



**SAP SUSTAINABILITY REPORT 2007/2008**  
SOLUTIONS FOR TODAY. . . AND TOMORROW

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## SAP's Approach to Sustainability

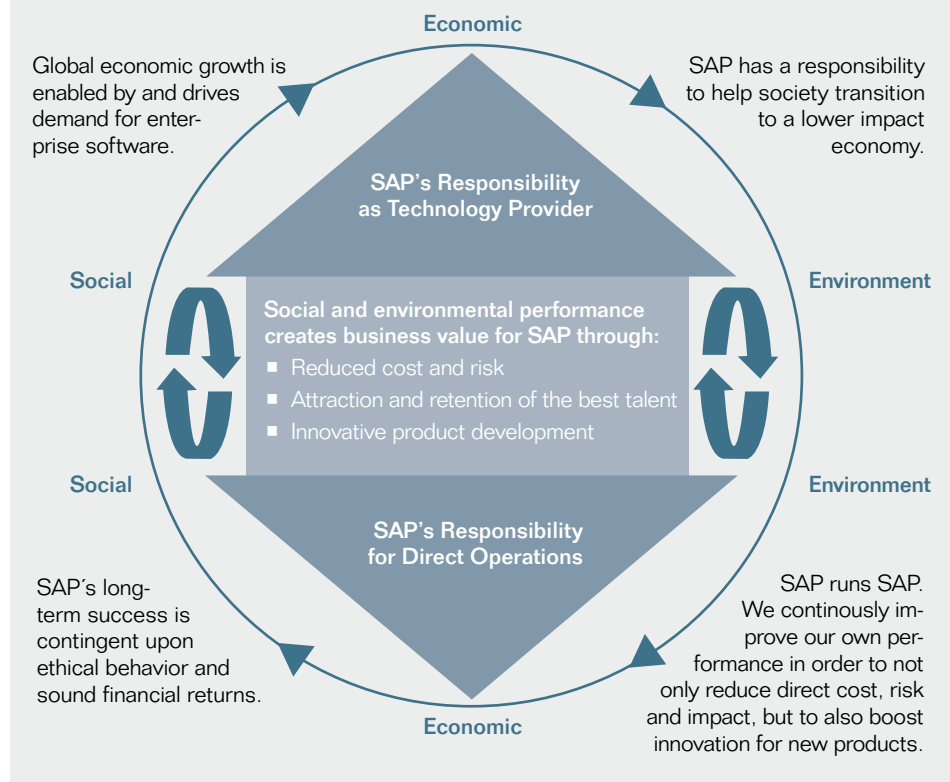
As the leader in enterprise resource planning (ERP), SAP helps organizations increase productivity, gain efficiency, and achieve compliance. Enterprise software has enabled companies to extend their global reach and spur local economic development, especially in emerging markets.

SAP is in a unique position to provide information technology solutions so that businesses of all sizes can better manage their sustainability performance. SAP also faces significant re-

sponsibilities to operate in a sound and ethical manner, to attract, develop and retain the best talent, and to reduce our environmental footprint. This duality of mission informs our thinking, our innovation, and our management approach to sustainability.

The solutions to global sustainability issues reside in the ability of all sectors of society – public, private, and civil – to collaborate and cooperate. SAP is committed to working with its stakeholders to accelerate sustainable development.

### SAP's Dual Roles of Responsibility





## Dear Stakeholder,

We are very pleased to present SAP's first sustainability report – the beginning of an open dialogue with you about our contribution towards sustainability.

Over the past three decades, SAP has defined ERP and has achieved unparalleled commercial success. Perhaps one of the most important determining factors in our success has been the ability to collaborate and co-innovate openly with a broad range of business stakeholders across our ecosystem. We fully intend to take advantage of this unique approach in addressing the challenges of sustainability. We stand ready to work together with our customers, investors, partners, employees, non-governmental organizations, policy makers, and others to play our fullest part – not only in being an accountable corporate citizen in our own right, but also in helping others to innovate solutions so they, in turn, can more easily do the same.

It is our belief that enterprise software can be a catalyst to power both profitable and sustainable growth for our customers, partners, and SAP itself. Enterprise software can help speed the transition to a lower-impact economy, improve transparency, empower civil society, and enable more effective governance and regulatory systems, fostering growth and employment around the globe.

The tenets of sustainability have been core to our business since our inception. As a leader in our sector, we are very much aware of the strategic importance of our role in society toward helping enable sustainable development. In particular, we acknowledge the

problem of global warming associated with man-made greenhouse gases as *the* challenge of our times. But that is not enough. We must recognize our leadership responsibility and the duty to help educate our stakeholders on how to confront the challenge. Of course these lofty ambitions must begin at home with us and with all our SAP colleagues, and we pledge to you that sustainability performance will increasingly be an intrinsic part of SAP's strategy going forward. We will do this because we believe that sustainability must be part of the fundamental formula of business success in the 21st-century global economy. We still have much to learn, but we aim to holistically manage social, environmental, and economic risks and opportunities for enhanced profitability, reputation, and compliance in a way that maximizes value for all stakeholders.

To that end, we ask you to join us in our live forum at the [SAP Collaboration Workspace](#), where SAP will listen to your input about which issues are most important to you, be responsive to your feedback, and give you the opportunity to interact with other like-minded stakeholders. We plan to release our next sustainability performance report in 2009, in which we will more comprehensively outline SAP's sustainability strategy, targets, and management systems. Until then, we urge you to participate in the online forum or send us an email at [sap\\_sustainability@sap.com](mailto:sap_sustainability@sap.com).

Warm regards,

Henning Kagermann

Léo Apotheker

SAP is well positioned to help its customers achieve their goals for adaptability, sustainability, and profitable growth in a rapidly changing environment.

Headquartered in Walldorf, Germany, SAP currently has more than 51,000 employees in over 50 countries. SAP leverages its global reach and local experience to deliver a comprehensive range of innovative information technology (IT) solutions and services that empower every aspect of business operations for more than 76,000 customers in 25 industries in over 120 countries.

With a commitment to sustainable and profitable growth, SAP's strategic goal is to grow its business to expand its addressable market to USD \$75 billion by 2010 relative to our 2005 baseline of USD \$32 billion. We will achieve this through a commitment to organic growth, co-innovation with our partner ecosystem, and targeted acquisitions that add specific technologies and capabilities to SAP's broad software solution offerings.

SAP will continue to expand its traditional core customer base — large and mid-size enterprises — by continuing to develop applications for specific business requirements, such as customer relationship management, legal compliance, data analysis, and decision support. The introduction of SAP's on-demand solution, SAP® Business By Design™, demonstrates clear commitment to providing value and technological innovation to small and midsize enterprises. With the acquisition of Business Objects, the leader in business intelligence software, SAP also broadens its focus on small enterprises.

Because the public need is significant and customers increasingly seek the company's support to help innovate their business models and processes for greater sustainability performance, sustainable development remains a strategic priority for SAP. SAP's approach is to holistically manage social, environmental, and economic risks and opportunities for enhanced profitability, reputation, and compliance, so that SAP and all its stakeholders will benefit from these efforts.

SAP AG defines a common strategy for the whole SAP Group. A worldwide network of [subsidiaries](#) helps market and distribute SAP products and services locally. [SAP Labs](#) researches, designs, and delivers leading-edge software solutions. SAP Ventures steers SAP's investment in over [75 companies](#). And [SAP Research](#) is the global technology research unit of SAP, with a network of 13 research centers on five continents.

