

CONVERSION REPORT

of the Executive Board of SAP AG, Walldorf, Germany

dated March 21, 2014

– submitted regarding Item 8 on the agenda of the annual
General Meeting of Shareholders of SAP AG on May 21, 2014 –



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Table of Contents

Section	Page
1. Introduction	5
1.1 Overview	5
1.2 Purpose of the present Report, further documents	5
2. SAP AG	6
2.1 Overview	6
2.2 Company history and development	6
2.3 Operations and structure	6
2.4 Registered office, head office, fiscal year and corporate purpose of the Company	10
2.5 Supervisory Board, Executive Board and representation	10
2.6 Capital and shareholders	11
2.7 Employees and participation	11
3. Material Aspects of the Conversion	11
3.1 Material reasons for the conversion	11
3.2 Alternatives	12
3.3 Costs of conversion	12
4. Comparison of Structural Elements, in Particular of the Legal Position of the Shareholders, SAP AG and SAP SE	12
4.1 Introduction	12
4.2 General provisions	13
4.3 Formation of the company	13
4.4 Legal relationships affecting the company and the shareholders	14
4.5 Constitution of the company	14
4.6 Annual financial statements, group annual financial statements	28
4.7 Measures to obtain and reduce capital	28
4.8 Invalidity of resolutions by the general meeting of shareholders and of the adopted annual financial statements, special audit due to illegitimate undervaluation	28
4.9 Winding-up and declaration of annulment of the company	29
4.10 Affiliated enterprises	29
4.11 Provisions on punishments and fines	29
4.12 German Corporate Governance Code	29

5. Implementation of the Conversion of SAP AG to SAP SE _____	30
5.1 Preparation of the Conversion Plan _____	30
5.2 Conversion audit _____	30
5.3 Publication _____	31
5.4 General Meeting of Shareholders of SAP AG _____	31
5.5 Procedure for employee involvement in SAP SE _____	31
5.6 Registration of the conversion to SAP SE _____	31
5.7 Establishment of the first Supervisory Board, appointment of the Executive Board _____	32
6. Explanation of the Conversion Plan and the first Articles of Incorporation of SAP SE, and Implications for the Shareholders and Employees _____	33
6.1 Explanation of the Conversion Plan _____	33
6.2 Explanation of the Articles of Incorporation of SAP SE _____	65
7. Implications of the Conversion _____	77
7.1 Corporate-law implications _____	77
7.2 Accounting-related implications of the conversion _____	77
7.3 Tax implications of the conversion _____	77
7.4 Implications of the conversion relating to the shares in the Company and its listing _____	78

List of Abbreviations

AG	stock corporation (under German law) (<i>Aktiengesellschaft</i>)
AktG	German Stock Corporation Act (<i>Aktiengesetz</i>) of September 6, 1965
cf.	confer (= compare)
e.g.	exempli gratia (= for example)
EEA	European Economic Area
etc.	et cetera (= and so on)
EU	European Union
f.	and the following (section, etc.)
ff.	and the following (sections, etc.)
GmbH	limited liability company (<i>Gesellschaft mit beschränkter Haftung</i>)
HGB	German Commercial Code (<i>Handelsgesetzbuch</i>) of May 10, 1897
i.e.	id est (= that is)
ISIN	International Securities Identification Number
lit.	littera (= letter)
MitbestG 1976	German Act on the Codetermination of Employees (<i>Gesetz über die Mitbestimmung der Arbeitnehmer</i>) of May 4, 1976
MoMiG	German Act on the Modernization of the Limited Liability Companies Act and the Prevention of Abuse (<i>Gesetz zur Modernisierung des GmbH-Rechts und zur Bekämpfung von Missbräuchen</i>) of October 23, 2008
no.	number
SE	European Company – <i>Societas Europaea</i>
SE Employee Involvement Directive	Council Directive No. 2001/86/EC of October 8, 2001 supplementing the Statute for a European company with regard to the involvement of employees
SE Regulation	Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European Company
SE-AG	German Act on the Implementation of Council Regulation No. 2157/2001 of October 8, 2001 on the Statute for a European Company (<i>Gesetz zur Ausführung der Verordnung (EG) Nr. 2157/2001 des Rates vom 8. Oktober 2001 über das Statut der Europäischen Gesellschaft (SE) – SE-Ausführungsgesetz</i>) of December 22, 2004
SEBG	German Act on the Involvement of Employees in European Companies (<i>Gesetz über die Beteiligung der Arbeitnehmer in einer Europäischen Gesellschaft – SE-Beteiligungsgesetz</i>) of December 22, 2004
UmwG	German Conversion Act (<i>Umwandlungsgesetz</i>) of October 28, 1994
WpHG	German Securities Trading Act (<i>Gesetz über den Wertpapierhandel – Wertpapierhandelsgesetz</i>) of September 9, 1998

1. INTRODUCTION

1.1 Overview

SAP AG, having its registered office in Walldorf, is to be converted from a stock corporation (*Aktiengesellschaft*) under German law to a European stock corporation (European Company – *Societas Europaea*, hereinafter also referred to as “SE”), a supranational legal form under European law. For this purpose, the Executive Board of SAP AG has drawn up a Conversion Plan to which the Articles of Incorporation of the SE are attached as an annex. This Conversion Plan, including the Articles of Incorporation of the SE, was notarized on March 21, 2014 (deeds of the notary public Dr Hoffmann-Remy with office in Heidelberg (notary’s office 5 of Heidelberg), roll of deeds no. 5 UR 493/2014 and 500/2014).

The conversion to an SE is effected pursuant to Article 37 in conjunction with Article 2 (4) of Council Regulation (EC) No. 2157/2001 on the Statute for a European Company (the “SE Regulation”). In addition, the German Act on the Implementation of Council Regulation No. 2157/2001 of October 8, 2001 on the Statute for a European Company (*Gesetz zur Ausführung der Verordnung (EG) Nr. 2157/2001 des Rates vom 8. Oktober 2001 über das Statut der Europäischen Gesellschaft (SE) – SE-Ausführungsgesetz; “SE-AG”*) of December 22, 2004 as well as individual provisions of the German Stock Corporation Act (*Aktiengesetz; “AktG”*) and of the German Conversion Act (*Umwandlungsgesetz; “UmwG”*) apply.

Pursuant to Article 37 (7) of the SE Regulation, the Conversion Plan and the Articles of Incorporation require the approval of the General Meeting of Shareholders of SAP AG. The Executive Board therefore proposes to the General Meeting of Shareholders on May 21, 2014 under Item 8 lit. a) on the agenda to approve the Conversion Plan dated March 21, 2014, and the Articles of Incorporation of SAP SE attached as an annex to the Conversion Plan subject to the conditions under Section 3.5 of the Conversion Plan. The Supervisory Board of SAP AG approved the conversion project and in its meeting on March 20, 2014 passed a resolution proposal to that effect to the General Meeting of Shareholders. The details of the resolution proposals of the Executive Board and the Supervisory Board will be set out in the calling notice for the General Meeting of Shareholders, which is scheduled for publication in the German Federal Gazette (*Bundesanzeiger*) in April 2014.

The conversion will be effected with the identity of the legal entity being preserved, meaning that the conversion will neither lead to a liquidation of SAP AG nor to the formation of a new legal entity. The shareholders’ interests will therefore continue to exist. The Company is to maintain its registered office and head office in Germany.

SAP SE is to have an Executive Board (management organ within the meaning of Article 38 of the SE Regulation) and a Supervisory Board (supervisory organ within the meaning of Article 38 of the SE Regulation). The involvement of the employees of an SE having its registered office in Germany is governed by the German Act on the Involvement of Employees in European Companies (*Gesetz über die Beteiligung der Arbeitnehmer in einer Europäischen Gesellschaft – SE-Beteiligungsgesetz; “SEBG”*) of December 22, 2004, which implements Council Directive No. 2001/86/EC of October 8, 2001 supplementing the Statute for a European company with regard to the involvement of employees (“**SE Involvement Directive**”). The SEBG stipulates inter alia that the participation of employees in the Supervisory Board of SAP SE and the procedure for the information and consultation of employees may be based on an agreement (“**Agreement on Employee Involvement**”). The German Codetermination Act of 1976 (*Mitbestimmungsgesetz; “MitbestG 1976”*) does not apply.

On March 10, 2014, an Agreement on Employee Involvement was concluded between the Special Negotiating Body and the Executive Board of SAP AG (the “**SAP Agreement on Employee Involvement**”) which governs the details of the establishment of an SE Works Council and its rights to involvement as well as the participation of the employees in the Supervisory Board of SAP SE. The involvement of the employees within SAP SE is therefore governed by the provisions laid down in the SAP Agreement on Employee Involvement and not by the statutory fallback provisions. The statutory provisions will apply only insofar as express reference is made to them in the SAP Agreement on Employee Involvement (cf. Section 21 (5) SEBG).

1.2 Purpose of the present Report, further documents

Pursuant to Article 37 (4) of the SE Regulation, the Executive Board of SAP AG submits this Report explaining and justifying the legal and economic aspects of the conversion and indicating the implications for the shareholders and for the employees of the adoption of the form of an SE.



All information in this Report is up-to-date as of the date on which this Report is signed, unless otherwise indicated.

The Conversion Plan, including the Articles of Incorporation of SAP SE, and this Report are available on the Internet at www.sap.com/agsm and will also be available for inspection during the General Meeting of the Shareholders. The same applies to the SAP Agreement on Employee Involvement, the certificate issued by the court-appointed independent expert, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, pursuant to Article 37 (6) of the SE Regulation and to the annual financial statements and the group annual financial statements of SAP AG for fiscal years 2011, 2012 and 2013 as well as the combined management reports and group management reports of SAP AG for fiscal years 2011, 2012 and 2013.

2. SAP AG

2.1 Overview

SAP is the world leader in enterprise applications in terms of software and software-related service revenue, and the world's third-largest independent software manufacturer based on market capitalization. SAP's continued growth over four decades is attributable to relentless innovation, a diverse portfolio, and its ability to anticipate ever-changing customer requirements. Since it has more than 253,500 customers in over 180 countries, the SAP group includes subsidiaries in major countries. SAP AG is the parent company and is headquartered in Walldorf, Germany.

In 2013, consolidated revenue was € 16,815 million. Profit after tax was € 3,325 million, and net income was € 2,505 million. As of December 31, 2013, shareholders' equity for the group was € 16,048 million against consolidated total assets of € 27,094 million. SAP AG shareholders' equity as of December 31, 2013, was € 11,295 million against SAP AG total assets of € 22,055 million. The SAP group had 66,572 employees (expressed as full-time equivalents) worldwide as of December 31, 2013, of which 12,407 were employed by SAP AG.

2.2 Company history and development

SAP AG was founded in 1972 as SAP Systemanalyse und Programmentwicklung GbR ("System Analysis and Program Development," a private company) with its registered office in Weinheim, Germany, with the vision of developing standard application software for real-time data processing. The company became known for integrated applications: Materials management data flowed directly into financial accounting on a value basis, while invoice verification and posting could be completed in one step. In 1976, the limited liability company SAP GmbH Systeme, Anwendungen und Produkte in der Datenverarbeitung ("Systems, Applications, and Products in Data Processing") was founded, with its registered office in Weinheim. In 1977, SAP moved its registered office to Walldorf. In the same year, the company installed its first system for customers outside of Germany. By 1981 approximately 200 companies were using SAP software. SAP went public in 1988, listing on the Frankfurt Stock Exchange. The company signed its 1,000th customer and founded more international subsidiaries, including in the United States.

In 1991, SAP presented the first applications in its new SAP R/3 system at the CeBIT technology trade fair. With its client-server concept, midsize companies could also deploy the software. SAP began working with Microsoft, and augmenting its business with and through partners. In 1995, SAP stock was included in Germany's Deutsche Aktienindex (DAX) stock exchange for the first time, and debuted on the New York Stock Exchange (NYSE) in 1998. In 2002, the company was the third-largest independent software provider in the world. SAP continued to expand its portfolio of solutions over the following years, driving constant profitable growth. With the solutions of companies it had acquired, such as Ariba, BusinessObjects, SuccessFactors, and Sybase, the company expanded its addressable market with analytics, cloud solutions, and mobile applications. At the same time, utilizing in-memory technology it developed SAP HANA, which soon became the platform for real-time business applications. Today, SAP is one of the most valuable DAX companies.

2.3 Operations and structure

(a) Business activities

SAP derives its revenue from fees charged to its customers for licensing of its on-premise software products and solutions, and the use of its cloud solutions by subscription. SAP also derives revenue from support, consulting, development, training, and other services.



For management reporting, SAP's activities are broken down into two divisions, On-Premise and Cloud, which are further divided into operating segments. SAP's On-Premise division comprises two operating segments, On-Premise Products and On-Premise Services. SAP's Cloud division is also composed of two operating segments, Cloud Applications and Ariba.

SAP's portfolio of products, solutions, services, and support is designed with customer centricity in mind. SAP's solutions help customers address the major trends and issues of our time – such as the unprecedented power of people to connect, the ubiquity of mobile technology, the pressures of population growth and rapid urbanization, and the increasing demand on natural resources. The SAP software enables companies of all sizes to better connect to their customers and suppliers, and to measure, track, and manage their sustainable operations. The solutions of SAP AG also address its customers' expectations for shorter innovation cycles, an attractive total cost of ownership (TCO), a superior user experience, and choice of consumption options – whether on premise or in the cloud.

The portfolio of solutions currently covers 12 lines of business:

- Asset management
- Procurement
- Manufacturing
- Finance
- R&D and engineering
- Information technology
- Service
- Supply chain management
- Marketing
- Human resources
- Corporate strategy and sustainability
- Sales

For decades, SAP has developed deep expertise within specific industry groups. SAP now supports enterprises in 25 industries in the sectors:

- Services
- Energy and natural resources
- Discrete manufacturing
- Financial services
- Consumer
- Public services

SAP offers a number of targeted solutions for small businesses and midsize companies, including the SAP Business All-in-One solution, the SAP Business One application, and Edge solutions, which combine business management and business intelligence software. These solutions are targeted and optimized for small businesses and midsize companies, and provide growing enterprises with the capabilities they need to compete in a global market. SAP also offers affordable, scalable solutions in the cloud, such as SAP Business ByDesign and SuccessFactors HCM Suite. These solutions are relevant for companies of all sizes, including small and midsize enterprises. Additionally, SAP offers SAP Business One Cloud to small businesses and midsize companies.

In 2013, SAP offered innovative products in five market categories: Applications, Analytics, Mobile, Database and Technology, and Cloud. All SAP products will be powered by the SAP HANA platform, an in-memory database on which not just analyses but entire business applications can be run in main memory. The platform can be used to perform real-time analyses and to develop and deploy real-time applications.



(i) Applications

SAP is the recognized leader in enterprise applications. Based on its leading technology and unmatched business process know-how, SAP delivers innovations without disruptions. SAP Business Suite software helps create a comprehensive business process platform for companies to run better and perform better every day. SAP Business Suite is also available “powered by SAP HANA” as SAP’s next-generation business suite that captures and analyzes data in real time on a single in-memory platform.

(ii) Analytics

SAP’s analytics offerings enable users to unleash the power of collective insight by helping them collect massive amounts of Big Data and use it to drive better business outcomes. The solutions enable users to unlock the data they need empowering them with the right information at the right time to make insightful business decisions, anticipate change, and uncover new opportunities. Analytic solutions from SAP include:

- Business Intelligence (BI)
- Enterprise performance management (EPM)
- Governance, Risk and Compliance (GRC)
- Predictive analytics

(iii) Mobile solutions

Today’s businesses demand mobile access to critical business information. Mobile solutions from SAP offer the foundation for enterprise mobility and seamless integration with the core enterprise applications of its customers. SAP is recognized as a market leader in enterprise mobility. The portfolio of mobile solutions includes:

- Enterprise Mobility Management
- Mobile apps
- SAP Mobile Platform

(iv) Database and technology

The database and technology portfolio of SAP provides a solid and comprehensive foundation for business applications. SAP HANA, the ground-breaking in-memory platform, has redefined innovation in the database and technology market and has become the fastest-growing product in SAP’s history. In addition to SAP HANA, SAP offers a comprehensive family of database and technology solutions.

(v) Cloud solutions

In a world where customers need to respond quickly to changing market conditions, the cloud model offers an ideal combination of flexibility, affordability, and rapid time to value. With SAP Cloud powered by SAP HANA, SAP helps customers enjoy the innovation potential of a cloud-based setup. Today, SAP offers one of the most comprehensive cloud portfolios on the market. With the decision to offer all SAP products in the cloud, the cloud category will evolve from a product category to a deployment option for customers to simplify the consumption of SAP solutions. SAP’s offerings span cloud applications, business networks, and cloud platforms.

In addition, SAP offers its customers a choice of different cloud deployments to fit their business needs, such as public or private cloud models.

In 2013, SAP began offering SAP Cloud powered by SAP HANA, which includes infrastructure, platform, and software as services in the cloud, incorporating the former SAP HANA Enterprise Cloud managed cloud services offering. It allows entire enterprise systems to be run in the cloud. In addition, SAP HANA Cloud Platform is a development platform-as-a-service (PaaS).

SAP supports a hybrid model, allowing customers to integrate new cloud services with their on-premise applications. This gives customers the opportunity to consume new innovations using the cloud while safeguarding their investments in their existing application landscape.



(b) Business performance

Total revenue of the SAP group increased from € 16,223 million in 2012 to € 16,815 million in 2013, representing an increase of € 592 million, or 4%. This growth reflects an 8% increase from changes in volumes and prices and a 5% decrease from currency effects. The growing revenues result primarily from a € 426 million increase in cloud subscription and support revenue and a € 501 million rise in support revenue. Consulting revenue declined by € 200 million and software revenue by € 142 million.

In 2013, the operating profit of the SAP group totaled € 4,479 million (2012: € 4,041 million), a significant year-over-year increase despite adverse currency effects. SAP invested in innovations and made substantial advances in its cloud business in 2013. Operating expenses increased € 155 million or 1% to € 12,336 million (2012: € 12,181 million). The main contributors to that increase were greater acquisition-related and restructuring expenses, continued investment in sales activities and the cloud, and higher personnel and infrastructure expenses related to acquisitions.

The table below summarizes the results for the SAP group for 2012 and 2013.

Results in € million unless otherwise stated	2013	2012	Change in %
Software and cloud subscriptions	5,212	4,928	6
Non-IFRS adjustments	63	73	- 14
Software and cloud subscriptions (non-IFRS)	5,275	5,001	5
Software and software-related service revenue (IFRS)	13,950	13,165	6
Non-IFRS adjustments	82	81	1
Software and software-related service revenue (non-IFRS)	14,032	13,246	6
Total revenue (IFRS)	16,815	16,223	4
Non-IFRS adjustments	82	81	1
Total revenue (non-IFRS)	16,897	16,304	4
Total operating expenses	- 12,336	- 12,181	1
Operating profit (IFRS)	4,479	4,041	11
Non-IFRS adjustments	1,035	1,148	- 10
Operating profit (non-IFRS)	5,514	5,190	6
Operating margin (operating profit as a percentage of revenue, IFRS)	27	25	7
Operating margin in percent (operating profit as a percentage of revenue, non-IFRS)	33	32	3
Free cash flow	3,266	3,281	0
Net liquidity	- 1,467	- 2,502	41
Days' sales outstanding	62	59	10
Equity ratio (the ratio of shareholders' equity to total assets)	59	54	10
Research and development	2,282	2,261	1
Employees engaged in research and developments as of December 31, 2013 ¹⁾	17,804	18,012	- 1
Profit after tax	3,325	2,803	19
Basic earnings per share (in €)	2.79	2.35	19
Employees as of December 31, 2013 ¹⁾	66,572	64,422	3

1) Expressed as full-time equivalents

2.4 Registered office, head office, fiscal year and corporate purpose of the Company

(a) Registered office, head office and fiscal year

SAP AG is a stock corporation under German law having its registered office and head office in Walldorf, Germany. It is registered in the commercial register of the Local Court (*Amtsgericht*) of Mannheim under HRB 350269. Its business address is Dietmar-Hopp-Allee 16, 69190 Walldorf, Germany; this is also the address of the head office of SAP AG. The fiscal year of the Company is the calendar year.

(b) Corporate purpose of the Company

(i) The corporate purpose of the Company is direct or indirect activity in the area of development, production, and marketing of products and the provision of services in the field of information technology, and particularly in the following fields:

- developing and marketing integrated product and service solutions for e-commerce;
- developing software for information technology and the licensing of its use to others;
- organization and deployment consulting, as well as user training, for e-commerce and other software solutions;
- selling, leasing, renting, and arranging the procurement and provision of all other forms of use of information technology systems and relevant accessories;
- making capital investments in enterprises active in the field of information technology to promote the opening and advancement of international markets in the field of information technology.

