Deloitte.

SCT@Auto case
Sustainability Analytics solution
based on the automotive industry

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IMPACT THAT
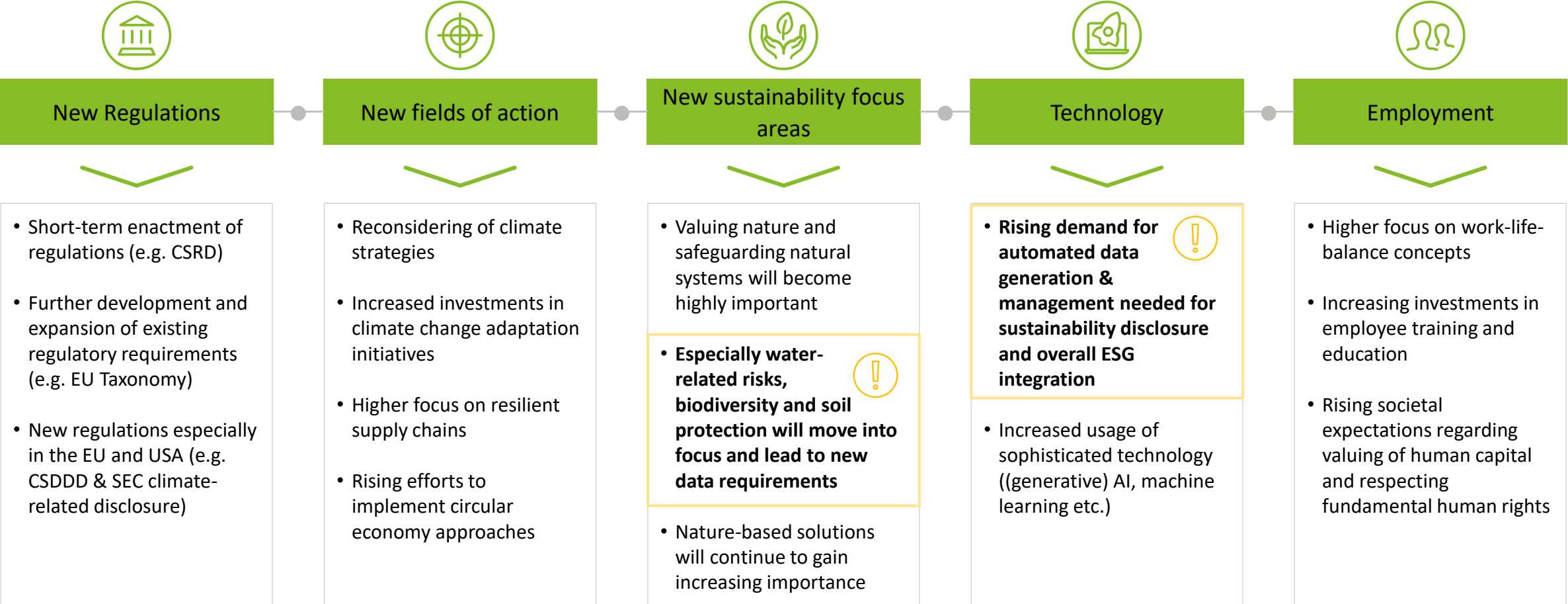MATTERS
since 1845

Content

1

Why do we need a comprehensive Sustainability Reporting solution?