SAP is pleased to have achieved recognition from the following indices:

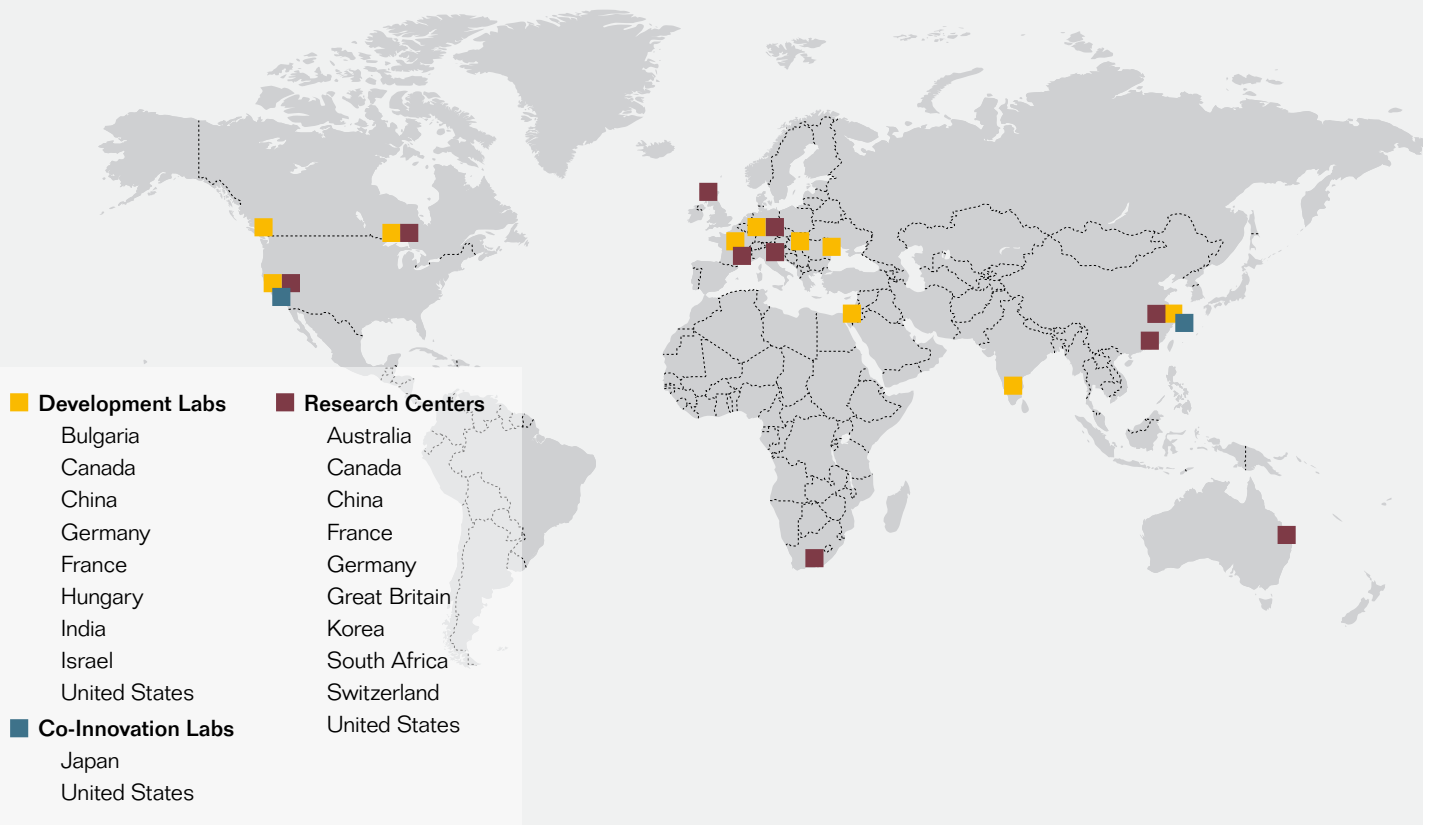
- Dow Jones Sustainability Index (Sector Leader and Mover)
- FTSE4Good
- Global Challenges Index
- Corporate Knights Global 100 list of the most sustainable large corporations in the world



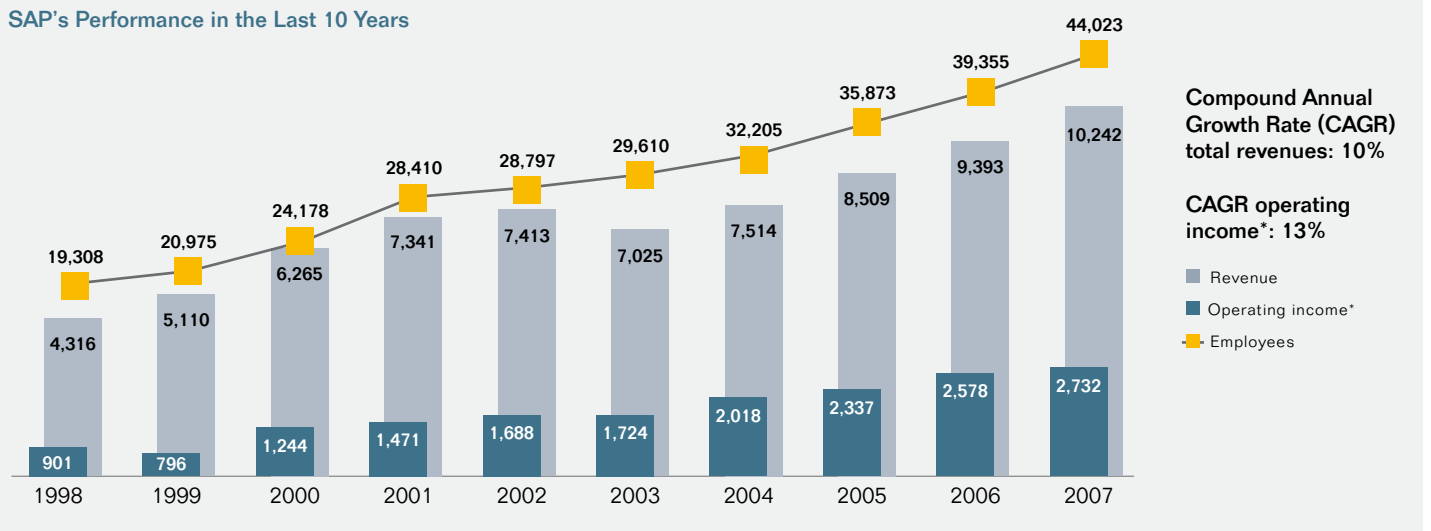
## Business and Corporate Overview as of Dec. 31, 2007 (US GAAP)

Total Revenue	€10,242 million
Software & Software-Related Service Revenue	€7,427 million
Operating Income	€2,732 million
Employees	51,863 Full Time Equivalents (FTEs) at 9/30/2008
Customers	More than 76,000 in over 120 countries at 9/30/2008
Partners	More than 2,400 certified partners
Industry-Specific Software Solutions	More than 25 (ranging from banking to public sector)
R & D Investment	€1,458 million / 14% of total revenue

## SAP's Global R&D Organization



## SAP's Performance in the Last 10 Years





# STAKEHOLDER ENGAGEMENT AND MATERIALITY



Successful innovation today is indeed a social experience dependent upon collaboration. In this regard, stakeholder engagement is part of our daily job as we try to understand and anticipate the needs of our customers.

