers of SAP Ariba. IAG now has an internal consumer-like shopping site that guides IAG buyers to vetted diverse suppliers; thus transforming procurement into a purpose-driven, consumer-friendly, collaborative and intelligent process.
Boehringer Ingelheim – Verifying pharmaceutical products using blockchain
The introduction of counterfeit pharmaceutical products into the legitimate supply chain has become a global threat over the past years. To respond to the challenge, SAP and stakeholders in the pharmaceutical industry have co-innovated to establish an Electronic Product Code Information Services (EPCIS) repository solution, a cloud-based network and a blockchain-based repository, that delivers the unique identification and verification of individual medicine packages. Boehringer Ingelheim contributed significantly to these co-innovation initiatives and continues to build on and around these solutions.

Counterfeit drugs are a major problem across the world, as counterfeiters have discovered pharmaceuticals as a lucrative target with increasing numbers of counterfeits. Adding to this challenge, Boehringer Ingelheim ships pharmaceutical products to hundreds of countries across the world. Working with SAP, technology was developed to cover standard processes in order to help tackle this challenge efficiently.

A two-dimensional DataMatrix code, carrying a unique pack identification, is printed on each package. Each unique identifier is recorded and linked to the product’s batch number, as part of the packaging process. This data is recorded in the SAP Advanced Track and Trace for Pharmaceuticals application. But the data does not stay there; it is pushed into SAP Information Collaboration Hub for Life Sciences and distributed into the respective regulatory system to ensure compliance of BI product.

For the United States, a blockchain repository is used to allow product verification by authorized stakeholders along the supply chain.
“Performance without purpose is not a long-term sustainable business strategy. Purpose is demanded by customers, communities, and importantly, employees. A big part of my focus is identifying how we can help our customers run at their best while providing meaningful, purpose-driven work to our people.” - Brian Duffy, President EMEA North, SAP
Becoming a purpose-driven business

At SAP, we recognize that we have an important role in supporting leaders in their journey to becoming a purpose-driven enterprise. Given the influence our software has on the global economy (77% of the world’s transaction revenue touches an SAP system), deep industry and line-of-business expertise and aspiration to improve a billion lives, we have the responsibility to be an enabler and exemplar of purpose. Together with our customers, we can transform business processes and business models and partner for a more just, equitable, and sustainable world.

For that reason, we have developed a collaborative approach for working with customers focused on purpose-led value and key themes such as climate impact, the circular economy, and accelerating diversity and inclusion. The approach commences with an executive alignment conversation followed by a purpose impact lab that will deliver an action plan for deep-dive workshops according to three paths to purpose-led value:

- **Run sustainably using existing SAP solutions.** Workshops include analysis of existing processes with adjustments for purpose.
- **Innovate for impact with SAP services,** including proof-of-concept solutions and design of purpose dashboards centered around the UN SDGs and related framework.
- **Accelerate inclusive business through strategic partnering,** including joint go-to-market programs around new business models, centered on our mutual purpose goals.

This exploration and discovery phase is followed by a recommendation – an executive presentation that summarizes the proposed scope, benefits, measures, and road map. After the recommendation is validated, a design and delivery phase may follow. All purpose-led engagements leverage a governance model to ensure adoption and purpose outcomes.
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