

2015 INTEGRATED REPORT
SUSTAINABILITY CONTENT

Reimagine Your Business



The Best-Run Businesses Run SAP®

Contents

About This Report.....	3
Materiality.....	4
Stakeholder Engagement	6
Recognition	8
Sustainability Management and Policies.....	9
Business Conduct, Ethics, and Integrity.....	12
Public Policy	16
Memberships	18
Security, Privacy, and Data Protection	19
Sustainable Procurement	21
Human Rights and Labor Standards.....	23
Waste and Water.....	26
Non-Financial Notes: Social Performance.....	28
Non-Financial Notes Environmental Performance	30
Management's Acknowledgement of the SAP Integrated Report 2015.....	36
Integrated Performance Analysis: A holistic view of our performance.....	37
Details: How our non-financial and financial performance indicators are interconnected	40
Independent Assurance Report.....	47

About This Report

CONTENT

Since 2012, we have reported on our full year financial, social, and environmental performance in one integrated report ("SAP Integrated Report") which is available at www.sapintegratedreport.com. The SAP Integrated Report 2015 contains a comprehensive and integrated presentation of our performance in 2015 based on both financial and non-financial measures and is exclusively available online. Additionally, we continue to provide the "SAP Annual Report 2015." This report is an excerpt from the SAP Integrated Report 2015 which comprises all of the information legally required to be presented to our shareholders. This SAP Annual Report 2015 is available in PDF format as well as in print.

The financial reporting presented in the SAP Integrated Report includes our Consolidated Financial Statements, our combined Management Report, and certain financial measures derived from our management reporting. The non-financial data presented includes aspects of intellectual, human, social and relationship, and environmental capitals derived from our materiality assessment.

Our online SAP Integrated Report is aligned with the content elements suggested in the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC).

BASIS OF PRESENTATION

Our combined Management Report is prepared in accordance with sections 315 and 315a of the German Commercial Code and German Accounting Standards No. 17 and 20. The combined Management Report is also a management commentary complying with the International Financial Reporting Standards (IFRS) Practice Statement Management Commentary.

Our Consolidated Financial Statements are prepared in accordance with IFRS. Internal control over financial reporting ensures the reliability of the information presented in the Consolidated Financial Statements. Our executive management has confirmed the effectiveness of our internal controls over financial reporting.

The social and environmental data and information included in the SAP Integrated Report is prepared in accordance with the core option of the international guidelines G4 of the Global Reporting Initiative (GRI). We applied the GRI principles for defining report content (sustainability context, stakeholder inclusiveness, materiality, and completeness). We applied the principle of sustainability context in a number of ways, such as

looking at global issues or trends including climate change and demographic shifts. For example, we assessed our greenhouse gas emissions in the context of the emissions of the entire information and communications technology landscape, with particular focus on the abatement potential of the industry. When it comes to completeness, we recognize that while we comply with this principle in reporting on our own operations, we are still developing methodologies to reliably quantify our impact through our solutions. In addition, the non-financial information has been prepared by applying the principles of inclusivity, materiality, and responsiveness. Greenhouse gas data was prepared based on the Greenhouse Gas Protocol.

DATA

All financial and non-financial data and information for the reporting period was aggregated and reported utilizing SAP software solutions and was sourced from the responsible business units.

The reporting period is fiscal year 2015. The report encompasses SAP SE and all subsidiaries of the SAP Group. To make this report as current as possible, we have included relevant information available up to the auditor's opinion and the responsibility statement dated February 25, 2016. The report is available in English and in German.

INDEPENDENT AUDIT AND ASSURANCE

KPMG AG Wirtschaftsprüfungsgesellschaft has audited our Consolidated Financial Statements and our combined Management Report (see the Independent Auditor's Report). Additionally, KPMG has provided assurance on selected non-financial, social, and environmental data and information in accordance with the International Standard on Assurance Engagements (ISAE) 3000, and 3410 ("Assurance Engagements on Greenhouse Gas Statements"), two pertinent standards for the assurance of sustainability reporting. Where our SAP Integrated Report makes reference to our SAP public Web site, that Web site information is unaudited. Both the Independent Auditor's Report and the Independent Assurance Report for non-financial information are available in the Independent Auditor's Report and Independent Assurance Report section.

For more information about the reasons we publish an integrated report, about our materiality assessment, and related stakeholder engagement, see the About Integrated Reporting, Materiality, and Stakeholder Engagement sections.

Materiality

- We have identified Human and Intellectual Capital management, Data security and privacy, financial performance, business conduct and climate change as material for our business.
- Our materiality approach follows the G4 guidelines of the Global Reporting Initiative (GRI).
- The scope of our materiality assessment includes our own operations and how we enable our customers to create social, environmental and economic impact.

We continuously update and assess material aspects that are relevant to our innovation and sustainable growth and also reflect our four corporate objectives. Our materiality approach is based on the Global Reporting Initiative (GRI) G4 guidelines, which define material aspects as those that “reflect an organization’s significant economic, environmental, and social impacts, or substantively influence the assessments and decisions of stakeholders.” We also conduct materiality assessments for our financial reporting based on the International Financial Reporting Standards (IFRS). The process described here pertains to issues that fall outside these financial statement related materiality considerations.

Over the past years we increasingly expanded our materiality approach towards understanding our economic, social and environmental value creation. We do this from two distinct points of view: SAP as a company (which includes our operations and supply chain) and SAP as a solution provider (which is how we serve our customers). Our goal is to determine materiality based on what is most relevant to our core business strategy. By analyzing our impacts as a solution provider, we can incorporate our conclusions as we create a sustainable strategy. Such a strategy enables us to holistically manage the economic, environmental, and social contexts in which we operate.

ASSESSING AND RATING THE RELEVANCE OF NUMEROUS ISSUES

We followed the GRI G4 guidelines, assessing the materiality of topics: identification, prioritization, and validation by our external sustainability advisory panel and our chief sustainability officer. We composed an initial list of topics referenced in the

GRI G4 guidelines, as well as those that emerged from our various engagements with stakeholders and our sustainability advisory panel, or the Sustainability Accounting Standards Board (SASB) provisional standard for the Technology and Communications sector. We cluster detailed indicators of the various frameworks against our six material aspects, at which level we manage our company. Based on the feedback of our sustainability advisory panel in November 2015, in 2016 we will reassess our material aspects with respect to the trend of outcome reporting.

Our initial 2015 review confirmed our identified most material topics, which are also clearly interrelated to our four financial and non-financial core objectives namely revenue, profit, employee engagement and customer loyalty. In this we link our material aspects of Human and Intellectual capital management, Climate and Energy and Financial Performance clearly to the core elements of our integrated performance analysis. Data Security and Privacy are the foundation of our business model. We will continue to evaluate how business conduct is connected with our financial and non-financial performance.

DRAWING CONCLUSIONS AND UNDERSTANDING THE IMPLICATIONS OF OUR ASSESSMENT

We identified six main areas that are material to SAP as a company. For the most part, these are consistent with our past assessments and comprise:

- Human capital management – Helps us ensure we employ, develop, integrate and retain the very best talent within our company and be attractive to potential employees

- Intellectual capital management – Helps us innovate and deliver new solutions with the highest quality through continuous organizational learning, people development, and suitable internal structures and processes. Such capital also leads to increased customer loyalty
- Security and privacy – Ensures we design and deliver our solutions in ways that afford the very highest levels of data security and privacy control
- Financial performance – Mirrors the success of our strategy and ensures our long-term viability
- Business conduct – Ensures we conduct our business activities while upholding the highest levels of behavior, as set out in the SAP Code of Business Conduct for Employees and other company policies
- Climate and energy – Helps us offer solutions to our customers for reducing energy consumption and emissions, find ways to minimize the environmental impact of our solutions and transform our corporate operations accordingly

While these issues are critical for us as a company, we see our solutions touching on a broad range of issues that are highly material to our customers – from financial viability to natural resources, energy, and human rights. While we do offer solutions in some of these areas, technology such as SAP HANA and our Cloud offerings hold enormous potential to help our customers improve and differentiate their own operations and impacts. For example, our software already enables many of the world’s largest companies to better measure, track, and manage their resource consumption, as well as increase their efficiency in a host of areas. Addressing our most material impacts means finding additional ways to support our customers in becoming more sustainable organizations. In this sense, our materiality assessment helps point the way to creating an integrated strategy, in which sustainability is seamlessly connected to how we serve our customers and drive our own long-term success.

APPLYING OUR ASSESSMENT TO FURTHER DEVELOP AN INTEGRATED STRATEGY

Our environmental and social performance remains critically important to SAP. We have gained important insights into helping our customers tackle challenges by doing so ourselves, especially by presenting the impact of our non-financial performance on our financial performance. In addition, working to become more sustainable has fed our innovation and improved our bottom line. SAP’s sustainability performance, as well as our work to create a sustainable corporate strategy, is also of increased importance to investors and newer generations of talent we want to attract and hire. At the same time, we recognize that it is in our role of solution provider that we continue on the path to creating the greatest customer value and designing our integrated strategy. In addition, we continue to explain our approach to our employees and other key stakeholders to enlist them in realizing our vision “Help the world run better and improve people’s lives”.

As noted above, we have already headed down this path with a number of our solutions, which are enabling our customers to comply with regulation, become more efficient, operate more sustainably, and begin to transform how business is conducted. We also have more to do – for example, we have not yet created a methodology to quantify our impact as a solution provider. To do so, we will continue to work with customers and partners. Namely, we need to understand our impacts in the context of the limits and demands of economic, environmental, and social resources. As a founding member we joined the Global Partnership for Sustainable Development Data to help monitor the progress of achieving the recently released 17 Sustainable Development Goals (SDG). We will continue to assess and describe how our technologies can contribute to the SDGs, thereby creating positive social, environmental and economic value by enabling customers. With the release of these global goals we observe an increasing trend in our customer base to initiate business transformations based on new sustainable corporate strategies. Supporting our customers with our solutions enables them to execute accordingly and helps us on our journey to fulfill our vision.

We will continue to drive behavioral change throughout SAP through bottom-up strategies such as employee engagement, education, and the promotion of peer leadership and role models. We will also continue to emphasize co-innovation with our customers, as customers are the means through which we can help create long-term, sustainable change. We will work with our customers to enable them navigate global trends, such as hyperconnectivity, cloud computing, and Big Data, which go hand-in-hand with social and business trends that are changing how we live and work. Rapid urbanization, the sharing economy, enormous demographic change, and resource scarcity are demanding that leaders of tomorrow adapt to a world in which the pace of change continues to accelerate. Based on this we will continue to develop criteria to evaluate our sustainability impacts to help us inform and refine our materiality assessment.

Stakeholder Engagement

- We drive innovation and the development of our solutions in close co-operation with our key stakeholders.
- We communicate with our identified key stakeholder groups continuously.
- We provide insight into the various engagement activities with selected examples.

For SAP, stakeholder engagement and collaboration are deeply embedded into our process of innovation and the development of our solutions. Before we can design a new solution, we must first understand the issue we are addressing. For this reason, design thinking and co-innovation are essential. At the same time, this process is not complete. With any innovation, there is often a time lag before stakeholders understand and absorb the full implications of a new solution. In other words, we need to update our license to operate by continually assessing and managing the additional responsibilities brought about by innovation.

To fully understand these responsibilities, we regularly engage with seven key stakeholder groups that are most relevant to our business, as well as our Sustainability Advisory Panel. We have selected these groups as they are critical to our value creation. This dialog also influences our materiality assessment.

CUSTOMERS

Ensuring our customers' success is core to everything we do. In addition to the sales engagement cycle, we also engage customers through industry value networks, co-innovation projects, customer councils, and customer-organized user groups throughout the world. The Customer Engagement Initiative provides early insight to SAP product planning, allowing our customers to influence and collaborate around our product development cycle. We also gather customer feedback regularly through our "SAP Listens" customer and partner feedback program. In addition our customer facing organizations like sales, consulting, education or support have multiple touch points with customers on a daily basis.

Dedicated customer officers are directly attached to the members of the global management board. As one cornerstone of our corporate objectives we measure customer loyalty on an annual basis.

Further Information

For more information on customer surveys, see the Customers section.

EMPLOYEES

We survey employees annually, conducting pulse checks throughout the year. The Supervisory Board comprises 50% employee representation, and management regularly engages with employee works councils. In addition, the Global Managing Board answers employees' questions in all-hands meetings that take place every quarter. In quarterly coffee corner sessions, senior executives explain our strategy to employees and answer their questions directly. Through topic related discussion blogs executives engage regularly with employees, foster an open discussion and receive focused feedback globally.

Further Information

For the results of our latest employee survey and how SAP is responding, see the Employee Engagement section.

GOVERNMENTS

We advise governments and administrations worldwide on critical IT topics, such as digitization, the Cloud and Big Data, which play a key role in creating new efficiencies and spurring economic growth.

Further Information

For more information on our policy engagement in 2015, see the Public Policy section.

INDUSTRY ANALYSTS

Our Analyst Relations team, the Global Managing Board and executives interact with IT analysts on a frequent basis.

Further Information

We updated IT analysts, for example, on SAP HANA, our enterprise applications, our industry solutions, our Cloud solutions, our ecosystem, and our services. The latest industry positioning material integrates economic, social and environmental impact creation.

FINANCIAL ANALYSTS AND INVESTORS

Our Investor Relations team and the Global Managing Board conduct one-to-one briefings with financial analysts and institutional investors, as well as investor road shows, quarterly earnings calls and our annual general meeting; the investor relations team also engages with the sustainable investment community in close cooperation with the sustainability team; the global treasury team interacts regularly with debt investors.

Further Information

For more information on our dialog with investors, see the Investor Relations section.

NON-GOVERNMENTAL ORGANIZATIONS (NGOS) AND ACADEMIA

Our dialog with NGOs, NPOs and academic institutions helps us understand how we can help address today's most pressing issues with our solutions and what is expected from us as a corporation.

Further Information

In 2015, United Nations adopted the Post-2015 Sustainable Development Goals (SDGs), a to-do list to end poverty, fight inequality and tackle climate change. SAP was a founding partner of IMPACT 2030, a business-led coalition that aligns companies and their employee volunteer efforts with the SDGs to address the needs of our rapidly changing world and create real and sustainable change. In addition to SAP, the network of businesses includes: IBM, Google, GSK, TATA Consultancy Services, and The Dow Chemical Company.

In response to the refugee crisis in the middle east and Europe, SAP aims to join forces with local and federal governmental organizations. SAP and SAP employees' donations support a range of local and national refugee aid non-profit organizations as well as the UN Refugee Agency.

In 2015 we continued to expand our strategic partnerships with non-profit organizations in the area of STEM education. Together with the Cape Town Science Centre, the Galway Education Centre and 100 other Non-Profit Organisations and

government partners, SAP launched the Africa Code Week. This initiative provides young people with the coding tools and skills they need to thrive in the digital economy and further Africa's economic development. SAP was also a key partner with the European Commission for EU Code Week.

We extensively work with academia through the SAP University Alliances program, providing students at more than 1200 universities with hands-on experience working with SAP software and solutions.

On the openSAP platform we expanded our offerings of free of charge massive open online classes (MOOC's) covering introductory and advanced classes of SAP technology. We also repeated our course on "Sustainability and Business Innovation" to the interested public audience.

Our investment in the Livelihoods Fund creates social impact in rural communities and for the second year in a row we received offsets mitigating our overall CO2 emissions in 2015.

PARTNERS AND SUPPLIERS

Our partners are also key to our growth, as they help us co-innovate solutions, sell and implement solutions at customer sites. The spirit of cooperation and engagement is exemplified by the online SAP Community Network, which now includes more than two million members. We have also started to work with selected suppliers to understand how we can help each other improve.

Further Information

As with customers, we also gather partner feedback regularly through our "SAP Listens" customer and partner feedback program. An example for our engagement with suppliers is the introduction of sustainability labels to our indirect procurement catalogue, enabling our employees to consciously select IT equipment or office materials. For more information see the sustainable procurement section

SUSTAINABILITY ADVISORY PANEL

Our Sustainability Advisory Panel consists of expert representatives of customers, investors, partners and NGOs.

Further Information

Our Sustainability Advisory Panel met in 2015 with SAP senior executives – including Luka Mucic, CFO, COO and board sponsor for sustainability - from the areas of strategy, solutions, finance, and administration. The group discussed the further integration of sustainability into SAP solutions, how we can support business transformations, and the key issues where our digitization strategy will play an especially important role in creating a sustainable future.

We continue our stakeholder engagement as it meets the variable requirements of the diverse stakeholder groups.