(ii) The Company is authorized to act in all the business areas listed in (i) above and to delegate such activities to affiliated enterprises within the meaning of Sections 15 ff. AktG; in particular the Company is authorized to delegate its business in whole or in parts to such enterprises. The Company is authorized to establish branch offices in Germany and other countries, to found, acquire, and invest in other companies of the same or a related kind and to enter into collaboration and joint venture agreements. The Company is further authorized to invest in enterprises of all kinds principally for the purpose of placing financial resources. The Company is authorized to dispose of investments, to consolidate the management of enterprises in which it participates, to enter into affiliation agreements with such enterprises, or to do no more than manage its shareholding.

(iii) The Company is authorized to take all actions and measures that are consistent with the corporate purpose or that directly or indirectly further the corporate purpose.

2.5 Supervisory Board, Executive Board and representation

The Supervisory Board of SAP AG currently comprises 16 members, half of which are elected by the shareholders and the other half are elected by the employees. At the time of the resolution on the approval of the Conversion Plan, the Supervisory Board comprised and, without any changes on the date this Report was signed, continues to comprise the following members (employees' representatives are marked with "*"): Prof. Dr h. c. mult. Hasso Plattner (Chairman), Pekka Ala-Pietilä, Prof. Anja Feldmann, Ph.D., Prof. Dr Wilhelm Haarmann, Bernard Liautaud, Dr h. c. Hartmut Mehdorn, Dr Erhard Schipporeit, Prof. Dr-Ing. E.h. Klaus Wucherer, Christiane Kuntz-Mayr*, Panagiotis Bissiritsas*, Margret Klein-Magar*, Lars Lamadé*, Dr Kurt Reiner*, Mario Rosa-Bian*, Stefan Schulz*, Inga Wiele*.

According to Section 6 of the Articles of Incorporation, the Executive Board of SAP AG comprises two or more persons. The number of Executive Board members is determined by the Supervisory Board. At the time of the resolution on the Conversion Plan and the notarization of the Conversion Plan, the Executive Board of SAP AG comprised and on the date this Report is signed, continues to comprise the following five members: William Richard McDermott (co-CEO), Jim Hagemann Snabe (co-CEO), Dr Werner Brandt, Gerhard Oswald, Dr Vishal Sikka.

At the time of the resolution of the Executive Board on the Conversion Plan and the notarization of the Conversion Plan, SAP AG was and, without any changes on the date this Report is signed, continues to be legally represented by two Executive Board members jointly or by one member of the Executive Board acting jointly with one holder of full commercial power of attorney (*Prokurist*) within the meaning of Sections 48-53 of the German Commercial Code (*Handelsgesetzbuch*; "HGB") according to Section 8 of the Articles of Incorporation.



2.6 Capital and shareholders

The capital stock of SAP AG amounts to € 1,228,504,232.00 and is divided into 1,228,504,232 no-par value shares. In Section 4, the Articles of Incorporation provide for two types of authorized capital to be used by June 7, 2015, each in the amount of € 250 million (Authorized Capital I and Authorized Capital II). In Section 4, the Articles of Incorporation further provide for authorized capital to be used by June 7, 2015, currently still in the amount of € 29,609,256 (Authorized Capital III). Moreover, the Articles of Incorporation provide for contingent capital in the amount of € 100 million, also governed by Section 4 (Contingent Capital IV).

At the end of fiscal year 2013, with the exception of repurchased treasury shares, approximately 22.6% of the SAP shares were held by the founding shareholders or related persons, respectively, and approximately 74.5% were in free float, with the majority held by institutional investors, in particular from Germany, the United Kingdom and the USA. On this date, private investors held an estimated 16.8% of the SAP shares. As of December 31, 2013, the Company held 34,795,554 shares (approx. 2.8%) in its own portfolio.

The SAP shares (ISIN DE0007164600) are listed on the stock exchanges of Frankfurt am Main (XETRA and floor trading), Berlin and Stuttgart as well as on the New York Stock Exchange (American Depositary Receipts, ISIN US8030542042).

The SAP shares are represented by global certificates. The existing global share certificates will become incorrect upon the conversion of SAP AG to an SE (cf. Section 7.4 of this Report). The shares represented by the global certificates are to be represented by a new global share certificate issued by SAP SE.

2.7 Employees and participation

As of December 31, 2013, the SAP group had 66,572 employees worldwide, and SAP AG had 12,407 employees (in each case expressed as full-time equivalents).

The Supervisory Board of SAP AG comprises 16 members and is composed of eight shareholders' representatives and eight employees' representatives in accordance with the provisions of the MitbestG 1976 (see Section 2.5 of this Report).

As regards the election of the eight employees' representatives on the Supervisory Board of SAP AG, the employees of the SAP group have active and passive voting rights pursuant to the MitbestG 1976.

3. MATERIAL ASPECTS OF THE CONVERSION

3.1 Material reasons for the conversion

The proposed change of legal form from a stock corporation under German law to a European Company is to manifest SAP's self-image as an international player with European roots. Presenting itself as a European Company thus reflects the importance of the Company's European and international operations. The legal form of the European Company also enables the Company to develop, together with representatives of the European workforce, a model for the involvement of employees which is tailored to the needs of the Company. It can thus be ensured that both the corporate governance structure of SAP and the work of its corporate organs are optimized. An important step in this development is the opportunity to be able to limit the size of the Supervisory Board to 18 members (and possibly to 12 members in the future, cf. Section 6.1 lit. (f) (vi) (N) and lit. (g) of this Report). Without the change of legal form to the SE, in contrast, a larger Supervisory Board comprising 20 members would be inevitable having regard to the development of the number of German employees, which would adversely affect the efficiency of the work of the Supervisory Board. Following the change of legal form to the SE, the Supervisory Board will still be required to be composed of an equal number of shareholders' and employees' representatives, i.e. half of its members will be employees' representatives. However, these representatives will in future not be exclusively – directly or indirectly – designated by the German employees of the SAP group and the German trade unions, but also – directly or indirectly – with the involvement of the employees and trade unions from other member states of the European Union (“EU”) or a signatory state to the agreement on the European Economic Area (“EEA”). The legal form of a European Company thus presents an opportunity for the Company to reflect its international character even more strongly in the future also with regard to the employees' representatives on the Supervisory Board.

3.2 Alternatives

As part of the preparations for the change of legal form, the Executive Board of SAP AG has extensively considered potential alternatives. This analysis led to the conclusion that there are currently no reasonable alternatives to the SE to achieve the targets set, in particular with regard to choosing a supranational legal form and maintaining and developing an efficient corporate governance structure.

The legal form of the SE is the only supranational legal form currently available which allows to continue listing. Since the SE is very similar to a German stock corporation in terms of its structure and functionality (e.g. its capital and the rights attaching to the shares and shareholders' rights), the change of legal form to an SE will result in only limited changes also in the view of the shareholders.

The possibility of providing for a smaller Supervisory Board than stipulated by the MitbestG 1976 for the corresponding number of employees as well as the possibility of the involvement of employees of foreign companies is not available, with regard to the Supervisory Board, under German legal forms such as the stock corporation (*Aktiengesellschaft*; "AG") or the partnership limited by shares (*Kommanditgesellschaft auf Aktien*; "KGaA").

Instead of changing the legal form, the formation of an SE could have also taken place by cross-border merger pursuant to Article 2 (1) of the SE Regulation, however, this procedure would have been legally more complex. It therefore follows from the above that the change of legal form to an SE is the only feasible way for adequately implementing the targets set.

3.3 Costs of conversion

The Executive Board of SAP AG estimates that the costs for the conversion of the Company to an SE will amount to a maximum of € 4 million in aggregate. This amount includes in particular the costs of preparatory measures, the conversion audit by the court-appointed auditor, the notarization of the Conversion Plan, registration, external expert advice, the necessary publications, the procedure to be conducted for the involvement of the employees as well as the conversion of the stock exchange listing of the SAP AG shares to SAP SE shares.

4. 4.COMPARISON OF STRUCTURAL ELEMENTS, IN PARTICULAR OF THE LEGAL POSITION OF THE SHAREHOLDERS, SAP AG AND SAP SE

Prior to presenting the Conversion Plan (cf. Section 6.1 of this Report), the Articles of Incorporation of SAP SE (cf. Section 6.2 of this Report) and the implications of the conversion (cf. Section 7 of this Report), we will set out below a comparison of certain material structural features of the current SAP AG and the future SAP SE, with the main focus on shareholders' rights and corporate governance structures.

4.1 Introduction

The SE is a supranational legal form under European law. As can be derived from Article 1 (1) of the SE Regulation, the SE is a legal form for commercial enterprises within the territory of the European Community (and in addition, and as a consequence of the foregoing, also within the territory of the EEA as a whole).

Pursuant to Article 10 of the SE Regulation, an SE will be treated in each member state – subject to the provisions of the SE Regulation – as a stock corporation established under the laws of the member state in which the SE has its registered office. The legal relationships affecting SAP SE, the rights of its shareholders and its corporate governance regime are determined by (i) the provisions of the SE Regulation, which is directly applicable in all member states, (ii) the SE-AG as the German act implementing the SE Regulation, (iii) the provisions applicable to German stock corporations, in particular the provisions of the German Stock Corporation Act (cf. in particular the reference contained in Article 9 (1) (c) (ii) of the SE Regulation), and (iv) the Articles of Incorporation of SAP SE. Since SAP SE is treated as a stock corporation – subject to the provisions of the SE Regulation –, the provisions of commercial, tax and capital markets law currently applicable to SAP AG will also continue to apply to SAP SE.

The involvement of employees, including the so-called entrepreneurial participation (*unternehmerische Mitbestimmung*) (i.e. the participation in the supervisory or administrative organ of the SE), is determined by the SAP Agreement on Employee Involvement concluded between SAP AG and the Special Negotiating Body (see Section 6.1 lit. (f) and (g) of this Report for more information). Statutory provisions will apply only insofar as expressly referred to in the SAP Agreement on Employee Involvement (cf. Section 21 (5) SEBG).



4.2 General provisions

(a) Legal personality

In the same way as a stock corporation under German law (an AG), the SE also has legal personality. It is a legal entity and as such may carry its own rights and obligations (Article 1 (3) of the SE Regulation).

(b) Capital stock, share structure

The capital stock of an SE is divided into shares and is expressed in euro (Article 1 (2), Article 4 (1) of the SE Regulation). The minimum capital of an SE is € 120,000 (Article 4 (2) of the SE Regulation) and is thus higher than the minimum capital of € 50,000 that is required by law for an AG.

The capital stock, the authorized capital and the contingent capital of SAP SE will in each case be equivalent to that of SAP AG immediately prior to the effective date of conversion (cf. Section 6.1 lit. (c) of this Report for more information).

As regards the possibilities of structuring the shares, no changes will result from the conversion to an SE either, as Article 5 of the SE Regulation ultimately refers to the German Stock Corporation Act. However, since the name of the issuer of the share certificates will change as a result of the conversion of SAP AG to an SE, the share certificates will become incorrect in this respect and will therefore be exchanged. See Sections 2.6 and 7.4 of this Report for more information.

(c) Registered office of the company and option to transfer the registered office abroad

As is the case with an AG, the registered office of the SE is determined in the articles of incorporation. It is intended that the Company continue to maintain its registered office and headquarters in Germany. The registered office of SAP SE will also be in Walldorf. Because the registered office of an AG and an SE must mandatorily be determined in the articles of incorporation, any relocation requires an amendment to the articles of incorporation. In an AG, a resolution of the general meeting of shareholders to transfer the registered office abroad in the past was equivalent to a winding-up resolution within the meaning of Section 262 (1) no. 2 AktG. As regards the question of to what extent this legal situation has changed as a result of the amendment of Section 5 AktG by the German Act on the Modernization of the Limited Liability Companies Act and the Prevention of Abuse (*Gesetz zur Modernisierung des GmbH-Rechts und zur Bekämpfung von Missbräuchen*; "**MoMiG**") of October 23, 2008 there has not been sufficiently reliable court practice so far. By contrast, an SE may transfer its registered office to another member state of the EU or the EEA using a procedure stipulated by law without having to be wound up (Article 8 of the SE Regulation). In this event, however, the SE would be required to offer those of its shareholders who declare their objection to the transfer resolution for recording in the relevant minutes to acquire their shares in return for an appropriate cash settlement (Section 12 (1) SE-AG).

(d) Reporting requirements

Because of its listing the provisions of the German Securities Trading Act (*Gesetz über den Wertpapierhandel – Wertpapierhandelsgesetz*; "**WpHG**") also apply to the future SAP SE. This is the case in particular for the provisions on insider surveillance (Sections 12 ff. WpHG) and on the obligations regarding voting rights notifications (Sections 21 ff. WpHG). As would have been the case for SAP AG, under Section 28 WpHG the shareholders of SAP SE will lose certain of their shareholders' rights if notification obligations are not met. The change of legal form thus does not lead to any changes in this respect. Nor will the conversion of SAP AG to an SE result in any change in the applicable provisions of takeover law.

4.3 Formation of the company

The formation of an SE will be governed, subject to the provisions of the SE Regulation, by the law applicable to stock corporations in the member state in which the SE establishes its registered office (Article 15 (1) of the SE Regulation). The formation of SAP SE is therefore generally governed by the laws applicable to the formation of the AG. In a conversion, the founder will be the entity changing its legal form, i.e. in the present case SAP AG.

In the event of a conversion involving a change of legal form to that of an SE, the formation provisions of German stock corporation law (adoption of articles of incorporation, formation expenses, formation report, formation audit, application for registration of the company, examination by the court, registration in the commercial register, etc.) will be modified or superseded by the provisions of Article 37 of the SE Regulation. The details of this formation procedure are described in Section 5 of this Report.



4.4 Legal relationships affecting the company and the shareholders

In an AG, the capital stock must not only have been raised at the time of its formation but must also be preserved thereafter. This is the purpose of Sections 56 ff. AktG. The company is not permitted to underwrite its own shares (Section 56 AktG) nor repay capital contributions to the shareholders (Section 57 AktG). The appropriation of the annual net profits of the AG is governed by Section 58 AktG. Section 58 (1) through (3) AktG contains provisions on the setting up of reserves, while Section 58 (4) AktG deals with the appropriation of profits. Supplementing the preceding provisions, Section 59 AktG permits advance payments from retained earnings only in special circumstances. Pursuant to Section 60 (1) AktG, the portion of the profits of the company attributable to the shareholders will generally depend on their shares in the capital stock. However, Section 60 (3) AktG also offers the option to stipulate a different way of distributing the profits in the articles of incorporation. Pursuant to Sections 71 through 71d AktG, the acquisition of own shares is also only possible in special circumstances. Since all of these provisions serve to preserve the capital of the company, they are also applicable pursuant to Article 5 of the SE Regulation to an SE that has its registered office in Germany, so that the conversion of SAP AG to an SE will not result in any changes in this regard.

In an AG, all shareholders must be treated equally under equal circumstances (Section 53a AktG). No corresponding provision is contained in the SE Regulation. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, however, the principle of equal treatment also applies to an SE that has its registered office in Germany, so that the conversion will not result in any changes in this regard either.

4.5 Constitution of the company

(a) Choice between two-tier and one-tier system

One aspect where the SE is different from the AG is the greater flexibility in its corporate governance regime, i.e. in the structures for the management and supervision of the company. For an SE, there is a choice between a one-tier and a two-tier system: While in a two-tier system there are two administrative organs, one of which manages the business and the other supervises the management, in a one-tier system there is only one administrative organ that manages the company, determines the basic principles of its activities and supervises their implementation (cf. Section 22 (1) SE-AG). In contrast, for an AG only the two-tier system involving the executive board as the management organ and the supervisory board as a supervisory organ is permitted.

The Articles of Incorporation of SAP SE provide for a two-tier system for the Company comprising a management organ (Executive Board) and a supervisory organ (Supervisory Board), so that the conversion will not result in a fundamental change in the corporate governance regime of the Company. The change of legal form merely entails some changes of details that are to be explained below.

(b) Executive board

(i) Management of the company

As regards the management of the future SAP SE, the conversion to an SE will not result in any changes. Pursuant to Article 39 (1) sentence 1 of the SE Regulation, the management organ (i.e. the Executive Board) is responsible for managing the SE. This stipulation is equivalent to Section 76 (1) AktG in terms of content.

(ii) Size and composition of the executive board

The executive board of an AG generally consists of one or more persons (Section 76 (2) sentence 1 AktG), with Section 76 (2) sentence 2 AktG additionally requiring that, in a company with a capital stock exceeding € 3 million, the executive board must consist of at least two persons unless the articles of incorporation provide otherwise. In a company that has participation arrangements in line with the MitbestG 1976 in place – such as SAP AG – a labor relations director is to be appointed to the executive board as a “member with equal rights” (*gleichberechtigtes Mitglied*) (Section 33 MitbestG 1976), which means that the executive board must in this case mandatorily consist of at least two members.

The executive board of an SE with a capital stock exceeding € 3 million must also consist of at least 2 persons unless the articles of incorporation provide otherwise (Section 16 SE-AG). The Articles of Incorporation of SAP SE provide that the Executive Board must consist of at least two persons but

that the Supervisory Board may determine a higher number of Executive Board members (Section 6 (1) of the Articles of Incorporation of SAP SE). It is expected that after the conversion – and provided the relevant individuals will be appointed by the first Supervisory Board of SAP SE (cf. Section 5.7 of this Report) – the Executive Board of SAP SE will consist of: William Richard (Bill) McDermott (CEO), Luka Mucic (whom the Supervisory Board appointed as a member of the Executive Board of SAP AG with effect as of July 1, 2014), Gerhard Oswald and Dr Vishal Sikka

Although in the SE there will not be a requirement to appoint a labor director for this particular area of responsibility because the MitbestG 1976 does not apply, the SAP Agreement on Employee Involvement provides in this regard that a member of the Executive Board must be placed in charge of “labor and social affairs”. This member will bear the title “labor director”.

(iii) Management

As with the AG, the principle of joint management by all executive board members also applies to the SE, unless the articles of incorporation or the rules of procedure provide otherwise. Moreover, the principle under German stock corporation law according to which differences of opinion within the executive board cannot be decided by one or more members against the majority of the members of the executive board applies (Article 9 (1) (c) (ii) of the SE Regulation in conjunction with Section 77 (1) sentence 2 AktG). However, in an SE a member appointed as chairperson of the executive board may be granted a right to veto decisions of the executive board. The Articles of Incorporation of SAP SE do not make use of the option to grant such a veto right. On the executive board of an SE, the chairperson, if appointed, generally has the casting voice in the event of a tie (Article 50 (2) sentence 1 of the SE Regulation). Accordingly, the Articles of Incorporation of SAP SE provide that the chairperson of the Executive Board, if appointed, will have the casting vote in the event of a tie (Section 7 (2) of the Articles of Incorporation of SAP SE). See Section 6.2 lit. (g) of this Report for further information.

(iv) Representation of the company

Since the SE Regulation does not contain any representation provisions specific to the SE, the provisions of the Stock Corporation Act and/or the articles of incorporation of the SE will apply through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. As did the Articles of Incorporation of SAP AG, the Articles of Incorporation of SAP SE likewise provide that the Company will be legally represented by two members of the Executive Board or one member of the Executive Board acting jointly with one holder of full commercial power of attorney (*Prokurist*) within the meaning of the HGB, Sections 48-53 (Section 8 of the Articles of Incorporation). As regards the representation of the Company, the conversion to an SE will therefore not result in any changes.

(v) Appointment and removal of executive board members, term of office

As in an AG, the members of the executive board of an SE are generally appointed and removed by the supervisory board or other supervisory organ (Section 84 AktG, Article 39 (2) sentence 1 of the SE Regulation).

The executive members of an AG are appointed for a term of office not exceeding five years. A reappointment or an extension of the term of office is permissible, in each case for a period not exceeding five years. The supervisory board may revoke the appointment of members of the executive board and the appointment of the chairperson of the executive board for cause (*wichtiger Grund*) (Section 84 AktG).