We communicate openly and frequently with our investors, employees, and other stakeholders and their collective representatives. We began to talk with stakeholders about sustainability because we wanted to understand more fully the issues for which we, as a corporation, are uniquely responsible, and to better comprehend the technology needs and viability of the marketplace for sustainability solutions.

To reach these objectives, SAP engaged the services of AccountAbility, the international sustainability reporting assurance standards body, to help assess the material issues of the most concern to stakeholders and their importance to SAP. The process included a workshop in Silicon Valley with key external stakeholders representing customers, investors, NGOs, and

international financial institutions together with senior SAP executives.

In addition, SAP has participated together with Microsoft, Hewlett-Packard, Adobe, Autodesk, McAfee, and Symantec in an initiative led by Business for Social Responsibility (BSR) to determine materiality for the entire software industry and, specifically, the potential contribution that the software industry can make to accelerate global transformation toward sustainable development. More information can be found at: [www.bsr.org/software](http://www.bsr.org/software).

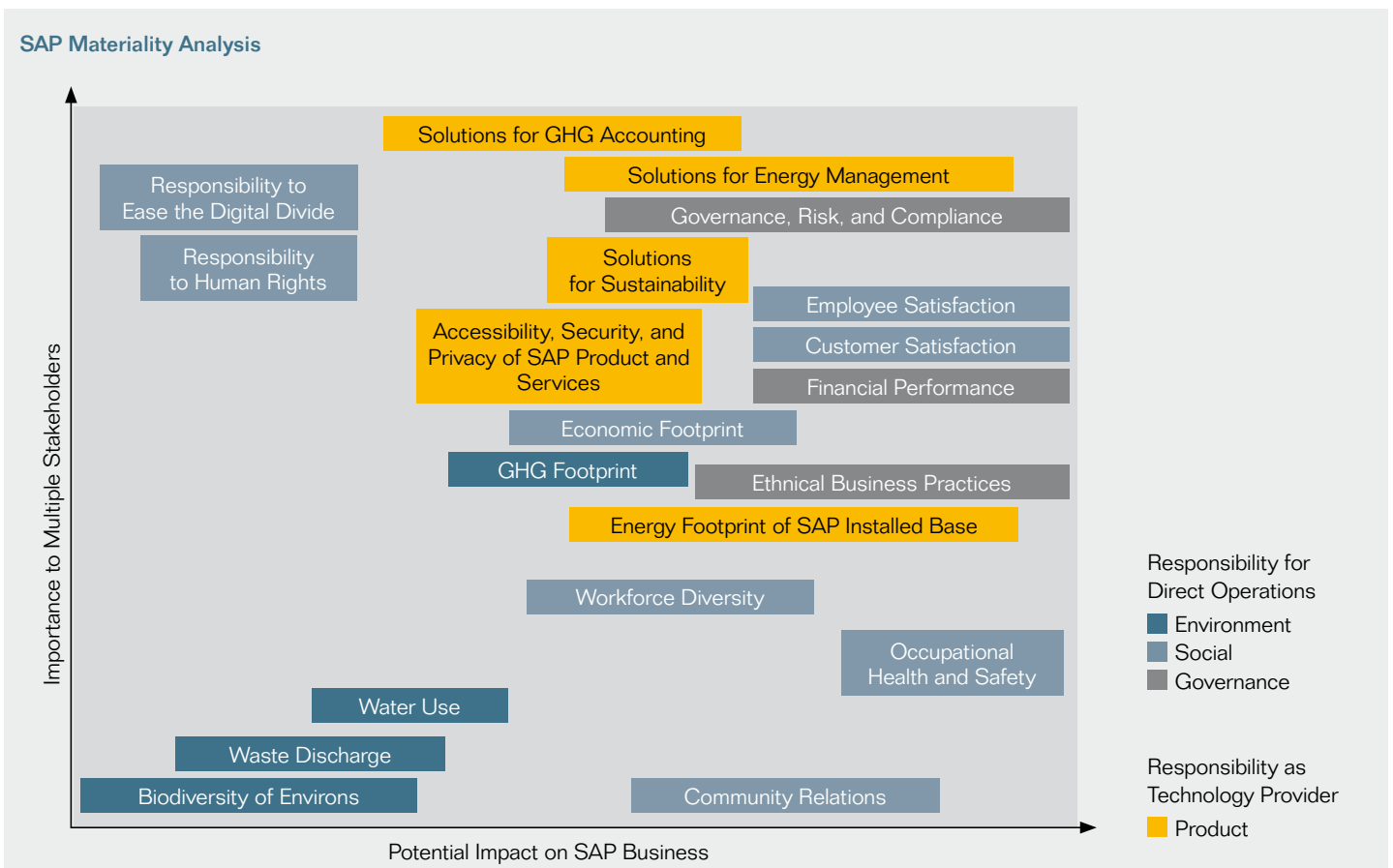
We also routinely engage with a range of civil society stakeholders, including the United Nations Global Compact, Transparency International, CSR Europe, International Business Leaders Forum, and others. These relationships provide invaluable insight for SAP to help enable better sustainable performance globally, both for our customers and for our own company. We have invited representatives from some of these organizations to participate in our

industry events, such as the SAP Influencer Summit where all key technology experts are invited to review SAP technology strategy, and at [SAPPHIRE®](#), our annual customer event.

As a result of our dialogue on sustainability, we have prepared the initial materiality matrix below that represents our analysis of what stakeholders say is important to business success and the impact of such issues on our business model. **What is most clear is our stakeholders' primary concern that SAP should continue to innovate its software solutions for sustainability.** But there is no free ride, and in tan-

dem, stakeholders expect SAP to conduct business in an ethical fashion and also to carefully manage its own environmental impact.

We invite you to join us at the [SAP Collaboration Workspace](#) to have your say. There you may review the key sustainability issues, vote on what you deem most important, and see how others voted. You may also join an online forum to elaborate further on your thoughts. We will continue to develop this materiality framework and, in our next report, will communicate how this feedback has been incorporated into our strategy.



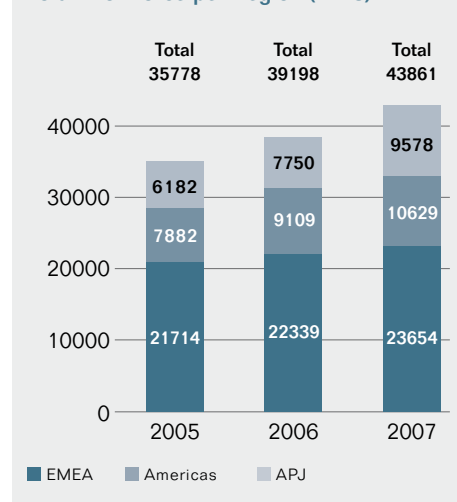
# EMPLOYEES



A global workforce has always been an essential ingredient for corporate success, which is why it has long been SAP's philosophy that our people, our rich diversity, and our cultural wealth are SAP's greatest assets.