Recognition

In 2015, we received the following awards and recognition for our performance and efforts related to sustainability:

- [Dow Jones Sustainability Indices](#) (SAP has been ranked as software sector lead for the ninth consecutive year)
- [FTSE4GOOD](#)
- NASDAQ OMX CRD Global Sustainability 50 Index
- [Newsweek Global 500 Green Ranking](#)
- [Top 50 Most Socially Responsible Companies in Canada](#)
- [Ethibel Sustainability Index \(ESI\) Excellence Europe and Ethibel Sustainability Index \(ESI\) Excellence Global](#)
- European Datacentre Sustainability Award 2015 (for our Datacenter in St. Leon Rot)
- Frost & Sullivan Technology Leadership Award (for our solution TwoGo)
- [Land of Ideas Award](#) (for our app SAP Medical Research Insights)

In addition, we received the following awards for being a globally recognized employer of choice:

- SAP won the gold award in the category [Best Recruitment Marketing & Employer Branding Program](#) in the Brandon Hall Group HCM Excellence Awards Program.
- SAP was awarded first place for its Global Mobility Program in Tech/Media, best Vendor Partnership and 2nd place for Best Mobility Team of the Year for large mobility programs by the [Forum for Expatriate Management \(FEM\)](#).
- SAP America became the first technology company in the United States to be awarded the [Economic Dividends for Gender Equality \(EDGE\)](#) certificate.
- SAP China has been selected as a winner of the 2015 "Best Training Company" awards, sponsored by 51job Inc., the leading integrated human resource service provider in China.
- SAP Australia has been recognized by the Australian Government as a [best employer for women](#), creating an environment underpinned by equality.
- SAP MENA received the [GCC Best Employer Brand Award](#) by Employer Branding Institute and Stars of the Industry Group.
- SAP Labs China was ranked among the [best companies to work for in China](#) according to Great Places to Work.
- SAP South Africa won [Top Employer in South Africa](#).
- SAP Labs Latin America was ranked 5th by Great Place to Work among the greatest IT places to work in Brazil.
- SAP was ranked among the [best companies to work for in Brazil](#) according to Great Places to Work.

- SAP ranked in the Top 50 [Most Attractive Companies in Latin America](#).
- SAP Canada is among the country's [Top 100 Employers](#) offering exceptional workplaces for their employees.
- SAP for the third year in a row earned a perfect score of 100 percent for its support for LGBT employees from the Human Rights Campaign.
- SAP Mexico was awarded for its HR policies and being a top employer in Mexico.
- SAP Labs Latin America was nominated the best company to work for in Brazil, according to Voce S/A magazine.
- SAP Mexico was recognized for its Gente Más program.
- SAP was ranked 9th among big companies of more than 250 employees in Switzerland by the [Great Place to Work Institute](#).
- [SAP France](#) and SAP Labs France were certified as top employers and recognized as one of the most attractive companies to work for according to Universum.
- SAP was ranked 5th among the most attractive employers to work for in Germany based on a student survey conducted by [Universum](#).
- SAP Labs India was ranked among the [best companies to work for in India](#) according to Great Places to Work.
- SAP was recognized as [National Employer of the Year by The Arc](#).

Sustainability Management and Policies

- We recognize that sustainability activities of SAP are a sound business case.
- We hold ourselves accountable through our policies, goals, and audit programs.
- To help our customers to run more sustainable businesses, we strive to become an exemplar ourselves by transforming our own processes and integrate holistic thinking.

Over the past several years, we made a commitment to move from having a sustainability strategy at SAP to creating a corporate strategy that is sustainable. This goal hinges on integrating sustainability into our core business. To move closer to this integration, we have adjusted our governance structure so that some of the dedicated functions of the sustainability organization now reside within various lines of business. For example, a team of solution experts is working in close cooperation with the sustainability team to develop technology solutions to help our customers manage their sustainability activities across the value chain. To enable this federated approach, each board area at SAP has appointed a dedicated sustainability contact who reports directly to the respective Global Managing Board member.

One of our primary aims is to demonstrate how sustainability not only aligns with our business objectives, but also benefits the top and bottom line of SAP. We also recognize that investors are one of our core stakeholder groups, as they are increasingly focused on how we are addressing major challenges facing business, from climate change to population growth. As a result, the chief financial officer (CFO), who holds the dual role of chief operating officer (COO), is ultimately responsible for this area. In addition, our CFO/COO is the board sponsor for sustainability.

The chief sustainability officer has several major responsibilities focused on our sustainability performance, our efforts to embed sustainability into our core business, and our external relationships and communication. Under their leadership, our sustainability organization works with leaders across SAP to monitor our environmental, social, and economic performance.

ENSURING THAT ROLES, RESPONSIBILITY, AND RESOURCES DRIVE PROGRESS

Our extended sustainability team is part of a matrix organization. It is composed of the following:

- A dedicated sustainability team working to embed sustainability into our corporate strategy and responsible for our internal sustainability performance, contributing to our integrated reporting, and stimulating new sustainability initiatives in other parts of the organization
- A team of sustainability experts that design and integrate sustainability into new or existing industry or line-of-business solutions
- Development and solution management professionals creating specific SAP solutions for sustainability
- Global services and support employees

- Dedicated sustainability contacts per board area that focus on board area-specific opportunities to embed sustainability into their respective business
- A Corporate Social Responsibility (CSR) team responsible for managing our social investments
- Human resources specialists addressing topics particular in the areas of health, diversity and inclusion, employee engagement, and leadership development
- Procurement experts who include sustainability criteria in supplier evaluation
- IT operations professionals, who cover issues such as working environment and energy consumed by data centers
- Facility management professionals, who design and manage our facilities based on environmental standards (LEED)
- Local teams in the SAP Labs locations around the world that oversee a range of sustainability projects
- Sustainability communications employees
- Sustainability marketing professionals
- An investor relations team that informs the investment community about our holistic company approach
- A network of local sustainability champions who dedicate 10% of their work to drive sustainability in their respective fields

MANAGING OUR MATERIAL ASPECTS

Responsibilities related to material aspects are managed as follows:

- **Human capital management:** Overall, global responsibility lies with the Managing Board member responsible for human resources and labor relations. We foster regular dialog among the sustainability organization and employee representatives, specifically German works councils and the European Works Council.
- **Intellectual capital management:** Included in the solution and technology portfolio through a central portfolio team. Customer loyalty is measured by a dedicated team reporting to the Executive Board member responsible for sales; account managers are responsible for the relationships with their customers.
- **Security and privacy:** Privacy and data protection is managed by an internal Data Protection and Privacy Office that operates in Germany complemented by a global network of local subsidiary data protection officers. Security accountabilities are defined for products and corporate issues; a cybersecurity task force has been established. In addition, the corporate audit department now has a dedicated security audit team.
- **Financial performance:** The Executive Board retains ultimate responsibility for revenue growth, profitability, and financial stability of the company.
- **Business conduct:** These responsibilities lie with our Global Governance, Risk, and Compliance department, as well as Legal Compliance and Integrity Office (LCIO). The SAP Global Delivery and Export Control Policy clearly defines the management approach and governance ensuring compliance

with import and export regulations relevant for SAP solutions and technology.

- **Climate and energy:** The responsibility for this topic lies within the sustainability team, managed by our chief sustainability officer. The Global Environmental Policy, which was updated in July 2015, lists our 8 environmental targets, including our carbon emissions target, the purchase of 100% renewable electricity for all facilities and data centers, and the increase of electric vehicles in our company car fleet. SAP reports the greenhouse gas emissions caused by corporate jets under the European Union Emissions Trading System (EU ETS). In addition, the Renewable Energy Sources Act (EEG) is applicable to our German locations where we have installed solar panels.

DEFINING OUR COMMITMENT THROUGH POLICIES

Our commitment to make SAP a more sustainable company and to manage our impact is defined in our global policies, which can be found online on our Sustainability at SAP section on the public Web site SAP.com. Our policies are applicable to all SAP subsidiaries and are approved by the Executive Board.

SETTING GOALS TO HOLD OURSELVES ACCOUNTABLE

We are committed to improving our sustainability performance and holding ourselves accountable for our progress. SAP has set annual, medium-term, and long-term targets for a wide range of key performance indicators (KPIs), spanning environmental, social, and financial impacts. An overview of our goals can be found in the Corporate Goals section.

CERTIFYING OUR MANAGEMENT APPROACH

In addition to rigorous measurement of KPIs and transparency in our results, we take additional steps to enhance our management processes. Formalizing our approach to environmental improvements, we have established a global environmental management system according to the ISO 14001 standard.

To date, 33 SAP locations worldwide – in Austria, Brazil, Bulgaria, Canada, Czech Republic, France, Germany, Hungary, Ireland, Israel, Italy, South Africa, and the United States – have received ISO 14001 certification. We will continue to roll out the program globally. These certifications are published in the Sustainability at SAP – Environmental Management section on our public Web site SAP.com.

EVALUATING OUR MANAGEMENT APPROACH

We regularly review whether our strategy, programs, and initiatives are effective. For example, the sustainability team has quarterly review meetings with senior executives. We have also launched global internal audit programs for labor standards and human rights as well as for environmental management. While we view external ratings and rankings as a key reflection of our performance, the ultimate measure of our success is whether we achieve the goals we set for ourselves.

DRIVING TRANSFORMATIONAL CHANGE IN OUR BEHAVIOR AND CULTURE

Our efforts to become an exemplar of sustainability mainly focus on two areas to affect change: our processes and our people. Achieving our goals requires challenging and transforming old behaviors and ways of thinking. This journey helps us become more innovative as we tackle problems in new ways and design creative solutions. The engagement of our employees is essential, as their ideas and commitment help drive change throughout SAP. Our strategy combines organizational changes to embed sustainability into our business, as well as educational workshops, campaigns, and other forms of outreach to involve employees. Four key components of these efforts include:

- A focus on transparency and awareness building
- The need to make the benefits of change relevant and meaningful for our company and employees through communication, incentives, recognition, and other means
- The existence of role models within SAP who demonstrate new behaviors and inspire others
- The management of change by ensuring that the right processes and tools are in place

Employees learn about sustainability through workshops, special events, and other activities aimed at deepening the understanding of our holistic approach to sustainability while connecting to current global trends such as the ratification of the 2030 Sustainable Development Goals in 2015. In addition, deep-dive sessions are offered on areas such as sustainable enterprise mobility, procurement, IT, health, and diversity and inclusion as well as volunteering. We embedded the topic of sustainability into onboarding training for new hires as well as manager training. In addition to our overall sustainability dashboard, every employee can see our environmental performance through specific dashboards detailing impact, such as statistics on printing and commuting. In addition, we also focus our efforts on helping employees understand the relevance of sustainability – not only to their workplaces but also to their daily jobs and our core business – through workshops dedicated to specific organizations and functions within the company.

In 2015, we facilitated open dialog through coffee-corner sessions, virtual all-hands meetings, guided inspirational pavillon tours, and social media. Employees could find out how sustainability is connected to our vision to help the world run better and improve people's lives. They learned of examples through customer impact stories as well as role model stories by SAP leaders and employees. We measure the success of our initiatives through our annual People Survey. In 2015, 90% of our employees agreed with the statement "It is important for SAP to pursue sustainability" compared to 91% in 2014 (and 77% in 2009). 80% of our employees stated "I actively contribute to SAP's sustainability goals," up from 74% in 2014 (and 46% in 2009).

LEADING THE CHANGE

Our leaders also have a key role to play in helping us become more sustainable. For this reason, we continue to embed sustainability into leadership development programs. This includes demonstrating how actively managing topics such as work/life balance and talent development leads to greater business success in addition to employee engagement and satisfaction. The sustainability dashboard, created originally for senior leaders in 2013, helps our employees explore the connections between non-financial and financial performance with breakdowns and benchmarks. Employees can see how their team's business travel contributes to our overall carbon footprint, along with financial implications of those results and how they compare to other teams. Compliant with all data privacy regulations, data on employee retention and women in management also helps create transparency on the social performance of our company. Since our last upgrade to the SAP product SAP Smart Business cockpit, executive edition, employees have automatic access to this data.

NETWORK OF SUSTAINABILITY CHAMPIONS

While sustainability requires strong leadership, it cannot be mandated from the top. Our employees help drive our progress throughout the company. We enlist a global internal network of more than 100 sustainability champions who represent different regions and lines of business at SAP. They dedicate 10% of their work time to promoting sustainability. Not only do they act as role models, but they also tailor sustainability to local and line-of-business needs and interests, and share best practices.

Our sustainability champions are a critical part of our governance strategy, which combines senior and local leadership with employee engagement to drive change at every level of SAP – from our daily operations to our overall vision to help the world run better and improve people's lives.

Business Conduct, Ethics, and Integrity

- Our established compliance management system includes detailed policies and procedures for ensuring ethical business conduct.
- Communication and training safeguard a common understanding of what we mean by compliance.
- Our Legal Compliance and Integrity Office enforces compliance to our policies and codes of conduct.

We act to ensure that we live up to high ethical standards throughout SAP. Our policies govern the conduct of our management, employees, suppliers and partners, as well as critical areas of our business such as sales, vendor selection, and payroll. In addition, we train employees on the SAP Code of Business Conduct for Employees, which includes guidelines on bribery, antitrust, and a host of other topics. In the case of any breaches of compliance, we take appropriate remedial action.

ESTABLISHING CLEAR AND COMPREHENSIVE STANDARDS

Our compliance management system includes detailed policies and procedures for ensuring ethical business conduct. Audited by KPMG in 2012/2013, this system consists of the following components:

- Fostering a favorable compliance culture
- Defining objectives
- Determining and analyzing compliance risks
- Running a compliance program
- Creating a responsible compliance organization
- Communicating standards clearly
- Monitoring and improving the management system

FOSTERING A COMPLIANT CULTURE THROUGH THE SAP CODE OF BUSINESS CONDUCT FOR EMPLOYEES

One of our priorities has been to establish a common understanding of what we mean by compliance. The SAP Code of Business Conduct for Employees (“Code”) summarizes our standards, and all employees (including top executives) must recognize this Code when they join SAP. While providing a global

framework, the Code is adapted locally and translated into local languages. Such adaptation cannot weaken any requirements of the global Code and, in some cases, may be even stricter. In many countries, employees must also renew their commitment on an annual basis. This is not a formality for us but a means to share one of the most important foundations of our company culture.

Our Code contains guidelines for all SAP employees and members of the Executive Board as they perform their daily work on behalf of SAP. It is binding for all employees throughout the world and sets the standard for our dealings with customers, partners, competitors, and vendors. Our Code is also a statement of our commitment to safeguarding our investors and customers against unfair competitive practices, corruption, and misleading statements. Our Executive Board approves our Code.

Specifically, our Code covers the following:

- Prohibition of bribery and corruption in all its forms, including facilitation or “grease payments”
- Gifts and business entertainment limits
- Full, fair, and accurate accounting
- Conflicts of interest
- Confidentiality
- Anti-competitive practices

DELIVERING EMPLOYEE TRAINING AND COMMUNICATION ON BUSINESS CONDUCT

Every other year, all employees in customer-facing roles are required to participate in e-learning training on anti-corruption, competition law, and customer commitments. In 2015 additional employee groups were included in this training, such as employees in supporting roles including Corporate Affairs and Global Marketing. 1,103 employees in Global Marketing and 145 employees in Corporate Affairs were trained with an online module. These online training modules are available in nine languages. In addition, 20,213 employees in SAP's P&I group completed an online training on governance for customer commitments. We also continued education on intellectual property (IP), covering how we protect SAP's IP rights and the rights of third parties 2,401 employees completed our IP online training. All online modules include a knowledge test. The Legal Compliance and Integrity Office also held 106 classroom training sessions with 2,633 participants. In our annual Code of Business Conduct Certification 54,507 employees were invited to participate in the certification of the SAP Code of Business Conduct for Employees and 52,588 completed the certification. We established a collaboration with the HR onboarding teams so that general compliance information on relevant policies is included in the onboarding sessions run by HR for new hires. 6,302 new hires joined these sessions in 2015.

In 2015 we launched a compliance communication campaign where we inform all employees in quarterly newsletters on compliance focus topics. We provide general information on the topic, current cases that are in the press and a section for self-reflection where employees are confronted with a hypothetical compliance case. Links to compliance related information are also included, such as our Whistleblower anonymous reporting system, the Legal Compliance and Integrity Office, Corporate Audit, and SAP global policies. We also run polls in the Portal on compliance related questions periodically throughout the year. In addition, this year, based on a new question in the people survey, 73 % of our employees feel encouraged to report on circumstances that could result in criminal fines for individuals or SAP. In 2016 we will benchmark our results against the results of other companies who asked the same question.

- In addition to our training, we take a number of other steps to ensure that employees are aware of our policies and anticorruption standards:
- The Legal Compliance and Integrity Office conducts awareness calls and meetings
- Local managers send e-mails to their subsidiaries
- Local Codes of Business Conduct are available in local languages where necessary.
- All global policies and guidelines and additional information are available on SAP Corporate Portal

As part of the new SAP Global Security Policy, a mandatory training covering Information Security Fundamentals was rolled out to all employees in November 2015.