By contrast, the members of the executive board of an SE are appointed for a period laid down in the articles of incorporation but not exceeding six years (Article 46 (1) of the SE Regulation). Subject to any restrictions laid down in the articles of incorporation, a reappointment is possible (Article 46 (2) of the SE Regulation). In Section 6 (3), the Articles of Incorporation of SAP SE stipulate a term of office of five years, with reappointments being permitted. This provision is thus in line with the statutory provision for AGs and the rules as previously in place with SAP AG; however, the Articles of Incorporation of SAP SE do not contain any restriction as to the timing of a reappointment. Owing to the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the option to revoke an appointment (only) for cause pursuant to Section 84 (3) AktG also applies to an SE that has its registered office in Germany.

For AGs that have employee participation arrangements in line with the MitbestG 1976 in place – such as SAP AG – Section 31 MitbestG 1976 sets out special provisions on procedural matters and majorities for the appointment and removal of executive board members. Because the MitbestG 1976 is not applicable to the SE, these provisions do not apply to it either. Instead, the provisions governing other supervisory board resolutions apply to the appointment and removal of members of the executive board of an SE, including the provisions of Article 50 (2) sentence 1 of the SE Regulation, which states that where equal participation arrangements are in place, the chairman of the supervisory board of the SE will have a casting vote in the event of a tie.

- (vi) Rules for the remuneration of executive board members, non-compete covenant, granting of loans to executive board members

As regards the rules for the remuneration of executive board members, the non-compete covenant of executive board members and the granting of loans to executive board members (Sections 87 through 89 AktG), the provisions of the Stock Corporation Act also apply to an SE that has its registered office in Germany through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, so that there are no differences between the two legal forms.

- (vii) Reports to the Supervisory Board

The duties of the executive board of an SE to report to the supervisory board of an SE were modeled on the duties of the executive board of an AG to report to the supervisory board of an AG.

Pursuant to Section 90 AktG, the executive board of an AG must report to the supervisory board on (i) the intended business policy and other fundamental business planning issues (in particular finance, investment and human resources planning), with deviations of the actual developments from previously reported targets having to be identified and reasons stated, (ii) the profitability of the company, in particular the return on equity, (iii) the progress of business, in particular the sales revenues, and the position of the company, (iv) any transactions that may be of material significance to the profitability or liquidity of the company. If the company is a parent entity, the report must also include information on subsidiaries and joint ventures (Section 90 (1) sentence 2 AktG). Moreover, reports must be delivered to the chairman of the supervisory board on any other matters of importance. Any business-related matter affecting an affiliate of which the executive board becomes aware and which may have a significant impact on the position of the company is also to be considered a matter of importance (Section 90 (1) sentence 3 AktG). The Stock Corporation Act states that the relevant reports should be delivered at regular intervals.

In addition to the reporting duties described above, the supervisory board may at any time request reports on the affairs of the company, its business relations with affiliates as well as any business transacted by these affiliates which could materially affect the position of the company (Section 90 (3) sentence 1 AktG). Reports may also be requested by individual supervisory board members but must always be delivered to the supervisory board as a whole.

The reports must comply with the principles of conscientious and true accounting. They must be delivered as timely as possible and as a rule in text form (Section 90 (4) AktG). Each supervisory board member is entitled to examine the reports (Section 90 (5) sentence 1 AktG).

The executive board of an SE is subject to similar reporting duties which it must fulfill at regular intervals. For example, the executive board must report to the supervisory board of the SE at least every three months on the progress and foreseeable development of the SE's business (Article 41 (1) of the SE Regulation). In addition to regular reporting, the executive board must promptly inform the supervisory board of all events likely to have an appreciable effect on the position of the SE (Article 41 (2) of the SE Regulation). Pursuant to Article 41 (3) of the SE Regulation, the supervisory board of an SE may require the executive board to provide information of any kind which it needs to perform its supervisory role. As is the case with an AG, each member of the supervisory board of an SE that has its registered office in Germany may demand the provision of such information, but only to the supervisory board as a whole (Article 41 (3) of the SE Regulation in conjunction with Section 18 SE-AG). The supervisory board may undertake or arrange for any investigations necessary for the performance of its duties (Article 41 (4) of the SE Regulation). Each member of the supervisory board may examine all information submitted to the supervisory board (Article 41 (5) of the SE Regulation).

Even if Section 90 AktG seems to offer more specific guidance as compared to Article 41 of the SE Regulation, the conversion of SAP AG to an SE will *de facto* not result in any changes in terms of content as regards the duties of the Executive Board to report to the Supervisory Board because despite their different wording the provisions of Section 90 AktG and Article 41 of the SE Regulation are largely equivalent in terms of their content. Accordingly, the future Executive Board of SAP SE will be obliged to report to the Supervisory Board to the same extent as the Executive Board of SAP AG was.

(viii) Duties of the executive board in the event of loss, over-indebtedness or inability to pay

The duties of executive board members in the event of loss, over-indebtedness or an inability to pay as stipulated in Section 92 AktG must also be fulfilled, owing to the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, by the management organ (i.e. the executive board) of an SE with a two-tier structure.

(ix) Duties of care and responsibility

Pursuant to the reference contained in Article 51 of the SE Regulation, the members of the management organ of an SE are liable in accordance with the provisions applicable to stock corporations in the member state where the SE's registered office is situated. Through this reference to German law, the requirements contained in Section 93 AktG as regards the standard of care of a prudent and conscientious business manager (*ordentlicher und gewissenhafter Geschäftsleiter*) also apply to the Executive Board of SAP SE. This also includes the so-called business judgment rule relating to entrepreneurial decisions contained in Section 93 (1) sentence 2 AktG and the rules governing the exemption from the compensation obligation pursuant to Section 93 (4) AktG.

Pursuant to Article 49 of the SE Regulation, the members of an SE's organs must generally not divulge any information if this might be detrimental to the company's interests even after they have ceased to hold office. In terms of content, this provision is equivalent to the situation under German stock corporation law, which does not expressly stipulate that the duty of confidentiality survives the end of the term of office but where it is generally accepted that this is the case.

(x) Utilization of influence on the company

Pursuant to Section 117 (1) AktG, any person who intentionally utilizes his or her influence on the company to cause a member of the executive board to engage in conduct that is detrimental to the company or its shareholders is liable to pay damages. Even if the SE Regulation does not contain a corresponding express provision, the reference contained in Article 9 (1) (c) (ii) of the SE Regulation ensures that a corresponding liability regime also exists in the case of the SE, even if one were to consider Article 51 of the SE Regulation to be inapplicable in this context. The liability of executive board members who act in breach of this duty also exists in both legal forms (cf. Section 117 (2) AktG and Article 51 of the SE Regulation respectively).

(c) Supervisory board

In an SE with a two-tier structure the supervisory organ, which will be referred to as the Supervisory Board at SAP SE, supervises the management of the company's business by the management organ. Its duties and powers are in essence equivalent to those of the supervisory board of an AG. However, there are some differences of detail, in particular with regard to the internal rules of the organ, which will be described in the following overview.

(i) Size and composition of the supervisory board

The size and composition of the supervisory board of an AG that has its registered office in Germany and as a rule employs more than 2,000 employees in Germany is determined by Section 95 AktG and Section 7 MitbestG 1976. A company that as a rule does not employ more than 10,000 employees in Germany will have a supervisory board comprising twelve members in total, while this number will be increased to 16 for a company that as a rule employs more than 10,000 but not more than 20,000 employees in Germany. The articles of incorporation may stipulate in the former case that the supervisory board should consist of 16 or 20 members, and in the latter case that it should consist of 20 members. In companies which as a rule employ more than 20,000 employees in Germany, the supervisory board consists of 20 members. The composition of the supervisory

board must comply with the principle of equal participation, i.e. one half of the members will be appointed by the shareholders and the other half by the employees.

Since the MitbestG 1976 does not apply to an SE even if it has equal participation arrangements in place, the SE has greater flexibility in determining the size and composition of its supervisory board than the AG. Pursuant to Article 40 (3) sentence 1 of the SE Regulation the number of members of the supervisory organ or the rules for determining this number are to be laid down in the articles of incorporation. Other than the Stock Corporation Act the SE Regulation does not prescribe a specific size of the supervisory board. The German legislature has not made use of the option to stipulate an exact number of members for the supervisory board of an SE (Article 40 (3) sentence 2 of the SE Regulation). Instead, Section 17 (1) SE-AG merely sets an upper limit for the number of members which does not depend on the number of employees in Germany but on the capital stock of the company, i.e. which uses a different reference basis than the MitbestG 1976. Pursuant to this provision, the supervisory boards of companies which, like SAP AG, have a capital stock exceeding € 10,000,000 is limited to 21 members. Moreover, the number of members must be divisible by three. The number of supervisory board members is generally stipulated in the articles of incorporation. In line with Part II Clause 2.2 of the SAP Agreement on Employee Involvement, the Articles of Incorporation of SAP SE provide that the Supervisory Board will be composed of 18 members. The option to reduce the number of Supervisory Board members in the future by way of an amendment to the Articles of Incorporation remains unaffected. For details on the opening clause provided in this context in the SAP Agreement on Employee Involvement see Section 6.1 lit. (f) (vi) (N) and lit. (g) of this Report.

Where an SE is formed by way of a conversion involving a change of legal form, at least the same measure of employee participation must be ensured, in respect of all elements of such participation, which exists in the AG that is to be converted to an SE (cf. Sections 21 (6), 35 (1), 16 (3) and 15 (5) SEBG). According to the accurate view it is permissible, however, to reduce the number of supervisory board members as compared to the number that would apply in the case of an AG with a corresponding number of employees under the MitbestG 1976 or other national laws on employee participation. This is because the criterion of the same measure of employee participation relates to an equal representation in the supervisory board as such, but not to the absolute number of its members.

(ii) Status proceedings on the composition of the supervisory board

If the supervisory board has not been composed in accordance with the applicable statutory provisions, or if there is any dispute or uncertainty as to which statutory provisions are applicable to the composition of the supervisory board, status proceedings (*Statusverfahren*) pursuant to Sections 97 through 99 AktG must be conducted for the AG. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, this equally applies to an SE with a two-tier structure that has its registered office in Germany. The applicability of status proceedings may also be derived indirectly from Section 17 (3) SE-AG. This provision introduces an SE-specific modification of the relevant provision of the Stock Corporation Act in that the SE Works Council is also entitled to file an application.

(iii) Personal requirements for supervisory board members

Only natural persons with full legal capacity may be members of the supervisory board of an AG. Since Article 47 (1) of the SE Regulation generally permits a company or other legal entity to be a member of the supervisory board, but only if the law applicable to stock corporations in the member state in which the SE's registered office is situated does not provide otherwise, it is not possible for legal entities to be members of the Supervisory Board of SAP SE either.

Persons who are disqualified under the law of the member state in which the SE's registered office is situated from serving on the supervisory organ of a stock corporation governed by the laws of that member state are not permitted to be members of the supervisory board of the SE (Article 47 (2) (a) of the SE Regulation). As a result of the reference to the law of the member state in which the SE's registered office is situated, i.e. in the specific case to Section 100 (2) AktG, the personal reasons preventing membership on the Supervisory Board are the same for SAP AG and SAP SE. Consequently, a person is barred from being a member of the supervisory board if he or she (i) is already a member of the supervisory boards of ten commercial enterprises that are legally obliged

to form a supervisory board, (ii) is the legal representative of an enterprise that is controlled by the company, (iii) is the legal representative of another company limited by shares whose supervisory board comprises a member who is a member of the executive board of the company, or (iv) has been a member of the Executive Board of SAP AG or SAP SE in the last two years, unless his or her election was based on a proposal submitted by shareholders holding more than 25% of the voting rights in the Company. Up to five seats held by a legal representative (in the case of a sole proprietor, the owner) of the controlling enterprise of a group on the supervisory boards of commercial enterprises belonging to the group which are legally obliged to form a supervisory board are not to be taken into account when determining the maximum number of seats pursuant to sub-paragraph (i) above. Seats on supervisory boards where the member has been elected as chairperson are to be counted double when determining the maximum number of seats pursuant to sub-paragraph (i) above.

In addition, Article 47 (2) (b) of the SE Regulation provides that persons who are disqualified from serving on the supervisory organ of a stock corporation governed by the law of a member state owing to a judicial or administrative decision delivered in a member state may not be a member of the supervisory board of an SE. In this respect, the rules applicable to SEs are generally stricter than those applicable to AGs.

While Section 100 (3) AktG contains a special provision for employees' representatives on the supervisory board of an AG, Article 47 of the SE Regulation contains neither an express limitation of the aforementioned reasons preventing supervisory board membership to the shareholders' representatives on the supervisory organ of an SE nor the statement that an Agreement on Employee Involvement remains unaffected.

According to Section 100 (5) AktG, all companies (*Gesellschaften*) within the meaning of Section 264d of the German Commercial Code (*Handelsgesetzbuch*; "**HGB**") – which applies to SAP AG as well as to the future SAP SE – must have at least one independent member of the supervisory board who has specialist knowledge in the fields of accounting and auditing. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, this provision of stock corporation law equally applies to SAP SE.

(iv) Appointment of the Supervisory Board

In an AG to which the MitbestG 1976 applies, the procedures for determining the supervisory board members representing the shareholders and those representing the employees are different. While the shareholders' representatives on the supervisory board are elected by the general meeting of shareholders (Section 101 AktG), the representatives of the employees are elected – directly or indirectly – by the employees employed in Germany. In contrast, subject to any provision to the contrary in an Agreement on Employee Involvement, all supervisory board members of an SE are appointed by the general meeting of shareholders (Article 40 (2) of the SE Regulation), with the general meeting of shareholders being bound by the nominations of the employees (Section 36 (4) SEBG).

Accordingly, there is no difference as regards the shareholders' representatives, who, both in an SE and an AG, are appointed by the general meeting of shareholders of the company (Article 40 (2) sentence 1 of the SE Regulation).

There are differences compared to the AG, however, as regards the appointment of the supervisory board members representing the employees. Although the SAP Agreement on Employee Involvement provides that at SAP SE, in deviation from Article 40 (2) sentence 1 of the SE Regulation, the employees' representatives are not appointed by the General Meeting of Shareholders, the procedure for appointing the employees' representatives and the responsibility for the formal act of appointment nevertheless deviates from the provisions applicable to SAP AG. This is because Section 9 (1) MitbestG 1976 provides that in an AG which as a rule has more than 8,000 employees the employees' representatives are elected by delegates unless the employees entitled to vote opt for a direct election. The details of the election procedure are set out in Sections 10 ff. of the MitbestG 1976.

Pursuant to the SAP Agreement on Employee Involvement, which is relevant for SAP SE, the employees' representatives on the Supervisory Board of SAP SE will ultimately no longer be determined only by the employees of the SAP group and the trade unions in Germany, as is the case at

SAP AG, but directly or indirectly by employees and trade unions in Germany and abroad. The formal act of appointment is performed by the SE Works Council. For details on this, as well as on the election procedure, see Section 6.1 lit. (f) (vi) (O) of this Report.

(v) Term of office

Under Section 102 (1) AktG, members of the supervisory board of an AG may not be appointed for a term lasting longer than until the close of the general meeting of shareholders at which the acts of the supervisory board are formally approved for the fourth fiscal year following commencement of their term of office. The fiscal year in which the term of office commences is not counted in this calculation. In an SE, the members of the supervisory organ may be appointed for a period laid down in the articles of incorporation, which must not exceed six years (Article 46 (1) of the SE Regulation), i.e. in an SE longer terms of office of supervisory board members are generally possible than in an AG. A reappointment of supervisory board members is permitted in an SE, subject to any restrictions stipulated in the articles of incorporation, just as in an AG.

The provision contained in Section 10 (2) of the Articles of Incorporation of SAP SE concerning the term of office of the Supervisory Board members is, however, largely in line with the statutory provisions for an AG and the current situation at SAP AG. According to this provision, the members of the Supervisory Board are appointed for a period ending with the close of the General Meeting of Shareholders at which the acts of the Supervisory Board are formally approved for the fourth fiscal year following commencement of their term of office, not counting the fiscal year in which their term of office commenced, but in any event for a period not exceeding six years. The Articles of Incorporation of SAP SE do not contain any restrictions on the reappointment of Supervisory Board members.

A special provision has been included as regards the term of office of the first employees' representatives on the first Supervisory Board of SAP SE. Their term of office will end at the close of the 2015 annual General Meeting of Shareholders, as stipulated in Part II Clause 3.2.1 of the SAP Agreement on Employee Involvement. The term of office of the employees' representatives succeeding them on the first Supervisory Board will end at the same time as the term of office of the shareholders' representatives holding office on the first Supervisory Board. Thereafter, the regular term of office as described above will also apply to the employees' representatives. This is in line with the provision contained in Section 10 (3) of the Articles of Incorporation of SAP SE.

(vi) Removal

Section 103 (1) AktG provides that in an AG supervisory board members elected by the general meeting of shareholders without the latter being bound by nominations may be removed by it prior to the end of their term of office. This resolution requires a majority of at least three quarters of the votes cast. The articles of incorporation may stipulate a different majority or further requirements. Moreover, the competent court must remove a member of the supervisory board upon application of the supervisory board if there is cause relating to the person of the member (Section 103 (3) AktG), with the supervisory board resolving on such an application with simple majority. Employees' representatives on the supervisory board may also be removed for cause. Upon an application by the appointing body (employees, executive employees, trade unions or delegates), such representatives may also be removed without cause being required (Section 23 MitbestG 1976).

Since neither the SE Regulation nor the SE-AG contain any provisions governing the removal of supervisory board members, the provisions of German stock corporation law also apply in this case through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, i.e. the change of legal form will not result in any changes as regards the shareholders' representatives; in an SE that has its registered office in Germany, they may equally be removed with a majority of three quarters of the votes cast, unless a different majority or any further requirements are stipulated in the articles of incorporation. For the employees' representatives, by contrast, Section 23 MitbestG 1976 no longer applies, but rather the removal provisions contained in Part II Clauses 4.2.1 and 4.2.2 of the SAP Agreement on Employee Involvement, which state the following: Employees' representatives on the Supervisory Board of SAP SE may be removed before the end of their term of office at the request of the organ that proposed the employees' representative who is to be removed to the SE Works Council for appointment. If an employees' representative was directly elected by all employees (*Urwahl*), the request must be submitted by the majority of employees entitled to vote. As

regards the request to remove employees' representatives from Germany, Section 23 (1) nos. 1 and 2, (3) and (4) MitbestG 1976 and Sections 88 through 91, 92, 93 and 97 of the Third Election Regulation Relating to the Codetermination Act (*Dritte Wahlordnung zum Mitbestimmungsgesetz*; "**3. WOMitbestG**") apply *mutatis mutandis*. As regards employees' representatives from outside Germany, the respective national provisions apply. The removal as such is effected by the SE Works Council, which will be bound by the removal request of the organ entitled to submit such requests. The option to (also) remove a supervisory board member representing the employees for cause upon an application by the supervisory board (Section 103 (4) AktG in conjunction with Article 9 (1) (c) (ii) of the SE Regulation) remains unaffected.

Consequently, therefore, as regards the removal of employees' representatives on the Supervisory Board, the only difference is that the SE Works Council will effect the removal at the request of the organ that was responsible for the appointment proposal.

(vii) Appointment by a court

The conversion generally does not result in any changes regarding the appointment of supervisory board members by a court. If the supervisory board of an AG does not have the number of members required to constitute a quorum or if the number of members is otherwise insufficient, the court must appoint additional members upon an application by the executive board, a supervisory board member or a shareholder (Section 104 AktG). If the company in question has employee participation arrangements in place, the persons or groups of persons listed in Section 104 (1) no. 3 AktG (for example the works council or trade unions) are also entitled to file a corresponding application. Section 17 (3) sentence 1 SE-AG states that in an SE a corresponding application may in addition be filed by the SE Works Council. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the other relevant provisions of German stock corporation law also apply to SAP SE.

However, Section 104 (1) sentence 4 and (3) AktG expressly contain special provisions that apply to stock corporations governed by the MitbestG 1976. In this case, the right to file an application is also granted to one tenth of the employees and one tenth of the executive employees entitled to vote; moreover, any situation where the number of supervisory board members is insufficient represents an "urgent case", which means that additional members to the supervisory board must be appointed within a maximum period of three months. Although the MitbestG 1976 does not apply to an SE, it is to be assumed, in order to safeguard the implementation of the principle of equal participation, that these provisions will apply accordingly in an SE that has arrangements for equal participation in place.