We employ people of more than 130 nationalities across the company, reflecting the global diversity of our business. SAP seeks to nurture and support an environment that values differences in culture, race, ethnicity, age, gender, sexual orientation, gender identity or expression, and physical or mental disability. Our Diversity Management approach aims to influence the company culture so that differences are recognized, valued, and productively integrated. The objective is to leverage the differences to provide

Total Workforce per Region (FTEs)



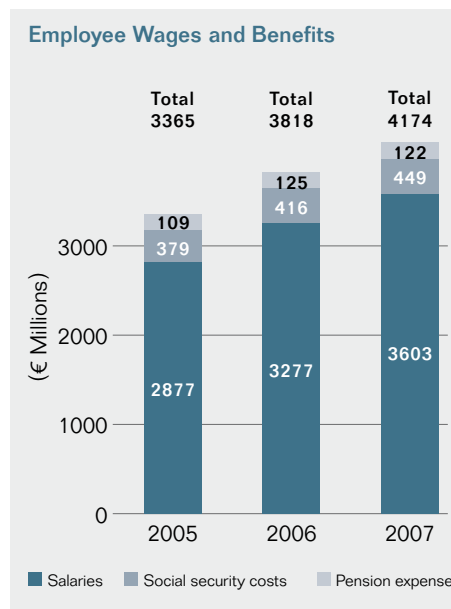


all employees with equal opportunity to contribute, as well as the ability to increase the creativity and productivity levels of the company. The number of women in our workforce is slightly below the industrial average of approximately 30 percent. This is a complex issue where long-term response and

intervention are needed both inside and outside our company. Our diversity programs are aimed toward improving our corporate performance in this area.

Knowing how to develop, market, consult, or install SAP technology allows our people to influence the way companies do business – increasing efficiency, innovating new business models, creating value, and establishing best practices for the sustainable enterprise of the future. SAP focuses on talent development and career opportunity that empower all employees to broaden their business skills and maximize their potential in a global environment.

We are committed to promoting practices and policies in our company culture that recognize the value of the global makeup of our workforce. While SAP is headquartered in Germany, more than 80 percent of our revenues are derived from international markets. Recognizing this, SAP Labs, our



		Employees		
		2006	2007	As of 08/2008
Gender	Female	28.8%	28.8%	28.8%
	Male	71.2%	71.2%	71.2%
Nationalities <sup>1</sup>		110	117	132

		Individuals (Managers Managing Organizations)		
		2006	2007	As of 08/2008
Gender	Female	11.5%	11.1%	10.0%
	Male	88.5%	88.9%	90.0%
Nationalities <sup>1</sup>		21	20	19

1. Numbers include one count for "unknown" and one-two counts for "stateless" nationalities. All numbers are full time equivalents (FTEs).

product development unit, is distributed across nine countries, including Bulgaria, Canada, China, France, Germany, Hungary, India, Israel, and the United States. This diverse distribution of software development helps us better understand localized customer needs while drawing on the collective networked expertise of a global employee base. Additionally, SAP employs a Global Mobility Policy that encourages international engagements, leading to approximately 700 international transfers and assignments annually.

Our materiality analysis indicates that employee satisfaction and talent management are extremely important to our stakeholders. We measure our employee satisfaction on a regular basis and were pleased that, from 2004 to 2006, overall employee satisfaction increased from 79 percent to 82 percent.

To maintain and further enhance employee satisfaction levels, we aim to develop additional programs and benefits that, collectively, will continue to make SAP an attractive employer and motivate our talent to stay with us.

	2005	2006	2007
Employee turnover – Global	8.9%	10.2%	10.3%
Employee turnover – Germany	2.3%	3.1%	3.1%

### Talent Development

Talent development is key to competitiveness, not only for the individual, but also for the company and the economy at large. At SAP, our goal is to attract the best talent and provide programs and professional development opportunities aimed at job satis-

faction and retention. To this end, SAP launched the Career Success Center on our employee intranet – a one-stop shop for employees to access development opportunities and career support. All SAP employees have an annual performance review and, together with their manager, agree on a yearly development plan. In addition, all managers receive 360-degree feedback from colleagues. To date, more than 95 percent of all SAP employees have visited the Career Success Center and on average, SAP employees receive more than 10 days in training time each year and have 24/7 access to a comprehensive library of online learning opportunities.

### Flexible Workplace in a Global Community

Our people are best described as belonging to a global, virtual community: most employees can work anytime, anywhere and hours are generally not tracked. The results of a 2008 all-industry global benchmarking survey by the Corporate Leadership Council show that 58 percent of SAP employees feel a high level of respect for the individual, compared to a 42 percent all-industry benchmark.

SAP has a comprehensive global employee health management program. This includes a 24-hour employee assistance program, employee health care, and counseling services. In addition, we offer a global employee Ombudsman service (an employee advocacy program).

New employees are welcomed through a “getting started” or “onboarding” program that offers assistance in professional and personal areas. In addition,

experienced employees help their new colleagues by serving as mentors so the employee becomes quickly acquainted with SAP.

### **Global Business Incubator and Ideas Management**

Creating venues for idea generation is an important part of fostering innovation. Such venues encourage all employees to present their own ideas on how to impact the business. SAP has two distinctive programs to encourage employee innovation and entrepreneurship. First, the Global Business Incubator provides employees an opportunity to propose new business ideas for review and, if accepted, the necessary support to see the idea to market. Next, SAP's Ideas Management initiative is a program for ideas relating to process improvements at SAP, which can earn financial rewards for employees whose ideas lead to real process improvement.

### **Part of a Global Knowledge Community**

Talent development does not stop at the SAP firewall. The SAP Community Network of more than 1.3 million developers and business process experts worldwide openly shares knowledge and skills across the SAP ecosystem. SAP employees, together with our colleagues across the ecosystem, are committed to collaboration and co-innovation that help address issues in today's business landscape.

### **Employer Awards & Recognition**

SAP is recognized as a respected employer across the globe. In 2008 alone:

- SAP placed among the top 100 Best Workplaces to work for in a European survey by the Great Place to Work® Institute.
- FORTUNE named SAP one of "America's Most Admired Companies," top in Corporate Reputation Rankings for the second time and among the top five in the Computer Software category.
- SAP was named "Germany's Best Employer" for the fourth year running, placed in the top position among companies with more than 5,000 employees.
- SAP Labs India was recognized by the Great Place to Work® Institute as one of the top 50 best workplaces in the country across various industry sectors and ranked among the top five employers in the IT software category, according to the 2008 study "Best Workplaces in India."
- SAP Japan ranked among the top 20 companies in Japan's "Great Place to Work" survey for the second year running.
- SAP America received a rating of 90 points out of 100 in the Human Rights Campaign Foundation's 2008 "Corporate Equality and Best Places to Work" survey.



At SAP, we are deeply committed to running our own business in a responsible manner consistent with the principles of sustainability.

Because we understand that no business or entity alone can be truly sustainable, we strive to engage and collaborate with others who can help us contribute to a genuinely sustainable society.

As part of our ongoing efforts to encourage progress through the exchange of ideas and best practices, we believe that the best approach to helping our customers develop and grow is to work with the concerned stakeholders who enable co-innovation. It is this accountability-oriented approach that SAP's global team uses every day to openly and responsibly communicate and collaborate with our stakeholders and partners.

## SAP® University Alliances Program

Established in Germany in 1991, the SAP® University Alliances program delivers innovative educational tools to more than 900 universities, colleges, and technical institutes in more than 30 countries to develop and grow the high-end, SAP-skilled workforce critically needed in today's competitive global economy. Program member schools receive free license access to SAP business software solutions and highly economical peer-hosting access for students and professors for hands-on use in their classroom and e-learning sessions.

The SAP University Alliances program also provides a broad set of free, continuously updated curriculum materials

for undergraduate and graduate courses covering topics in computer science and information technology, management information systems, accounting, finance, marketing and sales management, supply chain management, business process integration, and other important functional business areas. The diversity of curriculum materials supports lecturers in their delivery of highly innovative and interdisciplinary academic experiences, which significantly enrich the learning effectiveness for students.