SETTING EXPECTATIONS FOR OUR BUSINESS ACTIVITIES

We have created other policies related to specific lines of business and business activities. These guidelines include:

- **Regulation of the appointment and remuneration of sales agents:** All agents, consultants, or other third parties assisting with a sales opportunity must enter a written contract with mandatory provisions related to corruption and other issues. Before any contract with a third-party sales agent is executed, an integrity check must be completed along with internal approval processes.
- **SAP Partner Code of Conduct:** Governs our expectations of ethical business conduct by our partners. Before working with SAP, all new partners must accept this code.
- **SAP Supplier Code of Conduct:** Governs SAP's expectations of our vendors and suppliers.
- **Corporate Social Responsibility Policy:** Lays out rules for donations made under SAP's corporate social responsibility (CSR) program to ensure that charitable donations are not used for improper purposes such as bribery. The CSR team vets all donations made under this program and conducts a validation process to ensure that the recipient charity is legitimate. For donations that are not supported by the CSR team, a Legal Compliance and Integrity Office-DoA, including Compliance approval, is in place.
- **Global IP Policy:** Provides a set of behavioral rules for SAP employees worldwide to comply with regulatory and legal requirements in the area of intellectual property law.
- **Group accounting and revenue recognition guidelines:** Detailed description of all IFRS accounting matters across entire SAP group.
- **Segregation of duty:** Applies to all IT processes

Additional policies or commitments related to sustainability are under the responsibility of the respective line of Business and can be found at *Our Sustainability Commitments*.

CONDUCTING COMPLIANCE RISK ANALYSIS

We review our business units and business activities for potential bribery or corruption on an ongoing basis. For example, we collect quantitative data annually about each subsidiary with employees and revenues in 96 SAP entities in 67 countries. This data includes revenue, number of employees, percentage of public sector business, number of fraud allegations or incidents, changes or updates to relevant laws, and other quantitative information. Based on that we determine a risk ranking of countries. To monitor our processes, the Legal Compliance and Integrity Office works closely with our Global Governance, Risk and Compliance Organization, to identify areas where a risk assessment is needed; we then drive remediation programs if necessary. In 2015 the outcome of stakeholder interviews run by the Global Governance Risk and Compliance organization was integrated into a scenario based risk assessment that will be launched beginning of 2016 in all SAP countries.

Generally, we find that our primary risks related to compliance concern corruption, antitrust, export controls, and IP (For more information, see our Risk Report). Our assessment also helps us create a general risk profile for subsidiary locations. Through analysis of our quantitative data, we determine which countries require our highest attention. Globally we ensure compliance to export controls, embargo and sanctions list with a formalized approval process for sales of all software solutions, which is regularly audited by external parties as well as internal audits.

ENFORCING POLICIES THROUGH OUR LEGAL COMPLIANCE AND INTEGRITY OFFICE

The Legal Compliance and Integrity Office oversees the SAP Code of Business Conduct for Employees ("Code"), as well as all other related policies and our anticorruption program. Since January 1, 2015, the Chief Compliance Officer reports directly to the SAP Group CFO. The direct reporting line to the CFO recognizes the increased enforcement activity in the high-tech sector in recent years, plus the constantly changing ways in which fraud and corruption schemes surface in the business world. Our compliance approach must also constantly change and adapt to incorporate new best practices to stay relevant in our company's business. The Office of Legal Compliance and Integrity consists of global compliance officers based at our headquarters and in our most important markets (especially where local language needs must be met). In addition, local subsidiaries have local compliance officers who assess issues and escalate them to the global level if necessary.

In addition to making regular reports to the CFO and Executive Board, the Chief Global Compliance Officer provides, at least annually, reports to the Audit Committee of the Supervisory Board. Matters of significance are brought to the attention of the Executive Board and the Audit Committee of the Supervisory Board on an as-needed basis. Reporting to these boards allows for regular monitoring and continuous improvement to our anti-corruption program. Our compliance program was audited and certified according to IBWPS 980 by KPMG in 2012 with regular internal audit follow-up in 2015.

We further promote compliance through the following practices:

- No employee will suffer demotion, penalty, or other adverse consequences for refusing to pay bribes, even if such refusal may result in the enterprise losing business.
- Employees at all levels of the organization are required to disclose conflicts of interest to the Legal Compliance and Integrity Office. In 2015 we piloted respective employee self-service scenarios in Germany and North Americas. Other countries to follow.
- The Legal Compliance and Integrity Office also invites employees to identify any potential conflicts during the annual process of renewing their commitment to our code. Disclosures are then followed up with guidance or mitigation if necessary.

MAINTAINING PROCESSES FOR INCIDENT REPORTING AND REMEDIATION

Employees have a number of avenues to raise concerns to the Legal Compliance and Integrity Office when they believe there has been a breach of the SAP Code of Business Conduct for Employees or when they seek advice:

- Helpline (For more information, see the Governance – Policies and Statutes section of our public Web site *SAP.com*)
- Legal Compliance and Integrity Office mailbox
- Contact with local and global compliance officers via e-mail or telephone
- Whistleblower tool used primarily for financial reporting and auditing issues to ensure that anonymous reporting is possible

These channels are communicated to all employees on SAP Corporate Portal, and new hires are informed of them during the new hire process. Our helpline is published on SAP.com for external stakeholders. In addition, reporting channels are described in the SAP Partner Code of Conduct and the SAP Supplier Code of Conduct. Most of these mechanisms are available 24 hours per day and 7 days a week, and concerns are treated as confidentially as possible in light of subsequent investigation (concerns can also be raised anonymously through the whistleblower tool). However if they are raised, all concerns are investigated, and remedial action is taken if necessary.

Such remedial actions in incidents of corruption may include:

- Written warning (for example, when a policy was violated but it is not clear that actual corruption occurred)
- Termination

A former Vice President of Sales who was employed by SAP International, Inc., pled guilty and was sentenced to prison for participating in a scheme to violate the Foreign Corrupt Practices Act (FCPA). SAP terminated his employment in April 2014 after learning of his misconduct. The U.S. Department of Justice (DOJ) declined to pursue criminal charges against SAP. The U.S. Securities and Exchange Commission (SEC) instituted administrative cease-and-desist proceedings regarding a books and records and internal control violation of the Securities Exchange Act of 1934. To settle this matter, SAP has agreed to forfeit the \$3.7 million in profits, plus interest thereon, generated in connection with the inappropriate transactions. SAP's settlement with the SEC does not involve any financial penalty or substantive bribery charge against the company.

JOINING COLLECTIVE ACTION TO COMBAT CORRUPTION

SAP is a member of the German chapter of Transparency International, a non-profit, non-partisan organization that combats corruption in government and international business and development. In addition, we are active in the Alliance for Integrity (Afln). Afln is a business-driven multi-stakeholder

initiative promoting integrity in the economic system and conditions for compliant and clean business. It was initiated by a number of multinational companies, business associations, the German Federal Ministry for Economic Cooperation and Development (BMZ), the Society for International Cooperation (GIZ), the German Global Compact Network and sequa, a non-profit development organization. The focus of the initiative is on implementing collective action on the ground.

Public Policy

- SAP advises governments on how to drive innovation and address societal challenges through the effective use of digital technologies.
- SAP maintains government relations offices around the world.
- We are a member of several trade associations across the globe.

SAP has developed trusting relationships with governments worldwide by exploring the potential for information and communications technology (ICT) to spur economic growth, create jobs, and address societal challenges.

In Europe, SAP maintains government relations offices in Belgium, France, Germany, Russia, and the United Kingdom, with Belgium hosting our European Union (EU) Representation Office. In the Americas, SAP has established a government relations presence in Washington, D.C., in the United States, and São Paulo, Brazil. Additional offices are located in China, India, Saudi Arabia, South Africa, and the United Arab Emirates.

SAP engages with governments around the globe on a number of public policy issues, including the creation of reasonable framework conditions for new technologies or business models such as cloud computing and Big Data. For example, we participate in the European Cloud Partnership, which has a primary goal of promoting the adoption of cloud computing and the creation of a single market for cloud services in Europe.

SAP is also developing best practices to ensure cybersecurity and the protection of personal data in the digital economy. SAP favors global policy frameworks and international standards that enable global trade of digital products and services and the free flow of data across borders.

We advise governments on how to drive innovation and address societal challenges through the effective use of digital technologies. For example, SAP serves on the High Level Group of the European Innovation Partnership for Smart Cities and Communities to foster sustainable development. Together with the German Chancellor and the Federal Minister of Economics, SAP actively engages in Germany's National IT Summit, which has an overall objective to promote and implement the digital agenda in Germany.

We also cooperate with governments to promote the development of ICT skills and entrepreneurship, as well as to empower small and midsize enterprises as key enablers of economic growth and job creation. SAP addresses the skills gap globally through initiatives such as our SAP University Alliances and SAP Skills for Africa programs, Africa Code Week, EU Code Week, the EU Grand Coalition for Digital Jobs, and the Business Backs Education global advocacy campaign. Together with the Bipartisan Congressional Historically Black Colleges and Universities (HBCU) Caucus, and before members of the U.S. Congress, SAP executives presented Project Propel, an elite SAP initiative to build next-generation talent for the digital enterprise.

We secure and support high profile thought leadership opportunities to appear before governments and demonstrate our expertise in advancing a new wave of innovation enabled by business analytics, in-memory computing, cloud computing, and enterprise mobility.

MEMBERSHIPS IN TRADE ASSOCIATIONS

SAP is a member of several trade associations across the globe, including the U.S. Chamber of Commerce; National Association of Manufacturers; Organization for International Investment; TechAmerica; Information Technology Industries Council; Association of Climate Change Officers; BITKOM; Federation of German Industries; VDMA; Plattform Industrie 4.0; Deutschland sicher im Netz e.V.; Transatlantic Business Council; DIGITALEUROPE; European Roundtable of Industrialists; Russian Union of Industrialists and Entrepreneurs; and the Russian-German Chamber of Commerce.

SAP believes in transparency in the political process. Accordingly, we are registered in the European Transparency Register for interest representatives. In the United States, our company is registered and reports in compliance with the Lobbying Disclosure Act.

POLITICAL CONTRIBUTIONS

In principle, SAP does not support any political parties. Under the laws of the United States, a number of SAP employees continue to exercise their right to create a political action committee (PAC). The SAP America PAC is an independent, registered, and strictly regulated organization that allows eligible employees in the United States to support political candidates at the state and federal level. Consistent with U.S. law, SAP SE exercises no control over or influence in the SAP America PAC. SAP America PAC expenditures are transparent and available on the website for the U.S. Federal Election Commission.

Memberships

To better understand and enable sustainable performance on a global level, both for our company and customers, SAP subscribes to and routinely engages in a range of third-party organizations, including:

- Alliance for Integrity (AFIn)
- Association for Talent Development
- Association of Climate Change Officers
- ASUG
- Bitkom e.V.
- BME e.V.
- Business for Social Responsibility
- Corporate Executive Board Company
- CEO Council
- Dublin Chamber of Commerce
- CTIA
- ECCMA
- European Centre for Women and Technology
- Executive Corporate Learning Forum (ECLF)
- econsense
- Financial Women's Association
- Greenhouse Gas Management Institute
- International Integrated Reporting Council (IIRC)
- National Defense Industrial Association (NDIA)
- Schmalenbach Gesellschaft für Betriebswirtschaft e.V.
- Sustainability Consortium
- The Business Council
- The Conference Board, Inc.
- Transparency International Germany
- United Nations Global Compact (since 2000)
- WRI / WBCSD Greenhouse Gas Protocol
- World Economic Forum

Security, Privacy, and Data Protection

- Security, Privacy and Data protection are one of SAP material aspects.
- We address security holistically throughout the software development process and solution provisioning of our cloud solutions.
- Our global data protection and privacy policy secures data privacy in a world of increased access to personal data.

While enabling our customers to Run Simple by tackling complexity, they expect SAP to address threats to their on-premise software environments, as well as to their cloud and mobile services. We view our customers' trust in our company as a key element of our success. This trust extends to the high quality and security of our entire suite of products and services, as well as our ability to operate our cloud business both securely and reliably. For this reason, we continually strive to protect customers, business partners, and our own company through a range of coordinated practices.

COMPREHENSIVE SECURITY PRACTICES

Security has always been a very important topic for SAP and our customers. That is why we introduced a secure software development lifecycle to address security holistically throughout the development process.

Our strategy includes:

- A comprehensive global security expert team leading and guiding our development units to build at a high security level from the start of the product planning phase
- Security functionality built into our products
- Mandatory security training for developers
- Solid testing and validation of our products, patches, and services before shipment
- A software security response process to react rapidly to reported vulnerabilities
- Security-related service offerings from our service and support organization
- A specialized security consulting team
- A large ecosystem of partners that specialize in security

- A dedicated research organization focused on security
- Corporate security at SAP locations to oversee the security of our data centers and development organization

SECURE CLOUD COMPUTING

With cloud offerings, our core business applications are now available to everyone, from the largest enterprises to the smallest businesses. Security and data protection principles as well as related requirements are especially critical in the cloud, and we view trust in our security and data protection practices as an important differentiator for the cloud business. Our cloud operations meet international standards for availability, security, and data protection that are among the highest in our industry. Currently, SAP is adding new data centers and consolidating existing data centers to efficiently meet customer demands in the cloud business and meet preferences for local and regional options. Our data center strategy is built on using our own data center locations as well as using co-location providers – both applying similar security and data protection requirements. Throughout all of our data center locations and our worldwide operations, we comply with the European Data Protection Regulation, which provides a very high level of protection, and adapt it to local needs, if necessary.

At the same time, all SAP data centers are required to comply with the same standards for physical, technical, and operational security measures, which are among the highest in the industry. We also have measures to ensure that access to information is limited to a need-to-know basis and meeting a required set of privileges, and that all information is classified to reflect its level of confidentiality and is encrypted as appropriately as possible. We conduct full and incremental data backups on a daily,

weekly, and monthly basis. As a result, cloud solutions from SAP meet high standards and have been certified in many areas, including data center operations, software operations, business continuity, and internal inspection. Certifications include SOC1 Type II, SOC2 Type II, ISO 27001, ISO 22301, and BS 10012, among others.

MOBILE SECURITY

To help our customers meet the diverse challenges of enterprise mobility head on, SAP Mobile Secure solutions provide robust mobile device management, mobile application management, and mobile content management. Through these advanced solutions, data, mobile apps, and content can be locked down to meet the strictest security requirements and ensure good protection if a mobile device is lost or stolen. These solutions manage and secure deployments of mobile devices for companies of any size, improving the mobile user experience while eliminating security bottlenecks.

STRICT DATA PROTECTION AND PRIVACY POLICIES

We recognize the growing importance of privacy in a world of increased access to personal data. We adhere to our SAP Data Protection and Privacy Policy that is not only designed to secure the privacy rights of employees, customers, prospects, and partners, but also of anyone whose data is processed by SAP and falls within the legal parameters of SAP or our customers. Privacy is a top priority of our Executive Board and our legal entities must abide by internal policies and applicable privacy laws.

With regards to data protection requirements, significant changes are expected subject to the upcoming European Data Protection Regulation. Furthermore, SAP is affected by the consequences of the decision of the European Court of Justice (ECJ), which declared Safe Harbor invalid, so that data transfers from within the European Union (EU) to the United States are no longer permitted based on Safe Harbor.

Further, recent landmark decisions by the ECJ on data protection matters, as well as official statements made by the European data protection supervisory authorities require SAP to carefully review our globalized business practices. Most importantly, the ECJ on October 6 ruled that data transfers by European companies to data processors in the United States can no longer be based on Safe Harbor. While SAP has not widely relied upon Safe Harbor, the data protection supervisory authorities have challenged the legality of other transfer mechanisms, such as the Standard Contractual Clauses used by SAP on the same grounds by which the ECJ has declared Safe Harbor invalid. The data protection supervisory authorities have threatened to start enforcement activities as early as end of January 2016 against European companies that still transfer data to the United States (or grant U.S. companies remote access to systems containing personal data in the EU) based on a transfer mechanism that the authorities consider invalid. Enforcement activities against SAP or against SAP customers

because of services and products that SAP provides with the help of our U.S.-based entities and/or U.S.-based suppliers could lead to fines, civil liability, loss of customers, damage to our reputation, and could have an adverse effect on our business, financial position, profit, and cash flows.

Furthermore, SAP already offers an option for our customers by which customers can elect to have their personal data processed in and accessed from within the European Union/European Economic Area (EU/EEA) and Switzerland exclusively. The EU Access service from SAP is available for on-premise systems and a growing number of cloud solutions.