(viii) Impossibility to hold seats on both the executive board and the supervisory board at the same time

Both in an AG and in an SE it is not possible for an individual to be a member of both the executive board and the supervisory board at the same time. Since the supervisory board's function is to supervise the management of the business by the executive board, parallel membership in both organs is not possible (Section 105 (1) AktG and Article 39 (3) of the SE Regulation). However, the Stock Corporation Act allows an exception to be made if a member of the executive board is absent or unable to attend. In this case, the supervisory board may appoint some of its own members as deputies for these members, with the restriction that the individuals so appointed may not exercise their function as supervisory board members during that time. The appointment must be made for a period that is to be limited from the start and must not exceed one year; a repeat appointment or extension of the term of office is permitted as long as the term of office does not exceed one year in aggregate (Section 105 (2) AktG). Article 39 (3) of the SE Regulation also stipulates that a member of the supervisory board may be nominated to act as a member of the management organ in the event of a vacancy but also requires that during such a period the functions of the person concerned as a member of the supervisory organ be suspended. The German legislature has made use of the option provided for in the Regulation to stipulate a time limit and adopted the relevant provisions contained in the Stock Corporation Act. As a result, there are no differences between SAP AG and SAP SE regarding the impossibility of holding a seat on both the Executive Board and the Supervisory Board at the same time.

(ix) Internal rules, adoption of resolutions

The supervisory board of an AG must elect a chairperson and at least one deputy chairperson (Section 107 (1) sentence 1 AktG). For a stock corporation to which the MitbestG 1976 applies,

Section 27 MitbestG 1976 stipulates that the chairperson must be a representative of the shareholders while the deputy chairperson must be a representative of the employees on the supervisory board. The supervisory board is quorate if at least half of the required number of members participate in the passing of resolutions (Section 28 MitbestG 1976). Resolutions generally require a majority of the votes cast (Section 29 (1) MitbestG 1976). In the event of a tie, the chairperson will have an additional vote in a new round of voting. The deputy does not have such an additional vote (Section 29 (2) sentence 3 MitbestG 1976).

Even if under the SE Regulation (Article 42 sentence 1) the supervisory board of an SE is only obliged to elect a chairperson, the supervisory board of an SE that has its registered office in German must, because of the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, also elect at least one deputy chairperson pursuant to Section 107 (1) sentence 1 AktG. Section 13 (1) of the Articles of Incorporation of SAP SE provides for the election of a deputy chairperson and also permits the election of a further deputy chairperson. Pursuant to Article 42 sentence 2 of the SE Regulation only a representative of the shareholders may be elected as chairperson of the supervisory board.

Unless otherwise provided for in the articles of incorporation, the supervisory board of an SE is quorate if at least half of its members are present or represented (Article 50 (1) (a) of the SE Regulation). Unless otherwise provided for in the articles of incorporation, resolutions are to be passed with the majority of the votes of the members present or represented (Article 50 (1) (b) of the SE Regulation). Where the supervisory board is composed in line with the principle of equal representation, the chairperson has a casting vote in the event of a tie, without a second round of voting being required (Article 50 (2) of the SE Regulation). The deputy chairperson may also have a casting vote provided that he or she is a shareholders' representative.

As in an AG, the supervisory board of an SE may set up committees and also delegate certain decision-making powers to them. This is clarified by the provision in Section 11 (5) of the Articles of Incorporation of SAP SE.

If the supervisory board of a company within the meaning of Section 264d HGB – which applies to SAP AG – sets up an audit committee, at least one member of this committee must meet the requirements of Section 100 (5) AktG, i.e. be an independent member of the supervisory board who has specialist knowledge in the fields of accounting and auditing. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, this provision of stock corporation law equally applies to SAP SE.

(x) Calling of supervisory board meetings

As regards the calling of Supervisory Board meetings, there are no differences between SAP AG and SAP SE. Since neither the SE Regulation nor the SE-AG contain any provisions on the calling of supervisory board meetings, the provision of Section 110 AktG that is applicable to AGs also applies to SEs through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. Pursuant to Section 110 (1) AktG, each supervisory board member or the executive board may request that the chairperson of the supervisory board call a meeting of the supervisory board without undue delay, stating the purpose and reasons of such request. If this meeting is not held within two weeks, another meeting of the supervisory board may be called by the supervisory board member or by the executive board itself.

Pursuant to Section 110 (3) sentence 1 AktG, the supervisory board of a listed company must meet twice in each calendar half-year. The same applies to the SE.

(xi) Duties and rights of the supervisory board

The primary duty of the supervisory board of an AG is to supervise the management of business by the executive board (Section 111 (1) AktG). This is in line with the description of the duties of the supervisory organ of an SE as set out in Article 40 (1) of the SE Regulation.

The supervisory organ of an SE may not itself manage the business of the company (Article 40 (1) sentence 2 of the SE Regulation). This is no different from the situation in an AG, where business management functions may not be transferred to the supervisory board (Section 111 (4) sentence 1 AktG).

However, both in an AG and in an SE certain transactions may only be effected with the approval of the supervisory board. In an AG, these transactions may be listed in the articles of incorporation, although this is not mandatorily required; instead, it is also sufficient if the supervisory board determines such transactions elsewhere, for example in rules of procedure (Section 111 (4) sentence 2 AktG). The provisions applicable to SEs are stricter in this regard, because here a list of transactions requiring approval must mandatorily be contained in the articles of incorporation (Article 48 (1) sentence 1 of the SE Regulation).

This is the reason why the Articles of Incorporation of SAP SE – in contrast to the existing Articles of Incorporation of SAP AG – contain a list of business management measures requiring approval. Measures essentially corresponding to those set out in Section 11 (6) of the Articles of Incorporation of SAP SE can already be found in a list of transactions requiring approval that has been resolved on by the Supervisory Board of SAP AG. According to a view that should probably be regarded as the correct one, if the supervisory board refuses its approval to a particular measure, the executive board may request that the general meeting of shareholders pass a resolution on the approval. Although neither the SE Regulation nor the SE-AG contain any provision that corresponds to Section 111 (4) sentences 3 through 5 AktG, this provision must be deemed applicable to an SE because of the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. The fact that a list of transactions requiring approval is included in the articles of incorporation of an SE does not rule out the possibility that the supervisory board may specify further types of transactions that require its approval in a document other than the articles of incorporation on the basis of the authorization conferred in Section 19 SE-AG.

Because of its comprehensive supervisory function, the supervisory board is granted extensive monitoring rights both in an AG and in an SE in order to ensure that it can fulfill its monitoring duties. The Stock Corporation Act expressly stipulates that the supervisory board may inspect and examine the books and records of the company and its assets (Section 111 (2) sentence 1 AktG). Article 41 (4) of the SE Regulation also states for the SE that the supervisory organ may undertake or arrange for any investigations necessary for the performance of its duties. The power of the supervisory board to call a general meeting of shareholders with simple majority if the interests of the company so require (Section 111 (3) AktG) also exists in an SE that has its registered office in Germany as a result of Article 54 (2) of the SE Regulation, which refers to corresponding powers at stock corporations established under national law.

Apart from the fact that a list of transactions requiring approval must now mandatorily be contained in the Articles of Incorporation of SAP SE, there are no differences between SAP AG and SAP SE as regards the duties and rights of the Supervisory Board.

(xii) Duties of care and confidentiality

In performing their function the members of the supervisory board must apply the care of a prudent and conscientious member of such an organ (Section 116 sentence 1 in conjunction with Section 93 (1) sentence 1 AktG). The supervisory board members are in particular obliged to keep confidential all confidential reports obtained and all confidential discussions (Section 116 (2) AktG). In particular, they are obliged to pay damages if they determine inappropriate remuneration for the executive board. As a result of the reference contained in Article 51 of the SE Regulation, this measure of liability also applies to the members of the supervisory board of an SE that has its registered office in Germany. The duty of confidentiality incumbent on the members of the supervisory board of an SE is expressly stipulated in Article 49 of the SE Regulation. This provision states that the members of the supervisory board must not, even after they have ceased to hold office, divulge any information concerning the SE the disclosure of which might be detrimental to the company's interests, except where such disclosure is required or permitted under the provisions of national stock corporation law or – to quote the SE Regulation verbatim – “is in the public interest”. Even if the SE Regulation – in contrast to the Stock Corporation Act – specifically mentions that the duty of confidentiality continues after the end of the term of office, this does not represent any essential change because in German stock corporation law, too, the continuation of the duty of confidentiality after the end of the term of office is generally acknowledged. The duties of the Supervisory Board members of SAP SE are thus equivalent to those of the Supervisory Board members of SAP AG.

(xiii) Representation of the company vis-à-vis the executive board members

As in an AG, the supervisory board of an SE also represents the company vis-à-vis the members of the executive board in and out of court (Section 112 AktG in conjunction with Article 9 (1) (c) (ii) of the SE Regulation).

(xiv) Remuneration of supervisory board members, agreements with supervisory board members, granting of loans to supervisory board members

Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the provisions of the Stock Corporation Act concerning the remuneration of supervisory board members, agreements with supervisory board members and the granting of loans to supervisory board members (Sections 113 through 115 AktG) also apply to an SE. The provisions concerning the remuneration of the Supervisory Board of SAP SE are laid down in the Articles of Incorporation.

(d) General meeting of shareholders

(i) Rights of the general meeting of shareholders

The shareholders of an AG exercise their rights relating to the affairs of the company at the general meeting of shareholders unless stipulated otherwise by law (Section 118 (1) AktG). The members of the executive board and the supervisory board are to attend the general meeting of shareholders (Section 118 (3) AktG). Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, this also applies to an SE. Accordingly, the conversion of SAP AG to an SE does not result in any changes in this regard.

The general meeting of shareholders of an SE that has its registered office in Germany resolves on matters for which the general meeting of shareholders of a German AG is given responsibility either under national statutory provisions or by virtue of the articles of incorporation; this comprises in particular the appointment of members of or shareholders' representatives on the supervisory board, the appropriation of retained earnings, the granting of formal approval of the acts of the members of the executive and supervisory boards, the appointment of the auditors, amendments to the articles of incorporation, measures affecting the capital (capital increases and reductions) including the creation of authorized and conditional capital, the appointment of auditors to examine processes relating to formation or management and the winding-up of the company (Section 119 (1) AktG, Article 52 of the SE Regulation).

The general meeting of shareholders of an AG as well as of an SE that has its registered office in Germany may only decide on matters relating to the management of the company if requested to do so by the executive board (Section 119 (2) AktG, Article 52 of the SE Regulation). According to a ruling by the German Federal Supreme Court (*Bundesgerichtshof*), exceptions apply in the case of structural measures which formally fall within the management competence of the executive board but which resemble an amendment to the articles of incorporation and fundamentally affect the shareholders' rights. It may be assumed that this principle also applies to an SE that has its registered office in Germany (cf. Article 52 of the SE Regulation), so that the conversion of SAP AG to an SE will not result in any changes in this regard.

Pursuant to Section 120 (4) AktG the general meeting of shareholders of a listed AG may resolve on the approval of an executive board remuneration system. The resolution creates neither rights nor obligations; in particular it does not affect the obligations of the supervisory board under Section 87 AktG. The resolution cannot be contested in accordance with Section 243 AktG. Because of the reference contained in Article 52 sentence 2 and Article 9 (1) (c) (ii) of the SE Regulation, these provisions also apply to an SE that has its registered office in Germany.

The general meeting of shareholders of an AG as well as of an SE that has its registered office in Germany is further responsible for authorizing the executive board to acquire and use own shares pursuant to Section 71 (1) no. 8 AktG, for issuing authorizations to issue convertible bonds, income bonds and profit-sharing rights pursuant to Section 221 AktG and for taking measures under conversion law as set out in the German Conversion Act (such as mergers, spin-offs, asset transfers or changes of legal form).

In addition, Article 52 of the SE Regulation stipulates that the general meeting of shareholders of an SE decides on matters for which it is given sole responsibility by the SE Regulation or by any

legislation of the member state in which the SE has its registered office that was adopted in implementation of Directive 2001/86/EC (the SE Employee Involvement Directive). This includes in particular the transfer of registered office (Article 8 of the SE Regulation) and the reconversion to a stock corporation under national law (Article 66 (6) of the SE Regulation). No reconversion may be resolved on before two years have elapsed since the registration of the SE or before the first two sets of annual financial statements have been approved.

(ii) Formal approval of the acts of the executive board and supervisory board

The general meeting of shareholders of an AG held within the first eight months of the fiscal year will resolve on the formal approval of the acts of the executive board and supervisory board. By this resolution the general meeting of shareholders approves the administration of the company by the members of the executive board and the supervisory board (cf. Section 119 (1) no. 3 and Section 120 AktG).

Through the reference contained in Articles 52 and 53 of the SE Regulation, these provisions of German stock corporation law generally also apply to an SE without limitation. The only difference is that the time period after the end of the fiscal year during which the general meeting of the shareholders of an SE must be held is six months (and not eight months as in the case of an AG, cf. Article 54 (1) of the SE Regulation).

(iii) Calling of the general meeting of shareholders

General meetings of shareholders of an SE may be called at any time by the executive board or the supervisory board in accordance with the national law applicable to stock corporations in the member state in which the SE's registered office is situated (Article 54 (2) SE Regulation). The one difference is that pursuant to Section 120 (1) sentence 1 AktG the annual general meeting of shareholders of an AG must take place within the first eight months after the end of a fiscal year, while pursuant to Article 54 (1) sentence 1 of the SE Regulation this period is shortened to six months for an SE.

(iv) Calling of the general meeting of shareholders at the request of a minority, additions to the agenda at the request of a minority

A general meeting of shareholders of an AG is to be called if shareholders collectively holding at least 5% of the capital stock so request in writing, stating the purpose and reasons (Section 122 (1) AktG). The shareholders must prove that they have held their shares for at least three months before the date of the general meeting of shareholders and that they will continue to hold the shares until such time as a decision has been made concerning the request (i.e. until the date of authorization by the court or until the general meeting of shareholders is called by the executive board) (Section 122 (1) sentence 3 in conjunction with Section 142 (2) sentence 2 AktG). In the same manner, shareholders collectively holding 5% of the capital stock or a pro rata portion of capital stock equaling at least € 500,000 may request that additional items for resolution by the general meeting of shareholders be published (Section 122 (2) AktG). If the request is not complied with, the court may authorize the shareholders who submitted the request to call a general meeting of shareholders or to publish the relevant item for resolution (Section 122 (3) sentence 1 AktG). The articles of incorporation may link the right to request a general meeting of shareholders to other formal requirements or to the holding of a smaller portion of the capital stock.

The calling of the general meeting of shareholders of an SE and the preparation of an agenda may be requested by one or more shareholders holding at least 5% of the capital stock (Article 55 (1) of the SE Regulation, Section 50 (1) SE-AG). The request that a general meeting of shareholders be called must state the items to be put on the agenda (Section 55 (2) of the SE Regulation). Upon receiving such an application the court may authorize the shareholders to call a general meeting of shareholders if such meeting has not been called at the latest within two months after the calling request was submitted (Article 55 (3) of the SE Regulation). Contrary to the German stock corporation-law provision contained in Section 122 (1) sentence 3 and Section 142 (2) sentence 2 AktG, the rules governing SEs do not contain a three-month minimum holding requirement for submitting a request.

The addition of one or more items to the agenda for a general meeting of shareholders of an SE may be requested by one or more shareholders holding at least 5% of the capital stock or a pro rata portion of capital stock equaling at least € 500,000 (Article 56 of the SE Regulation, Section 50 (2) SE-AG). The procedures and deadlines are as set out in national law, i.e. in this case in the SE-AG and in Sections 122 ff. AktG (cf. Article 56 sentence 2 of the SE Regulation in conjunction with Section 50 SE-AG). Again, contrary to the German stock corporation-law provision contained in Section 122 (1) sentence 3 and (2) sentence 1 and in Section 142 (2) sentence 2 AktG, the rules governing SEs do not contain a three-month minimum holding requirement for submitting a request for an addition of items to the agenda.

In the final analysis, the SE Regulation and the SE-AG essentially mirror the provisions of the German Stock Corporation Act, which means that the conversion of SAP AG to an SE will not result in any fundamental changes. In view of the fact that no minimum holding period is required for the shares before a request may be submitted, the rules applicable to SEs are more advantageous to shareholders.

(v) Organization of and proceedings at general meetings of shareholders

As regards the organization of and proceedings at the meeting the SE Regulation generally refers to the national provisions for stock corporations (Article 53 SE Regulation). Consequently there are no changes in terms of the organization of and proceedings at the general meeting of shareholders of an SE as compared to an AG. In particular, the provisions of the German Stock Corporation Act concerning conducting the meeting, including the option to restrict the right to speak and ask questions, also apply to an SE.

The rules governing the information, notifications and publications to be provided or made in the calling notice and in connection with the calling of a meeting (Section 121 (3) and (4a), Section 124 (1) and Section 124a AktG) as well as the option to participate online (Section 118 (1) sentence 2 AktG) or to vote by post (Article 118 (2) AktG), which may be provided for in the articles of incorporation or which the articles of incorporation may authorize the executive board to adopt, also apply to the SE in the same way as to the AG.

(vi) Right of the shareholders to speak and ask questions at the general meeting of shareholders

As regards the right of shareholders to speak and ask questions, there are no differences between SAP AG and SAP SE. In an AG, the executive board must inform every shareholder at the general meeting of shareholders upon request about the affairs of the company, insofar as such information is necessary in order to make an informed judgment on an agenda item. In this context there is no requirement of a particular minimum holding in the capital of the company. The details of the right to request information and on the powers to restrict the right to speak and ask questions as well as the power to refuse to provide information may be derived from Section 131 AktG. For an SE that has its registered office in Germany, this provision applies through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. The right of the shareholders of SAP AG to speak and ask questions therefore remains unchanged by the conversion of the Company to an SE.

(vii) Rules of procedure for the general meeting of shareholders

The general meeting of shareholders of an AG may adopt rules of procedure setting out provisions for the preparation and conducting of the general meeting of shareholders if so agreed by a majority of at least three quarters of the capital stock represented when the resolution was adopted (Section 129 (1) sentence 1 AktG). Through the reference contained in Article 53 of the SE Regulation, this authorization also applies to an SE. However, in the case of an SE the resolution is to be passed with three quarters of the votes cast rather than three quarters of the capital stock represented. This is due to the fact that the provisions of the SE Regulation that deal with voting only refer to the majority of votes and not also to the majority of capital stock (see Article 57 and 59 of the SE Regulation). As a result, the provisions of the Stock Corporation Act that require a majority of capital stock (besides Section 129 AktG these provisions for example include Section 179 (2) sentence 1, Section 182 (1) sentence 1, Section 293 (1) sentence 2 AktG) must be applied to an SE in such a manner that a majority of votes will suffice. For a German SE this is without any practical relevance since there are no multiple-vote shares, and thus the majority of capital stock is always also a majority of votes.

(viii) Simple resolutions of the general meeting of shareholders (no amendment to the articles of incorporation)

The resolutions of the general meeting of shareholders of an AG require a majority of the votes cast (simple majority of votes) unless a larger majority is required, or further requirements are stipulated, by law or by the articles of incorporation (Section 133 (1) AktG). The Stock Corporation Act imposes further requirements for resolutions that cannot be reduced by articles of incorporation, namely a majority of at least three quarters of the capital stock represented when the resolution is adopted, in particular where the shareholders' subscription rights are to be excluded by the general meeting of shareholders or the executive board is to be authorized by the general meeting of shareholders to exclude subscription rights. They also exist, however, for the approval of the general meeting of shareholders of the AG to conversion measures or intercompany agreements.

As regards the majority requirements, the SE Regulation distinguishes between simple resolutions and resolutions amending the articles of incorporation. Article 57 of the SE Regulation stipulates that save where the SE Regulation or, failing that, the law applicable to stock corporations in the member state in which an SE's registered office is situated requires a larger majority, simple resolutions will be adopted at the general meeting of shareholders by a majority of the valid votes cast. In line with Article 57 of the SE Regulation, Section 21 (1) of the Articles of Incorporation of SAP SE stipulates that resolutions of the General Meeting of Shareholders of SAP SE will be adopted with a majority of valid votes cast, unless a larger majority is prescribed by law or the Articles of Incorporation; in view of the wording of Article 57 of the SE Regulation, any increased majority requirements set out in the Articles of Incorporation may only relate to amendments of the Articles of Incorporation, because the option to prescribe majority requirements in the Articles of Incorporation that go beyond those stipulated by law only exists in this context. The provisions of the Stock Corporation Act that require a majority of capital stock (besides Section 129 AktG these provisions for example include Section 179 (2) sentence 1, Section 182 (1) sentence 1, Section 186 (3), Section 293 (1) sentence 2 AktG) must be applied to an SE in such a manner that the corresponding majority of votes will be required or suffice. For a German SE this is without any practical relevance since there are no multiple-vote shares, and thus the majority of capital stock is always also a majority of votes.

