# **SAP Global Environmental Policy**

Version No. 2

Full employee reach

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## **Cover Sheet**

# The Global Environmental Policy is an integral part of SAP's long-term commitment to sustainability. As part of this sustainability commitment, SAP has pledged to continuously improve its economic and environmental performance, such as the continuous reduction of our carbon emissions back to the levels of 2000 by 2020. With this policy, SAP continues its efforts to become a role model for a sustainable company and meet internationally recognized sustainability standards and stakeholder expectations.

Rationale	
Why – the benefits and strategy alignment	Sustainability is at the core of SAP's vision to help the world run better and improve people's lives. Improving our environmental performance while managing social and economic risks and opportunities is crucial to our long-term success as a company. This is true for every aspect of our business: our solutions, our own operations and our social investments.
	SAP has publicly announced ambitious objectives for our corporate environmental performance: We want to most profitably reduce our carbon emissions to 2000 levels by 2020. If we fail to achieve these objectives we are likely to lose credibility with our stakeholders, e.g., our employees, customers, analysts, investors, and society in general. Customers, investors, analysts, and other stakeholders increasingly ask for proof points of our sustainability performance.
	The Global Environmental Policy provides a framework and direction for how we manage our resource productivity to deliver environmental and economic benefits e.g. objectives and targets, risks and opportunities, or strategic focus, as a sustainability role model and a provider of sustainability solutions. This is important to meet the expectations of customers and other stakeholders.
Risk of non-compliance to SAP	Compliance to this policy ensures that SAP provides guidance, rules and measurements globally as well as locally for all its operations to achieve the above mentioned objectives.
	Non-compliance to this policy might lead to missing our non-financial and financial performance objectives, and hence, might lead to conflicts with stakeholders, such as customers and investors who have a strong focus on environmental performance in their supply chain. This is even more important as SAP needs to be a role model in order to be a credible supplier of environmental sustainability products.



Applicability	
Primary group applicable to	All employees globally
Indirectly Affected Areas	• n/a
Confidentiality	• Public
Enforcement	<ul> <li>Every entity of SAP is responsible to take the necessary steps to implementing this policy. The contents of this Global Environmental Policy can be supplemented through local environmental policies. Successful implementation and business conduct against the listed field of actions will be supported and promoted by the local and global management.</li> <li>Achievements against the above mentioned objectives and compliance to this policy and to legal requirements are checked regularly by the management and external parties through measurement and monitoring, audits (e.g., ISO 14001), ratings and rankings (e.g., Dow Jones Sustainability Indexes, Carbon Disclosure Leadership Index).</li> <li>Employees are encouraged to report any instances, where an entity of SAP does not follow this policy or where the objectives seem to be threatened to the Global Compliance Office (global-compliance-office@sap.com) or Sustainability Operations (sustainability@sap.com).</li> <li>Compliance to this policy and adherence to the objectives are enforced by the Chief Sustainability Officer.</li> </ul>

Ownership	
Policy Owner	Peter Graf (Chief Sustainability Officer)
Board Area	Office of the CEO
Board Sponsor	Jim Hagemann Snabe (Co-CEO)
Board Area Contact	• n/a
Reviewers	• (confidential)
Approved by (Board Members)	Jim Hagemann Snabe (Co-CEO)

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### **SAP Global Environmental Policy**

### 1 Introduction

With today's global challenges at hand, neither SAP nor our customers can continue to conduct "business as usual." The strong growth of the world's population combined with a strong growth of the "middle class" will continue to create increasing demand for the limited resources of the planet. A key resource in this context is energy, whose production drives climate change and climate volatility. As such, SAP has a vested interest in climate protection, as it poses the risk of business disruption, increased costs for SAP's own operations as well as the operations of our customers. Climate protection also goes hand in hand with our approach to help companies run better, both from an environmental and from an economic perspective. In other words, as a technology company, we believe that SAP can profoundly reduce greenhouse gas emissions in its own operations and those of its customers, driving cost reductions, software revenues and reduced business risk for everyone involved.

The information and communications technology industry (ICT) accounts for about 2% of today's global greenhouse gas emissions. While the ICT industry's carbon emissions are likely to increase, we are able to help our customers reduce their carbon footprint to a large degree. The ICT sector can help reduce overall global footprint of businesses at a scale that's more than five times its own global footprint by 2020. As we want to enable the success of our customers in this regard, we need to be a role model in managing our own carbon footprint – as well as other environmental aspects.

### 2 Definitions

### Sustainability:

SAP defines *sustainability* as a management approach to holistically deal with economic, social, and environmental risks and opportunities for increased short- and long-term success. Through this threefold approach, sustainability performance is closely related to environmental performance and is therefore referred to frequently in the context of this policy.

### Environment:

Using the term *environment*, SAP means the natural environment or the natural world in which SAP operates. This includes air, water, land, natural resources, flora, fauna, humans, and their interrelations and all conditions that have an influence on the flourishing of organisms and ecosystems.

### Environmental impact:

Activities, products or services can interact with the environment. An organization's activities, products or services and its changes can cause beneficial or adverse environmental impacts, including but not limited to the emission of greenhouse gases, the generation of waste, or the consumption of hazardous materials, or the acidification of water.