In 2015, SAP did not experience any significant incidents regarding breaches of customer privacy and losses of customer data, or incidents which would have required reporting subject to the provisions of the German Federal Data Protection Act.

Sustainable Procurement

- SAP's on premise and cloud procurement solutions support our company in achieving our sustainability goals.
- Our Global Procurement Organization fosters and encourages sustainability throughout the entire supply chain.
- SAP solutions help make our customers and suppliers more sustainable businesses.

SOURCING FROM SUSTAINABLE SUPPLIERS TO FURTHER IMPROVE OUR PERFORMANCE

SAP not only promotes sustainability within the company, but also goes further to work with suppliers in procuring the most sustainable products possible. Throughout, we seek to buy products and services only from suppliers that meet high environmental and social standards. Furthermore, SAP started to partner with the 'Made in a Free World' initiative in order to identify and eliminate potential child and forced labor in our supply chain. Such procurement practices help us create a positive impact and provide levers through which we can reduce our emissions. In addition, working with suppliers that demonstrate a commitment to sustainability enables us to comply with the requirements of our own customers and to lead by example as well.

SAP works with a supply chain that supports the development of our software, global operations, and employee base. Our purchases consist primarily of consulting and development services, travel, and marketing, as well as tangible goods related to IT equipment, car fleet, and facilities.

DESIGNING AND UPDATING POLICIES TO MEET THE HIGHEST ENVIRONMENTAL AND SOCIAL STANDARDS

To drive progress throughout our supply chain, SAP has made sustainability an integral part of our Global Procurement Policy, to which all procurement employees must adhere. Our goal is making sustainable procurement a seamless part of our Global Procurement Organization, thereby supporting SAP's overall sustainability goals. This integration involves a continual

evaluation of trade-offs among economic, environmental, and social aspects of our sourcing decisions.

SAP makes social and environmental criteria mandatory in the selection process for new suppliers. To help realize these sourcing practices, a section on sustainability has been added to our global master contracts, asserting the right to receive information from our suppliers in advance on labor rights, health, safety, environmental protection, and other key sustainability issues to protect and comply with our daily business with regards to sustainability.

In addition, our suppliers are required to accept the SAP Supplier Code of Conduct. This code is designed to be based on international standards that are relevant to our industry, including but not limited to, the Electronic Industry Citizenship Coalition (EICC) and the United Nations Global Compact. It contains provisions regarding human and labor rights, corruption and bribery, waste, water, air, and materials.

For applicable goods and services, SAP sources suppliers that provide such goods and services on a local basis, for example, for the food available in our cafeterias. In our SAP Innovation Center in Potsdam, for example, we offer regional and local products. By using predominantly local products in our catering, we demonstrate that we support regional agriculture and thus have a positive impact on the environment.

ASSESSING THE ENVIRONMENTAL AND HUMAN RIGHTS PERFORMANCE OF SUPPLIERS

As part of our supplier management program, within a pilot program running for the USA we ask all new SAP suppliers, just as all our direct suppliers worldwide with an annual spend above € 10k (reached in the reference year 2014) to answer sustainability related questions, which cover their sustainability strategy, dedicated company targets to drive environmental and social improvements, ISO 14001 certification and ensuring of human rights and labor standards. The answers help us to identify risks in our supply chain, as well as areas where we can work with our suppliers to improve performance. We also document the diversity of our suppliers in the United States quarterly.

Our screening has helped to confirm there are no major risks or significant negative impact related to social or environmental performance. As a result, the intervals to conduct additional in-depth impact assessments can be extended. When we identify risks, we assert the right to conduct on-site audits.

Since 2012, we assess the greenhouse gas emissions of our supply chain, and continuously improve our respective methodology to identify and implement opportunities to reduce our collective footprint. For more information on these efforts, see the Energy and Emissions section.

INCREASING EMPLOYEE INCENTIVES TO SELECT PREFERRED SUSTAINABLE PRODUCTS

We remain conscious about what we purchase to run our business, and make it easy for our employees to do the same. Employees can easily identify and buy sustainable IT and office supplies from our SAP Ariba catalog. We have flagged these products with a "green leaf" to help employees make the right decision when buying products needed for everyday business. The green leaf represents products that are classified according to sustainability guidelines and certifications. For IT equipment, we use the externally accepted TCO Development label that considers not only environmental criteria but also takes into account under which conditions the hardware was produced. In Germany, we have also set up a completely green office supply catalog.

We provide various information on CO₂ emissions for business flights during the booking process with our Concur solution. Through this transparency, our employees can reconsider the CO₂ emissions of business flights in their decision making process.

CO-INNOVATING TO BENEFIT OUR SUPPLIERS AND SAP

Since the beginning of the sustainability team in 2009, our procurement organization has worked closely with key suppliers and internal SAP organizations such as solutions and development to encourage sustainable practices in their respective businesses. We have continued to work directly with suppliers in key areas to ensure measurable improvement:

- **Enterprise mobility:** SAP offers the option of a full year rail travel ticket in Germany, as an alternative to our company car option.
- **Electric vehicles:** See chapter Energy and Emissions.
- **Bicycles:** SAP has begun offering leased bicycles to employees in Germany. SAP has now leased 1,094 bicycles at the end of 2015.
- **Food catering:** We defined key performance indicators (KPIs) for food service suppliers at our locations to measure their environment, health, or safety performance, and are exploring and pursuing more sustainable alternatives. At our offices in Germany, for example, our entire coffee and cocoa supply is organic and fair trade. Rollout is planned for selected locations worldwide. Using water dispensers instead of plastic bottles is already standard in most of the locations and should be implemented in all the remaining ones in 2016.
- **Renewable energy:** See chapter Energy and Emissions.
- **Recycling paper:** We now use 100% recycled paper in Germany and in the whole EMEA region. Furthermore, we plan to finalize the rollout globally in 2016, at the latest.
- **Paperless invoicing:** We are achieving a reduction of 150,000 paper invoices annually by utilizing e-invoicing available in cloud solutions from SAP Ariba. Also the travel expense reimbursement process proceeds fully paperless with receipts being scanned by the end users for the countries where original receipts are not needed for archiving.
- **Sustainable events:** In 2015, some events such as CeBIT in Germany were powered by 100% renewable electricity. In 2016, our SAP Development Kick-Off Meeting (SAP d-kom) will be run as a sustainable event. Together with an event agency, we will create a state-of-the-art approach and define KPIs to measure the initiative.
- **Green office materials:** SAP now offers alternative environmental friendlier office materials products in their catalogs. These products are marked with a green leaf; on average one third of our office materials purchased in Germany in 2015 is considered green.

Human Rights and Labor Standards

- SAP respects, supports, and upholds global standards regarding human rights.
- The SAP Global Human Rights Commitment Statement focuses on three main areas: our employees, our ecosystem of partners and suppliers, and our solutions.
- We enforce our standards through targeted training, an auditing process, and grievance procedures.

UPHOLDING STANDARDS FOR OUR EMPLOYEES, OUR ECOSYSTEM, AND OUR SOLUTIONS

As a signatory of the United Nations Global Compact since 2000, we believe that business has a responsibility to respect human rights throughout all business operations. Upholding high standards protects our reputation, supports diversity, helps to attract and keep top talent, and fosters our innovation as our employees work in fair, ethical conditions.

We respect and support the values of the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work by integrating human rights considerations into our standard business practices. In working to ensure that our commitment to human rights translates into practice, we take guidance from the United Nations “Protect, Respect, and Remedy” framework.

We adopted a SAP Global Human Rights Commitment Statement that details our respect, support, and activities based on the international standards mentioned above. This commitment statement is based on, and is an extension of, the SAP Code of Business Conduct and has been approved by our Executive Board. It is applicable to all our operations and subsidiaries globally and will be reviewed on a regular base. We are committed to regularly updating the commitment statement and implemented some changes in 2015. As a result, the statement now includes stronger guidance for employee behavior and accountability for each topic, as well as clear

references to our other guidelines (SAP Global Health and Safety Management Policy; SAP Data Protection and Privacy Policy, among others).

We based this commitment statement on a global impact assessment that entailed interviewing stakeholders to assess the issues of greatest importance to SAP. For example, we found that child labor, freedom of association, and forced labor are less material issues for us as a business software provider. We do not manufacture products using vendor factories and contracted labor, and our employees are highly specialized and skilled, with an expectation of a competitive salary and benefits. Nevertheless, we are enforcing human rights and labor standards with our supply chain partners through our SAP Global Human Rights Commitment Statement and SAP Supplier Code of Conduct. We also believe that our employees are in a strong position to voice their opinions, making freedom of association a less relevant issue. For example, in our People Survey conducted in 2015, 76% of employees characterize the climate within SAP as one of trust. At the same time, however, we have identified complex, constantly evolving human rights risks and opportunities that the software industry as a whole faces, from accessibility to security and privacy.

To that end, our commitment statement focuses on three main areas where SAP has the greatest impact: our employees, our ecosystem of partners and suppliers, and our solutions.

ENFORCING OUR STANDARDS THROUGH AN AUDIT PROCESS AND GRIEVANCE PROCEDURES

Our sustainability organization is responsible and accountable for orchestrating our approach to respecting human rights and integrating human rights considerations into our business. The team works with colleagues from human resources (HR), procurement, and product development to create a comprehensive approach. To assess whether our human rights measures are sufficient, we consider external benchmarks, performance ratings, audit results, and stakeholder feedback. In addition, in 2012, we launched a global internal audit program to verify that our subsidiaries adhere to our standards. Since then, we conduct regular audits to check internal compliance with this policy. In 2015, we conducted a labor audit in our locations SAP China Labs and AGS operations in Shanghai and Beijing. There were no material findings within the audit. However, areas for improvement were identified and include establishing an employee council, enhancing air quality inside the buildings, and increasing awareness of team-building events.

RESPECTING THE RIGHTS OF OUR EMPLOYEES AND PROVIDING THEM WITH A VOICE

Our most material human rights and labor standards relate to our employees, and we maintain detailed policies in this area. For example, we have a long-standing policy of non-discrimination in all aspects of our dealings with employees. We are also committed to providing a work environment free from unlawful harassment. Employees who feel they are being subjected to conduct that violates this policy are encouraged to report the conduct to their managers, HR officers, or a compliance office. In the United States, reports regarding harassment and discrimination must be escalated to the Legal Compliance and Integrity Office (LCIO). Prompt, thorough, and objective investigations are conducted upon receiving complaints, and if it is determined that prohibited discrimination, harassment, or other conduct has occurred, we take appropriate remedial action.

Our global ombudsperson also plays a crucial role in representing the voice of employees. An independent and neutral authority, the ombudsperson is the main contact person for our global employee base to address issues and settle disputes. This work includes the investigation of employee complaints and the mediation of fair settlements. All employees can reach out to the ombudsperson on a confidential basis. The ombudsperson also helps the Executive Board analyze HR-related complaints and consider ways to address potential issues before they occur.

Employees have access to other channels to raise concerns about the workplace, including colleagues who are trained to be part of our internal mediation pool. Our LCIO oversees our antibribery and antitrust policies, along with other issues related to our business conduct. In addition to such grievance procedures, we work to uphold high standards by providing training to our employees on human rights issues that are most

relevant to our business – namely, security, privacy, and antidiscrimination.

COLLABORATING WITH OUR WORKS COUNCILS TO ENSURE FAIR LABOR PRACTICES

As published in the SAP Human Rights Commitment Statement, we strive for constructive labor relations across the world, working within each country's requirements.

For example, since 2006, our employees in Germany are represented by works councils. The councils consist of elected union members and non-union members. The councils have the right to be consulted by SAP management on topics that define the work environment and work processes. These include HR initiatives, talent development, payment and benefits, equal opportunities, changes in work or IT processes, privacy protection, and health and safety protection.

Other works councils exist in Belgium, France, Ireland, Italy, the Netherlands, Slovenia, Spain, and the United Kingdom. In addition, since 2012, we have a European Works Council (now SAP SE Works Council Europe) representing employees from all SAP subsidiaries in Europe. This body must be informed or, in special cases, consulted, on important transnational issues.

Collective bargaining agreements with unions are only made in countries where legally required. Overall, about 50% of employees are represented by works councils, an independent trade union, or are covered by collective bargaining agreements.

SAP management is committed to collaborate and communicate with councils' representatives on corporate management decisions. While we do not have a global minimum notice period in place for making operational changes, we do provide timely information and consult with employee representatives whenever and wherever required.

ADDRESSING HUMAN RIGHTS AND LABOR STANDARDS IN OUR SUPPLY CHAIN AND SOLUTIONS

We expect all our business partners to respect human rights and to avoid complicity in human rights abuses. Our SAP Supplier Code of Conduct and our SAP Partner Code of Conduct require suppliers and partners, respectively, to uphold human and labor rights and to provide a safe and healthy work environment to employees. In addition, we work collaboratively with our suppliers on the implementation of these codes, which may include on-site audits to assess performance.

As a business software company, we are committed to respecting and protecting human rights throughout the lifecycle of our products and services from design through development to use. We uphold internal standards for the protection of personal information and privacy rights as defined in the SAP Global Product Development Policy, the SAP Quality Policy, and related SAP Product Standards as well as in the SAP Data Protection and Privacy Policy. In addition, to support inclusion

efforts worldwide, we follow the recommendations of the current versions of the Web Content Accessibility Guidelines and Section 508 of the United States Access Board when designing our products and services.

Waste and Water

- SAP continues to reduce our global e-waste.
- We invest in technology for the composting and recycling of organic and other waste.
- We increase efficiency by using gray water and by installing waterless restroom fixtures.

CREATING A GLOBAL APPROACH TO RECYCLING E-WASTE

Taking steps to recycle our waste and save water contributes to both our environmental and business performance, as we keep waste out of landfills, reduce our operational costs, and engage our employees in our efforts.

While we seek to reduce all types of waste – from the food in our cafeteria to the paper in our printers – our single largest source of waste comes from the IT equipment, PCs, peripherals, and range of mobile devices that we use to develop our software. A sustainable procurement program complements our waste reduction efforts by offering sustainably produced IT equipment. Despite the significant growth of the company, we were able to reduce the ratio of laptops or PCs per user to a ratio of 1.09 (approximately 90,000 devices in use) in 2015 compared to a ratio of 1.18 in 2011. To ensure quality, our software must be tested on multiple devices and on different platforms leading to laptop or PC user ratio greater than 1.

In 2015, we continued our engagement with one of the world's most sustainable companies as our e-waste disposal partner. This partner adheres to ISO 14001 standards and ensures that we have one uniform disposal process for e-waste. In addition, we support the reuse of "gently used" IT equipment internally if applicable through used equipment shops in some countries (in Germany and the United States). All other used equipment is resold or recycled in an environmentally friendly manner depending on the condition of the equipment (recycling quota for Germany: 99%).

COMPOSTING AND RECYCLING OUR ORGANIC AND OTHER WASTE IN LOCATIONS WORLDWIDE

In addition to e-waste, we estimate that we generated approximately 18 kilotons of waste in our offices, cafeterias, and product packaging worldwide in 2015 (2014: 12 kilotons).

To reduce this waste, we run comprehensive recycling programs for our offices and cafeterias. For example, we process leftover food in our Walldorf headquarters in an external composting plant. The SAP Labs location in Bangalore, India, has installed an "organic waste converter" to recycle organic waste from its larger food services and cafeteria operations into odor-free, homogenized compost. At SAP offices in Palo Alto, an externally certified zero waste management system led to a landfill diversion rate of nearly 100% of the entire waste produced and significant savings over the past three years. At SAP offices in Dublin, California, applying the same leading practice resulted in 95% waste diversion near the end of 2015. The SAP office in Vancouver is now approaching 81% waste to landfill diversion using the same leading practices. SAP America headquarters in Newtown Square, Pennsylvania, is currently in the zero waste program development. As our zero waste practice proved successful, we continue to roll it out and transfer these experiences to all our other sites across the globe as part of our ISO 14001 program across SAP, starting in North America.

Beyond recycling, we try to use more sustainable materials in our business. For example, while we seek to encourage electronic download of our software, we package our software compact discs in cardboard and paper instead of plastic when customers request a physical disk. By end of 2015, employees in our EMEA locations only use recycled paper, and we are seeking to expand the availability and use of recycled paper globally. From 2009 to 2015, we have reduced our paper usage by almost 25% through a global printing optimization initiative that, among other improvements, sets our printers to a default setting for double-sided printing and black-and-white printouts instead of color.

In 2015, we continued our rollout of a new secure pull printing system on devices in public printing rooms that started in 2014. Employees must bring their ID badges to the public printing

room to activate a job – thereby heightening awareness and adding a step to the printing process. At the end of 2015, we finished the global rollout with more than 56,000 employees using this secure pull printing method. Since Q3/2014, our printing volume has been reduced by 13.7 million pages. A printing dashboard – available to all SAP employees – shows the company's progress in reducing paper consumption on global, regional, and country levels.

