IBM Sustainability Software

Sustainable Product Design: The Time Is Now

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Own your impact

Practical pathways to transformational sustainability <u>Link to ibm.com</u>

This report represents the 25th edition of the IBM Global C-suite Series

Data collected Q4 2021



Our research draws on input from



28

industries



CEOs most frequently identify sustainability as their greatest challenge

Challenges		2021	Trend
Sustainability	51%	32%	$\rightarrow \rightarrow$
Regulation	50%	51%	
Cyber risk	45%	39%	\rightarrow
Technology infrastructure	41%	45%	
Supply chain disruption	38%	28%	\rightarrow
Geopolitical uncertainty	35%	14%	$\rightarrow \rightarrow$
Market shifts	34%	45%	$\leftarrow \leftarrow$
Public health incidents	29%	33%	
Cash flow	25%	27%	
Consumer demographics	24%	24%	
The 'anywhere' workplace	21%	11%	\rightarrow
Industry convergence	21%	11%	\rightarrow
Fluid workforce	21%	30%	\leftarrow
Capital raising	20%	29%	\leftarrow
Diversity and inclusion	18%	19%	
Workforce demographics	18%	20%	
Tariffs/trade barriers	16%	26%	←
The sharing economy	14%	14%	

Q2. What do you expect will be the greatest challenges for your organization over the next 2–3 years?

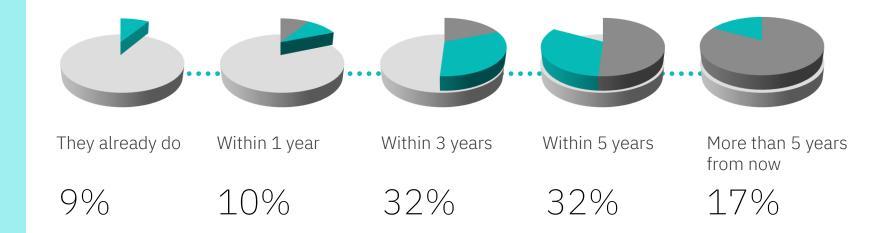
Expected greatest challenges for your organization over the next 2–3 years

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Transformational sustainability— Priority and challenge

$\operatorname{over} 80\%$

of CEOs expect sustainability investments to produce improved business results in the next 5 years When will investments in sustainability produce improved business results



Q9. When do you expect your investments in sustainability to produce improved business results?

Make sustainability matter

The World Economic Forum reported that the top five business risks are related to the environment. In addition:

- 62% of CXOs say sustainability is essential to remain competitive.
- 54% of consumers are willing to pay a premium for brands that are sustainable.
- 68% of employees prefer companies that have sustainable business practices.
- 59% of investors will choose companies that are <u>environmentally sustainable</u>.



Innovative design is key to sustainability



"Up to four-fifths of a product's lifetime emissions are determined by decisions made at the design stage."

McKinsey, 2022

"Product sustainability: Back to the drawing board"

These **five strategic themes** are underpinning the engineering transformation

AGILE

Strategic reuse

Support configurations of engineering data for strategic reuse across projects and products for efficient parallel development and variant management

Scaled agile across organizations

Enable effective agile engineering with real-time feedback, team collaboration, and continuous delivery for multi-disciplinary projects

Models for functional & domain engineering

Early verification with model-based design: Leverage design model to virtually optimize and verify product architecture before committing to implementation

Digital threads for quality & efficiency

Enable cross-discipline digital threads to streamline impact of change analysis, standards compliance, and visibility

Streamlined compliance

Create your work products with a system that foresees design control for every aspect and integrates compliance into the development process

IBM Sustainability

Turn sustainability ambition into action with IBM and an ecosystem of partners

Sustainability Services

Intelligent Facilities and Assets	Resilient IT Infrastructure	Circular Supply Chains
ESG Data, Reporting, and Climate Risk Management	Envizi Environmental Intelligence Suite	,
Sustainability by design	Engineering Lifecycle Management	
Aligned Business Strategy	Garage for Sustainability Materialit Data and Technology	у,

Turbonomic

LinuxONE

z16

Maximo TRIRIGA Sterling Order Management Supply Chain Intelligence Suite

IBM Engineering Lifecycle Management (ELM)





Foundational Requirements & System Design

Compliance & traceability



Seamless Product Development lifecycle



Model Based validation & optimization

Product Design & Development

System & software engineering tools to transform engineering processes to create sustainable products, working across your supply chain.