### SAP's environmental impact:

Among others the main environmental impact and therefore the main lever for environmental sustainability for SAP is climate change. With its activities, operations and business processes, SAP contributes directly and indirectly to the emission of greenhouse gases that are broadly accepted as one of the main reasons for climate change.



### 3 Policy content

### 3.1 SAP's environmental commitment

SAP must increase resource productivity to deliver environmental and economic value. The fundamental thoughts guiding our environmental strategy are to leverage innovation and technology to

- provide **transparency** on current resource productivity (i.e. integrated reporting)
- drive **efficiency** of current resource productivity (i.e. virtualization of our IT infrastructure)
- leverage **transformational** strategies as a way accelerate our progress (i.e. Telepresence versus Business trip)
- offer **solutions** on to enable our customers to increase their productivity (i.e. energy resource management solutions)

in a continuous way to optimize our resource productivity and energy consumption. One key target of how we measure our success is manifested in our greenhouse gas reduction target. SAP has pledged to continuously reduce its carbon emissions back to the levels of 2000 by 2020. In addition our objective is to become a role model for sustainability including environmental aspects.

### 3.2 Scope of action

To achieve these objectives and improve our overall environmental performance, we are concentrating our efforts on the following seven **fields of action**.

Each field of action and its commitments shall contain proof points to any internal or external party with legitimate interest, including but not limited to programs and initiatives, measures and activities, reports and records, reviews and assessments. Each field of action and its commitments addresses the local as well as the global management of SAP's environmental performance.

### 1. Transparency and management

We commit to assessing, monitoring, managing, and reporting on the environmental impact of our operations and products throughout their life cycle (including product use).

### 2. Compliance with legislation, regulations, and codes of practice

We commit to complying with or exceeding the requirements of environmental legislation and regulation and to adhering to approved codes of practice.

### 3. Standard setting

Together with our stakeholders, we are helping set environmental standards in our industry and across sectors.

### 4. Employee engagement

To enable the best possible implementation of and compliance to this policy and our objectives, we commit to raising awareness on environmental sustainability with our employees. We are encouraging their participation in environmental activities and we offer training opportunities in environmental matters.

### 5. Supply chain management

We commit to engaging with our suppliers, contractors, and partners by setting standards for their environmental performance and by ensuring their compliance.

### 6. Solutions for customers

We commit to developing innovative solutions to help customers embed environmental sustainability into their business strategies.

### 7. Public awareness

We commit to collaborating with external parties, including local governments and civil society to provide a healthy environment in the regions around our operations. We are participating in discussions on environmental topics and raise public awareness on climate change issues.



### 3.3 Strategic focus areas

SAP has defined strategic focus areas to further substantiate the above mentioned scope of action. These strategic focus areas are supported by additional policies and internal regulations that are individually enforced but can be understood as complements to this Global Environmental Policy. Please consider that most of the links mentioned below can only be accessed by SAP employees.

### 3.3.1 Business Travel

SAP commits to reducing the amount of business travel, especially business flights. Where travel cannot be avoided, the most environmentally friendly means of transportation should be chosen wherever possible.

The Global Environmental Policy is complemented by SAP's global and local travel policy.

More information on business travel and on alternative means of collaboration can be found in the SAP Corporate Portal under /go/travel and /go/green-it.

### 3.3.2 Corporate Cars and Commuting

SAP commits to reducing the environmental impact of its corporate cars and employee commuting through carpooling, incentive systems and other means

Basis for regulations regarding company cars are the global and local car policies.

More information on corporate cars can be found in the SAP Corporate Portal under <u>/go/car-fleet</u>, information about carpooling at SAP is provided at <u>/go/twogo</u>, and information on sustainable commuting is given at /go/commuting.

### 3.3.3 Facilities

In order to reduce the environmental impact of SAP's offices and data centers, SAP commits to

- incorporating sustainability design strategies (i.e. LEED-requirements) in every new building project,
- reducing the amount of CO<sub>2</sub> emissions resulting from energy use (i.e. reduce energy consumption, increase energy efficiency),
- using water as efficiently as possible (i.e. reduce water consumption, decrease share of freshwater),
- minimizing waste (avoid, reduce, reuse, recycle),
- increase the share of renewable energy in SAP's electricity mix.

Global and local guidance on sustainability in SAP facilities is provided by Global Facility Management in the Corporate Portal.

### 3.3.4 Green IT

SAP commits to reducing and optimizing the environmental impact of the IT hardware in use in our operations along its whole lifecycle (production/purchasing, usage, re-usage, disposal).

SAP also commits to designing the products and services in use by our customers to being as environmentally and economically efficient.

More information on hardware energy management, asset life cycle management, and other sustainable IT topics can be found in the SAP Corporate Portal at /go/green-it.

### 3.3.5 Procurement

SAP commits to focusing on supply chain environmental sustainability and to engage with our suppliers to reduce the environmental impact of the products and services we buy.

Environmental Sustainability is an integral part of the of SAP's <u>Global Procurement Policy</u>, our suppliers are obliged to accept the SAP's <u>Supplier Code of Conduct</u>, which includes binding environmental provisions, just as to provide us the environmental sustainability related data within the SAP's Supplier Sustainability Questionnaire.

More information on sustainable procurement can be found in the SAP Corporate Portal at /go/sustainable-procurement.