Reaching 188,000 students worldwide annually, measurable economic outcomes of the program include substantially higher salaries and reduced ramp-up time to full productivity for graduates entering the workforce. SAP continues to make investments in the growth of the program, including an upcoming online community portal, and expects to have a combined 4,000 member and affiliate schools in 50 countries, reaching 1,000,000 students by 2011.

## The Challenge of Governance

One of SAP's key focus areas is transparency and good governance. To this end, SAP has engaged in partnership with Transparency International (TI) and Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), the German international development agency, to provide technical assistance to the Extractive Industries Transparency Initiative local implementation.

With steering group representation on the Transparency International Business Principles project, SAP also supports TI's Global Corporations for Transparency Initiative. More recently,

SAP has mentored and shared capacity with TI relating to Web 2.0 knowledge communities. In turn, TI has shared best practices on corporate anti-corruption controls with SAP product development and industry best practice experts.

### UN World Food Programme (WFP) and the SAP Community Network

SAP Community Network members proactively asked SAP to replace their original member recognition program collateral with a donation to the United Nations World Food Programme (WFP). Today, member participation points accrue to support the WFP Food for Education program, an initiative that helps bring children to school by providing them with nutritious in-school meals in Laos, Ethiopia, and Colombia.

### Global Volunteering and Employee Engagement

SAP employees worldwide engage in many local corporate volunteering initiatives, with as much as 50 percent participation in some markets. In the Americas and Asia Pacific regions, SAP employees annually organize local community volunteer activities in their October Month of Service, and logged more than 15,000 volunteer hours – or 1,875 workdays – in 2007 alone. In EMEA and India, our volunteer efforts are organized through SAPlings and SAPPART, respectively. Our new colleagues from Business Objects also share a passion for local community involvement and support, with high levels of employee engagement through the Business Objects Foundation and Community Action Funds.

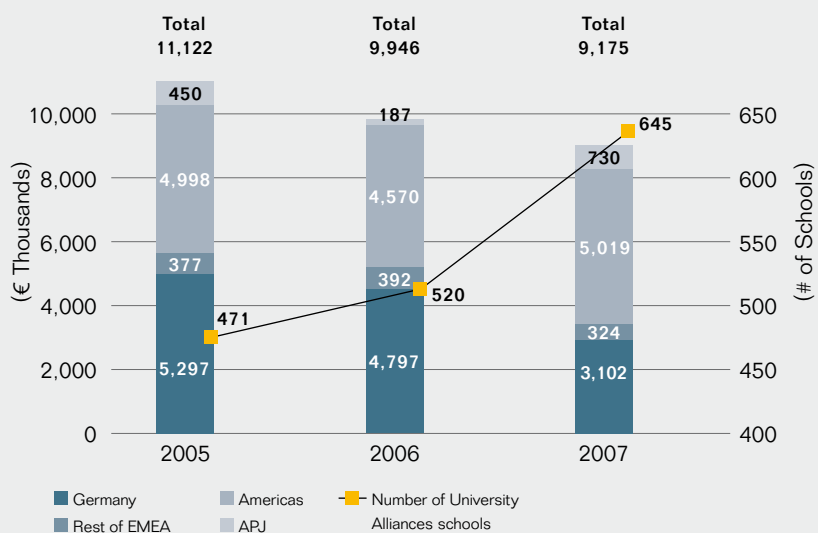
### FIRST LEGO League

The FIRST LEGO League, aimed at nine- to 16-year-olds, is SAP's signature global employee volunteering program aimed at motivating younger students' early interest in science, technology, and mathematics. Each year, SAP employees mentor local teams for the FIRST LEGO League robotics competition. Since its inception in 2005, the program has grown from 85 SAP teams to more than 140 SAP teams from 21 nations involved in FIRST LEGO League in 2008.

### Donations

We focus our strategic philanthropy spending on projects in the areas of education and governance/transparency. While cash donations have decreased, SAP has increased focus on capacity development within the framework of the SAP University Alliances Program.

#### Social Investment







Careful resource management is fundamental to the success of every enterprise and increasingly critical for the sustainability of our planet.

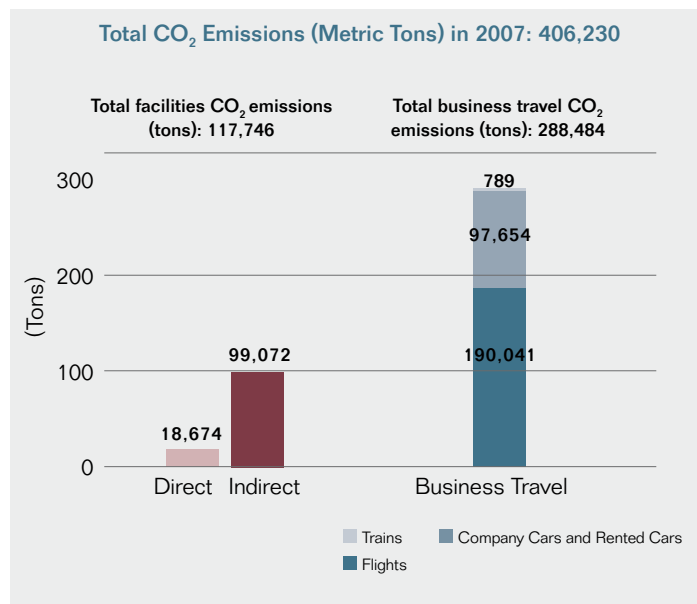
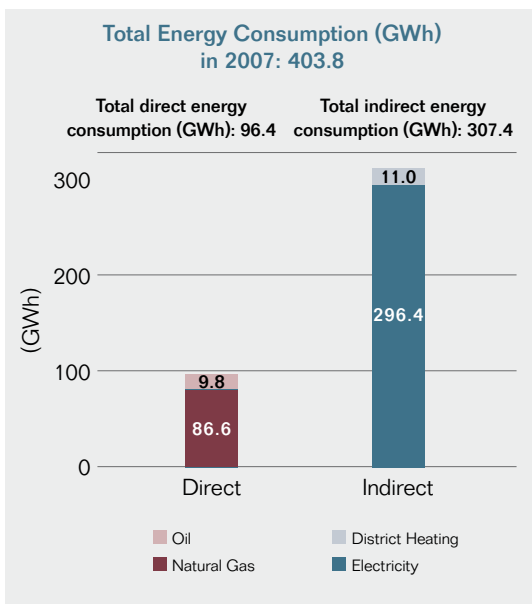
Our dialogue with stakeholders shows that their most urgent environmental concern is the threat from climate change caused by greenhouse gas emissions. Protecting our climate is not only the right thing to do, it also makes good business sense to reduce associated energy costs. Establishing best practices at SAP not only helps us run a more efficient business, it also gives us useful in-

sight for product development, to better understand the emergent regulatory environment and to involve our employees in improvement efforts.