Sustainability Trends 2023

In times of global uncertainties and the climate crisis, a holistic integration of sustainability into business is more important than ever to improve the resilience to external shocks and ensure long-term profitability
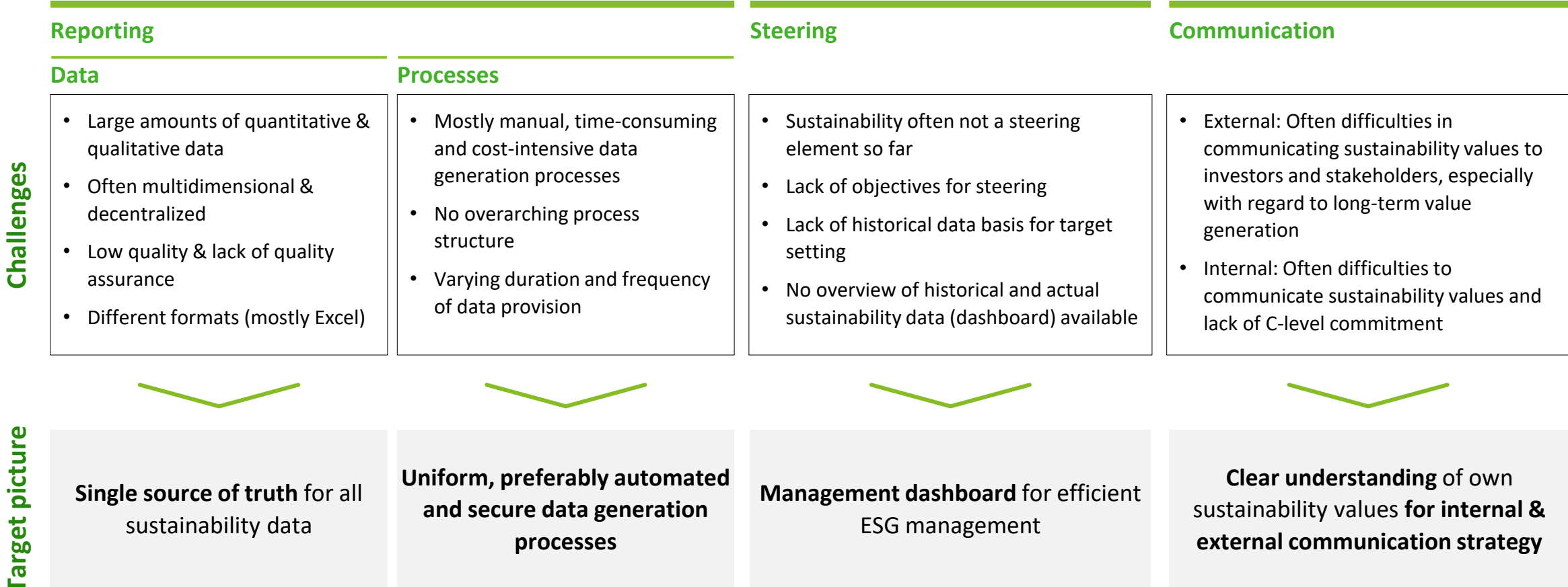
Expected developments for 2023

New Regulations	New fields of action	New sustainability focus areas	Technology	Employment
• Short-term enactment of regulations (e.g. CSRD) • Further development and expansion of existing regulatory requirements (e.g. EU Taxonomy) • New regulations especially in the EU and USA (e.g. CSDDD & SEC climate-related disclosure)	• Reconsidering of climate strategies • Increased investments in climate change adaptation initiatives • Higher focus on resilient supply chains • Rising efforts to implement circular economy approaches	• Valuing nature and safeguarding natural systems will become highly important • **Especially water-related risks, biodiversity and soil protection will move into focus and lead to new data requirements** ⚠️ • Nature-based solutions will continue to gain increasing importance	• **Rising demand for automated data generation & management needed for sustainability disclosure and overall ESG integration** ⚠️ • Increased usage of sophisticated technology ((generative) AI, machine learning etc.)	• Higher focus on work-life-balance concepts • Increasing investments in employee training and education • Rising societal expectations regarding valuing of human capital and respecting fundamental human rights

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What challenges do we need to tackle?

What challenges do you need to tackle?

Reporting, governance and communication challenges often require a holistic ESG Management Tool to meet current and future stakeholder expectations

Reporting

Data

Challenges

- Large amounts of quantitative & qualitative data
- Often multidimensional & decentralized
- Low quality & lack of quality assurance
- Different formats (mostly Excel)

Processes

- Mostly manual, time-consuming and cost-intensive data generation processes
- No overarching process structure
- Varying duration and frequency of data provision

Steering

- Sustainability often not a steering element so far
- Lack of objectives for steering
- Lack of historical data basis for target setting
- No overview of historical and actual sustainability data (dashboard) available

Communication

- External: Often difficulties in communicating sustainability values to investors and stakeholders, especially with regard to long-term value generation
- Internal: Often difficulties to communicate sustainability values and lack of C-level commitment

Target picture

Single source of truth for all sustainability data

Uniform, preferably automated and secure data generation processes

Management dashboard for efficient ESG management

Clear understanding of own sustainability values **for internal & external communication strategy**

Typical requirements for an ESG management tool

An ESG management tool can help address ESG management challenges when functional, technical and general requirements are met