In 2016, we plan to pilot an employee mobile app that will give employees their personal carbon footprint. The app will provide key figures such as number of printed pages or total gas consumption of a company car. We expect this will further create awareness towards the employees and will support the effort of changing working behaviors to act even more sustainable.

USING GRAY WATER, INSTALLING WATERLESS FIXTURES, AND APPLYING OTHER EFFICIENCY EFFORTS

While our operations are not water-intensive, we continue to use water as efficiently as possible. We estimate that we used approximately 1,060,000 cubic meters of water worldwide in 2015 (2014: 972,000 cubic meters). As part of our efficiency efforts, we use rain and run-off water for irrigation and toilets in Walldorf, Germany, and other office locations. In some of our offices in Brazil, Canada, India, Israel, Singapore, Switzerland, and the United States, we have installed waterless restroom fixtures, flow restrictor valves, and reduced-flush or dual-flush toilets. For example, at SAP Labs in São Leopoldo, we reduced 37% of potable water consumption, optimizing sewage treatment operation when compared to 2014. A few of our offices are located in areas with significant water scarcity. In locations such as Ra'anana, Israel, or in Bangalore, we address this issue with dedicated water management efforts that range from sound water management and reuse of treated sewage water to employee awareness campaigns.

Non-Financial Notes: Social Performance

GENERAL INFORMATION ABOUT THE SOCIAL NON-FINANCIAL INDICATORS

Boundaries

Our boundaries take two different perspectives: SAP as a company, which includes all our legal entities and operations and supply chain, and SAP as a solution provider enabling our customers. These boundaries are listed in detail in the GRI G4 Content Index.

Social Indicators

Data for our social indicators is collected and reported on a quarterly basis and is subject to external assurance for annual reporting.

Employee Retention

We define employee retention as a ratio that puts emphasis on employee-initiated turnover – in other words, we seek to measure how many employees choose to stay with SAP. We derive our retention rate by starting with our average number of employees expressed in FTEs in a given year and subtracting employee-initiated turnover. We then divide this figure by our average number of employees in that year to get our retention rate. As opposed to keeping a low turnover rate – which companies generally seek to do – we aim to keep our retention rate high. A higher retention rate signifies that fewer employees are choosing to leave SAP.

In 2015, we scaled back in areas where we see no significant growth in the future, to fund our continued investments in growth areas including cloud, SAP HANA, and business networks all while keeping a solid financial foundation. As part of this program, roughly 3,000 employees moved into new jobs or left SAP.

We do not differentiate between gender when we analyze retention and turnover rates.

Financial Impact of Employee Retention

We understand that every replacement of an employee has a significant financial impact, from both a cost perspective and a lost revenue perspective. On the cost side there are recruiting costs such as advertisements or cost for interviews. Once a

position is filled, there will be integration costs, for example for onboarding and training. These costs are usually higher than the savings from not occurring payroll costs during the time of the vacancy. From a revenue perspective, there is a gap during the vacancy period as no new revenue can be generated. Even when the position is filled, a new hire will need a certain amount of time to achieve 100% productivity.

Women in Management

We define women in management as the share of women in management positions as compared to the total number of managers.

- At SAP, we differentiate between the following categories of managers:
- Managers managing teams: Refers to managing teams of at least one employee or empty positions
- Managers managing managers: Refers to managing managers that manage teams
- Board members

Business Health Culture Index

The Business Health Culture Index (BHCI) measures the general cultural conditions in an organization that enable employees to stay healthy and balanced. The index covers questions concerning how employees rate their personal well-being and the working conditions at SAP, including our leadership culture. The BHCI is an indicator to what extent SAP successfully offers employees a working environment that promotes health supporting their long-term employability and their active engagement in reaching our ambitious corporate goals.

The BHCI is calculated based on the results of an employee survey that is conducted annually. All employees were invited to take part in the 2015 people survey and 56,557 employees (response rate: 72%) participated in the people survey.

The BHCI score for 2014 was recalculated from 70% to 72% based on two updated questions in the people survey concerning work-life balance. The changes were done to simplify the questionnaire and to achieve better comparability against external benchmarks.

Employee Engagement

We define employee engagement as a score for the level of employee commitment, pride, and loyalty, as well as our employees' feeling of advocacy for SAP.

It is calculated based on the results of an employee survey that is conducted annually. All employees were invited to take part in the 2015 people survey and 56,557 employees (response rate: 72%) participated in the people survey.

Customer Loyalty

We measure customer loyalty using the Net Promoter Score (NPS). The NPS is derived from the following survey question "How likely would you be to recommend SAP to friends or colleagues?" Customers choose from a range of 0 - 10. Customers choosing a 9 or 10 are considered Promoters. Passives answer the question with a rating of 7 or 8, and Detractors with a rating of 6 or less.

The survey questionnaire is sent out once a year to all direct customers in all regions. From each company, multiple stakeholder groups (decision makers, influencers, end-users) are invited to participate in the survey. In 2015, 19% of our customers took part in the survey (that is, unique customer responses). In 2015 customers from SAP Hybris and Concur were included for the first time. Due to changes in sampling, resulting from ongoing efforts to implement the survey process holistically in recently acquired entities, the 2015 score is not fully comparable with the prior year's score.

The NPS is calculated using the following formula: $NPS = \% \text{ of Promoters} - \% \text{ of Detractors}$. Passives are not included in the calculation. The NPS can range from -100% to 100%.

Non-Financial Notes: Environmental Performance

WHAT CAUSES OUR EMISSIONS: A DETAILED VIEW

We look at our energy usage and emissions throughout our entire value chain, gaining insights to help us manage our environmental performance and, in turn, help our customers do the same. Below we highlight the activities and trends that lie behind our results for 2015, from where we consume the most purchased electricity to the impact we have through the use of our products.

Direct Emissions (Scope 1)

Consumption of fuel for our company cars remains the single greatest contributor to our Scope 1 emissions. In 2015, we continued to enhance our car policy by linking emissions caps to efficiency improvements of the automotive industry. In addition, we focused on greater shifts in commuting habits. We continued the global roll-out of TwoGo by SAP, our ride sharing solution, which is now available in 114 SAP locations worldwide. To increase scale and attractiveness of TwoGo, the solution is available to the public free of charge. With our 20% electric vehicles in 2020 initiative we continue to offer incentives to our employees to purchase electrical cars. As example of additional mobility alternatives for our employees we established a company bike program in Germany, where employees have the opportunity to select between using a bicycle or a company car to commute to work. Furthermore we expanded the "Bahncard 100" offering as a commuting alternative to a company car in Germany.

Indirect Emissions (Scope 2)

Our purchased electricity powers everything from our data centers to our buildings throughout the world. Whenever we refer to our green Cloud, we mean our Cloud is carbon neutral due to purchasing 100% renewable electricity certificates and compensation by offsets, at SAP. We continued a wide range of efficiency projects to reduce our energy usage, including facility upgrades and new LEED certifications. We also expanded the

management of our environmental performance through ISO 14001.

Upstream Emissions (Scope 3)

Only selected upstream emissions like business flights, paper consumption and co-locations of data centers are directly measured and hence included in our corporate target. The additional upstream emissions products and services or grey energy of our buildings are based on an estimate. Together our upstream emissions are responsible for about 16% of SAPs total carbon footprint.

As it is expected that the emissions from external data centers (Co-Locations) will continue to grow in the future, SAP committed to a green cloud strategy, to compensate the emissions with renewable electricity certificates.

Downstream Emissions (Scope 3)

The vast majority of our overall emissions stem from the use of our software. When SAP software runs on our customers' hardware and on their premises, the resulting carbon footprint is about 21 times the size of our Scope 1 and Scope 2 emissions. We have developed a strategy to help our customers, hardware providers, and others address this impact. Given that we cannot control our customers' IT landscapes because they usually contain many elements not related to SAP software, we share this responsibility with others.

Our downstream emissions strategy focuses on two main areas. We continue to engage with our customers to optimize their on premise landscapes. We work with our customers to help them decommission legacy systems, archive unused data, and consolidate their business applications, as well as virtualize their system landscape – all of which helps reduce the size and cost of their IT environment. The second part of our strategy involves SAP HANA, which not only increases computing speed but can also help create much leaner and simpler operations. With SAP

HANA, the worlds of analytic and transactional data are merged into one real-time, in-memory platform, which can further simplify the system landscape for our customers.

One of the most important ways that we can help our customers reduce their energy usage and emissions is by managing their SAP systems through managed cloud services provided by SAP's green Cloud offerings, thereby enabling them to share our infrastructure. Using 100% renewable energy in our data centers in 2015, our green cloud strategy will further advance our ability to help our customers reduce their carbon footprints.

Offsets

It is our policy to only apply offsets to our Scope 3 emissions. Our investment in Livelihoods Fund has provided us with 23 kttons of high-quality carbon credits, which we used to compensate Scope 3 emissions in 2015.

As a new approach we introduced carbon emission offsets for business flights in 2015. In addition to avoiding and reducing overall business flights, we began to offset selected business flights in the second half of 2015. This offset effort resulted in a compensation of 35 kttons of CO₂.

GENERAL INFORMATION ABOUT THE ENVIRONMENTAL NON-FINANCIAL INDICATORS

Boundaries

Our boundaries take two different perspectives: SAP as a company, which includes all our legal entities and operations and supply chain, and SAP as a solution provider enabling our customers. These boundaries are listed in detail in the GRI G4 Content Index.

Environmental Indicators

Data for our environmental indicators is collected and reported on a quarterly basis and is subject to external assurance for annual reporting.

Reporting on Total Energy Consumed, Data Center Energy, and Renewable Energy is based on the data collected for the calculation of our Greenhouse Gas Footprint (GHG Footprint). Therefore, the same reporting principles apply as for the GHG Footprint.

All numbers are based on the metric system. Whenever we state "tons" we mean metric tons.

The indicators greenhouse gas emissions per employee, total energy consumed per employee are calculated on the basis of an average number of employees. This average is calculated by adding the full-time equivalents (FTE) at the end of each quarter and then dividing the result by four. Representing our cloud strategy and increased consumption of computing power and thus data center energy by our customers we replace the performance indicator data center energy per employee

(kWh/employee) by data center energy (own data centers plus external co-locations) per million Euro non-IFRS revenue (kWh/million € non-IFRS revenue).

GREENHOUSE GAS FOOTPRINT

We define the Greenhouse Gas Footprint (GHG Footprint) or carbon footprint as the sum of all greenhouse gas emissions measured and reported for SAP, including the compensation with renewable energy or offsets. SAP's preparation of the GHG Footprint is based on the Corporate Accounting and Reporting Standard (Scope 1 and 2) and the Corporate Value Chain (Scope 3) Standard of the World Resources Institute/World Business Council for Sustainable Development. This approach conforms with the requirements of GRI G4 indicators EN3, EN4, EN15, EN16, and EN17.

Reporting Principles

GHG accounting and reporting practices are evolving and are new to many businesses; however, the principles listed below are derived in part from generally accepted financial accounting and reporting principles. They also reflect the outcome of a collaborative process involving stakeholders from a wide range of technical, environmental, and accounting disciplines. (Source: GHG Protocol – Corporate Accounting and Reporting Standard)

GHG accounting and reporting shall be based on the following principles:

- **Relevance:** Ensuring the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users – both internal and external to the company.
- **Completeness:** Accounting for, and reporting all of GHG emissions sources and activities within the chosen inventory boundary. Disclose and justify any specific exclusion.
- **Consistency:** Using consistent methodologies to allow for meaningful comparison of emissions over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.
- **Transparency:** Addressing all relevant issues in a factual and coherent manner, based on a clear audit trail. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.
- **Accuracy:** Ensuring that the quantification of GHG emissions is systematically neither over nor under true emissions, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieving sufficient accuracy to enable users to make decisions with reasonable assurance as to the integrity of the reported information.

(Source: GHG Protocol – Corporate Accounting and Reporting Standard)

SAP does not consider a dual reporting of the recently introduced amendment to the GHG Protocol Scope 2.

Organizational Boundaries

SAP defines our organizational boundaries by applying the operational control approach as set out in the GHG Protocol.

Operational control is established when SAP has the full authority to introduce and implement its operating policies. The emissions of all operations over which the company has operational control and all owned, leased facilities, co-location data centers and vehicles that the company occupies/operates are accounted for in the GHG Footprint, being based on either measurements or, where no measured data is available, on estimations and extrapolations.

A portion of SAP's leased facilities operates under full-service and/or multi-tenant leases, where the building owner/manager pays for the utilities directly and SAP does not have access to actual energy consumption information. SAP includes these facilities in its definition of operational control and accounts for them by estimating related energy consumption.

To support the growing demand for SAP's cloud offerings, we sub-contract computation power in local third party data centers. Carbon emissions are approximated and included based on the consumed computation power.

In most instances, however, SAP has 100% ownership of our subsidiaries. Accordingly, the difference between applying the control versus the equity approach is about 0.6 % based on SAP revenue. If further investments in associates were included, the difference would be even smaller, about 0.5%.

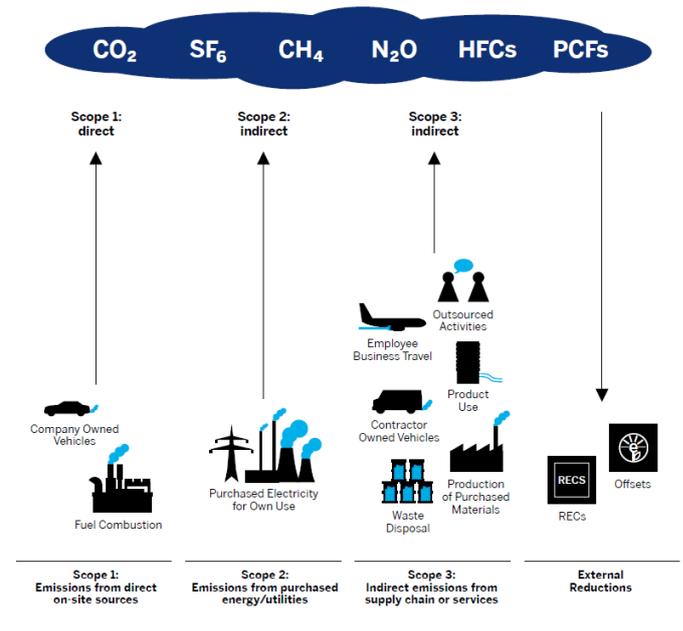
The 2015 carbon footprint also includes the emissions from our acquisitions like Concur (official acquisition in Q4/2014), SuccessFactors (official acquisition in Q1/2012), Ariba (official acquisition in Q3/2012), Hybris (official acquisition in Q3/2013) and Fieldglass (official acquisition in Q2/2014).

Our gross carbon footprint for 2015 was 704 ktms CO₂ (683 ktms CO₂ in 2014). Our gross carbon footprint includes all relevant GHG emission categories in scope 1, 2 and 3 (see Figure 1). Our net carbon footprint is reduced by purchased renewable energy certificates and carbon offsets in the respective reporting period.

Methodology

In our efforts to continuously improve the data quality of our corporate carbon footprint data, we conducted a comprehensive methodology update in 2010 to fully adapt the GHG Protocol guidelines. We are reporting all our GHG emissions in CO₂ equivalents (CO₂e), including the impact from CH₄, N₂O, and HFCs in our Scope 1 and 2 emissions. As SF₆ and PCFs mainly occur in chemical processes, they are not relevant for us.

Below you will find the different parameters contributing to our carbon footprint:



Scope 1

Stationary Combustion Facilities: Inclusion of CH₄ and N₂O; stable values (kWh/m²) instead of actual average consumption are used for extrapolation of buildings where no measured data is available (50% measured data). In cases where no specific information is available, natural gas reported by local sites is assumed to be reported in Lower Heating Value.

Refrigerants Facilities: Refrigerant data is reported for completeness of our carbon footprint, but HFC emissions are fully estimated (0% measured data) based on the number of server units and office space with an A/C system; all refrigerants are assumed to be HFC134a.

Mobile Combustion Corporate Cars: Inclusion of CH₄ and N₂O; in 2015, 31 countries reported actual fuel data (92% data coverage); for other countries stable values (liters/car) are used for extrapolation based on the number of corporate cars reported. The stable values for extrapolation are based on SAP's 2009 carbon footprint data.

Refrigerants Corporate Cars: Refrigerant emissions are based on a rough estimate of HFC emissions per car and are extrapolated based on the number of corporate cars reported (0% measured data).

Mobile Combustion Corporate Jets: Inclusion of CH₄ and N₂O (100% data coverage)

Scope 2

Electricity Office: Updated CO₂ conversion factors and inclusion of CH₄ and N₂O based on country specific grid factors; stable values (kWh/m²) instead of actual average consumption are used for the extrapolation of buildings where no measured data is available (75% data coverage). The stable values are based on SAP's 2009 carbon footprint data.