Since its inception, SAP has sought to conduct operations with little environmental impact and a commitment to continuous improvement through eco-efficiency initiatives. In 2007, for the first time, we carried out a comprehensive program to inventory and measure our performance in detail.<sup>2</sup> As a result of this initial assessment, we discovered that SAP's main operational envi-

2. Data and methods used for calculation: (Data extrapolated to 100 percent.) **Energy/Electricity:** own meters or invoices from providers; 90 percent coverage of our offices. **Water:** own meters or invoices from providers, pro-rata for leased buildings; 60 percent coverage. **Waste:** own meters or invoices from waste managers, pro-rata for leased buildings; 60 percent coverage. **Air:** CO<sub>2</sub> emissions: GHG protocol [www.GHGprotocol.org](http://www.GHGprotocol.org); direct emission: CO<sub>2</sub> emission factors: Natural gas: 0,185 kg CO<sub>2</sub>/KWh; **Oil:** 0,267 kg CO<sub>2</sub>/KWh; indirect emission: local emission factor from supplier (country specific emission factor); district heating: VFU (Environmental Performance Indicators for the Financial Industry; Version 02/2007)0,201 kgCO<sub>2</sub>/KWh. **Business Travel:** GHG Protocol calculation tool, calculation method based on distance for employee business flights, rented cars and rail; calculation method based on fuel for company jets and company cars.

Our overall global CO<sub>2</sub> emissions were close to 400,000 metric tons in 2007:



Environmental impacts are due to business travel, as well as the energy used to run our facilities and data centers. We also generate waste and use water at our offices, but these are smaller impacts.

### Business Travel

SAP's greenhouse gas emissions relate primarily to indirect emissions associated with employee air travel and our European employee car fleet. In Germany, we have taken action this year to decrease our car fleet greenhouse gas emissions by introducing a new standard to reduce average engine performance to European Union (EU) target levels by 2012. SAP also provides subsidized tickets to encourage employees to use public transportation for their commute. In addition, we have invested significantly to upgrade video conferencing facilities, with teleconfer-

encing systems now installed at our global corporate headquarters in Walldorf, Germany; as well as our Paris; Singapore; Newtown Square, Pennsylvania; and Palo Alto, California locations.

### Facilities and Energy Management

In our recent building construction projects, we have made significant investments in eco-efficiency measurements. At our headquarters in Walldorf, we rely on natural ventilation instead of central air conditioning. Solar panels generate approximately 185,000 kilowatt hours (KWh) of electricity per year. A 400,000 KWh system has been approved for our Palo Alto buildings and is in the process of implementation.

Worldwide, SAP is committed to incorporating sustainable design



strategies in every new building project. We are striving for Silver Leadership in Energy and Environmental Design (LEED) certification as a minimum requirement on our buildings, and new offices in Palo Alto, California, and Sao Leopoldo, Brazil, have been designed to achieve Gold certification. At our new U.S. headquarters in Newtown Square, Pennsylvania, we are striving for Platinum LEED certification. Certification of new and existing buildings in Israel and India is currently being evaluated as well.

### Data Centers

Another considerable portion of our energy consumption (around 40 percent of our total electricity consumption) is due to running data centers that we need in order to run our own operations and to host our customers' soft-

ware. Again, we seek to reduce our impact on the environment through innovative approaches: in one of our major data centers in Germany, we introduced a new technology called "high-density areas." This new method of arranging servers reduces the need for air conditioning and thus will decrease related CO<sub>2</sub> emissions. Nevertheless, in the near future, we expect the energy use in our data centers and related emissions to increase as our business grows overall and as we especially seek to increase our business with small and midsize companies through our hosted on-demand solutions.

### Water

SAP's operations are not water intensive, but, wherever possible, our facil-



ities design and service also make smart use of water. For example, in Walldorf, building run-off water (or grey water) is used for irrigation and toilets. SAP's total global water usage was 807,635 m<sup>3</sup> for 2007.

## Waste

The total waste weight at SAP globally was 10,043 tons for 2007. We are committed to minimizing waste in our offices, operating facilities, and product packaging. Our current efforts include comprehensive recycling programs for office and catering materials. For example, the energy of leftovers (organic waste) in the Walldorf canteen is recovered in an external fermentation plant. SAP has for some time avoided the use of plastic for our compact disc packing materials, instead using cardboard and paper.

When possible, we use paper from certified Forest Stewardship Council sources or recycled paper and packing material.

## SAP Research

SAP Research is working on a number of research projects to solve current and future business challenges related to developing a sustainable business strategy. These include Future Energy Systems, in which SAP EMEA is a partner in two of the six winning projects in the "e-Energy: ICT-based Energy Systems of the Future" contest initiated by the German Federal Ministry of Economics and Technology (BMWi), and Green 2.0, a research initiative launched in 2007 at SAP Research Palo Alto, which complements and extends SAP's con-

tribution to environmental economics-related research.

For more information on SAP Research, please access the [SAP Research Report](#).

## Commitment

SAP supports the goals of the Carbon Disclosure Project and we disclose our emissions information annually to them. In early 2009, we will announce future CO<sub>2</sub> reduction targets in our next Sustainability Report. To support public policy development and advocacy, SAP also endorses the goals of the UN Global Compact Caring for Climate initiative, a voluntary and complementary action platform for UN Global Compact participants who aim to demonstrate leadership on the issue of climate change, as well as the 3C Combat Climate Change Initiative, which seeks an integration of climate issues into markets and trade.





Our materiality analysis clearly suggests the importance of sound governance and ethical business practices for SAP.

We could not agree more with stakeholder feedback. Solid governance practices are the basis for sustainable success at the individual firm level and collectively help contribute toward sustainable economic development at the macro level.

SAP's corporate governance structure follows Germany's legal protocol. This structure separates management and supervisory functions into two distinct bodies: the Executive Board and the Supervisory Board. Members of one body are not allowed to be part of the other. Germany's unique corporate laws of co-determination provide for employee participation on the Supervisory Board.

The German Stock Corporation Act also provides for a third body – a shareholders' organization known as the General Shareholders' Meeting.

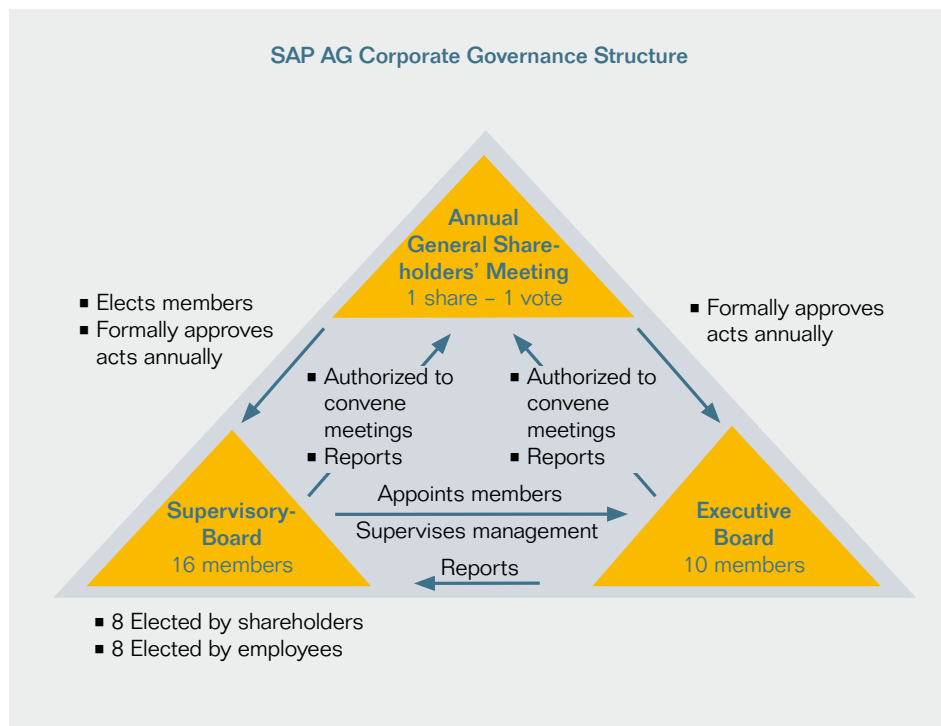
SAP adheres to the rules and principles of the [German Corporate Governance Code](#). Our supervisory board committees include: the General Committee to coordinate the work of the supervisory board; Compensation Committee; Finance and Investment Committee; Audit Committee; Technology Committee; Mediation Committee; and the Nomination Committee. More detail on the work of our supervisory board and development of corporate governance practices can be found in our [annual report](#).