Target picture:

Software support for all processes in…

ESG Steering
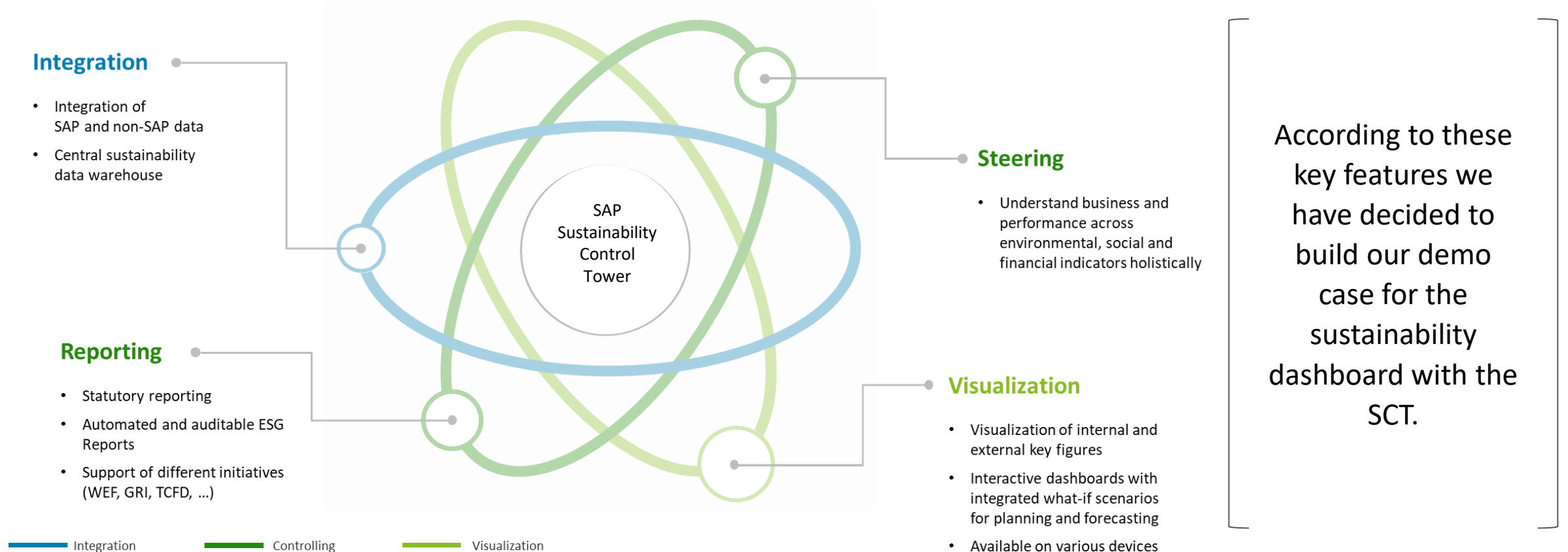
ESG Simulations

ESG Reporting

ESG Data Integration
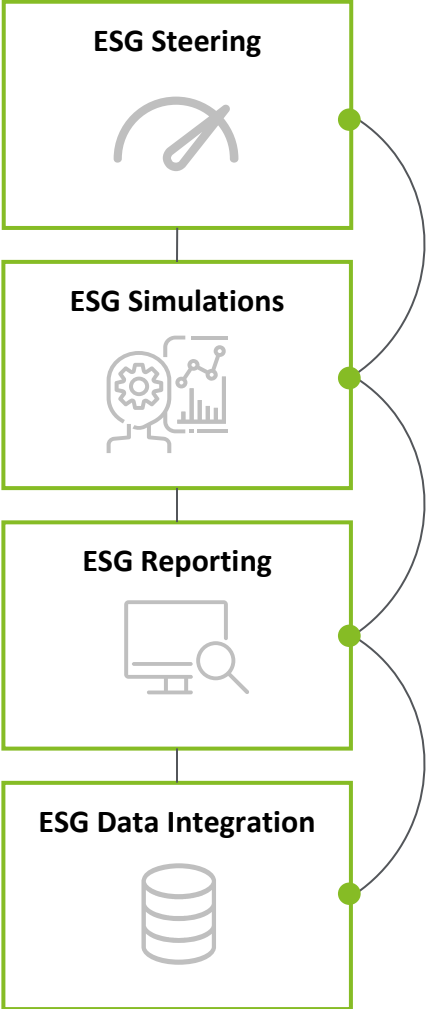
Prerequisite:

Fulfillment of functional, technical & general requirements

The SAP Sustainability Control Tower as a mature solution to help tackling these challenges

The Sustainability Control Tower can help you fulfilling the requirements and set up a comprehensive Sustainability Reporting & Management solution through different perspectives on Sustainability integration

Integration
- Integration of SAP and non-SAP data
- Central sustainability data warehouse

Reporting
- Statutory reporting
- Automated and auditable ESG Reports
- Support of different initiatives (WEF, GRI, TCFD, …)

SAP Sustainability Control Tower

Steering
- Understand business and performance across environmental, social and financial indicators holistically

Visualization
- Visualization of internal and external key figures
- Interactive dashboards with integrated what-if scenarios for planning and forecasting
- Available on various devices

— Integration   — Controlling   — Visualization

According to these key features we have decided to build our demo case for the sustainability dashboard with the SCT.

Let´s find out about the details of the case and how our SCT approach could also accelerate your Sustainability Transformation!
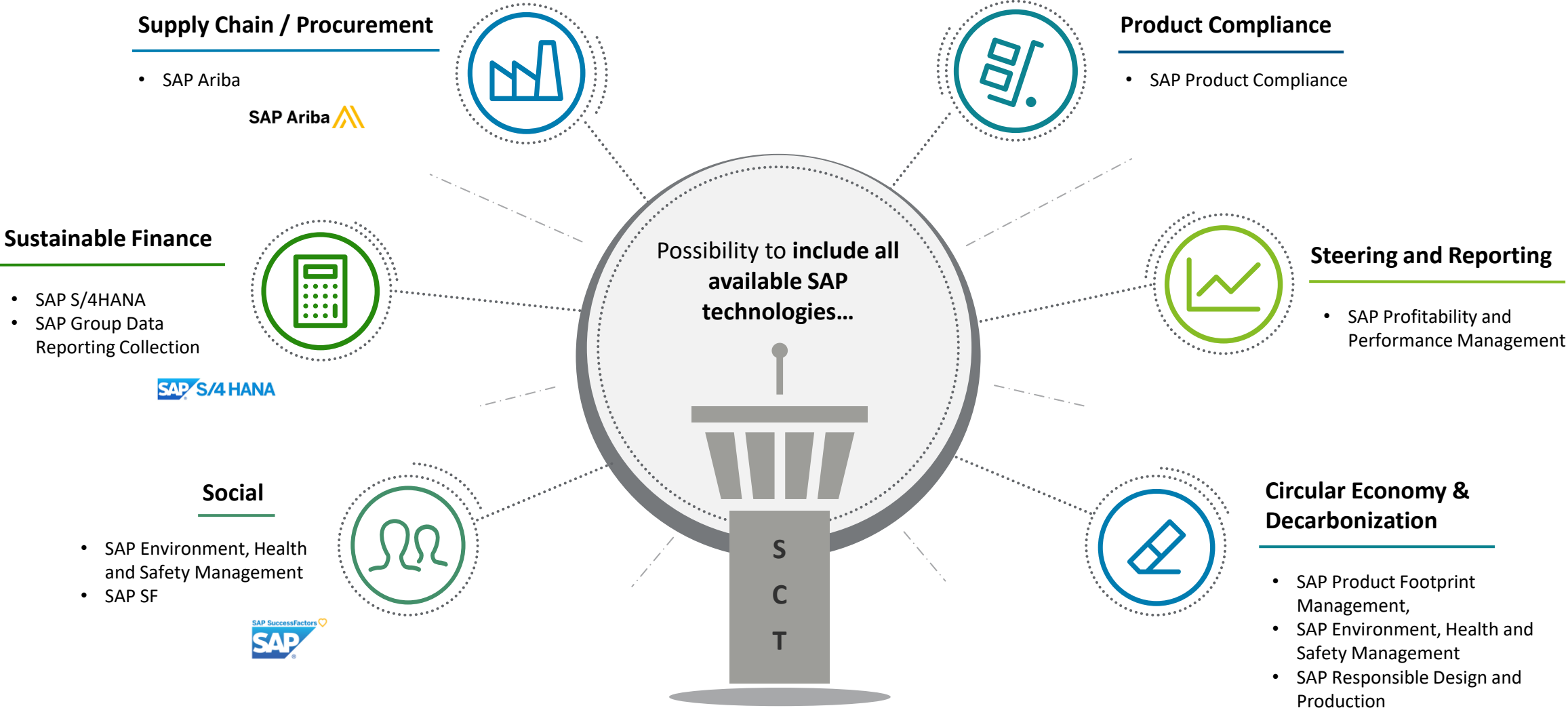
3

How does the SCT@Auto case fit into the picture?

