



EXTERNAL

SAP Global Tax Principles

SAP's purpose to help the world run better and improve people's lives is the guiding principle to our business strategy. As a global leader, we stand for this higher purpose beyond economic success. We believe social, environmental and economic activities and performance are interrelated – each impacting the others. Our efforts focus on creating a sustainable future for SAP, our customers, and society.

Through our business activities we generate a substantial amount and variety of taxes. We pay corporate income taxes, indirect taxes, withholding taxes, employment taxes as well as other applicable taxes. The taxes we collect and pay form a significant part of our economic contribution to the countries in which we operate hereby contributing to our purpose. By ensuring compliance with all relevant laws and regulations in the countries in which we operate, we act in line with our broader social responsibilities and our stakeholders' expectations.

In our tax principles, we determine our approach to tax compliance and tax risks which set our tax governance and control framework. Our guiding principles – as provided below - are based on the recognition that tax is an essential element of our overall corporate social responsibility, as well as on the material issue of tax compliance and of responsible and sustainable planning. These principles apply to all individuals involved in managing and executing SAP's tax affairs worldwide.

1. COMPLIANCE WITH TAX LAWS AND REGULATIONS

As the key objective SAP is committed to complying with all tax laws and regulations in the territories in which we operate, while also maintaining open and constructive relationships with tax authorities. Compliance for us means paying tax in the amount, in the place and at the time, and making such disclosures to the tax authorities, as required by applicable tax laws and regulations, while also claiming reliefs and incentives where available under law. This implies that we file our tax returns and make all required disclosures in tax returns, reports and documents in due time. We do not use our commercial bargaining power in any given country or region to obtain company-specific tax advantages that are not properly legislated.

In some cases, tax law may be subject to interpretation. We interpret applicable law with due consideration. Where necessary and appropriate, we seek the advice of external tax advisors to assure that tax positions taken are solidly grounded on prevailing opinions and relevant jurisprudence. In cases, in which uncertainty and financial risk cannot be eliminated, we account for adequate tax risks in our audited group financial statements in accordance with the applicable accounting standards and our group policies

2. RESPONSIBILITY FOR THE TAX PRINCIPLES, SUPPORTING GOVERNANCE AND CONTROL FRAMEWORK AND MANAGEMENT OF TAX RISKS

Responsibility for the tax principles, supporting governance and control framework and management of tax risks of the group sits with the Chief Financial Officer and member of the Executive Board of SAP SE, the Head of Global Finance and the Head of Global Tax for income taxes applicable to enterprises, such as corporate income taxes, and indirect taxes, and with the Chief People Officer and member of the Executive Board of SAP SE and the Head of Global Payroll for employment taxes. They are supported by regional and local tax managers as well as regional and local payroll managers who work on an integrated basis with the SAP global, regional and local management teams to identify and manage tax risks utilizing their combined knowledge of SAP's operations and tax law. Training is provided to relevant employees to ensure that tax compliance is carried out with a suitable level of diligence, technical expertise and sustaining a credible long-term reputation with the tax authorities. SAP's tax principles, supporting governance and control framework and management of tax risks are regularly reviewed. In addition, the Executive Board of SAP SE is advised and supervised – among others – by the Audit and Compliance Committee of the Supervisory Board of SAP SE. This also involves tax matters as part of the overall financial and risk review.

3. RELATIONSHIP WITH TAX AUTHORITIES

We engage with tax authorities with honesty, integrity, respect and fairness. With regard to our tax affairs and significant transactions we are open and transparent. We seek clearance for significant transactions via advance rulings and mutual agreement procedures and support active real-time audits. We are prepared to litigate where we disagree with the decision of a tax authority but will first seek to resolve any disputed matters through proactive and transparent discussion and negotiation.

4. TRANSPARENCY

We comply with the disclosure requirements based on applicable tax laws and regulations. Our tax-related decisions consider SAP's reputation and relationship with our stakeholders. SAP regularly engages with governments as well as policy making institutions such as the EU commission and the OECD – typically through public consultation processes or in our role as a member of an industry group – to provide our perspective on how best to balance the need for government revenues from taxation against the need to ensure sustainable investment. We are in continuous exchange with other key stakeholders, such as our shareholders, employees and customers, in order to be transparent and balance our responsibilities to society and to our stakeholders.

5. TRANSFER PRICING

SAP conducts transactions between its group companies on an arm's length basis and in accordance with OECD principles and local requirements in respective countries where SAP conducts business. Hence, SAP pays corresponding amounts of tax according to where value is created and where appropriate economic activities are performed.

6. MANAGEMENT OF TAX RISKS

We implement tax management measures including controls over compliance processes and monitor their effectiveness. Prior to carrying out significant transactions we consider the tax consequences and may consult with external advisors on the tax implications of a potential transaction based on an assessment of the risk presented by each transaction. Given the scale of our business, the volume of tax obligations as well as the conflicting fiscal policies and tax laws, risks will inevitably arise from time to time in relation to the interpretation of tax law. We have adequate processes in place to proactively identify, evaluate, manage, monitor and reduce these risks on a regular basis. This implies taking into account other business risks including SAP's wider reputation and the relationship with our stakeholders. We account for these risks as appropriate in our audited group financial statements in accordance with the applicable accounting standards and our group policies.

7. TAX PLANNING

In conducting our commercial activities, we consider, among other commercial factors, the tax laws of the countries within which we operate with a view to maximizing value on a sustainable basis for our shareholders. Any tax planning and optimization activities undertaken are compliant with tax laws, supported by commercial and economic substance and will have regard to sustain a credible long-term reputation with the tax authorities and our stakeholders. In order to protect SAP's reputation, we will not undertake planning that is contrived or artificial.

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