## Responsible Business Practices

SAP is dedicated to carrying out our business dealings consistent with our core value of integrity. All employees sign our Code of Business Conduct (COBC) upon joining the company. The COBC covers issues such as fair competition, anti-corruption, insider trading, and fair representation.

In 2007, SAP increased its standards on anti-corruption to include a binding obligation upon our partner sales agents, an expressed prohibition on facilitation payments or bribery of any form, and for the provision of training for key staff and hotline support for all staff. Issues raised through the hotline are addressed by the Global Compliance team. Processes are in place to fully evaluate all issues raised and what actions should be taken.

SAP is proud to be an originating signatory to the UN Global Compact and is in current good standing. SAP





participates in the 10th principle working group on anti-corruption, and also endorses the UN Global Compact Caring for Climate initiative, which advocates for corporate performance and for public policy solutions.

### **Risk and Compliance Management**

SAP employs a comprehensive Governance, Risk, and Compliance (GRC) management program throughout our business operations. Together with SAP's Global Internal Audit Service (which reports directly to the CEO) and the Global Compliance Office, our global GRC team provides essential stewardship and support to our global business operations, and ensures adherence to regulatory and corporate standards.

The Global Compliance Office consists of a team of policy development and compliance enforcement experts in charge of legal and corporate policy standards. The Global GRC Organization oversees enterprise risk management, information security, and compliance with Internal Control System provisions (e.g., the Sarbanes-Oxley Act).

The GRC function reports to the Executive Board Member and Chief Financial Officer (CFO) of the SAP Group, Dr. Werner Brandt, and deploys

SAP automated solutions for end-to-end [GRC](#). More information about GRC management at SAP can be found in our [20F filing](#) and the [SAP Annual Report](#).

Throughout 2007, SAP conducted a risk analysis of all business units for potential bribery or corruption issues. In that same year, we did not uncover incidents of corruption in our business practices. To date, approximately 90 percent of SAP's sales workforce, considered to be at greatest risk for exposure to corruption, has been trained in SAP's anti-bribery and corruption policies.

### **Supply Chain Management**

Ethical supply chain management is of the utmost concern to SAP, and measures are taken to ensure procurement operations are carried out to the highest standards possible. In response to heightened stakeholder attention to this issue, particularly from our customer base, SAP has recently appointed a sustainability specialist, reporting to the Global Head of Procurement, to focus on supply chain performance. As a result, for example, our Global Purchasing Organization will introduce a new purchasing policy with sustainable criteria included.

In 2007, Oracle filed a complaint against SAP in U.S. Federal District Code in California alleging that SAP, through its third-party service and support subsidiary TomorrowNow, improperly accessed Oracle intellectual property, as part of TomorrowNow's operations supporting Oracle applications. The case is still before the courts. Additional information on progress of this matter can be found at: [www.tnlawsuit.com](http://www.tnlawsuit.com). In July 2008, SAP announced it would halt operations at TomorrowNow by October 31, 2008.

# PRODUCTS AND SERVICES FOR SUSTAINABILITY



For more than 35 years, SAP has been helping companies across the globe manage resources efficiently and responsibly by optimizing and transforming their business processes.

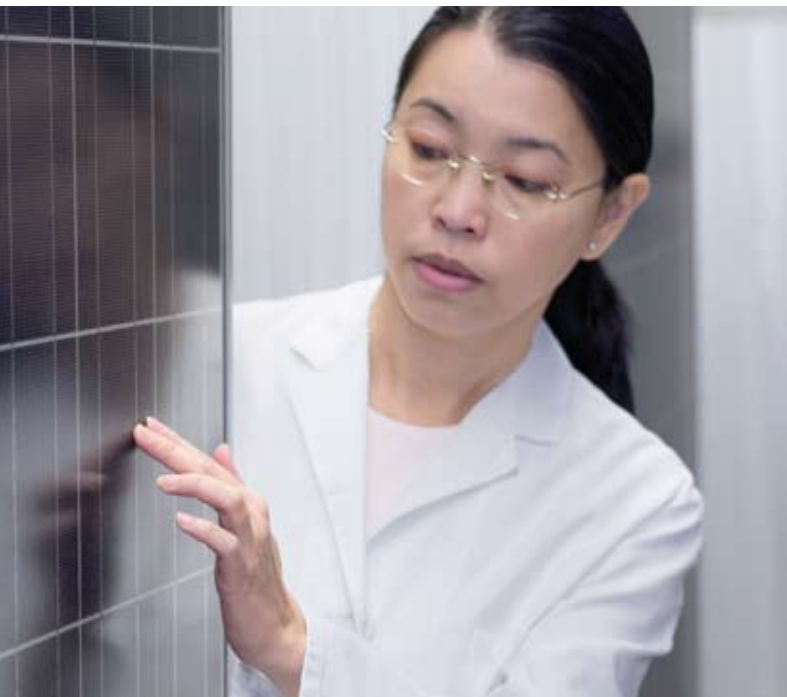
Our corporate mission statement encompasses our intent to enable businesses to implement their sustainability strategies using SAP software solutions, thereby contributing to economic development on a grand scale.

As pioneers of enterprise resource planning (ERP), sustainability has been part of SAP's heritage and DNA since inception. Today, the **SAP® Business Suite** family of applications is the software foundation many organizations rely on for business insight, excellence, and innovation. Through the collabora-

tive nature of SAP solutions, customers around the world have better insight to respond to changing market conditions.

With high fuel and associated CO2 costs associated with transportation, enterprises, particularly logistics service providers, seek innovative solutions to optimize their transportation and logistics for both profit and planet. **The SAP® Transportation Management** solution enables enterprises to gain supply chain-wide visibility to better manage the complete lifecycle of transportation management from dispatch to delivery.

Other SAP solutions that help companies with their sustainability issues include:



### **SAP® Supply Chain Management,**

which allows companies to plan and design their supply chains, consolidate orders, and optimize shipments, thus reducing CO<sub>2</sub> emissions and overall energy consumption.

As well, **SAP® Human Capital Management** provides for efficient processes to find, develop, and retain the best talent, allowing our customers to spend less time on routine administrative tasks and more time on initiatives that have bigger impact on the business.

We also help our customers respond to their stakeholders' demands for evidence of effective, profitable and ethical business operations through our **SAP® Solutions for Governance, Risk, and Compliance** (SAP Solu-

tions for GRC). GRC promotes corporate accountability and allows processes and strategies to be evaluated within the company and extended to partners, suppliers, and customers – truly representing the reach of the enterprise. SAP Solutions for GRC include:

- **SAP® Environment, Health & Safety (SAP EH&S)** – Supports the management of EH&S, industrial hygiene, and occupational health processes as well as compliance for product safety, hazardous substances, dangerous goods, and waste management.
- **SAP® Environmental Compliance** – Helps to ensure compliance with environmental laws and policies as well as reduce associated costs,

efforts, and risks on plant and corporate levels.

