

2015 ANNUAL REPORT
CORPORATE GOVERNANCE REPORT

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Corporate Governance Report

We are a global company with an international shareholder base, so we need sound governance. Good corporate governance means managing the Company accountably and transparently to secure long-term value. We believe our shareholders, business partners, employees, and the financial markets reward good corporate governance with the increased trust they place in our Company.

CORPORATE GOVERNANCE PRINCIPLES AT SAP

SAP is an international firm with European roots, having the legal form of a European company (Societas Europaea, or SE). Being an SE headquartered in Germany, we are now subject to European and German law for SEs while remaining subject to German stock corporation law. Major characteristics of our governance structure remain in place since the conversion, notably our two-tier board comprising a Supervisory Board and an Executive Board, and parity for workforce representatives on the Supervisory Board. Because SAP SE is listed on a German stock exchange, our corporate governance is still based on the German Corporate Governance Code (the "Code" in this report). Every year, as required by the German Stock Corporation Act, section 161, the Executive Board and Supervisory Board issue a declaration stating whether SAP has implemented and is following the Code's recommendations, and identifying any recommendations that the Company has not followed – with a full explanation of why it has not done so. Our latest section 161 declaration, published on October 29, 2015, is on the SAP Web site along with our declarations from previous years and links to the current and previous editions of the Code. As our 2015 declaration shows, we currently follow all but seven of the 102 recommendations and all of the suggestions in the current Code.

Since SAP is also listed in the United States, we comply with the rules that apply to non-U.S. companies listed on the New York Stock Exchange (NYSE). These include the requirements, as they apply to foreign private issuers, of the NYSE Corporate Governance Standards, the U.S. Sarbanes-Oxley Act of 2002, and the U.S. Securities and Exchange Commission (SEC).

CORPORATE GOVERNANCE STATEMENT

On February 24, 2016, the Executive Board published a corporate governance statement for 2015 as required by the German Commercial Code, section 289a. The statement is on the SAP Web site. It comprises the current declaration pursuant to the German Stock Corporation Act, section 161, certain details of our corporate governance practices, and an account of how the Executive Board and the Supervisory Board work, who serves on which Supervisory Board committees, and how those committees work. It also sets out the targets for the percentage of women on the Executive Board and the two management levels below Executive Board level.

EXECUTIVE BOARD

The Executive Board currently has six members. It is solely responsible for managing the Company. It has a duty to exercise its management powers in the interest of the Company and in pursuit of the sustained growth of corporate value. It discusses and agrees its strategy for the Company with the Supervisory Board, ensures compliance with the requirements of the law throughout the Group, and maintains effective risk management structures and internal risk controls. There is information about each member's portfolio of responsibilities on the SAP Web site.

GLOBAL MANAGING BOARD

The Global Managing Board helps the Executive Board with its work. It currently comprises all of the Executive Board and four other global managers who play a part in directing large sections of the business. These additional members are appointed by the Executive Board with the Supervisory Board's consent. The Global Managing Board has a coordinating function, advises the Executive Board, and helps it make decisions, but the Executive Board retains overall responsibility for everything the Company does. The Global Managing Board will be dissolved on March 31, 2016. Two of its members were appointed by the Supervisory Board to the Executive Board with effect from April 1, 2016.

SUPERVISORY BOARD

The size and composition of the Supervisory Board are governed not by the German Codetermination Act (which does not apply, because we are a European company) but by the

Articles of Incorporation and the SAP SE Employee Involvement Agreement. Both documents are available on the SAP Web site.

The Supervisory Board has 18 members who, in equal numbers, represent the shareholders and the employees. It appoints, monitors, and advises the Executive Board. The Executive Board involves the Supervisory Board in decisions on matters of fundamental importance for the Company. The Supervisory Board has reserved to itself the approval of certain transactions of fundamental importance, as set out in the Articles of Incorporation and detailed in the Supervisory Board's list of reserved categories of transactions. The Executive Board regularly provides the Supervisory Board with full and timely reports on all material matters of strategy, business planning, and performance, including any deviations of actual business performance from plan, risks, risk management, and corporate compliance. We provide our shareholders with in-depth information about how the Executive Board and the Supervisory Board work, how the committees are composed, and how these committees work, in our corporate governance statement. For more information about the joint work of the Executive Board and the Supervisory Board and about the work of the Supervisory Board and its committees in 2015, see the *Report from the Supervisory Board*.

