

# EY and SAP Sustainability Strategy

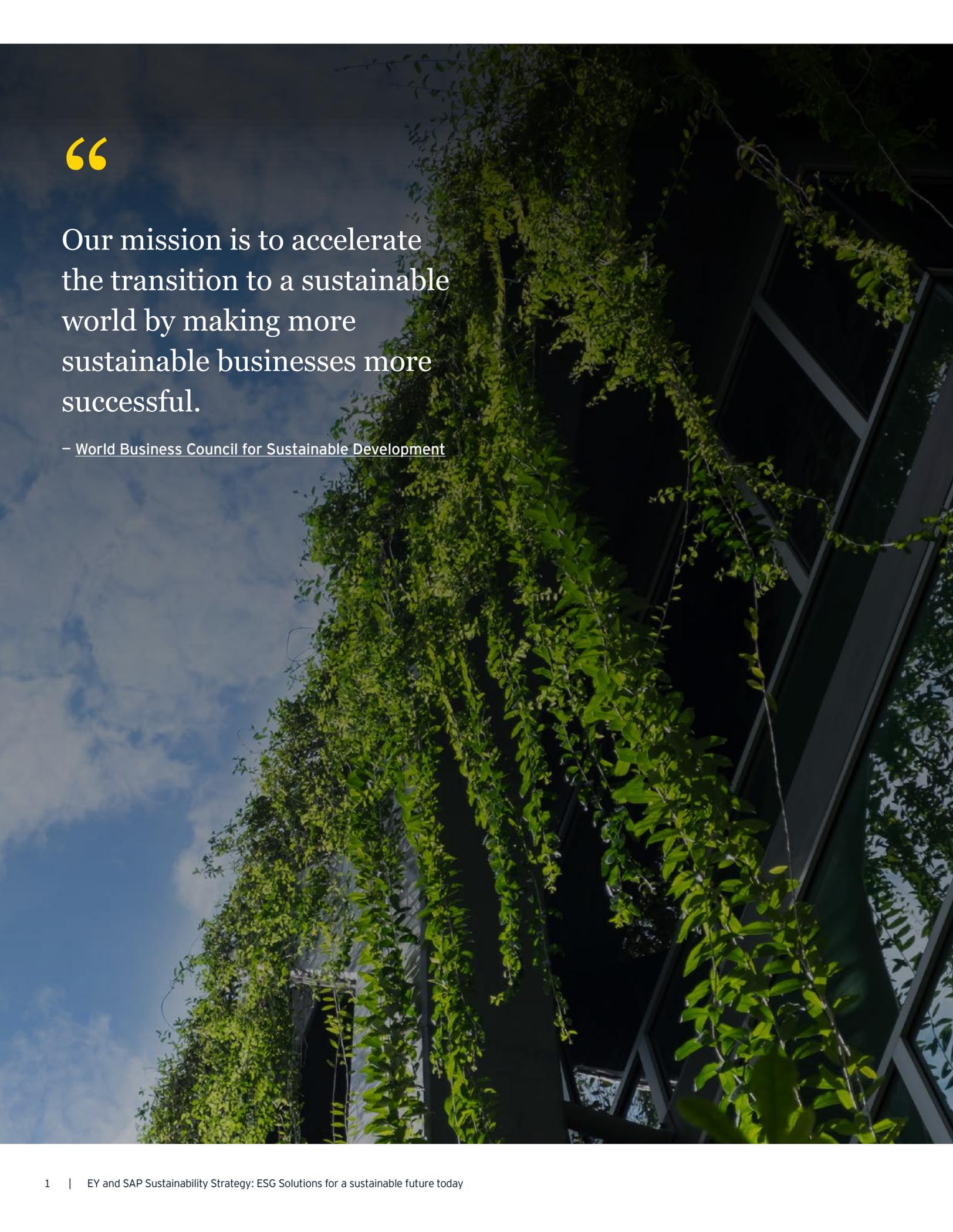
ESG Solutions for a sustainable  
future today



Building a better  
working world



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Our mission is to accelerate the transition to a sustainable world by making more sustainable businesses more successful.