Electricity Data Centers: Updated CO₂ conversion factors and inclusion of CH₄ and N₂O based on country specific grid factors; electricity consumption for internal data centers is extrapolated based on the number of server units (73% data coverage). The stable values are based on SAP's 2009 carbon footprint data.

Purchased Chilled and Hot Water, Steam: Inclusion of CH₄ and N₂O based on country-specific grid factors (100% data coverage)

Scope 3

The following scope 3 GHG emissions are included in our corporate GHG target:

Business Flights: Average emission factors for business flights are calculated based on short-, medium-, and long-haul flights; extrapolation of CO₂ is based on the actual distance travelled and the net (excluding tax) costs (58% data coverage), emission factors for business flights do not consider the radiative forcing factors.

Rental Cars: Average emission factors from rental cars are calculated based on actual distance traveled and these factors are used for extrapolation based on the costs (89% data coverage).

Train Travel: Average emission factors from train travel are calculated based on an actual distance traveled and these factors are used for extrapolation based on the costs (31% data coverage).

Business Trips with Private Cars: Carbon calculation is based on distance traveled with a private car. Train and company car trips are excluded from this activity type (58% data coverage).

Employee Commuting: A system-integrated commuting survey about the distance to work and the mode of transport is conducted annually for SAP globally. The survey responses are the basis for carbon calculation of employee commuting in the following year. More than 24'000 employees responded to the survey in 2014. Commuting for non-responding employees and quarterly updates are extrapolated based on the number of FTEs excluding those employees who own a corporate car.

Electricity External Data Centers: Updated CO₂ conversion factors and inclusion of CH₄ and N₂O based on country specific grid factors; electricity consumption for external data centers is extrapolated based on the data center capacity, a utilization and

power usage effectiveness (PUE) factor. As the utilization and PUE factors are not available for all external data centers, the average of all provided factors is used as estimate for external data centers with missing information (87% data coverage).

Logistics: Calculation is based on the actual number of parcels and mail sent from the German logistics center and is extrapolated globally.

Data Download: Carbon calculation is based on the data volume downloaded by our customers globally (100% data coverage).

Paper Consumption: Calculation for emissions caused by the consumption of printing paper is based on printer tracker data (100% data coverage).

An External Data Center is a local computing center with server units running SAP software that is operated by an external partner. Those emissions are classified as Scope 3. The SAP owned and managed data centers, coming from acquisitions (e.g. Sybase or Ariba) are classified as Scope 2 GHG emissions.

Additionally, we annually measure and publish the following Scope 3 GHG emissions based on the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard. These GHG emissions are not included in our corporate target and are meant to be for indicative purpose only.

Upstream:

Purchased Goods and Services: Globally available monetary information is used to assess the carbon emitted in the production of goods and services by different sectors in the economy. The financial data used covers about 90-95% of our purchased goods and services.

Capital Goods: Globally available monetary information is used to assess the carbon emitted in the production of capital goods by different sectors in the economy (financial data coverage: 100%)

Fuel and Energy-Related Activities Not Included in Scope 1 or 2: Upstream emissions of purchased fuels, upstream emissions of purchased electricity, and transmission and distribution losses. Emissions are calculated based on fuel and electricity consumption data and on regional emission factors for energy losses and fuel production in CO₂equivalents (data coverage of energy/fuel consumption data: see relevant Scope 1 and 2 categories above).

Waste Generated in Operations: Includes all recyclable and non-recyclable waste (including e-waste) generated by offices and data centers from our global operations. Estimates are based on German totals and are extrapolated by FTE headcount. Emissions are calculated using Scope 1 and 2 emission factors for end-of-life treatment. Data on municipal waste was provided

(estimated) for about 40% of the total space, e-waste data was provided for about 25% of the FTEs (for Germany).

Due to the link of our upstream to operating expenses, for 2015 we extrapolated our upstream figures by multiplying our four key contributors to our upstream emissions from 2014 with the year over year increase of operating expenses between 2014 and 2015.

Downstream:

Use of Sold Products: Resource need per year is determined using a landscape simulation. It is extrapolated globally based on the number of productive installations and power usage effectiveness (PUE). We use a PUE factor of 1.9, representing a global average determined by The Green Grid Consortium. Emissions are calculated using a global electricity emission factor. Due to the special characteristics of software products, an assessment of resource need per year was chosen. This deviates from the minimum boundaries as defined by the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard, which requires assessment and disclosure of "direct use-phase emissions of sold products over their expected lifetime". The calculation covers all SAP's main solutions including on premise product portfolio, Sybase installations and for the first time SAP HANA, SAP Mobile and SAP Cloud. Mobile apps are not included. Calculation parameters will be adapted when significant technology changes occur.

Not included: Upstream Transportation and Distribution (due to data complexity and de minimis); Upstream Leased Assets (not applicable); Processing of Sold Products (not applicable); End-of-Life Treatment of Sold Products (not applicable); Downstream Leased Assets (not applicable); Franchises (not applicable); and Investments (not applicable).

External Reduction

Renewable Electricity: Purchased renewable electricity is already deducted from our Scope 2 emissions in the net carbon footprint; CO₂, CH₄, and N₂O conversions are based on grid specific factors from the origin of renewable electricity; data is only valid with an official certificate or written confirmation of the electricity supplier (100% data coverage).

Offsets: Purchased offsets are reported separately based on the carbon reduction amount purchased. SAP ensures that the GHG emission reductions from offsets are credible and that they meet four key accounting principles:

Real: The quantified GHG reductions will represent actual emission reductions that have already occurred.

Additional: The GHG reductions will be surplus to regulation and beyond what would have happened in the absence of the project or in a business-as-usual scenario based on a performance standard methodology.

Permanent: The GHG reductions will be permanent or have guarantees to ensure that any losses are replaced in the future.

Verifiable: The GHG reductions will result from projects whose performance can be readily and accurately quantified, monitored and verified.

A requirement for offsets is that the minimum standard (VCS – Voluntary Carbon Standard) is applied. In 2015 our strategic investment in the Livelihoods fund has provided us 23 ktons of offsets which are included in our overall net carbon footprint.

CO₂ Emission Factors

The calculation of the above emissions is based on factors for conversion and extrapolation provided, among others, by IEA, WRI, US EPA, UK DEFRA, DEHSt, Environment Canada, GHG Protocol, and SAP's own measurements.

Where relevant, our CO₂ Emission Factors consider all CO₂ equivalents (CO₂e) for all greenhouse gases. Global Warming Potential factors are based on the Second Assessment Report (SAR) of the Intergovernmental Panel on Climate Change (IPCC).

Comparability

The GHG Protocol requires that, in the case of a structural/organizational change or a change in methodology, companies adjust to historic year inventories if the change has a significant effect on reported emissions. SAP uses a significance threshold of 5% for structural/organizational changes and 1% for methodology changes of total current year emissions. For example, a structural/organizational change that increases or decreases the total inventory by 5% or more will trigger an adjustment of historic years. A structural/organizational change that increases or decreases the total inventory by less than 5% will be considered insignificant and thus no adjustment will be made.

Additionally, we annually measure the cumulative cost avoidance of our carbon emissions, compared to a business-as-usual scenario. In 2015 we introduced a cumulative cost avoidance calculation based on a triennial rolling method. This leads to additional comparability and we will continue to calculate our cumulative cost avoidance with the triennial rolling approach.

Data Quality Carbon Footprint

Error Correction: If a significant error is found in the base year inventory, it will be corrected. If a significant error is found which does not affect the base year but has an impact on this year's or last year's emissions, it will be corrected. An error is significant if it effects SAP's gross carbon footprint by more than 1%. No restatement due to error correction of historical data was necessary in 2015.

RENEWABLE ENERGY

We define renewable energy as electricity coming from renewable energy sources such as wind, solar, hydro, geothermal, and biomass. The shares of renewable energy used by SAP are calculated by adding the amount of renewable energy specifically sourced, produced onsite by our own solar cells and covered by Renewable Energy Certificates (RECs). We have developed a quality standard that defines key criteria for the procurement of RECs in order to drive change in the electricity market and to avoid the risk caused by low quality products. The key characteristics of SAP's Renewable Energy purchasing guidelines are:

Type of renewable electricity: SAP considers solar, wind, biogas, geothermal and hydro power as renewable electricity. Renewable electricity from biomass is only considered if it is disconnected from coal or other fossil power plants and if the biomass itself is not related to deforestation.

Installation: The power plant producing the renewable energy shall not be older than 10 years. In case of a renovation of an old power plant, the 10 year rule applies only to the additional electricity output due to efficiency increase. Furthermore, SAP does not consider RECs from government supported power plants.

Vintage: The renewable electricity must be produced in the same year or the year before with regard to the reporting period it will be applied.

Accounting: To calculate the carbon reduction achieved by the REC, SAP will use the grid-specific emissions factor. As RECs are considered independently to the electricity delivered physically to our facilities, the carbon reduction achieved through their procurement can be allocated to any location globally.

All energy outside the above mentioned categories falls within conventional energy. We define conventional energy as electricity coming from the standard electricity grid. The electricity grid provides a country-specific energy mix including all available sources, either fossil, nuclear, or renewable. Energy from renewable sources as part of the local grid is calculated as conventional energy and not displayed as part of renewable energy.

DATA CENTER ENERGY

We define data center energy as the sum of energy consumed to provide internal and external computation power in SAP data centers and contracted third party data centers. A data center is any global, regional, or local computing center (location with any number of server units) that is part of our Global IT infrastructure strategy. In 2015 we continued analyzing and reporting internal and external data center energy consumption intensity against our non-IFRS revenue. Our revenue represents

the creation, the maintenance and the cloud consumption of our software in internal and external data centers.

Data center energy consumption per euro is calculated by dividing the electricity consumption of all internal and external data centers measured for the calculation of our GHG Footprint (for more information, see Greenhouse Gas Footprint: Electricity Data Centers and Electricity External Data Centers) by the total non-IFRS revenue.

We will continuously improve data quality of energy consumption of external data centers.

TOTAL ENERGY CONSUMED

We define total energy consumed as the sum of all energy consumed through SAP own operations, including energy from renewable sources. It is calculated based on the consumption data obtained through our measurements for the GHG footprint and is the sum of energy consumption from stationary combustion facilities, mobile combustion corporate cars, mobile combustion corporate jets, electricity offices, electricity data centers, electricity external data centers, and purchased chilled water, purchased hot water, and purchased steam. For more information, see Greenhouse Gas Footprint.

WATER

By water, we mean total freshwater withdrawn for our facilities. Data is based on estimations from sites and is largely extrapolated. Data was provided (estimated) for 55% of the total space; the remaining data is extrapolated based on square meter footage.

WASTE

By waste, we mean any recyclable or non-recyclable waste produced in our offices and data centers. Data is based on estimations from sites and is largely extrapolated. For more information, see Greenhouse Gas Footprint.

Management's Acknowledgement of the SAP Integrated Report 2015

The International Integrated Reporting (<IR>) Framework launched by the International Integrated Reporting Council in December 2013 has a provision that an integrated report should include a statement in which management acknowledges its responsibility for the report. Our respective statement for 2015 is as follows:

The SAP Integrated Report 2015 is available online only. The Executive Board is aware of its responsibility to ensure the integrity of our integrated report. The members of the Executive Board have applied their collective mind to the preparation and presentation of our integrated report.

Similar to our previous reports in 2013 and 2014, our 2015 integrated report is structured along the content elements suggested in the <IR> Framework. We have applied the Guiding Principles of the <IR> Framework, but we also must ensure our compliance with legal requirements, such as the provisions regarding financial reporting in the German Commercial Code as set out in detail in the German Accounting Standard 20 Group Management Report, while balancing other reporting standards such as the G4 guidelines of the Global Reporting Initiative (GRI), with the <IR> Framework.

Our Executive Board has reviewed the SAP Integrated Report 2015, including the consolidated financial statements, the combined management report, as well as the other additional content related to the GRI G4 Content Index.

Our Executive Board believes that the integrated report is presented in accordance with the <IR> Framework as far as possible given the aforementioned restrictions. Should the aforementioned restrictions ever cease to apply, we will

continue to strive for further alignment with the <IR> Framework in future reports.

Integrated Performance Analysis: A holistic view of our performance

APPROACH

Linking our non-financial and financial performance: Advancing our model

Integrated reporting is based on the idea that social, environmental, and economic performance are interrelated, with each realm creating tangible impacts on the others. To achieve a truly integrated strategy, we believe that we must understand these connections and work to support them throughout SAP.

Over the past several years, we have created a framework for establishing concrete links between non-financial and financial performance. Building on this, we determined how four social and environmental indicators – our Business Health Culture Index (BHCI), employee engagement, retention and emissions – impact SAP's operating profit. This year, for the first time, we calculated and documented the complete return on investment (ROI) along one of our cause-and-effect chains using a concrete example. Our results offer hard data showing how an integrated strategy not only mitigates our environmental impact and enhances the wellbeing of our employees, but also boosts our business success.

We act on this data both within SAP and our broader network of customers and partners. We are transparent about our methodology in the hopes of inspiring other companies to document the benefits of an integrated strategy. And we will use our results to evolve our own strategy and invest in tangible steps to create positive economic, social and environmental change.

RESULTS

As cited in the diagram accompanying our "approach", recent studies have documented the correlation between such indicators as employee engagement and revenue or profit. In 2014, utilizing our own internal data, we established these links in concrete terms for SAP, putting a dollar value on such measures as how well we engage our employees, support their work/life balance, inspire them to commit to our vision and strategy, and succeed in reducing our carbon emissions.

Our methodology started with the creation of cause-and-effect chains. These diagrams show how specific actions we take at SAP lead to shifts in behavior, which in turn create impacts for our business and finally produce a financial result. Such analysis establishes more than a correlation between non-financial indicators and financial impact. Instead, they reveal why and how something such as employee engagement ultimately leads to gains or losses in business performance. We believe that such insights are a prerequisite for fully modeling the financial impact of non-financial performance.

Using cause-and-effect analysis to document financial impact

To create and validate these chains of cause and effect, we turned to both internal and external stakeholders. We started with those inside SAP, meeting in small groups that rigorously examined the cascade of impacts from activities related to each of our non-financial indicators. We next conferred with external stakeholders, including academics, financial investors, and SAP peers, to vet our findings.

We then used real data from SAP to translate our cause-and-effect chains into a documented impact on operating profit. For

example, our initial assessment found that by fostering work flexibility, we could improve work-life balance, which in turn enhances productivity. Building on this assessment, our analysis determined that this greater productivity leads to tangible financial gains.

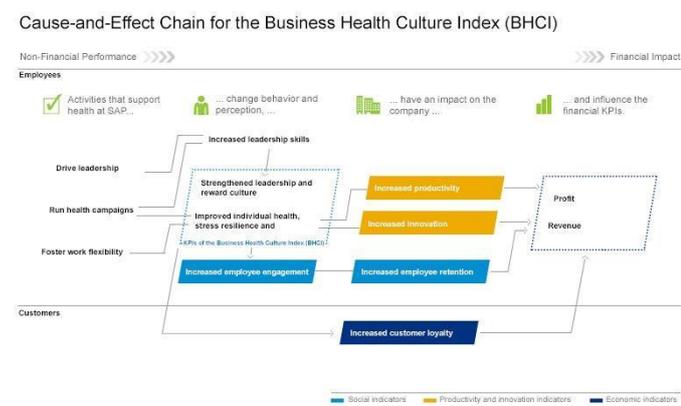
Since 2014, utilizing such techniques as linear regression analysis, we have been documenting the financial impact of four non-financial indicators: our BHCI (explained in more detail below), employee engagement, *retention*, and carbon emissions. We assessed the first three indicators in terms of what a change by one percentage point would mean for SAP's operating profit, and we also assessed what a 1% decrease in emissions would mean for operating profit, as detailed below. Our results for 2015:

- Business Health Culture Index¹: €75 million to €85 million
- Employee engagement¹: €40 million to €50 million
- Retention¹: €45 million to €55 million
- Carbon emissions¹: €4 million

A case study: Documenting the financial impact of a healthy work culture

Below we present the cause-and-effect chain for BHCI, illustrating how we established the financial impact of this non-financial indicator. BHCI assesses the health of both our organizational culture and our employees. Our chain starts with activities that support health at SAP, from flexible work arrangements to leadership development to our global health and innovation awareness weeks. Each of these strengthens our organizational culture and helps our employees manage stress, achieve work/life balance, feel empowered in their roles, and perform at their best.