Consequently, the conversion of SAP AG to an SE does not result in any fundamental change to the principle applicable to SAP AG under Section 133 AktG of a simple majority of votes for resolutions of the general meeting of shareholders that do not amend the Articles of Incorporation. Where the Stock Corporation Act or the Conversion Act determine that further resolution requirements, namely a majority of at least three quarters of the capital stock represented when the resolution is adopted, cannot be reduced by the articles of incorporation, a corresponding majority of votes that cannot be reduced by the articles of incorporation also applies in the case of an SE that has its registered office in Germany, so that in this regard, too, the conversion to an SE does not result in any factual changes.

(ix) Resolutions of the general meeting of shareholders to amend the articles of incorporation

Any resolutions of an AG amending the articles of incorporation require a majority of at least three quarters of the capital stock represented when the resolution was adopted, as well as a simple majority of votes (Sections 179 (2), 133 AktG). The articles of incorporation may set out other majority requirements, but for a change of the corporate purpose only a larger majority of capital stock is permitted (Section 179 (2) sentence 2 AktG). Where the amendment to the articles of incorporation contains an exclusion of subscription rights and/or a corresponding authorization of the executive board, especially in connection with authorized capital, at least the majority of three quarters of the capital stock represented in the vote as stipulated in Section 186 (3) AktG is required in addition to the simple majority of votes.

An amendment to the articles of incorporation of an SE requires a resolution by the general meeting of shareholders adopted with a majority of no less than two thirds of the votes cast, unless the law applicable to stock corporations in the member state in which an SE's registered office is situated requires or permits a larger majority (Article 59 (1) of the SE Regulation). A member state may, however, provide that where at least half of an SE's subscribed capital is represented, a simple majority of votes will suffice for amendments to the articles of incorporation (Article 59 (2) of the SE Regulation). The German legislature has made use of this authorization: Pursuant to Section 51 SE-AG the articles of incorporation may stipulate that the simple majority of the votes cast will suffice for a resolution of the general meeting of shareholders amending the articles of incorporation provided that at least half of the capital stock is represented. This does not, however, apply in the case of an amendment of the corporate purpose, a resolution pursuant to Article 8 (6) of the SE Regulation or to cases in which a greater majority of capital stock is mandatorily prescribed by German law.

Section 21 (2) of the Articles of Incorporation of SAP SE has been worded such as to ensure that the majorities applying to the AG will also apply to SAP SE. This means that generally a majority of three quarters is required, with the number of votes cast now serving as the reference basis as opposed to the capital stock represented. Accordingly, the conversion of SAP AG does not result in any factual changes in this regard. In those cases where the Stock Corporation Act prescribes a simple majority for amendments to the articles of incorporation (Section 97 (2) sentence 4, Section

113 (1) sentence 4 AktG) this also generally applies to SAP SE; however, owing to Article 59 (2) of the SE Regulation, this is the case only if at least half of the stock capital is represented (cf. Section 21 (2) sentence 2 of the Articles of Incorporation of SAP SE). In the absence of such quorum, the majority of two thirds as required pursuant to Article 59 (1) of the SE Regulation is required in this context.

Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, Section 179 (1) sentence 2 AktG also applies to the SE, which means that in the SE, too, the general meeting of shareholders may transfer the power to amend the articles of incorporation, insofar as such amendments only concern their wording, to the supervisory board. In Section 11, the Articles of Incorporation of SAP AG contain such an authorization, which was also incorporated in Section 11 (2) of the Articles of Incorporation of SAP SE.

(x) Special audit

Through the references in Article 9 (1) (c) (ii) and Article 52 sentence 2 of the SE Regulation the German stock corporation-law provisions concerning special audits (Sections 142, 258 AktG) also apply to the SE, so that the conversion to an SE does not result in any changes for the shareholders in this respect.

(xi) Claims for damages against organs of the company, shareholder actions

Neither the SE Regulation nor the SE-AG contain provisions on the assertion of claims for damages or on shareholder actions. Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the provisions of the Stock Corporation Act (Sections 147 ff. AktG) therefore apply. Consequently, the conversion of SAP AG to an SE will not result in any changes in this respect.

4.6 Annual financial statements, group annual financial statements

The change of legal form does not result in any changes as regards the preparation of the annual financial statements and the group annual financial statements including the pertaining management reports and the audit and disclosure of the financial statements. Pursuant to the express provision contained in Article 61 of the SE Regulation, the law of the member state in which the registered office of the SE is situated applies to the SE. In addition, the provisions of the Stock Corporation Act and/or the Commercial Code apply through Article 9 (1) (c) (ii) and/or Article 52 sentence 2 of the SE Regulation.

4.7 Measures to obtain and reduce capital

As regards measures to obtain and reduce capital, the provisions of German stock corporation law generally apply to the SE.

4.8 Invalidity of resolutions by the general meeting of shareholders and of the adopted annual financial statements, special audit due to illegitimate undervaluation

(a) Invalidity or contestability of resolutions by the general meeting of shareholders

No special provisions exist for the SE with regard to the invalidity and/or contestability of resolutions by the general meeting of shareholders (in the Stock Corporation Act the relevant provisions are contained in Sections 241 through 255). Through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation, the corresponding provisions of the Stock Corporation Act are generally also relevant to SAP SE.

A special situation would exist if the employees' representatives on the Supervisory Board were appointed by the General Meeting of Shareholders, which would be the case if the statutory fallback provisions applied. In the present case, however, the SAP Agreement on Employee Involvement provides – in deviation from Article 40 (2) sentence 1 of the SE Regulation – that the employees' representatives will be appointed by the SE Works Council.

(b) Invalidity of the annual financial statements adopted

The conversion to an SE will not result in any changes as regards the invalidity of the annual financial statements adopted because the provisions of German stock corporation law concerning the invalidity of the annual financial statements adopted (Sections 256, 257 AktG) apply through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation.

(c) Special audit due to illegitimate undervaluation

The rules governing special audits due to illegitimate undervaluation (Sections 258 through 261a AktG) also apply to the SE through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation. Accordingly the conversion to an SE does not result in any changes in this regard either.

4.9 Winding-up and declaration of annulment of the company

As regards the winding-up, liquidation, inability to pay, cessation of payments and similar procedures, an SE is governed by the legal provisions which would apply to a stock corporation formed in accordance with the law of the member state in which its registered office is situated, including the provisions relating to the adoption of resolutions by the general meeting of shareholders (Article 63 of the SE Regulation). In this respect there are no differences between SAP AG and SAP SE. However, any cross-border transfer of the registered office of the SE to another member state would not trigger the winding-up of the company because Article 8 of the SE Regulation permits such a transfer.

The provisions governing the winding-up of an AG by decree of court (Sections 396 through 398 AktG) are applicable to an SE that has its registered office in Germany through the references contained in Article 9 (1) (c) (ii) of the SE Regulation and Article 63 of the SE Regulation, so that the conversion of SAP AG to an SE will not result in any changes in this regard.

4.10 Affiliated enterprises

No separate provisions governing groups of companies have been developed in connection with the SE. According to the prevailing opinion, the national law governing groups of companies is to apply to an SE that has its registered office in Germany. This can also be inferred from the provisions of Section 49 SE-AG, which applies to SEs with a one-tier structure and contains the modifications necessary in this respect for the application of Sections 308 through 327 AktG. This provision offers protection to minority shareholders in connection with the conclusion of a control and profit and loss transfer agreement by ensuring that, in the same way as in an AG, they are entitled to receive appropriate compensation and cash settlement. Where minority shareholders of an SE are excluded in the event that a majority shareholder holds at least 95% of the shares, there is also a claim for an appropriate cash settlement under Sections 237a ff. AktG. The provisions concerning a squeeze-out under takeover law (Sections 39a f. of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*; "WpÜG") and on a squeeze-out under conversion law (Section 62 (5) UmwG) are also applicable to SAP SE.

In terms of the law governing groups of companies, the prevailing view is that there are no differences between the AG and the SE.

4.11 Provisions on punishments and fines

Finally, the provisions on punishments and fines set out in Sections 399 ff. AktG also apply to an SE that has its registered office in Germany. This is stipulated by Section 53 SE-AG, which also contains the necessary adjustments. There are no differences between SAP AG and SAP SE in this respect either.

4.12 German Corporate Governance Code

Under Section 161 AktG, the executive board and the supervisory board of a German listed stock corporation must declare once a year that it has complied and continues to comply with the recommendations of the "Government Commission of the German Corporate Governance Code" published by the Federal Ministry for Justice in the official section of the German Federal Gazette, and which recommendations have not been or will not be applied, and why not. The declaration must be made permanently available to the shareholders. The German Corporate Governance Code, which as a rule is updated annually by the Government Commission, sets out rules for the management and supervision of stock corporations. In part it quotes existing provisions of applicable law, but in part it also contains proposals that are divided into recommendations and suggestions. Neither the recommendations nor the suggestions have force of law and are thus of a non-binding nature; however, companies must issue a declaration of conformity every year which expressly states whether there were or are any deviations from recommendations and if so, from which recommendations, and why this was or is the case. The most recent declaration of this type was issued by SAP AG on October 29, 2013 and may be accessed on the website of SAP AG. The obligation to issue such a declaration is also incumbent on the Executive Board and Supervisory Board of SAP SE. The rules governing the SE, in particular the SE-AG, do not contain an explicit requirement to this effect, but Section 161 AktG also applies to the SE through the reference contained in Article 9 (1) (c) (ii) of the SE Regulation.

5. IMPLEMENTATION OF THE CONVERSION OF SAP AG TO SAP SE

The following paragraphs outline the implementation of the conversion involving the change of legal form of SAP AG to SAP SE. The conversion requires that the General Meeting of Shareholders approves this measure on the basis of the Conversion Plan dated March 21, 2014 and the Articles of Incorporation of SAP SE. The conversion will become effective upon registration in the commercial register for the Company, i.e. the commercial register at the Local Court of Mannheim.

5.1 Preparation of the Conversion Plan

Pursuant to Article 37 (4) of the SE Regulation, the Executive Board of SAP AG is required to prepare a Conversion Plan. The Conversion Plan was prepared by the Executive Board of SAP AG in notarized form on March 21, 2014. Article 37 (4) of the SE Regulation does not set out any specific requirements as to the contents of the Conversion Plan. The SE-AG also does not determine any minimum contents.

When preparing the Conversion Plan, the Executive Board took the provisions for a merger plan to be prepared in connection with the formation of an SE (cf. Article 20 of the SE Regulation) as a basis, insofar as this was deemed appropriate (e.g. information on the name and the registered office of the Company, special rights, special privileges for certain groups of persons, the Articles of Incorporation of the SE as well as information on the procedure for the involvement of employees). The Executive Board has also observed the requirements for a conversion resolution under German law (Sections 193 ff. UmwG) insofar as this was deemed appropriate (e.g. information on the implications of the change of legal form for employees and their representative bodies).

The Conversion Plan, including the Articles of Incorporation of SAP SE attached hereto as annex, will be made available to the shareholders on the Internet at www.sap.com/agm and will be available for inspection during the General Meeting of Shareholders. The Conversion Plan and the Articles of Incorporation are both explained in more detail in Section 6 of this Report.

The Supervisory Board of SAP AG discussed the conversion project in detail, and in its meeting on March 20, 2014 approved the Conversion Plan including the Articles of Incorporation of SAP SE and passed the resolution proposal for the General Meeting of Shareholders on May 21, 2014.

5.2 Conversion audit

Pursuant to Articles 3 and 15 (1) of the SE Regulation in conjunction with Section 32 AktG, the founding shareholders are required to submit a report on the procedure for forming the SE. In deviation from the legal principle of Section 75 (2) UmwG, however, it may be concluded that a formation report is not necessary in the event of a conversion if the change of legal form is effected from one company limited by shares to another company limited by shares. Section 75 (2) UmwG provides that a formation report and a formation audit are not necessary in the event of a merger if the transferring legal entity is a company limited by shares. Since SAP AG, as a company limited by shares, is to be converted to an SE, which is also a company limited by shares, a formation report therefore does not have to be submitted. A formation audit by external auditors pursuant to Article 15 (1) of the SE Regulation in conjunction with Section 33 (2) AktG is also not necessary, since the aforementioned legal principle as laid down in Section 75 (2) UmwG applies accordingly.

For reasons of legal precaution, however, an internal formation audit will be carried out by the members of the Executive Board and Supervisory Board of SAP SE (cf. Article 15 (1) of the SE Regulation in conjunction with Section 33 (1) AktG) once these organs have been set up.

Pursuant to Article 37 (6) of the SE Regulation, one or more independent experts must certify, before the resolution on the conversion to an SE is adopted by the General Meeting of Shareholders of SAP AG, that the Company has net assets at least equivalent to its capital stock plus those reserves which must not be distributed under the law or the Articles of Incorporation. The Local Court of Mannheim appointed PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main as independent expert ("**Conversion Auditor**") by order dated February 26, 2014. The Conversion Auditor began the audit in late February 2014 and issued the certificate in accordance with Article 37 (6) of the SE Regulation on March 19, 2014. The certificate of the Conversion Auditor concludes with the following statement:

“According to the final results of our proper examination pursuant to Article 37 para. 6 SE-Reg, we confirm on the basis of the documents, books and records presented to us as well as on the basis of the statements and evidence provided to us that SAP AG has net assets at least in the amount of its issued capital plus reserves which are non-distributable by force of law or Statutes.”

The certificate of the Conversion Auditor will be made available to the shareholders on the Internet at www.sap.com/agm and will be available for inspection during the General Meeting of Shareholders.

5.3 Publication

Pursuant to Article 37 (5) of the SE Regulation in conjunction with the statutory provisions which implement Section 3 of the Publicity Directive (Directive 68/151/EEC) in German law, the Conversion Plan and the Conversion Report are to be publicized at least one month before the General Meeting of Shareholders called upon to decide thereon. The Executive Board of SAP AG will submit both documents to the commercial register of the Local Court of Mannheim for the purpose of publication in due time.

The Conversion Plan and the Conversion Report will also be sent to the competent works council pursuant to Section 194 (2) UmwG in due time.

5.4 General Meeting of Shareholders of SAP AG

According to Article 37 (7) of the SE Regulation, the Conversion Plan and the Articles of Incorporation require the approval of the General Meeting of Shareholders of SAP AG. The first auditor of SAP SE, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, will also be appointed in the context of the Conversion Plan.

Pursuant to the reference contained in Article 37 (7) sentence 2 of the SE Regulation to Section 65 UmwG, the resolution of the General Meeting of Shareholders requires a majority, which includes, in addition to the simple majority of votes, also at least three quarters of the capital stock represented at the time the resolution is adopted.

5.5 Procedure for the involvement of employees in SAP SE

In order to secure the rights acquired by the employees of SAP AG as regards their involvement in Company decisions, a procedure for the involvement of employees in the future SAP SE was to be conducted in connection with the conversion of SAP AG to an SE in accordance with the statutory requirements. The aim of such a procedure is to conclude an agreement on employee involvement, which in particular governs the participation of the employees on the Supervisory Board of the SE and the procedure for informing and consulting employees either by setting up an SE Works Council or by other means to be agreed with the management of the Company. In the event of a conversion involving a change of legal form, as in the case of SAP AG, at least the same measure of employee rights existing at the AG that is changing its legal form must be ensured in respect of all elements of employee involvement. This also means adopting the participation system in the sense of the proportional involvement of employees on the Supervisory Board.

In order to conduct negotiations, the employees were to form a Special Negotiating Body (“**SNB**”), which negotiated the involvement of employees with the management. In accordance with the statutory provisions, negotiations between the management and the SNB on an Agreement on Employee Involvement begin with the establishment of the SNB and may last up to six months, subject to an extension by joint agreement of up to one year in total. If an Agreement on Employee Involvement had not been concluded within this six-month negotiation period (which period could have been extended to up to one year by mutual agreement), the statutory fallback provisions (Sections 22 ff. SEBG) would have applied. In the case of SAP AG, an Agreement on Employee Involvement was concluded within the six-month negotiation period.

The particulars of the procedure, which has already been completed in the present case, and the content of the SAP Agreement on Employee Involvement are described and explained in Sections 6 and 7 of the Conversion Plan and in Section 6.1 lit. (f) and (g) of this Report. The SAP Agreement on Employee Involvement will be made available to the shareholders on the Internet at www.sap.com/agm and will be available for inspection during the General Meeting of Shareholders.

5.6 Registration of the conversion to SAP SE

The change of legal form of SAP AG to the SE takes effect upon its registration in the commercial register of the Local Court of Mannheim. It is not possible to reliably predict the timing of the registration of the change of legal form. The registration could be delayed in particular if shareholders of SAP AG bring an action for avoidance of the approval resolution of the General Meeting of Shareholders dated May 21, 2014 in court.



Such court action may be brought within one month after the resolution is passed. In the event that an action for avoidance or a nullity action is filed, such action – irrespective of its prospects of success – generally prevents the change of legal form being registered in the commercial register (*Registersperre*).

However, SAP AG would in such case be able to effect a court order by way of the so-called approval proceedings pursuant to Article 15 (1) of the SE Regulation in conjunction with Sections 198 and 16 (3) UmwG, determining that initiation of such action does not constitute an obstacle to registration in the commercial register. An order of this kind will be issued if (i) the action is inadmissible or manifestly unfounded, or (ii) the claimant has failed to furnish documentary evidence within one week from the date on which the application was served proving that he or she has held a pro-rata share of the stock capital amounting to at least EUR 1,000.00 since the calling notice of the meeting was published, or (iii) granting immediate effect to the conversion appears to take precedence because the court finds at its free discretion that the material disadvantages to SAP AG and its shareholders, as depicted by the applicant, outweigh the disadvantages to the respondent, except where the case involves a particularly severe infringement of rights. In these three cases, registration of the conversion would be effected despite the action having been filed against the validity of the resolution.

In addition, an SE may only be registered in the commercial register after the procedure for the involvement of employees has been completed (see Section 6 of the Conversion Plan and the relevant explanations in Section 6.1 lit. (f) of this Report), which has already been achieved in the present case and has resulted in the conclusion of the SAP Agreement on Employee Involvement.

The Articles of Incorporation of the future SAP SE must not conflict at any time with the Agreement on Employee Involvement which has been so determined (Article 12 (4) of the SE Regulation). In the event of such conflict, the Articles of Incorporation must be amended by resolution of the General Meeting of Shareholders of SAP AG to the extent necessary. The Articles of Incorporation of the future SAP SE, which have been submitted for approval as integral part of the Conversion Plan, already provide for equal representation of employees' representatives and shareholders' representatives on the Supervisory Board and also comply in all other respects with the SAP Agreement on Employee Involvement, and it will therefore not be necessary to make any amendments to the Articles of Incorporation.

Once all conditions for registration have been met, the change of legal form, i.e. the SE, is to be registered in the commercial register at the registered office of the Company, i.e. in the commercial register at the Local Court of Mannheim. Upon registration in the commercial register, the SE acquires its legal personality (cf. Article 16 (1) of the SE Regulation). The principle of the identity of legal entity applies however, i.e. SAP AG does not cease to exist, but only changes its legal form.

The members of the Executive Board of the SE must be named in the application for registration of the change of legal form (Section 246 (2) UmwG). The members of the Executive Board must be appointed in advance by the Supervisory Board of the SE to be founded and must provide the required affirmations pursuant to Sections 37 (2) and 76 (3) sentences 3 and 4 AktG.

SAP SE comes into existence upon registration in the commercial register. Due to the identity being maintained between SAP AG and SAP SE (cf. Article 37 (2) of the SE Regulation), it is to be assumed that no pre-SE exists. In any event, the shareholders of SAP SE are not subject to any founder's liability. However, it should be noted that all persons performing legal acts in the name of the SE before registration of SAP SE are jointly and severally liable on an unrestricted basis; Article 16 (2) of the SE Regulation also applies for formation by change of legal form. This liability is not triggered when acting in the name of SAP AG since this does not constitute acting in the name of SAP SE. SAP AG can therefore continue its normal operations in the time prior to registration of the change of legal form to SE despite the liability of the persons involved (*Handelndenhaftung*).