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board members as a group possess the knowledge, ability, and expert experience required to properly perform its duties in our global IT company. At least one independent member has financial reporting and auditing expertise. The Supervisory Board has defined the following objectives for its own composition:

- There should never be fewer than three people from the international stage on the shareholder representatives' side of the Supervisory Board.
- No employee, consultant, or director of a significant SAP competitor should be a Supervisory Board member.
- At least five shareholder representatives on the Supervisory Board should be independent members in the meaning of section 5.4.2 of the Code.
- No member of the Supervisory Board should be older than 75 years.

We believe the current composition of the Supervisory Board fulfills all of these objectives. There is information about each member, the committees, and who serves on which committee, on the SAP Web site.

INDEPENDENCE OF THE SUPERVISORY BOARD

We believe a sufficient degree of independence of our Supervisory Board members is essential for effective and responsible corporate management and control. Our Supervisory Board has a defined objective for its composition regarding the minimum number of independent members on the shareholder representative side, as recommended in the Code,

section 5.4.1, paragraph 2. The objective is five such members. At its meeting on October 8, 2015, the Supervisory Board determined that all of its shareholder representative members are independent in the meaning of the Code, section 5.4.2 and that the number of independent members is sufficient in the meaning of that section. The Audit Committee is chaired by Erhard Schipporeit, who for many years was the chief financial officer of a DAX company that is also listed on a U.S. stock exchange and therefore qualifies as an independent financial expert in the meaning of the German Stock Corporation Act, section 100 (5).

DIVERSITY IN THE COMPANY

Starting 2016, a fixed gender quota of 30% applies for new appointments to the Supervisory Board of SAP SE pursuant to the law on the equal participation of men and women in leadership positions (German Equal Leadership Opportunities for Women Act). As such, the Supervisory Board's previous voluntary objective for the composition of the Supervisory Board, based on an earlier Code recommendation, no longer applies. There are currently two women on the shareholder representatives' side of the Supervisory Board and two women on the employee representatives' side. The fixed quota applies to future appointments to the Supervisory Board; the current members of the Supervisory Board remain unaffected until the end of their term.

The Executive Board currently has six male members. Pursuant to the above Act, the Supervisory Board adopted by resolution at its meeting on March 19, 2015, a target of one for the number of Executive Board seats to be held by women by June 30, 2017.

The first and second management levels below the Executive Board are the Global Executive Team (GET, without the Global Managing Board) and the Senior Executive Team (SET), respectively. In accordance with the requirements of the Act, the Executive Board resolved on September 30, 2015, that the percentage of positions held by women on the first two management levels below the Executive Board should remain unchanged at 23% and 17%, respectively, to June 30, 2017.

The Executive Board continues to follow the recommendation in the Code that executive boards should generally have regard to diversity when appointing people to leadership positions, and in particular to employ appropriate numbers of women in such positions. In support of this, we maintain a diversity policy for company leadership appointments. SAP has set itself a target of increasing the overall percentage of positions in leadership held by women to 25% by 2017. It goes without saying that ability is still the primary selection criterion for any position at SAP. Globally, the percentage of leadership positions held by women at the end of 2015 was 23.6%.

CODE OF BUSINESS CONDUCT

SAP's corporate governance includes our Code of Business Conduct for employees and members of the Executive Board.

The Code of Business Conduct expresses the high standards that we require from our employees and Executive Board members and sets out the main principles that guide our business conduct toward customers, business partners, and shareholders. We see our Code of Business Conduct as the standard for our dealings involving customers, business partners, vendors, shareholders, and competitors. By following our Code of Business Conduct, we demonstrate a commitment against all forms of unfair competitive practice, corruption, and misrepresentation. Our global compliance organization monitors worldwide compliance with the Code of Business Conduct and other policies applying within the Group. It regularly reviews these internal policies, revises them if necessary, and delivers related employee training.