Engineering Lifecycle Management enables various industry manufacturers and suppliers to define, implement, optimize, and validate products and systems that achieve breakthrough sustainability objectives.

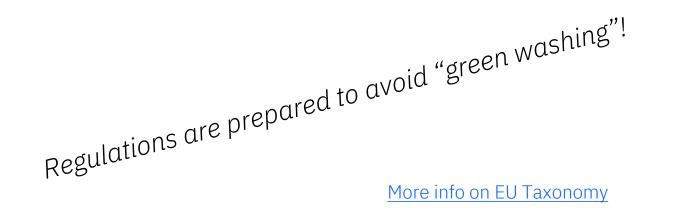
A Concrete Example: EU Taxonomy

"The EU Taxonomy is a **green classification system** that translates the EU's climate and environmental objectives into criteria for specific economic activities for investment purposes"

"It is a **transparency tool** that will introduce mandatory disclosure obligations on some companies and investors, **requiring them to disclose their share of Taxonomy-aligned activities.**"

"In addition, it can **guide market participants** in their investment decisions."

"(...) it is expected that over time, the EU Taxonomy will be **an enabler of change** and encourage a **transition towards sustainability.**"





EU Taxonomy Compass

Nice presentation but not easy to work in

EU Taxonomy Compass

Q const	Construction of new buildings contribution to climate mitigation						
Sector -	Activity -	Climate mitigation	Climate adaptation	Description 🗸			
Construction and real estate activities	Construction of new buildings	Ŧ	÷	Substantial contribution criteria A	Do no significant harm criteria 🔺		
Construction and real estate activities	Renovation of existing buildings	Constructions of new buildings for which: 1. The Primary Energy Demand (PED) ⁽²⁸¹⁾ , defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council ⁽²⁸²⁾ .	Climate adaptation V				
Construction and real estate activities	Installation, maintenance and repair of energy	÷Ε	Ŧ	 The energy performance is certified using an as built Energy Performance Certificate (EPC). 2. For buildings larger than 5000 m² ⁽²⁸³⁾, upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity⁽²⁸⁴⁾, and any deviation in the levels of performance set at the design stage or defects in the building 	Circular economy ~		
activities	efficiency equipment Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	⊕ E ⊕		 envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. 3. For buildings larger than 5000 m^{2 (285)}, the life-cycle Global Warming Potential (GWP)⁽²⁸⁶⁾ of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand. 	Pollution prevention ~		
Construction and real estate activities			Ð		Biodiversity ∽		
					Minimum safeguards ❤		