5.7 Establishment of the first Supervisory Board, appointment of the Executive Board

Once the conversion has taken effect, the terms of office of the current Executive and Supervisory Board members of SAP AG will end. However, the members of the Executive Board of the SE are to be appointed by the first Supervisory Board of the future SAP SE prior to the conversion taking effect. The first Supervisory Board of SAP SE comprises 18 members – nine shareholders' representatives and nine employees' representatives each (Section 10 of the Articles of Incorporation of SAP SE). The nine shareholders' representatives are to be appointed by the General Meeting of Shareholders of SAP AG in deviation from the possibility of

Article 40 (2) sentence 2 of the SE Regulation (Item 8 lit. b)) of the agenda for the General Meeting of Shareholders of May 21, 2014). The employees' representatives on the first Supervisory Board of SAP SE have already been appointed under the SAP Agreement on Employee Involvement.

Prior to the application for registration of the conversion in the commercial register for the Company, the first Supervisory Board of SAP SE will establish itself with the shareholders' representatives and with the employees' representatives appointed under the SAP Agreement on Employee Involvement, will elect the chairperson of the Supervisory Board and one or two deputy chairpersons and will appoint the members of the Executive Board. The members of the Executive Board are to be registered in the commercial register together with the conversion (Article 15 (1) of the SE Regulation in conjunction with Section 246 (2) UmwG).

6. EXPLANATION OF THE CONVERSION PLAN AND THE FIRST ARTICLES OF INCORPORATION OF SAP SE AND THE IMPLICATIONS FOR THE SHAREHOLDERS AND EMPLOYEES

6.1 Explanation of the Conversion Plan

(a) Conversion Plan regarding the conversion of SAP AG to SAP SE (Section 1 of the Conversion Plan)

Section 1 of the Conversion Plan provides that SAP AG, in accordance with Article 2 (4) in conjunction with Article 37 of the SE Regulation, will be converted to a European Company (Societas Europaea, SE). SAP AG has for many years had numerous subsidiaries which are governed by the laws of other EU member states, including SAP Österreich GmbH, having its registered office in Vienna, Austria, registered in the commercial register (*Firmenbuch*) of the Commercial Court (*Handelsgericht*) of Vienna, Austria, under number FN 80230 k, which became a member of the SAP group in 1986 and has been a direct wholly owned subsidiary of SAP AG since 1992. Since SAP AG has thus had a subsidiary which is governed by the laws of another member state for more than two years, the requirements for the conversion of SAP AG to SAP SE pursuant to Article 2 (4) of the SE Regulation have been fulfilled. The conversion of SAP AG to an SE will lead neither to the liquidation of SAP AG nor to the formation of a new legal entity. Since the identity of the legal entity itself will be preserved, no transfer of assets will take place. The Company will continue to exist in the legal form of SAP SE. Moreover, since the identity of the legal entity itself will be preserved, the shareholders' interests in the Company will continue to exist without change.

Finally, Section 1 of the Conversion Plan provides that, like SAP AG, SAP SE will have a two-tier management structure, comprising an Executive Board (management organ within the meaning of Article 38 of the SE Regulation) and a Supervisory Board (supervisory organ within the meaning of Article 38 of the SE Regulation).

(b) Effective date of the conversion (Section 2 of the Conversion Plan)

The conversion will take effect upon registration in the commercial register for the Company. This is specified in the Conversion Plan and complies with Article 16 of the SE Regulation in conjunction with Section 4 SE-AG. Pursuant to Article 12 (2) of the SE Regulation, registration is subject to the procedure for establishing arrangements for employee involvement having been completed. For this purpose, negotiations must as a rule be conducted with the SNB (for details, cf. Section 6 of the Conversion Plan and Section 6.1 lit. (f) of this Report).

(c) Name, registered office, capital and Articles of Incorporation of SAP SE (Section 3 of the Conversion Plan)

Section 3 of the Conversion Plan states the name, registered office and Articles of Incorporation of the Company. The name of the SE following conversion will be "SAP SE". The change of legal form requires a change of name, as the name of an SE must be preceded or followed by the abbreviation "SE" (Article 11 (1) of the SE Regulation).

The registered office of SAP SE and its head office will be in Walldorf, Germany. The relevant particulars are set out in Section 3.2 of the Conversion Plan.

Section 3.3 of the Conversion Plan sets forth the capital structure of SAP SE. Since the identity of the legal entity itself will be preserved in the course of conversion, the capital stock of SAP AG in the amount

as existing on the conversion date and as divided into no-par value shares on the conversion date will become the capital stock of SAP SE. The existing capital structure of SAP AG will thus be maintained at SAP SE. Accordingly, the capital stock of SAP SE, subject to any changes prior to the effective date of conversion, will continue to amount to € 1,228,504,232 and be divided into the same number of no-par value shares. The notional portion of capital stock represented by each no-par value share (currently € 1.00) will remain the same as immediately prior to the effective date of conversion. The persons and companies who are shareholders of SAP AG at the time the conversion is registered in the commercial register will become shareholders of SAP SE holding the same amounts of capital stock of and the same amount of no-par value bearer shares in SAP SE as they did in respect of SAP AG immediately prior to the effective date of conversion. Regarding the exchange of the share certificates, see Section 7.4 of this Report.

Section 3.4 of the Conversion Plan refers to the Articles of Incorporation of SAP SE, which are an integral part of the Conversion Plan and are explained in detail in Section 6.2 of this Report.

Sections 3.5 through 3.7 of the Conversion Plan set out the particularities regarding the capital stock, the authorized capital and the contingent capital, as well as the other authorizations relating to the capital stock. These provisions of the Conversion Plan take account of the nature of the conversion as preserving the identity of the legal entity itself described earlier in connection with Section 3.3 of the Conversion Plan, which reflects both the continuity of the capital stock described with regard to Section 3.3 of the Conversion Plan and the continuity of the authorized capital and the contingent capital, as well as the continued validity of the authorizations to purchase and use treasury shares as well as to issue convertible bonds and warrant-linked bonds.

Section 3.5 of the Conversion Plan stipulates that, in the Articles of Incorporation of SAP SE, and in each case on the date the conversion takes effect:

- the amount of capital stock of and its division into no-par value shares in SAP SE (Section 4 (1) of the Articles of Incorporation of SAP SE) corresponds to the amount of capital stock of and its division into no-par value shares in SAP AG (Section 4 (1) of the Articles of Incorporation of SAP AG);
- the amount of authorized capital pursuant to Section 4 (5) of the Articles of Incorporation of SAP SE corresponds to the amount of the remaining authorized capital pursuant to Section 4 (5) of the Articles of Incorporation of SAP AG;
- the amount of authorized capital pursuant to Section 4 (6) of the Articles of Incorporation of SAP SE corresponds to the amount of the remaining authorized capital pursuant to Section 4 (6) of the Articles of Incorporation of SAP AG;
- the amount and number of shares of the contingent capital pursuant to Section 4 (7) of the Articles of Incorporation of SAP SE correspond to the amount and number of shares of the remaining contingent capital pursuant to Section 4 (7) of the Articles of Incorporation of SAP AG;
- the amount of authorized capital pursuant to Section 4 (8) of the Articles of Incorporation of SAP SE corresponds to the amount of the remaining authorized capital pursuant to Section 4 (8) of the Articles of Incorporation of SAP AG,

with the status existing immediately prior to the effective date of conversion being decisive in each case, as is expressly specified at the end of Section 3.5 of the Conversion Plan. In this regard, the contingent capital of SAP AG as resolved by the General Meeting of Shareholders on May 25, 2011 – to the extent still existing immediately prior to the effective date of conversion – will continue to exist as contingent capital of SAP SE.

In order to allow adjustments, if any, to be made to the Articles of Incorporation of SAP SE with regard to the capital stock, the authorized capital and contingent capital, the Supervisory Board of SAP SE is authorized and at the same time instructed to make any amendments ensuing from Section 3.5 of the Conversion Plan in respect of the amounts specified therein and the different types of capital, as well as any amendments as the register court may require as a condition for registering the conversion to the version of the Articles of Incorporation of SAP SE attached to the Conversion Plan before the conversion is registered in the commercial register for SAP AG, provided in each case that they only relate to the wording. This is to ensure that the Articles of Incorporation of SAP SE filed with the commercial register can take account of the continuity of the various kinds of capital.

The authorized capital pursuant to Article 4 (5) of the Articles of Incorporation of SAP AG is defined as follows:

“The Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the Company’s capital stock, on one or more occasions on or before June 7, 2015, by an aggregate amount of up to € 250 million in return for contributions in cash by issuing new no-par value bearer shares (Authorized Capital I). The new shares are to be offered to the shareholders for subscription, with an indirect subscription right within the meaning of Section 186 (5) sentence 1 AktG being sufficient in this context. The Executive Board is authorized, however, subject to the consent of the Supervisory Board, to exclude fractional shares from the shareholders’ subscription rights. The Executive Board is further authorized, subject to the consent of the Supervisory Board, to determine the further details of the implementation of capital increases from Authorized Capital I. The Supervisory Board is authorized to amend the wording of the Articles of Incorporation after the full or partial implementation of the capital stock increase from Authorized Capital I or after the expiration of the authorization period to reflect the volume of the capital increase from Authorized Capital I.”

With regard to the authorization granted in connection with Authorized Capital I to exclude the shareholders’ subscription rights, the Executive Board delivered a written report to the General Meeting of Shareholders on June 8, 2010 (Report of the Executive Board concerning Item 9 on the agenda) as set out in the invitation of that year, which was published on April 30, 2010 in and can be retrieved from the German Federal Gazette (www.bundesanzeiger.de).

The authorized capital pursuant to Article 4 (6) of the Articles of Incorporation of SAP AG is defined as follows:

“The Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the Company’s capital stock on one or more occasions on or before June 7, 2015 by an aggregate amount of up to € 250 million in return for contributions in cash or kind by issuing new no-par value bearer shares (Authorized Capital II). The Executive Board is authorized, subject to the consent of the Supervisory Board, to exclude the shareholders’ statutory subscription rights in the following circumstances:

- in respect of fractional shares;*
- where the capital is increased against contributions in cash and the total pro rata amount of capital stock represented by the new shares in respect of which the shareholders’ subscription rights are excluded does not exceed 10% of the Company’s capital stock existing on June 8, 2010 or at the time the authorization is registered in the commercial register or at the time the new shares are issued and the issue price of the new shares is not substantially (within the meaning of Section 203 (1) and (2) and Section 186 (3) sentence 4 AktG) below the trading price of listed shares of the same class carrying the same rights at the time the Executive Board finally determines the issue price; for the purpose of calculating the 10% threshold, the pro rata amount of capital stock represented by any new or repurchased shares that were issued or sold after June 8, 2010 subject to the simplified exclusion of shareholders’ subscription rights pursuant to or in accordance with Section 186 (3) sentence 4 AktG and the pro rata amount of capital stock to which any conversion or option rights or obligations relate under bonds that were issued on or after June 8, 2010 by applying Section 186 (3) sentence 4 AktG mutatis mutandis must be deducted;*
- where the capital is increased against contributions in kind for the purpose of granting shares in connection with mergers with other enterprises or acquisitions of enterprises or parts thereof or interests therein.*

The Executive Board is authorized, subject to the consent of the Supervisory Board, to determine the further details of the implementation of capital increases from Authorized Capital II. The Supervisory Board is authorized to amend the wording of the Articles of Incorporation after the full or partial implementation of the capital stock increase from Authorized Capital II or after the expiration of the authorization period to reflect the volume of the capital increase from Authorized Capital II.”

With regard to the authorization granted in connection with Authorized Capital II to exclude the shareholders’ subscription rights, the Executive Board delivered a written report to the General Meeting of Shareholders on June 8, 2010 (Report of the Executive Board concerning Item 9 on the agenda) as set out in the invitation of that year, which was published on April 30, 2010 in and can be retrieved from the German Federal Gazette (www.bundesanzeiger.de).

The authorized capital pursuant to Article 4 (8) of the Articles of Incorporation of SAP AG is defined as follows:

“The Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the Company’s capital stock on one or more occasions on or before June 7, 2015 by an aggregate amount of up to € 29,609,256 in return for contributions in cash or kind by issuing new no-par value bearer shares (Authorized Capital III). The shareholders’ subscription rights are excluded. The new shares may be used exclusively to grant shares to employees of SAP AG and its downstream affiliates (employee shares). In this context, the new shares may also be issued to a bank or other entity meeting the requirements of Section 186 (5) sentence 1 AktG which subscribes the shares subject to an undertaking to use them exclusively for the purpose of granting employee shares. Insofar as this is permitted by law, shares may be issued to employees in such a manner that the contribution to be paid on such shares is covered by a part of the annual net income which the Executive Board and the Supervisory Board may allocate to other revenue reserves under Section 58 (2) AktG. The employee shares may also be procured by a bank or other entity meeting the requirements of Section 186 (5) sentence 1 AktG by way of securities loans, with the new shares being used to redeem such securities loans. The Executive Board is authorized, subject to the consent of the Supervisory Board, to determine the further details of the implementation of capital increases from Authorized Capital III. The Supervisory Board is authorized to amend the wording of the Articles of Incorporation after the full or partial implementation of the capital stock increase from Authorized Capital III or after the expiration of the authorization period to reflect the volume of the capital increase from Authorized Capital III.”

With regard to the authorization granted in connection with Authorized Capital III to exclude the shareholders’ subscription rights, the Executive Board delivered a written report to the General Meeting of Shareholders on June 8, 2010 (Report of the Executive Board concerning Item 10 on the agenda) as set out in the invitation of that year, which was published on April 30, 2010 in and can be retrieved from the German Federal Gazette (www.bundesanzeiger.de).

Under Section 3.6 of the Conversion Plan, the authorization granted by the General Meeting of Shareholders on June 4, 2013 to purchase and use treasury shares in accordance with Section 71 (1) no. 8 AktG, with the possible exclusion of shareholders’ subscription rights and any shareholders’ rights to offer shares, will continue to apply until June 3, 2018, and will thus also apply for the Executive Board of SAP SE, provided that the conversion of SAP AG to an SE has been completed by this date. With regard to the possible exclusion of shareholders’ subscription rights and any shareholders’ rights to offer shares provided for in this authorization, the Executive Board delivered a written report to the General Meeting of Shareholders on June 4, 2013 (Report of the Executive Board concerning Item 5 on the agenda) as set out in the invitation of that year, which was published on April 26, 2013 in and can be retrieved from the German Federal Gazette (www.bundesanzeiger.de).

Under Section 3.7 of the Conversion Plan, the authorization granted by the General Meeting of Shareholders on May 25, 2011 to issue convertible bonds and warrant-linked bonds and to exclude the shareholders’ subscription rights in this context will continue to apply until May 24, 2016, and will thus also apply for the Executive Board of SAP SE, provided that the conversion of SAP AG to an SE has been completed by this date. With regard to the possible exclusion of shareholders’ subscription rights provided for in this authorization, the Executive Board delivered a written report to the General Meeting of Shareholders on May 25, 2011 (Report of the Executive Board concerning Item 7 on the agenda) as set out in the invitation of that year, which was published on April 15, 2011 in and can be retrieved from the German Federal Gazette (www.bundesanzeiger.de).

Section 3.8 of the Conversion Plan clarifies that shareholders who object to the conversion will not be offered any compensation in cash, as this is not provided for by law.

(d) Executive Board (Section 4 of the Conversion Plan)

Without prejudice to the decision-making competence under corporate law of the Supervisory Board of SAP SE, it is expected that the following current members of the Executive Board of SAP AG will be appointed members of the Executive Board of SAP SE: William Richard (Bill) McDermott (CEO), Gerhard Oswald and Vishal Sikka. Without prejudice to the decision-making competence under corporate law of the Supervisory Board of SAP SE, Luka Mucic, who was appointed member of the Executive Board of SAP AG with effect as of July 1, 2014, is also expected to be appointed member of the Executive Board of SAP SE. Dr Werner Brandt’s term of office will expire on June 30, 2014; he is scheduled to resign from the Executive Board at the end of June 30, 2014, i.e. prior to the anticipated effective date of the change of legal form.



The relevant particulars are set out in Section 4 of the Conversion Plan.

(e) Supervisory Board (Section 5 of the Conversion Plan)

SAP SE will not, in connection with the conversion, switch to the so-called one-tier system with a single administrative organ in addition to the general meeting of shareholders. The governing organs of the Company will therefore continue to be the Executive Board, the Supervisory Board and the General Meeting of Shareholders. While, without the change of legal form, a larger Supervisory Board comprising 20 members would be inevitable having regard to the development of the number of German employees, it is intended that as part of the change of legal form to an SE use should be made of the opportunity to determine the size of the Supervisory Board independent of the provisions of the MitbestG 1976. The size of the Supervisory Board is to be limited to 18 members (and possibly to 12 members in the future).

Accordingly, Section 5.1 of the Conversion Plan provides that, pursuant to Section 10 of the Articles of Incorporation of SAP SE, a Supervisory Board will be set up at SAP SE which will no longer comprise 16 members, as is currently the case at SAP AG, but will instead comprise 18 members. Of the 18 members, nine will be employees' representatives. The selection and appointment of such members is governed by the agreement on the involvement of employees in the SE concluded on March 10, 2014 in accordance with the SEBG (SAP Agreement on Employee Involvement).

Firstly, Section 5.2 of the Conversion Plan provides that the terms of office of both the shareholders' representatives and the employees' representatives on the Supervisory Board of SAP AG will end once the conversion has taken effect, i.e. upon registration of the conversion in the commercial register for SAP AG.

Section 5.2 of the Conversion Plan further sets out particulars regarding the appointment of the shareholders' representatives on the first Supervisory Board of SAP SE, who are not to be appointed by the Articles of Incorporation of SAP SE making use of the option offered under Article 40 (2) sentence 2 of the SE Regulation, but by the General Meeting of Shareholders of SAP AG.

Consequently, the nine shareholders' representatives on the first Supervisory Board of SAP SE are to be elected by the General Meeting of Shareholders of SAP AG on May 21, 2014. In this regard, the Supervisory Board proposes under Item 8 lit. b) on the agenda for the above-mentioned General Meeting of Shareholders to appoint the following persons as members of the first Supervisory Board of SAP SE, with the General Meeting of Shareholders not being bound by these nominations:

- Prof. Dr h. c. mult. Hasso Plattner, resident in Schriesheim, Germany, Chairman of the Supervisory Board of SAP AG,
- Pekka Ala-Pietilä, resident in Helsinki, Finland, Chairman of the Board of Directors of Solidium Oy, Helsinki, Finland,
- Prof. Anja Feldmann, Ph.D., resident in Berlin, Germany, Professor at the Electrical Engineering and Computer Science Faculty (Chair of Intelligent Networks and Management of Distributed Systems) at the Technische Universität Berlin, Germany,
- Prof. Dr Wilhelm Haarmann, resident in Kronberg im Taunus, Germany, Attorney-at-law, certified public auditor, certified tax advisor, partner of Linklaters LLP Rechtsanwälte Notare Steuerberater, Frankfurt am Main, Germany
- Bernard Lioutaud, resident in London, United Kingdom, General Partner at Balderton Capital, London, United Kingdom,
- Dr h. c. Hartmut Mehdorn, resident in Frankfurt am Main, Germany, CEO of Flughafen Berlin Brandenburg GmbH, Berlin, Germany,
- Dr Erhard Schipporeit, resident in Hanover, Germany, Independent Management Consultant,
- Jim Hagemann Snabe, resident in Copenhagen, Denmark, co-CEO of SAP AG (up to the close of the annual General Meeting of Shareholders on May 21, 2014) and Managing Director of Snabe ApS, Copenhagen, Denmark,
- Prof. Dr-Ing. Dr-Ing. E. h. Klaus Wucherer, resident in Ungelstetten, Germany, Managing Director of Dr. Klaus Wucherer Innovations- und Technologieberatung GmbH, Erlangen, Germany.

The first employees' representatives on the first Supervisory Board of SAP SE have already been appointed under the SAP Agreement on Employee Involvement. This is clarified at the end of Section 5.2 of the Conversion Plan.

- (f) Information as regards the procedure for agreeing upon the involvement of the employees in SAP SE (Section 6 of the Conversion Plan)

Section 6 of the Conversion Plan provides information on the procedure for agreeing upon the involvement of the employees in SAP SE.

The involvement of the employees in an SE is primarily subject to an agreement between the management and the employees, who are represented in this regard by the SNB which is elected by them or their representations. If no agreement is concluded, the statutory fallback provisions of the SEBG apply to the involvement of the employees in an SE having its registered office in Germany.

- (i) Principles of the involvement of the employees in SAP SE

First of all, Section 6.1 of the Conversion Plan explains the basics of the procedure, which has been completed in accordance with the statutory rules regarding the involvement of the employees in SAP SE, and the terms and expressions relevant in this context.