SAP Sustainability Analytics solution

From raw source data to valuable insights on sustainability performance – metric example

Frontend solution

E
S
G

Different reporting frameworks as guideline

Pillars
| Governance |
| Planet |
| People |
| Prosperity |

Themes
| Climate change |
| Air pollution |
| Nature loss |
| ... |

Metrics
| Land use and ecological sensitivity |
| TCFD implementation |
| Greenhouse Gas (GHG) emissions |
| ... |

Based on the frameworks, different pillars, themes and metrics will be covered in the reporting.

Interplay between frontend and backend solutions

Stored data from SAP Datasphere is used to create visualizations for the different metrics in SAP Analytics Cloud

Backend

Key Figures	CO2e Scope 1	Emissions Intensity	Waste ID1	Ethnic representation
	CO2e Scope 2	Energy Source	Ethnic representation	...
	CO2e Scope 3			

| Metrics | Emissions in t | FTE | Dimensions: | Unit | Year |
| | Hires | Terminations | | Country | Plant |

SAP Sustainability Analytics Solution

Sustainability Reporting based on the SAP Sustainability Control Tower solution

To answer the rising ESG expectations a valuable Sustainability Reporting needs to be embedded within your existing system landscape. This sets the basis for aligning your green with your business targets.

Supply Chain / Procurement

- SAP Ariba

SAP Ariba

Sustainable Finance

- SAP S/4HANA
- SAP Group Data Reporting Collection

SAP S/4 HANA

Social

- SAP Environment, Health and Safety Management
- SAP SF

SAP SuccessFactors
SAP

Product Compliance

- SAP Product Compliance

Possibility to **include all available SAP technologies…**

S
C
T

Steering and Reporting

- SAP Profitability and Performance Management

Circular Economy & Decarbonization

- SAP Product Footprint Management,
- SAP Environment, Health and Safety Management
- SAP Responsible Design and Production

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How can the SCT@Auto case deliver business insights for an automotive company?

Automotive use case introduction (1/3)

We have developed a fictional SCT use case that is able to demonstrate the value-add for Automotive OEMs to showcase how to integrate financial and sustainability data on a corporate level

What challenges can be solved with our use case?

How does our fictive OEM looks like and how is the data model built?

How to combine financial and ESG reports in one dashboard?

German OEM
~61.000 employees
22,8 Mrd. € revenue

How to combine actuals and target numbers and how to make decisions upon that?
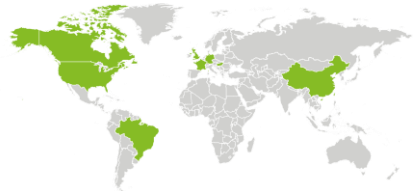
SAP-based financial ERP architecture

Product range with path to electrification

No overarching ESG steering tool yet established

How to integrate the SCT to an existing SAP landscape?

- **Different value types** (**Actuals** (ACT), yearly **TARGET** values, **FC** values)

  VALUE

- Data entry is done on **driver level for selected KPIs**
- Computation of KPIs along **predefined formula logic**

  LOGIC

ESG Data Model

- Data entry on **quarterly level** for most of the KPIs
- Aggregation for **reporting** allowed for **different time periods**

  TIME

- **Differentiation & Aggregation** on Group, Region, Country, LE & Site Level
- **Further dimensions** apply for selected KPIs (e.g. car model)

  DIMENSION

Automotive use case introduction (2/3)

We have developed different user groups to demonstrate various activities

Who is using the tool?