APPLYING INTERNATIONAL CORPORATE GOVERNANCE STANDARDS

SAP is a NYSE-listed company and we are therefore subject to certain U.S. financial legislation (including the Sarbanes-Oxley Act of 2002, among others) and to the applicable SEC and NYSE regulations. Besides implementing the requirements of the U.S. Sarbanes-Oxley Act, section 404, and other Sarbanes-Oxley Act requirements, including conducting an annual audit of our internal control over financial reporting, we comply with those of the corporate governance standards codified in the NYSE Listed Company Manual, section 303A, which bind foreign private issuers. The section 303A standards that apply to SAP include the requirement to have an audit committee composed of members who are independent in the meaning of the Sarbanes-Oxley Act, and related reporting requirements. Erhard Schipporeit, the chairperson of the Audit Committee, is an audit committee financial expert in the meaning of the Sarbanes-Oxley Act.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Our shareholders exercise their rights, such as the rights to put questions to the management and to vote, at the Annual General Meeting of Shareholders. Shareholders and the public are able to watch a live broadcast of the entire Annual General Meeting of Shareholders on the Internet. They can vote their shares at the Meeting or instruct a proxy of their choice or one of the proxies provided for that purpose by SAP. Alternatively, they can participate online or vote by mail. The invitation to the Annual General Meeting of Shareholders includes full details and instructions. Every shareholder can access all of the paperwork on the SAP Web site in good time for the meeting.

TRANSPARENCY, COMMUNICATION, AND SERVICE FOR SHAREHOLDERS

Our shareholders can obtain full and timely information about SAP on our Web site and can access current and historical Company data. Among other information, we post all of our financial reports, all relevant news about the Company's governing bodies and their corporate governance documentation, information requiring ad hoc (current) disclosure, press releases, and news of notifiable directors' dealings.

FINANCIAL ACCOUNTING, RISK MANAGEMENT, AND INTERNAL CONTROL

We prepare the SAP SE financial statements in accordance with the German Commercial Code and our consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs). We prepare a management report, as required by the German Commercial Code, and the Form 20-F annual report in accordance with SEC requirements. The Executive Board is responsible for financial accounting. The Supervisory Board approves the SAP SE financial statements, the consolidated financial statements, and the combined management report. The SAP SE financial statements, the consolidated financial statements, and the combined management report are audited by KPMG AG Wirtschaftsprüfungsgesellschaft, the auditor elected for that purpose by the Annual General Meeting of Shareholders.

In addition to our annual financial statements, we also prepare interim reports for the first, second, and third quarters. Our quarterly reports comply with the German Securities Trading Act and are submitted to the Audit Committee of the Supervisory Board before they are published.

In German stock corporation and commercial law, there are special requirements for internal risk management that apply to SAP. To meet them, our global risk management system supports risk planning, identification, analysis, handling, and minimization. We maintain standard documentation of all our internal control structures, especially those that affect financial reporting, and continually evaluate their effectiveness. As a company listed on the NYSE, we instruct our auditor, KPMG, to conduct an annual audit of our internal control over financial reporting in accordance with the requirements of the U.S. Sarbanes-Oxley Act of 2002, section 404. The audit as of December 31, 2015, confirmed that our internal control is effective. In compliance with the reporting requirements in the German Commercial Code, sections 289 (5) and 315 (2)(5), the combined SAP SE and SAP Group management report contains full information about the principal features of the internal controls and risk management structure applying to SAP's consolidated financial reporting.

EXECUTIVE BOARD AND SUPERVISORY BOARD SHAREHOLDINGS

Section 6.3, sentence 2, of the Code recommends that all directors' shareholdings be reported in a corporate governance report, broken down by executive board and supervisory board memberships if the entire holdings exceed 1% of the shares issued by the Company. In fulfillment of this recommendation, see the *Compensation Report* in our combined management report for 2015, which contains the recommended information.