Cause-and-Effect Chain for the Business Health Culture Index (BHCI)



¹The results reflect a quantification of a gross effect related to a change of a certain KPI and does not allow for any net impact measurement. The evaluation of required investments to change the non-financial KPI's was excluded from the scope. The economic gross impact of a single KPI includes interdependencies to other KPIs, which is why our results do not allow for a cumulative effect across all KPIs included in this report. All calculations are based on non-IFRS figures (as shown in the Integrated Report 2015).

Moving from left to right, we diagram the impact of these activities. Flexibility, for example, enhances stress resilience and work/life balance, which in turn leads to greater productivity. Greater productivity then results in a higher operating profit.

A case study: Calculating the ROI for the "Join In – Stay Fit!" health initiative at SAP Deutschland SE & Co.KG

This year, for the first time, we were able to calculate the ROI for a concrete example along one of our cause-and-effect chains, using real data from the "Join In – Stay Fit!" program at SAP Deutschland SE & Co.KG. The result: a positive ROI of 3.9. This means that operating profit increased €3.90 for every €1 invested in the program.

The cause-and-effect chain for our Business Health Culture Index (BHCI) illustrated above was taken as the basis for the calculation. In 2014, we implemented a number of specific measures within SAP Deutschland SE & Co. KG (around 4,800 staff) that were aimed at improving work-life balance (including employee workshops that raised awareness and provided concrete tips on how to change one's behavior). We were able to clearly map the direct and indirect costs of this implementation, as well as measure the difference in the work-life balance plus its effect on the business health culture index (BHCI) before and after the program's launch.

The calculation of the ROI in this example, based on the direct and indirect costs of the measures as well as the positive monetary impact of the resulting change in the BHCI, shows the measures make sense from a financial perspective as well.

IMPACT

Producing an integrated report signals our commitment to the idea that traditional financial measures alone do not paint a full picture of a company's performance. But we also believe that integrated reporting is only as effective as the actions that surround it. Even having an integrated strategy is not enough. We must also implement such a strategy by taking real steps to support our performance in every dimension – economic, social and environmental.

We believe that documenting the financial impact of non-financial indicators brings us closer to taking these steps. Rather than simply stating the business case for social or environmental change, we now have the numbers to back it up. This documentation helps to shift the conversation for business leaders, investors, employees and other key stakeholders. It establishes a level playing field for a wider range of actions that support financial success; engaging employees or reducing our emissions can no longer be seen as a nice-to-have, but as essential to carrying out a successful business strategy.

Moving from creating a model to taking action

As we move forward, we aim to continually do our part to help spread these ideas and their adoption, both inside and outside SAP. We are working to embed these results more and more

into our decision-making and quarterly business reviews, so that they are used to help steer our business along with such factors as revenue and cost. Our goal is for all senior business leaders at SAP to recognize – and be held accountable for – the fact that improving such measures as employee engagement also boosts financial performance.

At the same time, we will continue to share our methodology with our customers to help them win in the marketplace. We now know that companies can achieve higher operating profit – resulting from both greater cost efficiency as well as revenue growth – by acting across economic, social and environmental dimensions. More important, such companies will be better equipped to lead in the future, as they navigate the world's most pressing challenges and help to bring about long-term sustainable change.

Details: How our non-financial and financial performance indicators are interconnected

EMPLOYEE ENGAGEMENT

Employee engagement is the level of employee commitment, pride, and loyalty, as well as the feeling of employees of being advocates for their company.

Capability Building >> Employee Engagement:

Because it is closely linked to how much a company develops its employees and supports their careers, internal hiring to management and expert positions positively affects employees' commitment and loyalty. This hypothesis was confirmed by a study of Bedarkar & Pandita (2014), which identified "career opportunities" as the key driver of employee engagement.

Employer Ranking >> Employee Engagement:

Studies find that a company's image and the associated pride of employees (important criteria in employer rankings) are key drivers of employee engagement (Global workforce study, 2012).

Employee Engagement >> Employer Ranking:

We believe that SAP will achieve higher rankings as an employer if our employees demonstrate a high level of employee engagement, as employee engagement is an important criterion of employer rankings.

Social Investment >> Employee Engagement:

Mueller et al. (2012) have found that employees' perception of a company's commitment to corporate social responsibility is positively linked to their own commitment to the organization. With corporate social responsibility and social investment becoming more and more important to SAP, we expect to see employee engagement increase as well.

Employee Engagement >> Profit:

Since 2014, we used real data from SAP to analyze and proof the financial impact of Employee Engagement. Now we can show what a change by one percentage point of Employee Engagement would mean for SAP's operating profit, as you can see under the section "Results".

Profit >> Employee Engagement:

In our view, a high profit, as great business news, can raise employee morale, encourage identification with our vision, and thus drive employee engagement. On the other hand, we believe that a high profit can also have a negative impact on employee engagement. If, to reach an ambitious profit target, cost savings and budget cuts are implemented, employees might feel constrained and dissatisfied.

BHCI (Business Health Culture Index)

>> Employee Engagement:

Since 2014, we used real data from SAP to analyze and proof the financial impact of the BHCI. We could proof that there is a significant positive correlation between the BHCI and Employee Engagement (the BHCI is influencing positively the Leadership Trust Index, which is influencing positively the Employee Engagement index, all correlations are significant).

Employee Engagement >> Employee Retention:

Since 2014, we used real data from SAP to analyze and proof the financial impact of Employee Engagement. We could proof that there is a significant positive correlation between Employee Engagement and Employee Retention.

GHG Footprint >> Employee Engagement:

We believe that lowering SAP's GHG footprint can have a positive impact on employee engagement because loyalty will rise as employees see their company act responsibly towards the environment. However, because lowering emissions also brings certain restrictions, such as flying less, it may also have a negative impact on employee engagement.

Employee Engagement >> GHG Footprint:

We believe that engaged employees are likely to want to help SAP achieve its target in lowering its GHG emissions. Yet another possible outcome is that a higher level of employee engagement may lead to more business activity requiring travel and therefore could lead to an increase in GHG emissions.

Employee Engagement >> Revenue:

Since 2014, we used real data from SAP to analyze and proof the financial impact of Employee Engagement. We could proof that there is a significant positive correlation between Employee Engagement and Revenue.

Revenue >> Employee Engagement:

We believe that a higher revenue will have a positive impact on a company's work environment, thereby increasing employees' pride and loyalty. This is also stated in a study of Harter et al. (2010), saying that improving financial performance appears to increase general satisfaction and some specific work perceptions.

BHCI (BUSINESS HEALTH CULTURE INDEX)

The BHCI is a score for readiness of employees to accept change, in particular their perception of affiliation and purpose, leadership, recognition, empowerment, reward, stress level, and life balance at SAP.

Women in Management**>> BHCI (Business Health Culture Index):**

We believe that a balance of men and women in management will help to create a more balanced working environment, one in which diversity is valued and people feel free to express their individual styles. It is our expectation that such an environment will positively affect our Business Health Culture Index.

BHCI (Business Health Culture Index)**>> Women in Management:**

McKinsey (2013) found that different elements of the BHCI such as flexible working hours, the ability to work from home, or career flexibility – can make it easier for women to balance work and family life. This leads us to conclude that the higher our BHCI, the more attractive SAP will become to women who are seeking management positions.

BHCI (Business Health Culture Index) >> Profit:

Since 2014, we used real data from SAP to analyze and proof the financial impact of the BHCI. Now we can show what a change

by one percentage point of the BHCI would mean for SAP's operating profit, as you can see under the section "Results".

Social Investment**>> BHCI (Business Health Culture Index):**

We believe that by supporting our employees in engaging in activities with a positive social impact, such as skills-based volunteering, we are enhancing the meaning they find in work. This sense of purpose helps to create a richer and more rewarding work environment that reduces stress and promotes satisfaction and well being.

BHCI (Business Health Culture Index)**>> Employee Engagement:**

Since 2014, we used real data from SAP to analyze and proof the financial impact of the BHCI. We could proof that there is a significant positive correlation between the BHCI and Employee Engagement (the BHCI is influencing positively the Leadership Trust Index, which is influencing positively the Employee Engagement index, all correlations are significant).

BHCI (Business Health Culture Index) >> Revenue:

Since 2014, we used real data from SAP to analyze and proof the financial impact of the BHCI. We could proof that there is a significant positive correlation between the BHCI and Revenue.

GHG Footprint >> BHCI (Business Health Culture Index):

Many of SAP's GHG emissions are caused by business travel and commuting, which we believe can have both negative and positive impacts on employee health. Some people may experience greater stress through more travel because they have less time to spend at home, are jet lagged, or lose valuable working hours; others may enjoy travel, which enables them to experience other places, meet new people, and get a taste of life as a 'jet setter'.

BHCI >> Customer Loyalty:

Since 2014, we used real data from SAP to analyze and proof the financial impact of the BHCI. We could proof that there is a significant positive correlation between the BHCI and Customer Loyalty.

EMPLOYEE RETENTION

Employee retention is the ratio of the average headcount (expressed in full-time equivalents) minus employee-initiated terminations (turnover) divided by the average headcount, taking into account the past 12 months.

Capability Building >> Employee Retention:

According to the Global Workforce Study (2012) the "chances to advance the career" is the second-most important driver of employee retention. By promoting and thus growing from within, SAP creates career opportunities for its employees. In turn, it is our expectation that this opportunity leads to an increase in employee retention.

Employee Engagement >> Employee Retention:

Since 2014, we used real data from SAP to analyze and proof the financial impact of Employee Engagement. We could proof that there is a significant positive correlation between Employee Engagement and Employee Retention.

Employee Retention >> Revenue:

Meifert (2005) stated a clear relationship between employee retention and the company's revenue and margin

Employee Retention >> Customer Loyalty:

Koys (2001) has found evidence that employee turnover has a negative impact on customer satisfaction. We believe this effect stems from the fact that experienced employees work more efficiently, have better product knowledge, can build trusting relationships with colleagues and customers, and thus have the ability to better serve customers' needs.

Employee Retention >> Profit:

Meifert (2005) stated a clear relationship between employee retention and the company's revenue and margin

WOMEN IN MANAGEMENT

Women in Management is the percentage of women in management positions (managing teams, managing managers, executive board) as compared to the total number of managers, expressed by the number of individuals.

Capability Building >> Women in Management:

Like many other companies, SAP has more women in less senior positions than in more senior ones. Given this significant pool of talent, we assume that internal promotions will increase the percentage of women in management positions.

Women in Management

>> BHCI (Business Health Culture Index):

We believe that a balance of men and women in management will help to create a more balanced working environment, one in which diversity is valued and people feel free to express their individual styles. It is our expectation that such an environment will positively affect our Business Health Culture Index.

BHCI (Business Health Culture Index)

>> Women in Management:

McKinsey (2013) found that different elements of the BHCI such as flexible working hours, the ability to work from home, or career flexibility – can make it easier for women to balance work and family life. This leads us to conclude that the higher our BHCI, the more attractive SAP will become to women who are seeking management positions.

Women in Management >> Employer Ranking:

Several research findings indicate that diversity and inclusion programs (Roland Berger, 2011), as well as the presence of female board directors (Catalyst, 2013), have a positive effect on corporate reputation (an important criterion in employer

rankings). Looking at German companies, Roland Berger (2011) estimate that the monetary impact of this relationship amounts to €20.8 billion per year.

Employer Ranking >> Women in Management:

We believe that a highly ranked employer can attract talent more easily. As SAP focuses on diversity – and in particular women in management – women will likely feel more attracted to our employer brand. As a result, we would expect to find more women on the short list for management positions.

Women in Management >> Revenue Impact:

Studies show that companies with a relatively high percentage of women in upper management ranks or as board members achieve stronger financial performance compared to those with a relatively low percentage (Catalyst, 2013). We believe that having more women in management positions will increase our revenue as it helps us to better serve our diverse customer base.

Women in Management >> Customer Loyalty:

Diversity programs – including those focused on the promotion of women to management positions – have a direct and positive impact on customer satisfaction. (Catalyst, 2013).

Women in Management >> Profit:

Studies show that companies with a high level of gender diversity outperform companies with an average level in terms of return on equity (11.4% vs. an average 10.3%); operating results (EBIT 11.1% vs. 5.8%); and stock price increases (64% vs. 47% over the period 2005-2007) (McKinsey, 2007). It is therefore likely that a higher share of women in management positions will result in a higher profit for SAP.

SOCIAL INVESTMENT

Social investment reflects SAP's activities in volunteering and technology and cash donations.

Social Investment

>> BHCI (Business Health Culture Index):

We believe that by supporting our employees in engaging in activities with a positive social impact, such as skills-based volunteering, we are enhancing the meaning they find in work. This sense of purpose helps to create a richer and more rewarding work environment that reduces stress and promotes satisfaction and well being.

Social Investment >> Employee Engagement:

Mueller et al. (2012) have found that employees' perception of a company's commitment to corporate social responsibility is positively linked to their own commitment to the organization. With corporate social responsibility and social investment becoming more and more important to SAP, we expect to see employee engagement increase as well.

Social Investment >> Revenue:

A study by Muritala (2013) suggests that corporate social responsibility (or what we characterize as social investment) is likely to have a positive impact on an organization's financial performance. In our experience, social investments do in fact have a positive impact on our ability to acquire new customers, especially in emerging markets.

Profit >> Social Investment:

It is a common best practice for companies to invest a certain percentage of their annual profits in programs and activities that create a positive social impact. We believe that a higher profit is therefore likely to lead SAP to make greater social investments.

Social Investment >> Employer Ranking:

As a company's social activities such as volunteering or donations are an important criterion in employer rankings, we are certain that our social investment activities will affect our ranking as an employer positively.

CAPABILITY BUILDING

Capability building is the internal hiring rate (promotions only) into management or expert positions as compared to the external hiring rate into such positions.

Capability Building >> Employee Retention:

According to the Global Workforce Study (2012) the "chances to advance the career" is the second-most important driver of employee retention. By promoting and thus growing from within, SAP creates career opportunities for its employees. In turn, it is our expectation that this opportunity leads to an increase in employee retention.

Capability Building >> Employee Engagement:

Because it is closely linked to how much a company develops its employees and supports their careers, internal hiring to management and expert positions positively affects employees' commitment and loyalty. This hypothesis was confirmed by a study of Bedarkar & Pandita (2014), which identified "career opportunities" as the key driver of employee engagement.

Capability Building >> Women in Management:

Like many other companies, SAP has more women in less senior positions than in more senior ones. Given this significant pool of talent, we assume that internal promotions will increase the percentage of women in management positions.

EMPLOYER RANKING

Employer ranking is the attractiveness of SAP as an employer, measured through external ratings and rankings.

Women in Management >> Employer Ranking:

Several research findings indicate that diversity and inclusion programs (Roland Berger, 2011), as well as the presence of female board directors (Catalyst, 2013), have a positive effect on corporate reputation (an important criterion in employer

rankings). Looking at German companies, Roland Berger (2011) estimate that the monetary impact of this relationship amounts to €20.8 billion per year.

Employer Ranking >> Women in Management:

We believe that a highly ranked employer can attract talent more easily. As SAP focuses on diversity – and in particular women in management – women will likely feel more attracted to our employer brand. As a result, we would expect to find more women on the short list for management positions.

Employer Ranking >> Employee Engagement:

Studies find that a company's image and the associated pride of employees (important criteria in employer rankings) are key drivers of employee engagement (Global workforce study, 2012).

Employee Engagement >> Employer Ranking:

We believe that SAP will achieve higher rankings as an employer if our employees demonstrate a high level of employee engagement, as employee engagement is an important criterion of employer rankings.

GHG Footprint >> Employer Ranking:

According to Brown et al. (2010), corporate sustainability reporting (including GHG) leads to an increase of reputation. Notably, efforts to promote environmental protection are a key differentiator for employers. Because a company's appeal to potential new hires helps to determine most employer rankings, SAP's commitment to lower our GHG Footprint is likely to increase our ranking as an employer.

Employer Ranking >> Profit:

As a highly ranked employer, we believe SAP is able to attract talented employees more easily, which could reduce the costs of searching for talent and hiring new employees, thereby increasing our profit.

REVENUE

Revenue is the total revenue SAP receives from the sale of its products and services.

Social Investment >> Revenue:

A study by Muritala (2013) suggests that corporate social responsibility (or what we characterize as social investment) is likely to have a positive impact on an organization's financial performance. In our experience, social investments do in fact have a positive impact on our ability to acquire new customers, especially in emerging markets.

Women in Management >> Revenue Impact:

Studies show that companies with a relatively high percentage of women in upper management ranks or as board members achieve stronger financial performance compared to those with a relatively low percentage (Catalyst, 2013). We believe that

having more women in management positions will increase our revenue as it helps us to better serve our diverse customer base.

BHCI (Business Health Culture Index) >> Revenue:

Since 2014, we used real data from SAP to analyze and proof the financial impact of the BHCI. We could proof that there is a significant positive correlation between the BHCI and Revenue.