- (ii) Information provided to the employees' representatives and request to establish the SNB (Section 6.2 of the Conversion Plan)

Section 6.2 of the Conversion Plan explains the institution of the procedure for agreeing upon the involvement of the employees in line with the provisions of the SEBG. It is required by law that the employees and the relevant employees' representations be informed and be requested to establish an SNB. The information to be provided in this context is listed in Section 6.2 of the Conversion Plan.

Pursuant to Section 4 SEBG, the procedure in the present case, i.e. the formation of an SE by way of conversion, is instituted by the management of the converting company – in the present case the Executive Board of SAP AG – informing the competent employees' representations and representative bodies for executive staff (*Sprecherausschüsse*) of the converting company, its subsidiaries and establishments in the Member States of the intended conversion and requesting them, at the same time, in writing to establish the SNB. If there are no employees' representations, such information and request are directly directed to the employees in accordance with Section 4 (2) sentence 2 SEBG.

Pursuant to Section 4 SEBG, the information to be provided to the employees' representations or the employees, respectively, includes, in particular, (i) the identity and structure of the company involved in the conversion – in the present case SAP AG – and of its subsidiaries and establishments affected by the conversion and in which member states of the EU or in which EEA contract states ("**Member State**" or "**Member States**") they are located, (ii) the employees' representations existing in these companies and establishments, (iii) the number of employees employed with the companies and establishments at the time the information is provided and, determined on that basis, the total number of employees employed in a Member State, and (iv) the number of employees who are entitled at the time the information is provided to participation rights in the organs of the companies concerned.

The Executive Board of SAP AG informed the employees' representations or the employees, respectively, of SAP AG and of its subsidiaries in Germany and in the other Member States (the "**SAP Group**") with the letter dated June 3, 2013 about the planned conversion of SAP AG to the legal form of an SE and requested them to establish an SNB.

As explained in Section 6.2 of the Conversion Plan, following the acquisition of the Swiss hybris AG, the Executive Board of SAP AG informed the employees' representations or the employees, respectively, with another letter dated August 9, 2013 about such acquisition of hybris AG and the planned conversion to the legal form of an SE and – to the extent that the determination of the national SNB members was not yet completed, requested them again to elect or appoint, respectively, the SNB members.

- (iii) Establishment and composition of the SNB (Section 6.3 of the Conversion Plan)

Section 6.3 of the Conversion Plan explains the establishment and composition of the SNB of SAP AG on the basis of the statutory provisions of the SEBG that apply in this case.

The establishment and composition of the SNB are stipulated in Section 5 (1) SEBG. According to such provisions, members of the SNB are elected or appointed for the employees of the relevant company involved in the conversion, the affected subsidiaries and the affected establishments. For each share of the employees employed in a certain Member State which accounts for 10% of the total number of the employees employed in all Member States with the companies concerned and the affected subsidiaries or affected establishments or for a fraction thereof, one member from such Member State is to be elected or appointed for the SNB.

At the time of the relevant information being provided to the employees' representations and the employees of the SAP Group on June 3, 2013, a total number of 30,340 employees was employed in the Member States (including Germany) with the companies of the SAP Group. The number of the employees of the SAP Group and in which Member States they are located as well as the number of national SNB members determined on that basis are set out in the table below:

Member State	Number of employees	Share in %	Number of seats seats in the SNB
Belgium	264	0.870	1
Bulgaria	522	1.721	1
Denmark	197	0.649	1
Germany	19,934	65.702	7
Estonia	1	0.003	1
Finland	189	0.623	1
France	1,984	6.539	1
Greece	50	0.165	1
Ireland	1,183	3.899	1
Italy	572	1.885	1
Croatia ¹	14	0.046	1
Latvia	3	0.010	1
Lithuania	2	0.007	1
Luxembourg	7	0.023	1
Netherlands	541	1.783	1
Norway	96	0.316	1
Austria	401	1.322	1
Poland	120	0.396	1
Portugal	149	0.491	1
Romania	288	0.949	1
Sweden	164	0.541	1
Slovakia	223	0.735	1
Slovenia	24	0.079	1
Spain	536	1.767	1
Czech Republic	866	2.854	1
Hungary	420	1.384	1
United Kingdom	1,588	5.234	1
Cyprus	2	0.007	1
Total	30,340	100	34

¹ Croatia has become a member of the European Union effective July 1, 2013. The Executive Board of SAP AG, thus, took into account, within the information dated June 3, 2013, the employees of the Croatian subsidiary in Croatia and provided the information also to such employees of the SAP Group.

By acquiring an interest of 100% in hybris AG and its subsidiaries (the “**hybris Group**”), which has employees in the Member States Germany, France, Italy, the Netherlands, Poland, Sweden, and the United Kingdom, such employees had to be taken into account in allocating the seats in the SNB. As a result of the relatively low number of employees of the hybris Group, the acquisition did not influence the allocation of the seats in the SNB. As a result, the SNB would still have consisted of up to 34 seats in total in the present case.

Member State	Number of employees	Share in %	Number of seats seats in the SNB
Belgium	264	0.86	1
Bulgaria	522	1.70	1
Denmark	197	0.64	1
Germany	20,155	65.48	7
Estonia	1	0.003	1
Finland	189	0.61	1
France	2,006	6.52	1
Greece	50	0.16	1
Ireland	1,183	3.84	1
Italy	579	1.88	1
Croatia	14	0.05	1
Latvia	3	0.01	1
Lithuania	2	0.01	1
Luxembourg	7	0.02	1
Netherlands	550	1.79	1
Norway	96	0.31	1
Austria	406	1.32	1
Poland	237	0.77	1
Portugal	149	0.48	1
Romania	288	0.94	1
Sweden	172	0.56	1
Slovakia	223	0.72	1
Slovenia	24	0.08	1
Spain	536	1.74	1
Czech Republic	866	2.81	1
Hungary	420	1.36	1
United Kingdom	1,640	5.33	1
Cyprus	2	0.01	1
Total	30,781	100	34

Luxembourg, Latvia, and Cyprus did not elect or appoint any members of the SNB and Austria, due to national provisions being opposed to this and since no works council exists in Austria, did not nominate a member for the SNB; thus, the SNB of SAP AG – the employees of the hybris Group being taken into account – had 30 members only.

It is true that, if during the SNB's activities, changes occur affecting the structure or the number of employees of the SAP Group employed in a single Member State in such form that the composition of the SNB would change, the SNB is to be re-established accordingly. However, such changes did not occur during the activities of SAP AG's SNB, thus, no re-establishment has been carried out.

(iv) Negotiating procedure and agreement on the involvement of employees in SAP SE

Section 6.4 of the Conversion Plan refers, among other things, to the already completed negotiating procedure between the Executive Board of SAP AG and the SNB.

If all members of the SNB have been determined or if, after expiration of ten weeks' time following the information being provided to the employees and the request being made to establish the SNB, not all members of the SNB have been determined due to fault on the employees' part, the management – in the present case the Executive Board of SAP AG – invites to the constitutive meeting of the SNB. In the present case, the Executive Board of SAP AG invited to a first meeting of the SNB, to be held on September 9/10, 2013, the constitutive meeting of the SNB being scheduled for September 9, 2013. The constitutive meeting actually took place on September 9, 2013. Thus, the negotiating period would have expired – unless an extension had been agreed – on March 10, 2014. After the SNB had been constituted, the SNB and the Executive Board of SAP AG commenced negotiations regarding the involvement of the employees in SAP SE.

(v) Agreement on the involvement of employees

As a general rule, the aim of the negotiations is to reach an agreement with the terms of Section 21 SEBG, which was entered into in the present case on March 10, 2014. Section 21 SEBG sets out in detail the terms of an Agreement on Employee Involvement required by law. Such agreement may not reduce any existing participation rights of the employees (Section 21 (6) SEBG).

As described in detail in Section 6.4 lit. (a) of the Conversion Plan, pursuant to Section 21 SEBG, an agreement is to stipulate in particular the following issues:

- Scope of the agreement (including the companies and establishments located outside the Member States' territory, if they are included in the scope of the agreement);
- if an SE Works Council is to be established:
 - composition of the SE Works Council: number of members, allocation of seats, including the effects of substantial changes to the number of employees of the SE;
 - powers and procedures for information of and consultation with the SE Works Council;
 - frequency of the meetings of the SE Works Council;
 - financial and material resources to be made available to the SE Works Council;
- if no SE Works Council is to be established: terms for the implementation of the information and consultation procedures as regards the employees;
- if an agreement on participation is entered into:
 - number of the members of the supervisory organ of the SE who can be appointed or elected, respectively, by the employees or whose appointment can be rejected or recommended by the employees;
 - procedure by means of which the employees can elect or appoint these members or can reject or recommend the appointment;
 - the rights of these members;
- time when the agreement takes effect and its term;
- cases in which the agreement is to be re-negotiated and the approach to be taken in that regard.

Moreover, an Agreement on Employee Involvement may also include further provisions. The contents of the SAP Agreement on Employee Involvement made in the present case is described in further detail in (vi) below.

(vi) The SAP Agreement on Employee Involvement

Section 6.4 lit. (a) of the Conversion Plan indicates that on March 10, 2014 an Agreement on Employee Involvement was entered into within the six-month negotiating period (SAP Agreement on Employee Involvement); such agreement provides details of the establishment of the SE Works Council and its rights of involvement and of the participation of employees in the Supervisory Board of SAP SE. As a consequence, the involvement of employees in SAP SE is subject to the provisions of the SAP Agreement on Employee Involvement and not to the statutory fallback provisions. Hence, statutory provisions will only apply to the extent that they are explicitly referred to in the SAP Agreement on Employee Involvement (cf. Section 21 (5) SEBG).

The contents of the SAP Agreement on Employee Involvement entered into between the Executive Board of SAP AG and the SNB on March 10, 2014 are essentially as follows. (The provisions to which reference is made below in this Section 6.1 lit. (f) of the Report are provisions of the SAP Agreement on Employee Involvement, unless specified otherwise.)

(A) Part I Clause 1: Establishment, Scope and Competence of an SE Works Council

To ensure the right to information and consultation of the employees employed within the Scope of the SAP Agreement on Employee Involvement with SAP SE, its subsidiaries with registered office within the Scope of the SAP Agreement on Employee Involvement, and the establishments of SAP SE and its subsidiaries located within the Scope of the SAP Agreement on Employee Involvement ("**SAP Employees**"), an SE Works Council is to be established at the SAP SE headquarters. Information and consultation of such SE Works Council shall be the responsibility of the management of SAP SE.

For the purpose described above, 'subsidiaries' shall mean all companies in which SAP SE directly or indirectly holds the majority of voting rights and the companies that are fully consolidated by SAP SE.

"Scope of the SAP Agreement on Employee Involvement" shall mean the territory of the EU member states and of the contract states of the EEA (each a "**Country**", or jointly "**Countries**"). The SE Works Council may invite SAP employees from outside the Scope of the SAP Agreement on Employee Involvement to attend as guests virtually.

For the purpose described above, 'Central Management' of SAP SE shall mean the Executive Board of SAP SE or the management level within the SAP group that is in charge of or entrusted with a matter and their respective representatives.

Subject to the further provisions of the SAP Agreement on Employee Involvement, the SE Works Council shall be competent for the involvement of SAP Employees in matters which affect at least two Countries within the Scope of the SAP Agreement on Employee Involvement ("**Transnational Matters**").

(B) Part I Clause 2: Composition, Membership and Allocation of Seats

I. Clause 2.1: Composition

Each Country within the Scope of the SAP Agreement on Employee Involvement in which the SAP group employs employees shall be represented on the SE Works Council by one member. In case a Country has less than ten employees it may request to be represented on the SE Works Council by another Country.

For each share of SAP employees in one Country which accounts for 10% of the total number of SAP Employees employed within the scope, one additional member from such Country shall be elected or appointed as a member of the SE Works Council. For this purpose, the number of SAP Employees as at the end of the calendar quarter preceding the commencement of the elections to the SE Works Council is decisive.

The provisions of Part I Clause 2.1.1 further stipulate that the Central Management shall request the Countries to appoint members to the SE Works Council.

In case of a mutual agreement between the Central Management and the SE Works Council, other Countries outside the Scope of the SAP Agreement on Employee Involvement may be entitled to elect or appoint representatives to the SE Works Council.

II. Clause 2.2: Review of the Composition

Part I Clause 2.2 lists the cases in which the composition of the SE Works Council must be reviewed. According to its provisions, every two years after the entry into effect of the SAP Agreement on Employee Involvement or in case of acquisitions or disposals, the Central Management of SAP SE shall review whether changes have occurred in the number of SAP Employees in the Countries within the Scope of the SAP Agreement on Employee Involvement as at the end of the calendar quarter preceding the review. If, according to the result of this review, a different composition of the SE Works Council is required, the Select Committee of the SE Works Council shall initiate re-elections or re-appointments, for the remaining term of office of the SE Works Council, of all SE Works Council members from the member states where the number of SE Works Council Members is to be adjusted. For this purpose, any elections and appointments required in connection with the adjustment of the composition of the SE Works Council shall be completed before the next meeting of the SE Works Council taking place during the third quarter of a calendar year.

Furthermore, Part I Clause 2.2 defines the date and time when the office of an SE Works Council member shall commence and terminate. According to its provisions, the office of the newly elected or appointed members of the SE Works Council shall commence at the beginning of the first meeting following the re-election or re-appointment and, at the same time, the office of the previous members from the Countries in which adjustment-related re-elections or re-appointments were made shall terminate; the office of the newly elected or newly appointed members of the SE Works Council shall expire upon the end of the SE Works Council's regular term of office.

III. Clause 2.3: Appointment or Election of Members of the SE Works Council, Communication

The provisions of Part I Clause 2.3 stipulate that only SAP Employees are eligible to be members of the SE Works Council. The election or appointment of SE Works Council members is subject to the respective provisions of the Countries for which such members are elected or appointed. In the absence of national provisions regulating SE Works Council elections or appointments, the same rules as for the Special Negotiation Body elections apply.

The elections or appointments, respectively, to the first SE Works Council shall be initiated by the Executive Board of SAP SE directly after entry into effect of the SAP Agreement on Employee Involvement; the elections or appointments, respectively, to subsequent SE Works Councils shall be initiated by the Select Committee of the SE Works Council.

In conclusion, the details regarding the communication of the election or appointment results for the SE Works Council are governed by the provisions of Part I Clause 2.3.

IV. Clause 2.4: The Allocation of Seats on the first SE Works Council

In accordance with Part I Clause 2.4 and Annex 1, the first SE Works Council shall be composed as follows:

Member state	Seats on the SE Works Council
Belgium	1
Bulgaria	1
Denmark	1
Germany	7
Estonia	1
Finland	1
France	1
Greece	1
Ireland	1
Italy	1
Croatia	1
Latvia	1
Lithuania	1
Luxembourg	1

Member state	Seats on the SE Works Council
The Netherlands	1
Norway	1
Austria	1
Poland	1
Portugal	1
Romania	1
Sweden	1
Slovakia	1
Slovenia	1
Spain	1
Czech Republic	1
Hungary	1
United Kingdom	1
Cyprus	1
Total	34

V. Clause 2.5: Substitute Members

Pursuant to Part I Clause 2.5 for each member of the SE Works Council, a substitute member shall be elected or appointed at the time such member is elected or appointed. If an SE Works Council member is prevented from attending a meeting, the respective substitute member shall be invited.

VI. Clause 2.6: Term of Office of the SE Works Council

The SE Works Council shall be elected for four years in accordance with Part I Clause 2.6. The term of office commences on the day of the constitutive meeting of the respective SE Works Council and expires upon the day of the constitutive meeting of the new SE Works Council. Re-appointments and re-elections of the members of the SE Works Council are permitted.

Part I Clause 2.6 defines the cases in which, notwithstanding any other cases provided for in the SAP Agreement on Employee Involvement and by law, the office of an SE Works Council member ends prematurely, which include the following:

- (a) upon resignation;
- (b) upon the SE Works Council member leaving the SAP group or upon the company leaving the SAP group with which the employment relation of the SE Works Council member exists;
- (c) upon assuming a permanent position in another Country.

For each SE Works Council member prematurely losing office a substitute member shall replace such SE Works Council member for the remaining period of office of the SE Works Council, unless the loss of office is due to an adjustment of the composition of the SE Works Council pursuant to Part I Clause 2.2.

If an SE Works Council member is temporarily transferred to a Country outside the Scope of the SAP Agreement on Employee Involvement with his/her agreement, his/her

elected or appointed substitute member shall replace him/her for the term of the transfer. This applies also if the SE Works Council member is temporarily reallocated to a Country within the Scope of the SAP Agreement on Employee Involvement with his/her consent, provided he/she declares in text form vis-à-vis the SE Works Council's chairperson not to be able to perform his/her office for the term of the reallocation.

VII. Clause 2.7: Challenging the Appointment or Election, Assertion of Nullity

The appointment or election of a member or substitute member of the SE Works Council may be challenged in accordance with Part I Clause 2.7 if material provisions on the appointment or election of members of the SE Works Council have been violated and such violation has not been remedied, unless such violation could not possibly have changed or influenced the results of the election or appointment.

Pursuant to Part I Clause 2.7 eligibility to challenge is limited to:

- (i) the employees' representative bodies represented in the election or appointment committee;
- (ii) in the case of direct vote, at least three employees eligible to vote;
- (iii) the nominating unions;
- (iv) the SE Works Council; and
- (v) the Executive Board of SAP SE.

Any action to challenge is to be brought within one month from the publication of the result of the election or appointment. In contrast to this, there shall be no term for the assertion of nullity. The Labor Court in Mannheim shall have exclusive jurisdiction. The costs of any action to challenge or action for the declaration of nullity shall be borne by SAP SE.

VIII. Clause 2.8: Removal from Office

It is provided for in Part I Clause 2.8 that the Executive Board of SAP SE or the SE Works Council may apply for the exclusion of a member from the SE Works Council because of a serious breach of his or her duties as a member of SE Works Council to Mannheim Labor Court. The membership shall only end upon the legally valid notice of the exclusion of the member by the competent Labor Court. The costs of any such proceedings shall be borne by SAP SE.

(C) Part I Clause 3: Meetings of the SE Works Council

I. Clause 3.1: Constitutive Meetings of the SE Works Council

Part I Clause 3.1 contains provisions governing the constitutive meetings of the SE Works Council. For this purpose, Part I Clause 3.1 stipulates that, after having been informed of the members of the SE Works Council pursuant to Part I Clause 2.3, but no later than twelve weeks after initiating the elections or appointments for the first SE Works Council, the Executive Board of SAP SE shall invite to the constitutive meeting of the first SE Works Council within six weeks, at the registered office of SAP SE. Constitutive meetings of subsequent SE Works Councils shall be held at the beginning of the first meeting after the new SE Works Council has been elected or appointed.

During its constitutive meeting, the SE Works Council shall elect a chairperson and a deputy from its members as well as a Select Committee. Compared to an ordinary meeting, the constitutive meeting may last an extra-day in order to prepare and organize itself.

II. Clause 3.2: Meetings

Part I Clause 3.2 provides that the SE Works Council shall meet for four meetings in total per calendar year at the registered office of SAP SE. One of these four meetings shall be held immediately before the annual General Meeting of Shareholders of SAP SE; as a

general rule, this meeting shall take four days, including arrival and departure days. The other three meetings shall, as a rule, take three days, including arrival and departure days.

In addition, Part I Clause 3.2 details how the Select Committee shall invite to the meetings.

III. Clause 3.3: Participation of the Executive Board of SAP SE

The Central Management of SAP SE shall participate in the meetings of the SE Works Council to the extent provided for in the SAP Agreement on Employee Involvement or if so agreed between the SE Works Council and the Central Management, Part I Clause 3.3. In the meetings, the Central Management of SAP SE shall generally be represented by the Executive Board member responsible for labor and social affairs or her or his representative from Human Resources.

IV. Clause 3.4: Participation of employees' representatives on the Supervisory Board of SAP SE

It is provided for in Part I Clause 3.4 that the employees' representatives on the Supervisory Board of SAP SE shall be entitled, upon invitation by the Select Committee, to participate in individual meetings of the SE Works Council or in respect of particular agenda items.

V. Clause 3.5: Participation of Representatives of European Trade Unions

The SE Works Council is entitled pursuant to Part I Clause 3.5 to invite trade union officials represented in the SAP group or representatives of the respective umbrella organizations to the SE Works Council's meetings. When this is the case, such guest must submit to the same obligations of secrecy and confidentiality as they apply to experts and interpreters by virtue of Section 41 SEBG.