Data contributor

- Enters data into system
- Gets notified when new input is required

Data approver

- Approves all data in area of responsibility
- Gets notified when new data was entered into the system
- Can comment on supplied data & send it back to contributor

Admin

- Can start a new data cycle
- Monitors the data entry process
- Full overview of activities
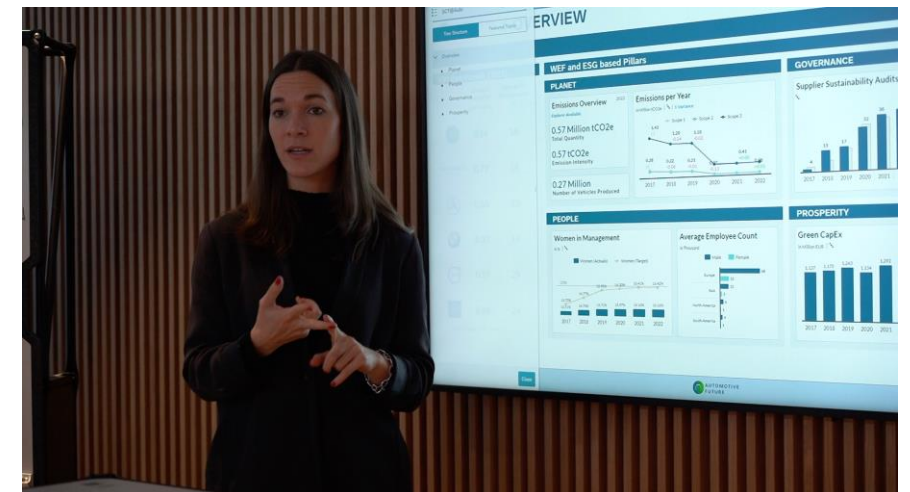
Automotive use case introduction (3/3)

Different chart types show the most important information directly at hand. Deeper data granularity is available through detailed views.

Illustrative excerpt

Energy Consumption per Division
in Million kWh

XC1 | XC1_e | XC2 | XCT | XTT

531.25
1,324.61
863.97
815.34
1,593.86
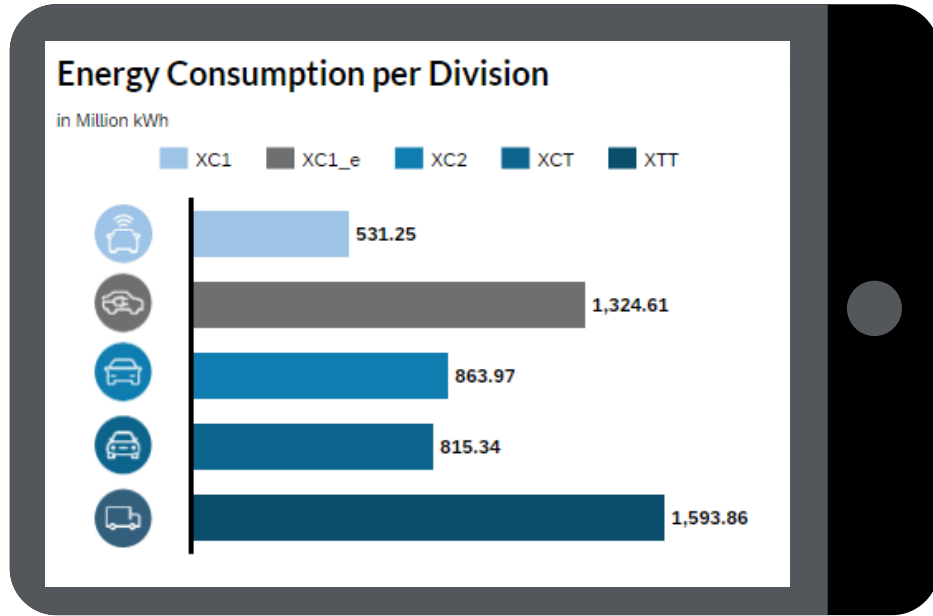
Energy overview

Key figures of the aggregated values for energy intensity computed per vehicle

3% difference between target and actuals

Geographical employee distribution

18% female

AUTOMOTIVE FUTURE | PEOPLE

Employee Overview
Average Number of Employees
60,278 (-3%)   61,841
Actuals   Target

