![cbs Corporate Business Solutions logo]

NEXT ONE Sustainability

The cbs.zero framework for a carbon-neutral industry

cbs.zero

Sustainability and decarbonization are the order of the day - and a significant success factor. The cbs.zero framework offers answers on how companies can successfully shape the transition to a sustainable and climate-neutral organization.

It is difficult to deny the need to reduce greenhouse gas emissions and accelerate the transition to a low-carbon economy - the clock is ticking. National governments, global NGOs, businesses and civil society are working together to find appropriate responses to climate change. The goal: to limit global warming to 1.5 degrees by 2050. This was agreed by 195 countries in the Paris Climate Agreement. Only comprehensive climate neutrality, a "net zero", can achieve this.

In the industry, the implementation of decarbonization varies significantly depending on the sector and company. The lack of transparency and uncertainty regarding the political and legal framework are currently serious obstacles to the rapid implementation of sustainable approaches. Identifying sensible, organizationally and financially feasible steps also presents companies with challenges.

The cbs.zero Framework

All players are still at the beginning of this journey. And yet: decarbonization must be tackled early and in a structured manner. With cbs.zero, cbs has developed a framework that takes sustainability challenges into account for both business decisions and business processes. It enables our customers to integrate sustainability goals into their strategies and operational processes.

First, we establish a holistic view of the current situation and possible future scenarios. Our framework uses the terms Record, Report, Improve, and Innovate.

Record   Report   Improve   Innovate

The two dimensions Record and Report deal with the collection of data and the seamless provision of reports to demonstrate the current environmental and social footprint. Data on CO_2 emissions is commonly collected and reported according to the Greenhouse Gas Protocol with a categorization of "scopes":

- **Scope 1 (Direct Emissions):** This includes direct greenhouse gas emissions that occur within the control or ownership of a company. Examples include emissions from company-owned vehicles, heating systems or industrial processes.

- **Scope 2 (energy-related emissions):** These are indirect emissions caused by the generation of purchased energy. This primarily includes emissions caused by electricity generation in power plants that supply energy to the company.

- **Scope 3 (other indirect emissions):** These are greenhouse gas emissions that are outside the direct control of the company. These can be emissions from upstream and downstream supply chains, business travel, product use, waste disposal and other activities.

Data collection is a multidisciplinary endeavor that places high demands on data architectures, as many heterogeneous data sources need to be connected. SAP plays an important role in sustainability software solutions thanks to its seamless ERP system integration and direct access to processes and data. A new generation of cloud-based products, such as the SAP Sustainability Control Tower, can significantly reduce the burden on companies in the future in terms of precise data collection and the management of sustainability activities and support them in complying with reporting obligations in a legally compliant and efficient manner.

Improve and Innovate

With this solid foundation, levers can be identified to effectively reduce CO_2 emissions. Companies will inevitably have to fundamentally rethink their value chains or even their entire business model to remain successful. Sustainable management is not detached but goes hand in hand with corporate strategy. Current and future challenges can no longer be solved with the tools and methods of the past. In particular, the will to innovate and transform is crucial.

Integrated Reporting and Steering

Less Emissions

Less Waste

Less Inequality

Sustainable and Resilient Supply Chain

Scope 1 emissions, which are under the direct control of the company, can be reduced in the company's own manufacturing operations. For example, the cbs subsidiary Trebing + Himstedt is working with customers to introduce end-to-end, digitalized production processes. This is less about simply saving paper: advantages such as optimized and context-situated worker guidance and direct, error-free data feedback create efficiency and prevent the waste of valuable resources.

Scope 2 emissions can in turn be reduced by purchasing electricity from renewable energy sources. A significant part of the carbon footprint is attributable to the incoming supply chain, i.e.

Scope 3 Before a component arrives and can be used, CO_2 is generated from the extraction of raw materials to processing and transportation. These emissions are not under the direct control of the company. This will primarily influence procurement strategies. The price that the environment "pays" will then also be decisive. Conversely, this also means that sustainable products and goods will become more attractive, and companies will be able to secure decisive competitive advantages.

To reduce CO_2 emissions along the scopes, companies will fundamentally rethink their products and services and incorporate sustainability into their entire lifecycle – from development, production, use and finally disposal or complete recycling. In addition, the analog will be replaced by the digital to save valuable resources. The media industry with streaming and eBooks is a well-known example of this. In a similar way, business models can be digitized in industry.

The challenge of decarbonization is not trivial: long-term transformation, continuous improvement, innovative solutions, new technologies and best practices need to be incorporated into the long-term development of an organization from a perspective of sustainability. But we owe it to ourselves and future generations to tackle these issues and make our approach and goals transparent.

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