Employee Retention >> Revenue:

Meifert (2005) stated a clear relationship between employee retention and the company's revenue and margin

GHG Footprint >> Revenue:

Lowering SAP's GHG Footprint could have a positive impact on SAP's revenue because customers increasingly ask their suppliers to act sustainably. This reasoning is supported by a study of PwC (2013) confirming the existence of a positive correlation between a company's environmental performance and financial performance.

Employee Engagement >> Revenue:

Since 2014, we used real data from SAP to analyze and proof the financial impact of Employee Engagement. We could proof that there is a significant positive correlation between Employee Engagement and Revenue.

Revenue >> Employee Engagement:

We believe that a higher revenue will have a positive impact on a company's work environment, thereby increasing employees' pride and loyalty. This is also stated in a study of Harter et al. (2010), stating that improving financial performance appears to increase general satisfaction and some specific work perceptions.

Customer Loyalty >> Revenue:

Reichheld (2003) found a strong correlation between companies' Net Promoter Score results and their revenue growth rates. We support this view as we believe that loyal SAP customers are likely to recommend SAP products to other companies, which is likely to result in increased sales and stronger revenue.

Revenue >> Profit:

Profit (or loss) is the total of income less expenses; if revenue as the main part of total income grows at a higher rate than costs, it will lead to greater profit.

PROFIT

Profit (or loss) is the total of income less expenses.

BHCI (Business Health Culture Index) >> Profit:

Since 2014, we used real data from SAP to analyze and proof the financial impact of the BHCI. Now we can show what a change by one percentage point of the BHCI would mean for SAP's operating profit, as you can see under the section "Results".

Employee Engagement >> Profit:

Since 2014, we used real data from SAP to analyze and proof the financial impact of Employee Engagement. Now we can show what a change by one percentage point of Employee Engagement would mean for SAP's operating profit, as you can see under the section "Results".

Profit >> Employee Engagement:

In our view, a high profit, as great business news, can raise employee morale, encourage identification with our vision, and thus drive employee engagement. On the other hand, we believe that a high profit expectation can also have a negative impact on employee engagement. If, to reach an ambitious profit target, cost savings and budget cuts are implemented, employees might feel constrained and dissatisfied.

Women in Management >> Profit:

Studies show that companies with a high level of gender diversity outperform companies with an average level in terms of return on equity (11.4% vs. an average 10.3%); operating results (EBIT 11.1% vs. 5.8%); and stock price increases (64% vs. 47% over the period 2005-2007) (McKinsey, 2007). It is therefore likely that a higher share of women in management positions will result in a higher profit for SAP.

Profit >> Social Investment:

It is a common best practice for companies to invest a certain percentage of their annual profits in programs and activities that create a positive social impact. We believe that a higher profit is therefore likely to lead SAP to make greater social investments.

Renewable Energy >> Profit:

The purchase of renewable energy over conventional energy sources is often correlated with higher costs, and thus we expect a small negative impact on our profit when we augment our purchase of renewable energy.

Employee Retention >> Profit:

Meifert (2005) stated a clear relationship between employee retention and the company's revenue and profit

Total Energy Consumed >> Profit:

We have found that reduced energy consumption is strongly correlated with a reduction in costs. The thus achieved cost avoidance has a positive impact on our profit.

Employer Ranking >> Profit:

As a highly ranked employer, we believe SAP is able to attract talented employees more easily, which could reduce the costs of searching for talent and hiring new employees, thereby increasing our profit.

Revenue >> Profit:

Profit (or loss) is the total of income less expenses; if revenue as the main part of total income grows at a higher rate than costs, it will lead to greater profit.

Customer Loyalty >> Profit:

We believe that positive experiences among our customers can significantly increase business with existing customers, as well as help attract new customers. Both results can lower the cost of sales, thereby increasing our profit.

Data Center Energy >> Profit:

We have found that reduced energy consumption is strongly correlated with a reduction in costs. The thus achieved cost avoidance has a positive impact on our profit.

GHG Footprint >> Profit

Since 2014, we used real data from SAP to analyze and proof the financial impact of the GHG Footprint. Now we can show what a reduction of SAP's carbon emissions by one percentage would mean for SAP's operating profit, as you can see under the section "Results".

CUSTOMER LOYALTY

Customer loyalty is measured with the Net Promoter Score: Percentage of customers that are likely to recommend SAP to friends or colleagues minus the percentage of customers that are unlikely to do so.

Women in Management >> Customer Loyalty:

Diversity programs – including those focused on the promotion of women to management positions – have a direct and positive impact on customer satisfaction. (Catalyst, 2013).

Employee Retention >> Customer Loyalty:

Koys (2001) has found evidence that employee turnover has a negative impact on customer satisfaction. We believe this effect stems from the fact that experienced employees work more efficiently, have better product knowledge, can build trusting relationships with colleagues and customers, and thus have the ability to better serve customers' needs.

GHG Footprint >> Customer Loyalty:

We believe that lowering SAP's carbon emissions has a positive reputational effect, thereby enhancing SAP's standing with its customers.

Customer Loyalty >> Revenue:

Reichheld (2003) found a strong correlation between companies' Net Promoter Score results and their revenue growth rates. We support this view as we believe that loyal SAP customers are likely to recommend SAP products to other companies, which is likely to result in increased sales and stronger revenue.

Customer Loyalty >> Profit:

We believe that positive experiences among our customers can significantly increase business with existing customers, as well as help attract new customers. Both results can lower the cost of sales, thereby increasing our profit.

BHCI (Business Health Culture Index)**>> Customer Loyalty:**

Since 2014, we used real data from SAP to analyze and proof the financial impact of the BHCI. We could proof that there is a significant positive correlation between the BHCI and Customer Loyalty.

GHG FOOTPRINT (GREENHOUSE GAS FOOTPRINT)

Our GHG footprint is the sum of all greenhouse gas emissions measured and reported, including renewable energy and third party reductions, for example, offsets.

GHG Footprint >> BHCI (Business Health Culture Index):

Many of SAP's GHG emissions are caused by business travel and commuting, which we believe can have both negative and positive impacts on employee health. Some people may experience greater stress through more travel because they have less time to spend at home, are jet lagged, or lose valuable working hours; others may enjoy travel, which enables them to experience other places, meet new people, and get a taste of life as a 'jet setter'.

GHG Footprint >> Employer Ranking:

According to Brown et al. (2010), Corporate sustainability reporting (including GHG) leads to an increase of reputation. Notably, efforts to promote environmental protection are a key differentiator for employers. Because a company's appeal to potential new hires helps to determine most employer rankings, SAP's commitment to lower our GHG Footprint is likely to increase our ranking as an employer.

GHG Footprint >> Employee Engagement:

We believe that lowering SAP's GHG footprint can have a positive impact on employee engagement because loyalty will rise as employees see their company act responsibly towards the environment. However, because lowering emissions also brings certain restrictions, such as flying less, it may also have a negative impact on employee engagement.

Employee Engagement >> GHG Footprint:

We believe that engaged employees are likely to want to help SAP achieve its target in lowering its GHG emissions. Yet another possible outcome is that a higher level of employee engagement may lead to more business activity requiring travel and therefore could lead to an increase in GHG emissions.

GHG Footprint >> Revenue:

Lowering SAP's GHG Footprint could have a positive impact on SAP's revenue because customers increasingly ask their suppliers to act sustainably. This reasoning is supported by a study of PwC (2013) confirming the existence of a positive correlation between a company's environmental performance and financial performance.

GHG Footprint >> Customer Loyalty:

We believe that lowering SAP's carbon emissions has a positive reputational effect, thereby enhancing SAP's standing with its customers.

Renewable Energy >> GHG Footprint:

Increasing the percentage of renewable energy in our overall mix of energy sources directly translates into a lower GHG footprint, as we replace some of the energy generated by fossil fuels.

Total Energy Consumed >> GHG Footprint:

The emissions caused by SAP's energy consumption add directly to the corporate carbon footprint if they are not reduced through offsets or – for electricity consumption – renewable energy certificates (RECs).

Data Center Energy >> GHG Footprint:

The emissions caused by SAP's data center energy consumption add directly to the corporate carbon footprint if they are not reduced through offsets or renewable energy certificates (RECs).

GHG Footprint >> Profit:

Since 2014, we used real data from SAP to analyze and proof the financial impact of the GHG Footprint. Now we can show what a reduction of SAP's carbon emissions by one percentage would mean for SAP's operating profit, as you can see under the section "Results".

TOTAL ENERGY CONSUMED

Total energy consumed is the sum of all energy consumed through SAP's own operations, including energy from renewable sources.

Total Energy Consumed >> Profit:

We have found that reduced energy consumption is strongly correlated with a reduction in costs. The thus achieved cost avoidance has a positive impact on our profit.

Total Energy Consumed >> GHG Footprint:

The emissions caused by SAP's energy consumption add directly to the corporate carbon footprint if they are not reduced

through offsets or – for electricity consumption – renewable energy certificates (RECs).

Data Center Energy >> Total Energy Consumed:

The energy consumed in SAP's data centers forms part of the total energy consumed in our operations.

DATA CENTER ENERGY

Data center energy is the amount of energy consumed in SAP's data centers related to the number of employees.

Data Center Energy >> Profit:

We have found that reduced energy consumption is strongly correlated with a reduction in costs. The thus achieved cost avoidance has a positive impact on our profit.

Data Center Energy >> GHG Footprint:

The emissions caused by SAP's data center energy consumption add directly to the corporate carbon footprint if they are not reduced through offsets or renewable energy certificates (RECs).

Data Center Energy >> Total Energy Consumed:

The energy consumed in SAP's data centers forms part of the total energy consumed in our operations.

RENEWABLE ENERGY

Renewable energy reflects the shares and types of electricity obtained from renewable sources such as hydro, wind, solar, and biomass.

Renewable Energy >> Profit:

The purchase of renewable energy over conventional energy sources is often correlated with higher costs, and thus we expect a small negative impact on our profit when we augment our purchase of renewable energy.

Renewable Energy >> GHG Footprint:

Increasing the percentage of renewable energy in our overall mix of energy sources directly translates into a lower GHG footprint, as we replace some of the energy generated by fossil fuels.

Independent Assurance Report

TO THE EXECUTIVE BOARD OF SAP SE, WALLDORF

We have performed an independent assurance engagement on selected qualitative and quantitative sustainability disclosures on the web pages of the Integrated Report (further: "the Report") for the business year 2015 of SAP SE, Walldorf (further "SAP"), published under www.sapintegratedreport.com/2015/en/.

For the performance indicators Business Health Culture Index, Employee Engagement, Employee Retention, Women in Management, Greenhouse Gas Emissions (Scope 1 and 2 as well as selected Scope 3 emissions including business flights and employee commuting), Renewable Energy and Total Energy Consumed, including the explanatory notes thereto, a reasonable assurance engagement was performed.

For the disclosures on materiality and stakeholder engagement, the disclosures on management approaches for the material aspects (Business Conduct; Climate and Energy; Human Capital Management; Security and Privacy) as well as for the other qualitative and quantitative sustainability disclosures in relation to these material aspects a limited assurance engagement was performed.

The qualitative and quantitative sustainability disclosures included in the scope of our assurance engagement are marked in the GRI G4 Content Index, published online under www.sap.com/integrated-reports/2015/en/gri-index-and-united-nations-global-compact/, with the following symbol: ✓

It was not part of our engagement to review product or services related information, references to external information sources, expert opinions and future-related statements in the Report.

Management's Responsibility for the Report

The legal representatives of SAP are responsible for the preparation of the Report in accordance with the Reporting Criteria. SAP applies the principles and standard disclosures of the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative in combination with the Corporate Accounting and Reporting Standard (Scope 1 and 2) and the Corporate Value Chain (Scope 3) Standard of World Resources

Institute / World Business Council for Sustainable Development, as well as internally developed definitions, as described in the 'Notes to Environmental respectively Social Performance Reporting' as Reporting Criteria.

This responsibility includes the selection and application of appropriate methods to prepare the Report and the use of assumptions and estimates for individual qualitative and quantitative sustainability disclosures which are reasonable under the circumstances. Furthermore, this responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Report in a way that is free of –intended or unintended– material misstatements.

Independence and quality assurance on the part of the auditing firm

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA-Codex), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The quality assurance system of the KPMG AG Wirtschaftsprüfungsgesellschaft is based on the International Standard on Quality Control 1 "Quality Control for Audit, Assurance and Related Service Practices" (ISQC 1) and, in addition on national statutory requirements and professional standards, especially the Professional Code for Certified Accountants as well as the joint statement of WPK (Chamber of Public Accountants) and IDW (Institute of Public Auditors in Germany): Requirements for quality assurance in the auditing practice (VO 1/2006).

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed and the evidences obtained on the qualitative and quantitative sustainability disclosures marked in the GRI G4 Content Index with the following symbol: ✓

Nature and extent of the assurance engagement

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and the International Standard on Assurance Engagements (ISAE) 3410: "Assurance Engagements on Greenhouse Gas Statements" of the International Auditing and Assurance Standards Board (IAASB). These standards require that we comply with our professional duties and plan and perform the assurance engagement to obtain a reasonable level of assurance to conclude that the above mentioned performance indicators are prepared, in all material respects, in accordance with the aforementioned Reporting Criteria respectively to obtain a limited level of assurance to preclude that the above mentioned qualitative and quantitative sustainability disclosures are not prepared, in all material respects, in accordance with the aforementioned Reporting Criteria. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor's own judgement. This includes the assessment of the risk of material misstatement in the Report under consideration of the Reporting Criteria.

Within the scope of our engagement, we performed amongst others the following procedures when conducting the limited assurance:

- An evaluation of the approach to determining material sustainability topics and respective boundaries, including results of stakeholder engagement.
- A risk analysis, including a media search, to identify relevant information on SAP's sustainability performance in the reporting period.
- Reviewing the suitability of the internally developed definitions.
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of the qualitative and quantitative sustainability disclosures included in the scope of this engagement, including the consolidation of the data.
- Inquiries of personnel on corporate level responsible for providing the data and information, carrying out internal control procedures and consolidating the data and information, including the 'Notes to Environmental respectively Social Performance Reporting'.
- Evaluation of internal and external documentation, to determine whether the qualitative and quantitative sustainability disclosures are supported by sufficient evidence.
- An analytical review of the data and trend explanations submitted by all sites for consolidation at corporate level.
- Reviewing the consistency of GRI G4 in-accordance option 'Core' as declared by SAP with the qualitative and

quantitative sustainability disclosures presented in the Report.

- Evaluation of the overall presentation of the selected qualitative and quantitative sustainability disclosures included in the scope of our engagement.

In addition we conducted the following procedures to obtain reasonable assurance:

- An evaluation of the design and implementation, and tests of the operating effectiveness of the systems and methods used to collect and process the data, including the aggregation of these data into the performance indicators as presented in the Report.
- Auditing internal and external documentation in order to determine in detail whether the performance indicators for the business year 2015 correspond with the relevant underlying sources, and whether all the relevant information contained in such underlying sources has been included in the Report.
- Location visits to Walldorf and St. Leon Rot (both Germany), Vienna (Austria) and Budapest (Hungary) to assess the quality of information management systems and the reliability of the data as reported to corporate level.

Conclusions

Based on the procedures performed and evidences received to obtain reasonable assurance, the performance indicators Business Health Culture Index, Employee Engagement, Employee Retention, Women in Management, Greenhouse Gas Emissions (Scope 1 and 2 as well as selected Scope 3 emissions including business flights and employee commuting), Renewable Energy and Total Energy Consumed for the business year 2015, including the explanatory notes thereto, are, in all material respects, presented in accordance with the Reporting Criteria.

Based on the procedures performed and evidences received to obtain limited assurance, nothing has come to our attention that causes us to believe that the disclosure on materiality and stakeholder engagement, the disclosures on management approaches for the material aspects (Business Conduct; Climate and Energy; Human Capital Management; Security and Privacy) as well as the other qualitative and quantitative sustainability disclosures in relation to these material aspects for the business year 2015, are, in all material respects, not prepared in accordance with the Reporting Criteria.

Recommendation

Without affecting the conclusions presented above, we recommend to further develop existing methods and partnerships on software solutions' impacts in a global sustainability context, and to link the results with the materiality analysis.

This assurance report is issued based on an assurance engagement agreed upon with SAP. The assurance engagement to obtain reasonable respectively limited assurance is issued on purpose of SAP and the assurance report is solely for information purposes of SAP on the results of the assurance engagement. This assurance report must not be used as basis for (financial) decision-making by third parties of any kind. We have responsibility only towards SAP. We do not assume any responsibility for third parties.

Düsseldorf, February 25, 2016

KPMG AG

Wirtschaftsprüfungsgesellschaft

Simone Fischer
Wirtschaftsprüferin
(German Public Auditor)

ppa.
Christian Hell