Employees by Gender

Employee Headcount Analysis
Employees by Location

Employees over Time and Region

People in Management

Notebook

Employee distribution
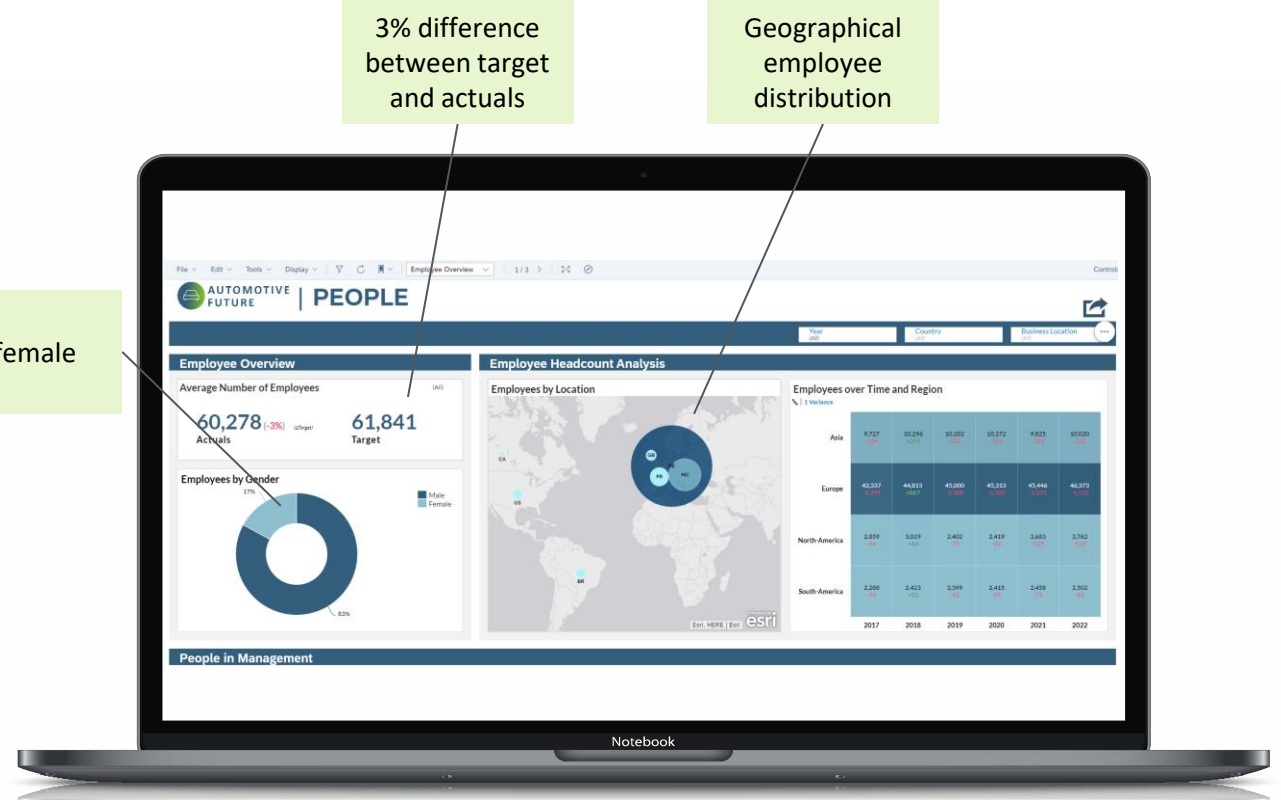
Employee distribution shown by:
- Gender distribution
- Geographical distribution
- Distribution over time and region

Key requirements for Sustainability Analytics tools

Deloitte´s SCT application based on SAP's standard solution already covers the vast majority of requirements – and there is more to come…

Not conclusive

Data Collection	Data harmonisation & validation	Internal Data usage / External Data usage	General requirements & Best Practices

Data Collection

- **Manual Data entry** of selected indicators and qualitative data
- **Manual data import** via CSV or XLS files
- **Maintenance of data** on dimensions specified per KPI
- Availability of **different value types** per KPI (Actuals, Plan, Forecast, Target)

Data harmonisation & validation

- Functionality for **monitoring the data flow**
- **Export of data at desired granularity level** to various file formats
- **Automated data validation and quality checks** (Error message for incomplete data transfers)

Internal / External Data usage

- **Multifunctional dashboards** for data analysis & presentation
- **Predefined reporting packages** incl. permanent comments
- Developing **narratives for data presentation**
- **Linking** with **external data sources** and information

General requirements & Best Practices

- „State of the art" **Security Concept**
- **High tool performance** and **low computing times** for "real time" calculation
- **Backup functionality** for data recovery
- **Low effort system administration**
- **Collaboration functions**

Standard SCT   Deloitte adopted functionalities

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How can we as Deloitte support you?