– World Business Council for Sustainable Development

# Sustainability strategy and performance management

Focusing on going beyond shareholder value is now mainstream. The best businesses are defined by more than their short-term profitability. Firms with good performance in material sustainability issues outperform firms with poor performance on these issues, demonstrating that investments in sustainability are shareholder-value enhancing. Leading companies drive broad-based prosperity by creating value for shareholders, customers, employees and society alike. And when businesses can make a stronger case that they are creating long-term value for stakeholders across society, they can restore much-needed trust. The value of this trust is increasingly recognized by capital markets through a lower cost of capital. To be successful, companies now need the capability to:

- ▶ Create a “value-led” sustainability strategy
- ▶ Employ leading practices in executing the sustainability strategy (including innovation)

- ▶ Make the broader environmental, social and governance (ESG) metrics and KPIs work for leadership and a wide range of stakeholders

Climate change is a top five global risk for CEOs, boards and investors. Ninety-eight percent of them are embedding ESG performance in their decision-making processes.

Regulators, investors, employees and customers are also demanding improved sustainability performance. To respond effectively to these new expectations, companies need to be able to:

- ▶ Make decisions and manage the business in a way that balances profitability with sustainability
- ▶ Respond to a wider set of stakeholders’ interests

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This is a pivotal moment for business. It’s clearer than ever before that success is about more than our bottom line today; it’s also about helping those around us thrive in the long term. CEOs don’t have to choose anymore between doing what’s good for business and good for their stakeholders. They can – and must – do both.

– Carmine Di Sibio, EY Global Chairman and CEO





# The customer's challenge

Chief executives are setting a compelling vision for their broader organizations for a more sustainable business future, usually in relation to net-zero greenhouse gas (GHG) emissions. But often, they lack a broader ESG integrated strategy, the associated KPIs and the performance management tools to optimize and deliver value-based sustainability outcomes at scale. As a result, they face challenges in delivering these strategic promises; showing progress; and responding to evolving investor, consumer and stakeholder expectations.

## Challenges

- ▶ Sustainability measurements and KPIs not aligned with strategy
- ▶ Data and performance oversight needed across the company's value chain
- ▶ Lack of process and data consistency
- ▶ Concerns about ability to respond to emerging regulations
- ▶ Lack of agile and scalable technology
- ▶ Inability to integrate climate data, including scenarios, to be translated into financial risk and opportunity

## Needs

- ▶ Trusted real-time data that helps guide strategy setting and financial and nonfinancial performance management
- ▶ Assurance around sustainable transformation
- ▶ Ability to manage profit vs. planet effectively
- ▶ Manageable step-by-step approach
- ▶ Leading practices in executing strategy and sustainable business operating model design
- ▶ Agile digital and scalable technology that provides short time to initial value

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# The EY and SAP approach

Improved capabilities around sustainability data and performance management, as well as reporting, deliver a number of improvements, including:

- ▶ Help shape and deliver the CEO's vision and legacy
- ▶ Provides the decision-making capability required for true assessment of benefits and cost of sustainable strategies – a value-led sustainability strategy
- ▶ Provides transparent, trusted data for communications with internal and external stakeholders, including regulators, investors, employees, customers
- ▶ Lowers cost of capital through:
  - ▶ Help maximize institutional investor base by increasingly using ESG as exclusionary criteria for portfolios
  - ▶ Improving access to sustainable finance
- ▶ Help enable management of risks that occur beyond the usual strategy and risk management time frame (three to five years)
- ▶ Automates reporting for an evolving range of standards and requirements

# EY and SAP: a powerful combination

The EY organization and SAP are market leaders in the strategy, design and implementation of enterprise performance management for the sustainable business of the future.

Delivery of this new multi-stakeholder business requires an agile, powerful platform that provides high-quality, timely and auditable information about companies' ESG performance, and meets external reporting standards.

The EY organization is a trusted advisor in creating long-term, value-led sustainability strategies and defining reporting methodologies, frameworks and standards for finance, tax and transactions. SAP is the market leader in enterprise software, with 76% of the world's transactions touching an SAP system.

SAP has the solutions that deliver enterprise-grade, assurable internal and external financial reporting and performance management.

SAP also has the tools that can deliver this enterprise-grade capability for nonfinancial, sustainability reporting value, scenario modeling and performance management across multiple dimensions.

Together, the EY and SAP alliance provides trusted and strong brand collaboration with the right capabilities to help large corporations respond to the challenge. When business works sustainably, the world works better – for business, people and the planet. Contact us today to see how you can thrive in a better, more sustainable working world.



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Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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