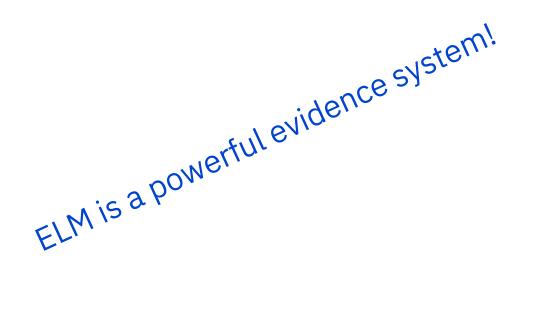
EU Taxonomy imported into ELM

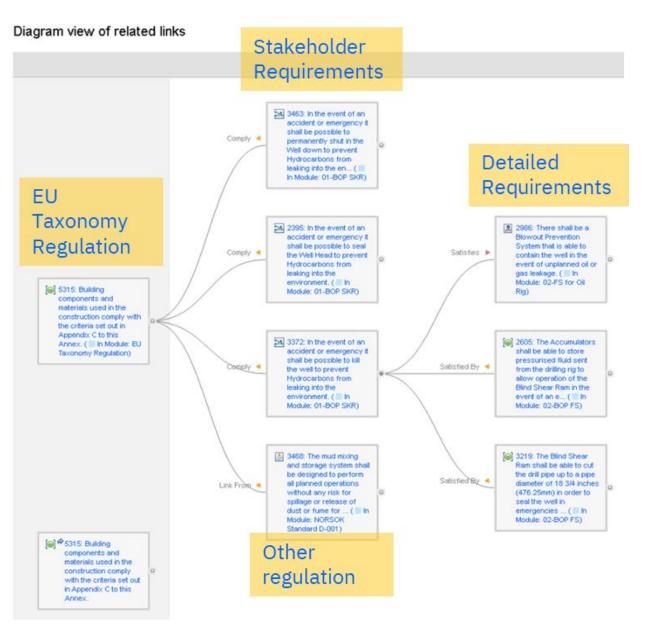
Structured document view with links and metadata

← / 07-EU Regulation / 5298	EU Taxonor	ny Regulat	ion (?)					٩	10
Create V Type to filter arti	facts by text o	r by ID	3						(
]• ID	Contents	EU Taxonomy Activity	EU Taxonomy Criteria Type	EU Taxonomy Category	Comply 4		
Views		5299	 1 Construction and real estate activities 						
arch Views 🔍 🚛 📸		5300	-1.1 Construction of new buildings						
imate mitigation Significant criteria		5301	Development of building projects for residential and non-residential buildings by bringing together financial, technical and physical means to realise the building projects for later sale as well as the construction of complete residential or non-residential buildings, on own account for sale or on a fee or contract basis.						
			The economic activities in this category could be associated with several NACE codes, in particular F41.1 and F41.2, including also activities under F43, in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.						
		5302	-1.1.1 Climate mitigation						
		5310	1.1.1.1 Substantial contribution criteria						
		5308	Constructions of new buildings for which:	Construction of new buildings	Substantial contribution criteria	Climate mitigation			
			 The Primary Energy Demand (281: PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council(282) . The energy performance is certified using an as built Energy Performance Certificate (EPC). 						
		5317	2. For buildings larger than 5000 m2 (283), upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity(284), and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative, where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing.	Construction of new buildings	Substantial contribution criteria	Climate mitigation			
		5318	3. For buildings larger than 5000 m2 (285), the life-cycle Global Warming Potential (GWP)(286) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.	Construction of new buildings	Substantial contribution criteria	Climate mitigation			
		5311	•1.1.1.2 Do no significant harm criteria						
		5309	The building is not dedicated to extraction, storage, transport or manufacture of fossil fuels. The Primary Energy Demand (281: PED)(571) setting out the energy performance of the building resulting from the construction does not exceed the threshold set for the nearly zero-energy building (NZEB) requirements in national regulation implementing Directive 2010/31/EU. The energy performance is certified using an as built Energy Performance Certificate (EPC).	Construction of new buildings	Do no significant harm criteria	Climate mitigation			
		6000							-

EU Taxonomy Regulations with ELM

Graphical view of linked data to do impact assessments and get an overview of compliance links





Honeywell MicroVCS Program using IBM ELM + pure::variants

Nominated for an Aviation Week 2022 Program Excellence Award

Program Excellence Award submission by Christine Shea et al. Christine is Sr Systems Engineering Technical Manager in Environmental Control Systems, Honeywell





Micro VCS Condenser and Evaporator Fan Assembly Honeywell's Micro Vapor Cycle System is the ideal cooling solution for urban air mobility aircraft and military & civil helicopters where reduced size and weight are priorities.

- 35 percent lighter and 20 percent more efficient than conventional vapor cycle systems with comparable cooling capacity
- highly reliable and virtually maintenance free
- lower Global Warming Potential (GWP)

The MicroVCS program team

- reduced product development cycle time from 48months to 24-months while simultaneously
- reducing R&D investment by 30 percent

Turn sustainability ambition into action

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