



## Communication on Progress

**Year:** 2006

### STATEMENT

SAP is an early endorser of the United Nations Global Compact with signature recorded in 2000. We remain committed to promoting all 10 principles both for ourselves as a company but also for the stakeholders we serve through the technologies we develop.

Enterprise software provides a useful metaphor for global sustainability and helps to explain how SAP can help enable better sustainability management. Earth Inc. faces the problem of damaging and inefficient resource allocation and poor management of wealth flows. At the micro level, perhaps SAP's greatest contribution to global sustainability is to help provide the technology to shift our economic base to a more sustainable level whilst maintaining and improving the quality of life for all.

In house, SAP recognises the importance of good sustainability management performance so as to attract the very best of global talent necessary to innovate our technology well into the future. It is also key to our partner co innovation strategy to treat our partners, suppliers and customers with respect but also to expect the highest ethical standards. Our investors too expect a great from us not only in terms of share price performance but also in terms of corporate governance standards and sustainability management.

SAP will continue to support the UN Global Compact and seek to integrate as fully into our business operating procedures and products.

A handwritten signature in black ink, appearing to read 'ppa. Herbert Heitmann', is written over a horizontal line.

Xx, December 2006, Herbert Heitmann,

Senior Vice President Global Communications

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	<b>Global Compact Principle</b>	<b>Action Taken &amp; Impact Achieved and/or Plans for the upcoming Year</b>
<input type="checkbox"/>	<p><b>1:</b> Businesses should support and respect the protection of internationally proclaimed human rights;</p>	<p>Commitment/Policy: SAP supports universal human rights world wide.</p> <p>Actions taken: SAP Governance Risk and Compliance Business Unit together with the German government offers strategic sponsorship of EITI technical support to enable ease of implementation. EITI is an important initiative to curb corruption, conflict related to resource extraction and to forward the cause for good governance and economic development.</p> <p>Outcomes: Ongoing</p>
<input type="checkbox"/>	<p><b>2:</b> and make sure that they are not complicit in human rights abuses.</p>	<p>Commitment:</p> <p>Actions taken: In 2006 SAP participated with stakeholders to research and publish findings on the human rights impact of access, security &amp; privacy issues for the technology, media and telecommunications sectors.</p> <p>Outcomes: <a href="http://www.fandc.com/new/aboutus/Default.aspx?id=63889">http://www.fandc.com/new/aboutus/Default.aspx?id=63889</a> SAP joins International Business Leaders Forum and so join business community to help enable international development.</p>
<input type="checkbox"/>	<p><b>3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p>	<p>SAP AG, under the German legal framework of codetermination, recognises the right of employees to participate fully in executive management decisions. Of 16 seats on our supervisory board, 8 are elected by shareholders and 8 by employees. <a href="http://www.sap.com/company/governance/index.epx">http://www.sap.com/company/governance/index.epx</a> <a href="http://www.sap.com/company/governance/statutes/index.epx">http://www.sap.com/company/governance/statutes/index.epx</a></p> <p>In 2006 SAP employees exercised their right to form a Works Council and the executive board is committed to working constructively with this representative group.</p>

Template A

<input type="checkbox"/>	<p><b>4:</b> the elimination of all forms of forced and compulsory labour;</p>	<p>SAP supports the movement to eliminate all forms of forced and compulsory labour world wide. The SAP employee base in our knowledge based company tend to be highly skilled, well educated and are highly sought within our industry. At this time, forced and compulsory labour issues are not a direct material risk for SAP and it's value chain.</p>
<input type="checkbox"/>	<p><b>5:</b> the effective abolition of child labour;</p>	<p>SAP supports the movement for effective abolition of child labour world wide. The SAP employee base in our knowledge based company tend to be highly skilled, well educated and are highly sought within our industry. At this time, forced and compulsory labour issues are not a direct material risk for SAP and it's value chain..</p>
<input type="checkbox"/>	<p><b>6:</b> and the elimination of discrimination in respect of employment and occupation.</p>	<p>SAP is a truly global company with creative and business centres distributed throughout the world. Diversity therefore is nurtured at SAP.</p>
<input type="checkbox"/>	<p><b>7:</b> Businesses should support a precautionary approach to environmental challenges;</p>	<p><a href="http://www.sap.com/careers/diversity.epx">http://www.sap.com/careers/diversity.epx</a> SAP acknowledges the precautionary principle imperative. SAP is a software development company and as such our operations have little direct environmental impact.</p>
<input type="checkbox"/>	<p><b>8:</b> undertake initiatives to promote greater environmental responsibility;</p>	<p>SAP enterprise software enables more efficient resource allocation for our customers which leads to better environmental performance.</p>
<input type="checkbox"/>	<p><b>9:</b> and encourage the development and diffusion of environmentally friendly technologies.</p>	<p><a href="http://www.sap.com/solutions/grc/environmentalcompliance/index.epx">http://www.sap.com/solutions/grc/environmentalcompliance/index.epx</a> In 2007 SAP set up a dedicated business, SAP Governance, Risk &amp; Compliance business unit to address the growing need for sustainability management solutions. The scope of technology development includes CSR, environmental health and safety surveillance, environmental product performance, compliance and emissions management.</p> <p>In addition our Research and Breakthrough Innovation business unit has invested in the development of a portfolio of sustainability management ideas.</p> <p>As the largest business software company in the world, we believe these significant investments in 2006 will enable industries worldwide to be more responsive to current environmental challenges and demands.</p>
<input type="checkbox"/>	<p><b>10:</b> Businesses should work against all forms of corruption, including extortion and bribery.</p>	<p>SAP enterprise software enables our customers to attain transparency and control over their operations. Integrity is also a core value promoted within our corporate culture.</p> <p>SAP is a member of the Transparency International Global Corporations for Transparency Initiative and is represented on the Steering Group for the Transparency International Business Principles programme.</p> <p>At the Oslo EITI conference held in October 2006, SAP in partnership with the German</p>

government announced a support package to enable ease of implementation of the EITI process. Prospective solutions will be built on open source code to open standards so as to encourage collaboration and to eliminate risk of dependency or proprietary interest.

[http://www.sap.com/company/governance/pdf/Misc\\_CoBC.pdf](http://www.sap.com/company/governance/pdf/Misc_CoBC.pdf)

<http://www.eitioslo.no/>

In 2006 the SAP University Alliances Programme in partnership with the University of Indiana and the University of Brandenburg simulated in real time an ethical challenge relating to bribery and corruption in business process design. A modest but important step to prepare students for the real life ethical challenges for tomorrows business leaders.