

INTEGRATED REPORT 2015
NON-FINANCIAL NOTES: SOCIAL PERFORMANCE

Reimagine Your Business



The Best-Run Businesses Run SAP®

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%.