- **SAP® REACH Compliance** – Helps to conform with product and material compliance regulations for all industries and secure the right to market products. REACH is a new EU regulation on chemicals and their safe use. It deals with the Registration, Evaluation, Authorization and Restriction of Chemical substances.
- **SAP® Recycling Administration** – Helps ensure compliance with worldwide recycling legislation for packaging, batteries, and WEEE (waste electrical and electronic equipment).

Because SAP applications are integrated, they can break down barriers to efficiency across different regulations and mandates. These applications reach into existing SAP and non-SAP software to embed compliance functions across the enterprise and beyond, giving businesses the real-time visibility they need to ensure effective business operations and corporate accountability.

### **Quality**

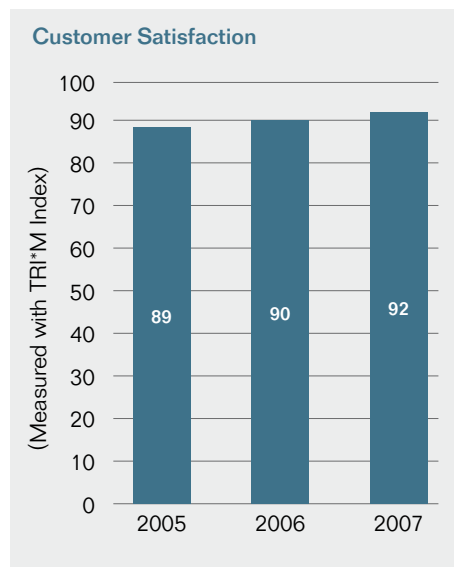
In our materiality analysis, stakeholders emphasized the importance of quality management of product development, particularly on key issues of access, security, and privacy. **Quality, Customer Focus, Commitment, Product Excellence, Integrity, and Passion** are our core values. Not only do these values frame the way in which we operate our company, they come together strongly to inform our philosophy on product development and product lifecycle management. SAP provides mission-critical software to many leading business and

public agencies. Therefore, product quality and support is a core corporate responsibility.

In a recent customer satisfaction survey, our customers said they want support in critical situations, quality and reliability of scalable solutions that maintain open standards and can be easily integrated, and technical exper-

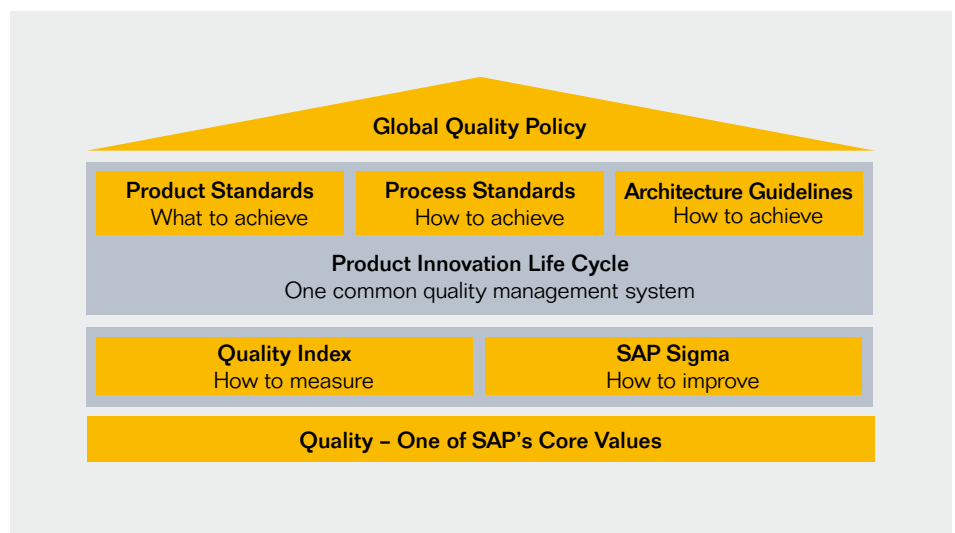
tise. Appropriately meeting these issues is our product responsibility as a software company.

The ISO 9001 quality management (QM) systems are employed by the SAP Active Global Support organization and SAP development worldwide, as well as the SAP Global Quality Policy, which requires every employee to comply with the relevant QM system. For example, approximately 13,000 SAP developers located in the nine SAP development labs around the world work according to the product innovation life cycle (PIL), which is the QM system for SAP development. PIL has two major frameworks: one for product standards and one for process standards and architecture guidelines.



The diagram below illustrates SAP's overall quality management system.

The table on page 23 describes SAP's established product standards as part of our corporate quality management system.



## SAP Community Network

SAP's global ecosystem connects geographically dispersed SAP professionals, including business process and software development experts who collaborate and share ideas that drive innovation. More than 1.3 million people within the network rapidly share information and insight for mutual benefit. These communities include

the SAP Developer Network (SDN) and the Business Process Expert (BPX) community. It is our belief that such open communities of innovation will play a critical part in enabling businesses to share best practices for business process and model innovation for sustainability. We encourage you to visit the sustainability forum at [Business Process Experts](#).

### SAP's Product Standards Derived from ISO 9126 Software Quality Model

Standard	Description
Accessibility	Software accessible to disabled persons
Application Integration and Interfaces	Integration
Business Solution Configuration	Adaptability to customer-specific business processes
Data Archiving	Archivability of business data
Development Environments	Use of development environments and programming languages
Documentation	Documentation for customers
Functional Correctness	Functionality
Globalization	Multilingual capability and internationalization
Multiple Clients	Multiple client capability
Open Source	Open Source
Performance	System performance and scalability
Security and Privacy	High level of product security and privacy
IT Service and Application Management	Smooth operation at the customer site
Technical Implementation and Change Management	Technical Implementation and Change Management
Third Party	Third Party
Usability	User-friendliness



# ABOUT THIS REPORT

- The objective of this first Sustainability Report is to summarize SAP's current measurements of its corporate sustainability efforts, continuing a dialogue with key stakeholders and collaboratively developing future strategies, targets, and management systems to improve performance.
- Among the factors considered in developing this report are SAP's main sustainability impacts and opportunities, reporting activity in the industry, and external guidelines, such as the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines. This report is prepared to GRI Application Level C, which has been checked and confirmed by GRI. SAP plans to release a full report by Q2 2009 which will aim for GRI B+ standard.



- The performance data in this report is based on the calendar year 2007, unless stated otherwise. In some cases, examples are included from the first part of 2008. All currency in this report is in euros, unless otherwise noted. This report covers all SAP global operations, except Business Objects, a 2008 acquisition of SAP, unless where otherwise stated. Business Objects operations will be included in SAP's next sustainability report.

## Outlook/Targets

SAP is committed to the following sustainability-related targets in 2009:

- A report to GRI B+ standard, externally assured and audited in second quarter 2009.
- Continued engagement in stakeholder dialogue, using this report as a baseline for consideration. We will also utilize Web 2.0 capabilities for better transparency and responsiveness to our stakeholders.
- Announcement of a strategy for sustainability solutions.
- A full review and update of all our pertinent corporate policies governing our operations and introduction of sustainability best practices and standards.
- Set targets related to our environmental performance, including CO<sub>2</sub> emissions.

# GLOBAL REPORTING INITIATIVE INDICATORS AND UNITED NATIONS GLOBAL COMPACT PRINCIPLES INDEX

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\*AR = SAP Annual Report

# GLOBAL REPORTING INITIATIVE INDICATORS AND UNITED NATIONS GLOBAL COMPACT PRINCIPLES INDEX (CONTINUED)

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\*AR = SAP Annual Report

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