Our Standard project approach

Our standard project approach to implement a comprehensive sustainability dashboard is divided into six steps

	Vision & Scan	Focus		Implement		

Step

1 UNDERSTAND REGULATIONS & OWN AMBITION	**2** MAKE IT MEASURABLE (KPI DEFINITION)	**3** SET STEERING IMPULSES (PROCESS DEFIN.)	**4** ALIGN ORGANIZATION & GOVERNANCE	**5** DEFINE TECHNICAL REQUIREMENTS	**6** CONDUCT IMPLEMENTATION

Activities

• Get detailed understanding of external requirements • Conduct Gap-Analysis • Define individual ambition level incl. priorities	• Select relevant KPIs incl. dimensions & frequency • Identify data sources • Get understanding of required interfaces to existing systems	• Select steering relevant KPIs • Define required processes for reporting & steering (including planning and forecasting)	• Define responsibilities within the organization (Operating Model, RACI) • Prepare required policies & handbooks	• Analyze existing IT landscape • Define technical requirements • Choose future technical solution	• Integrate functional requirements in existing or new IT system • Implement frontend and (potential) interfaces

Deliverable

Overview of minimum requirements mapped to own ambition	KPI list with most relevant KPIs and data sources	Process description for reporting and steering of ESG KPIs	RACI Models for relevant processes and fitting policies / handbook	Technical concept for implementation incl. system selection	Implemented solution to be used in daily business

Further impressions

Our video contains further impressions and explanations regarding our demo case as well as insights how a partnership with Deloitte can help you in accelerating your Sustainability Transition

Have we sparked your interest?

Then have a look at our video & convince yourself!
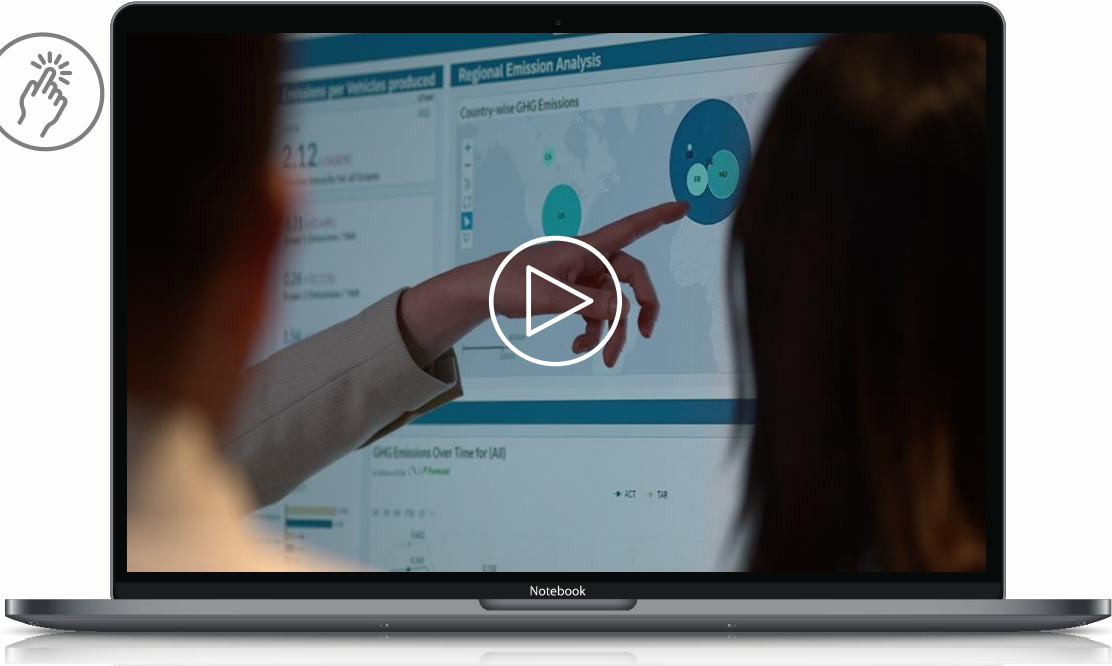
We are here to assist you on your way into a more sustainable future, to make your holistic transition a success!

Your Deloitte contacts

Please contact us any time in case of any questions and for further alignment

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