VI. Clause 3.6: Participation of Executives

It is further provided for in Part I Clause 3.6 of the SAP Agreement on Employee Involvement that the SE Works Council may invite SAP SE executives to attend the meetings of the SE Works Council and/or individual agenda items.

VII. Clause 3.7: Non-public Meetings

The provisions of Part I Clause 3.7 make it clear that the meetings of the SE Works Council are not public. While the SE Works Council is in session, contents or results of the information and consultation process must not be disclosed.

VIII. Clause 3.8: Country Meetings

It is provided for in Part I Clause 3.8 that – in the absence of a common national employee representative body in a Country represented in the SE Works Council – joint meetings of the individual employee representative bodies of the respective Country may be held at a national level, in order to prepare for or follow-up on SE Works Council meetings. The meetings shall be limited to the required extent and shall not constitute a consultation and decision-making body for national matters.

(D) Part I Clause 4: Resolutions of the SE Works Council, internal Organization

Part I Clause 4 contains provisions relating to resolutions of the SE Works Council and its internal organization.

I. Clause 4.1: Quorum

The SE Works Council shall constitute a quorum if at least half of its appointed or elected members are present and the present members also represent the majority of the SAP Employees represented in the SE Works Council.

II. Clause 4.2: Resolutions

The details of resolutions of the SE Works Council are governed by Part I Clause 4.2. Firstly, Clause 4.2.1 provides for subject-matters regarding a so-called "double majority

requirement". Accordingly, resolutions of the SE Works Council on subject-matters, of which each must be precisely specified, shall be adopted with the majority of its appointed or elected members, which shall also include the majority of the total SAP Employees represented in the SE Works Council ("double majority"). The number of SAP Employees at the time of the last review (Part I Clause 2.2) is decisive. As long as a Country does not have an appointed or elected member in the SE Works Council, the respective employees shall be deemed not represented.

The double majority requirement applies to the following subject-matters:

- (a) election of the chairperson of the SE Works Council and his/her deputy;
- (b) election of the three other members of the Select Committee;
- (c) approval of rules of procedure for the SE Works Council and the Select Committee;
- (d) appointment of the employees' representatives on the Supervisory Board of SAP SE;
- (e) resolutions concerning the challenge of the election or appointment of a member of the SE Works Council or the institution of removal proceedings according to Part I Clause 2.8;
- (f) notice of termination of the SAP Agreement on Employee Involvement;
- (g) establishment of criteria for the allocation of the last seat for the employees' representatives on the Supervisory Board of SAP SE to be allocated by the Select Committee to the Countries (Part II, at the end of Clause 3.3.1).

In all other cases, unless otherwise provided for in the SAP Agreement on Employee Involvement, resolutions of the SE Works Council shall be adopted with the majority of its appointed or elected members ("simple majority").

III. Clause 4.3: Recording of Resolutions

Resolutions of the SE Works Council will be recorded in written form. To the extent provided for in the SAP Agreement on Employee Involvement, the SE Works Council will provide Central Management with all resolutions.

IV. Clause 4.4: Internal rules of procedure

The SE Works Council may enact written rules of procedure for the SE Works Council and written rules of procedure for the Select Committee to further address procedural issues not finally regulated in the SAP Agreement on Employee Involvement.

V. Clause 4.5: Creation of Working Groups

In coordination with the Central Management and upon the initiative of the Select Committee, the SE Works Council shall be entitled to establish working groups for addressing certain issues for limited periods of time to ensure and increase effectiveness and expertise of the SE Works Council.

(E) Clause 5: Select Committee

The details of the establishment and scope of responsibilities of the Select Committee are governed by Clause 5.

I. Clause 5.1: Composition

The SE Works Council shall form from amongst its members a committee of five members, to include, apart from the chairperson of the SE Works Council and his/her deputy, three other members of the SE Works Council ("**Select Committee**"). The chairperson of the SE Works Council shall automatically be the chairperson and the deputy chairperson of the SE Works Council shall automatically be the deputy chairperson of the Select Committee.

II. Clause 5.2: Management and Representation

The Select Committee shall manage the daily affairs of the SE Works Council and shall represent the latter within the scope of the SE Works Council's resolutions. The chairperson of the Select Committee shall manage the daily affairs of the Select Committee and shall represent it within the scope of its resolutions. The chairperson and his/her deputy shall each individually be authorized to accept declarations to be made to the SE Works Council or the Select Committee respectively.

III. Clause 5.3: Quorum and Resolutions

Unless otherwise provided in the rules of procedure to be adopted by the SE Works Council for the Select Committee, the Select Committee shall constitute a quorum if at least three of its members participate in adopting any resolution, and the resolutions of the Select Committee shall require a simple majority of its members. Resolutions shall be proposed in writing. The Select Committee may also adopt resolutions in virtual meetings respectively.

IV. Clause 5.4: Additional Tasks

Part I Clause 5.4 provides for additional tasks of the Select Committee which include in particular:

- (a) preparing and debriefing of the meetings of the SE Works Council;
- (b) initiating the elections or appointments to the SE Works Council;
- (c) within the scope of its responsibilities, representation in the information and consultation process on exceptional circumstances; and
- (d) carrying out all other tasks assigned to it by the SAP Agreement on Employee Involvement or by the SE Works Council.

V. Clause 5.5: Meetings of the Select Committee and Meeting Cycles

The Select Committee shall convene – subject to further meetings required in connection with any information and consultation on exceptional circumstances pursuant to Part I Clause 7 – for one ordinary physical meeting of one day per calendar year. The place of meeting is the registered office of SAP SE. However, the Select Committee shall be entitled to hold this meeting at a different SAP site within the Scope of the SAP Agreement on Employee Involvement.

In addition, the Select Committee shall be entitled to hold, if necessary, additional meetings per year in the form of telephone or video conferences or by making use of other technical equipment that does not require the members to travel in order to be able to participate.

The meetings of the Select Committee are not public, and while the Select Committee is in session, contents or results of the information and consultation process must not be disclosed. The communication with members of the SE Works Council shall remain unaffected.

(F) Clause 6: Information and Consultation of the SE Works Council at the Annual Meetings

Details of how to provide information to the SE Works Council, and of how to consult with it, at the annual meetings are set out in Part I Clause 6.

I. Clause 6.1: Principle

In this connection, Part I Clause 6.1 stipulates that the Central Management of SAP SE shall inform and consult, the SE Works Council in its meetings in respect of the progress of the business and of the prospects of the SAP group to the extent determined by the SAP Agreement on Employee Involvement (Part I Clause 1.1 and Clause 1.2).

II. Clause 6.2: Items of Information and Consultation

Only the following matters shall be considered matters relating to the progress of the business and the prospects in the meaning of Part I Clause 6.1:

- a) the strategy of the SE, changes to the strategy of the SE and their impact on the locations,
- b) the structure of the SE and its economic and financial situation,
- c) the probable development of the business and of production and sales,
- d) the situation and probable trend of employment,
- e) investments and investment programs,
- f) substantial changes concerning the organization,
- g) the introduction of new working methods and processes or substantial changes to existing working methods and processes,
- h) the relocation of undertakings, establishments or important parts thereof and relocation of the production,
- i) mergers or split-ups of undertakings or establishments;
- j) cut-backs or closures of undertakings, establishments or important parts thereof,
- k) collective redundancies (as defined pursuant to respective national law),
- l) the compensation structure,
- m) diversity and demographic trends, as well as
- n) other matters, to the extent they are presented by the Central Management.

The SE Works Council shall, however, only be informed and consulted with to the extent the above items constitute Transnational Matters.

III. Part I Clause 6.3: The Process of Information and Consultation

The Process of Information and Consultation is governed by Part I Clause 6.3.

1) Clause 6.3.1: Provision of Documentation and Information

Central Management will provide the SE Works Council via the SE WoC IT Platform referred to in Part I Clause 9.3 with the material documents required for the information and consultation process. A link will be set up for the SE Works Council on the SE WoC IT Platform which allows direct access via the Homepage of SAP SE to all documents accessible for the shareholders for the respective General Meeting of Shareholders of SAP SE. Further, the SE Works Council shall be provided, through a posting on the SE WoC IT Platform not later than two weeks before the next meeting, with the annual report of the SAP group, the publication of the results of the SAP group for the quarter, half year and year, the annual social and personnel report, as well as a written report on each of the items set out above in Clause 6.2 in a) to n). To the extent the report includes measures within the meaning of Clause 6.2 f) to k), it shall contain a general description of the planned measure, the entrepreneurial reasoning for the planned measure, a detailed description of the consequences for affected employees, including a list of the affected Countries and the respective number of employees affected, and description of the timeframe for the implementation of the measure.

The SE Works Council may, within the two weeks from the posting of the above material, documents and reports and up to the following meeting, ask questions and make comments. Such questions and comments shall be answered in writing and with reasons by the Central Management of SAP SE without undue delay. Furthermore, the Central Management shall make itself available for comments and answers in the meetings.

2) Clause 6.3.2: Opinion of the SE Works Council and Answer of Central Management

The SE Works Council is entitled to formulate within one week after a meeting a written opinion on the reports and on the progress of the business and the prospects of the SAP group, which opinion will be posted on the SE WoC IT Platform. The Central Management of SAP SE shall within a period of one week from the posting of the opinion provide a reasoned response to any such opinion of the SE Works Council and post such response on the SE WoC IT Platform.

3) Clause 6.3.3: Further Consultation in Special Cases

If the Central Management's response in relation to a subject of information and consultation under Clause 6.2 h), j) or k) (special cases) does not provide for plan changes which have considered the written opinion of the SE Works Council, the Select Committee may request another discussion with the Central Management within one week after posting of the response of Central Management.

In order to decide about such a request and to prepare a meeting with the Central Management, the Select Committee may come together for a virtual meeting. To such meeting of the Select Committee, the chairperson of the Select Committee may also invite one member of the SE Works Council from each of the Countries affected by the exceptional circumstances but not represented in the Select Committee. In this connection, Clause 6.3.3 provides for further details regarding the meeting of the Select Committee. A meeting with the Central Management shall take place as a virtual meeting within one week after the request for a meeting. This extraordinary meeting of the Select Committee shall be held as a virtual meeting, unless the chairperson of the Select Committee, with the consent of SAP SE Central Management, calls a physical extraordinary meeting.

A meeting with the Central Management shall take place as a virtual meeting within one week after the request for a meeting. To such meeting, as well, the chairperson of the Select Committee may invite one member of the SE Works Council from each of the Countries affected by the exceptional circumstances but not represented in the Select Committee.

IV. Clause 6.4: Completion of the Information and Consultation Process

The information and consultation process within a meeting is completed once the one-week period for an opinion of the SE Works Council (see Clause 6.3.2, first sentence) has expired without the SE Works Council having issued an opinion or once the response of Central Management to an opinion of the SE Works Council has been posted on the SE WoC IT Platform (Clause 6.3.2, second and third sentences).

In the event of a further consultation under Clause 6.3.3, the information and consultation process is completed in accordance with the provisions of Clause 6.4 only upon the meeting of the Select Committee and Central Management.

The Central Management may not commence with the implementation of any measures until the final completion of the process provided for in Clause 6.4. Irrespective of this, communication activities within an ongoing consultation process are permitted only in coordination with the Select Committee.

V. Clause 6.5: Records of Meetings

A record shall be made of the progress and contents of a joint meeting section of any meeting, to be signed by the chairperson of the Works Council and by the Central Management.

(G) Clause 7: Information and Consultation on Exceptional Circumstances

I. Clause 7.1: Principles

Part I Clause 7 sets forth principles governing the process of information and consultation on exceptional circumstances. On the employee side, the Select Committee shall be the consultation partner responsible. However, to the extent that the planned measures

have already been a matter of information and consultation of the SE Works Council pursuant to Clause 6, the SE Works Council shall have exclusive responsibility and there shall be no further information and consultation of the Select Committee. In such case, the information and consultation process shall instead be governed exclusively by the provisions of Clause 6.

II. Clause 7.2: Exceptional Circumstances

Part I Clause 7.2 provides a general description for the purpose of defining the circumstances that shall be deemed to be exceptional. According to such description, any circumstances shall be deemed to be exceptional if the Central Management of SAP SE is unable, due to the urgency of a measure, to obtain the SE Works Council's views on any object subject to the latter's information and consultation pursuant to Clause 6.2 during a meeting in such a timely manner that such views can still be taken into account in the entrepreneurial decision-making process.

III. Clause 7.3: The Information and Consultation Process

The process of information and consultation on exceptional circumstances is governed by Part I Clause 7.3.1. According to its provisions, information about exceptional circumstances shall be provided in the form of a written Special Report by the Central Management of SAP SE to the Select Committee to be posted on the SE WoC IT Platform which shall meet the substantive requirements of the report to the SE Works Council pursuant to the provisions of Clause 6.3.1. The Select Committee may, within a period of two weeks of the posting of the Special Report, raise questions and make comments in respect thereof pursuant to Part I Clause 7.3.2, and the Central Management of SAP SE shall provide a reasoned response to any questions and comments in writing.

The chairperson of the Select Committee may call an extraordinary meeting of the Select Committee, which shall be held immediately after the end of the two-week period. To such meeting, the chairperson may also invite one member of the SE Works Council from each of the Countries affected by the exceptional circumstances but not represented in the Select Committee. The extraordinary meeting shall be held as a virtual meeting, unless the chairperson of the Select Committee, with the consent of SAP SE's Central Management, calls a physical extraordinary meeting. Upon request, the Central Management of SAP SE shall answer any questions during the meeting by virtual means. An extraordinary meeting of the Select Committee during the information and consultation process shall not last longer than one day. The Select Committee's members and the representatives of the Countries affected shall be given sufficient time for preparation and debriefing.

In accordance with Part I Clause 7.3.4 the Select Committee may formulate a written opinion on the exceptional circumstances until the expiry of one week after the meeting in which the exceptional circumstances have been discussed, to which the Central Management shall provide a reasoned response within a period of one week after such opinion of the Select Committee has been posted.

Pursuant to Part I Clause 7.3.6 the process of information and consultation on exceptional circumstances will be completed with the posting of the Central Management's response unless the Select Committee, by way of exception, may, in addition, request a further discussion with the Central Management in accordance with Part I Clause 7.3.7.

To the extent that the Central Management's response in respect of any objects subject to the SE Works Council's information and consultation pursuant to Clause 6.2 h), j) or k) does not provide for plan changes which have considered the written opinion of the Select Committee, the information and consultation procedure provided for in Clause 6.3.3 shall apply accordingly. The information and consultation process shall in such case not be completed unless a further meeting with the Central Management in accordance with Clause 6.3.3 has been held.

(H) Part I Clause 8: Information by the SE Works Council or the Select Committee

The provisions of Part I Clause 8 describe how the SAP Employees shall be informed about the content and outcomes of SE Works Council meetings. Pursuant to Part I Clause 8.1 such information shall initially be provided by the chairperson of the SE Works Council.

In accordance with Part I Clause 8.2, subsequent to the provision of such information by the chairperson of the SE Works Council, the members of the SE Works Council may inform their respective local employees' representations in the SAP group and – to the extent there are no employees' representations – their respective local SAP Employees, e.g. via the respective SAP portal page, about the contents and results of the information and consultation processes. If the employee representative body of a certain Country is not empowered to send information to the employees, then the respective SE Works Council member is entitled to share information on SE Works Council meetings content and results with the local employees. Where required in this connection, the members of the SE Works Council shall be entitled to visit companies and sites within the Scope of the SAP Agreement on Employee Involvement.

(I) Clause 9: Cooperation and Support of the SE Works Council and the Select Committee

The provisions of Part I Clause 9.1 stipulate that the Central Management of SAP SE, the SE Works Council and the Select Committee shall cooperate on the basis of mutual trust for the benefit of the employees and the SAP Group.

Pursuant to Part I Clause 9.2 SAP SE shall bear the necessary costs in connection with the establishment and operation of the SE Works Council and the Select Committee, in particular the costs of meetings, including the costs for arrival, departure and stay, administrative support, translation, interpretation and equipment. The necessary personnel and equipment, which shall include access to a communication infrastructure in line with the current technical standard as well as resources for the chairperson of the SE Works Council for the performance of the administrative support in fulfillment of his/her duties, shall be made available to the SE Works Council members.

I. Clause 9.3: IT Support – SE WoC IT Platform and SE WoC Shared Space

Part I Clause 9.3 contains provisions relating to the IT infrastructure to be set up for the SE Works Council, which shall include an IT platform ("**SE WoC IT Platform**") and shared spaces. Thus, these provisions state that, in order to assure confidentiality, only authorized users, who shall be specified individually, shall be granted access to such infrastructure. In addition, the provisions of Clause 9.3 stipulate that the Central Management shall use the common shared space of this platform for the postings ("**Posting**") required under the SAP Agreement on Employee Involvement to and for the SE Works Council and the Select Committee. Pursuant to Clause 9.3 an additional shared space shall be provided, which shall exclusively be reserved to the members of the SE Works Council for their internal communication.

II. Clause 9.4: Language and Translations

The provisions of Part I Clause 9.4 stipulate that the language in the SAP SE Works Council and the Select Committee and in the communication between Central Management, SE Works Council and Select Committee is English. Costs for translation and interpretation services for the SE Works Council and/or the Select Committee will be borne by SAP SE as appropriate. The Select Committee will decide in which cases and into which languages any translations or interpretation services are required.

III. Clause 9.5: Experts

For each meeting of the SE Works Council and/or the Select Committee to be held according to Part I Clauses 6 and 7 one external legal counsel may be consulted in accordance with Clause 9.5. The relevant provisions further state that, in addition, in case of a matter of information and consultation according to Part I Clause 6.2 h), j) or k) the SE Works Council and/or the Select Committee may obtain support from another expert for each of these matters. In this regard, the provisions of Clause 9.5 stipulate that experts may also be representatives of trade unions represented in the SAP Group.

IV. Clause 9.6: Training

The provisions of Part I Clause 9.6 detail the requirements to be met in order for members of the SE Works Council to take part in training and education events. According to these provisions, members of the SE Works Council may participate in learning and educational events to the extent they impart knowledge necessary for the discharge of the SE Works Council's duties. The SE Works Council must notify the Central Management of the attendance and the timing of such training events in good time, and must take into account the company's operational requirements when scheduling training. Possible subjects for training events are for example: working conditions, European labor laws, business administration, intercultural communication, language courses, company organization, and/or team building.

V. Clause 9.7: Honorary Activity, Release from Work Duties

The provisions of Part I Clause 9.7 make it clear that the members of the SE Works Council and their substitutes shall hold their office as an honorary office without remuneration and shall be released from their professional activities without a reduction in pay insofar as this is required for the proper carrying out of their duties. For these purposes, the time required for the discharge of the duties of a member of the SE Works Council, such as taking part in meetings, trainings, exchange of information with the substitutes and local representative bodies, traveling time, and related activities, is considered working time and bonus-relevant activity within the meaning of the applicable SAP policies (e.g. bonus plans, travel policies).

(J) Clause 10: Prohibition of discriminatory and preferential Treatment of Members of the SE Works Council

Part I Clause 10 contains provisions to protect the members of the SE Works Council, as well as provisions applicable to substitute members upon assuming the office. The members of the SE Works Council shall not be impeded in or prevented from the performance of their activity and must not be discriminated against or given favorable treatment because of their activity. Furthermore, the provisions of Clause 10 stipulate that any ordinary notice of termination of a member of the SE Works Council during the term of their office or during the period of one year after termination of their office is prohibited; dismissals for cause continue to be permitted. Before a dismissal for cause is issued, the Select Committee is to be heard in respect of the reasons for the dismissal.

If a reallocation of a member of the SE Works Council results in the loss of membership in the SE Works Council, in accordance with the provisions of Clause 10 such reallocation shall only be permitted with the consent of the affected member or with the consent of the SE Works Council. The provisions of Clause 10 further state that members of the SE Works Council shall be released from work for the performance of their duties under the SAP Agreement on Employee Involvement with continuation, and without reduction, of their remuneration.

(K) Clause 11: Secrecy, Confidentiality

With regard to secrecy and confidentiality, Part I Clause 11 refers to the legal provisions of Section 41 SEBG.

Section 41 SEBG reads as follows:

“(1) The managements and the management of the SE shall only be obliged to provide information under this Act if and to the extent, using objective criteria, this does not endanger any trade or business secrets of the companies involved in the incorporation, the SE or its respective subsidiaries and establishments.

“(2) The members and substitute members of an SE Works Council are obliged, irrespective of their place of stay, not to disclose or exploit any trade or business secrets that have come to their knowledge because of their membership in the SE Works Council and that have expressly been defined as confidential by the management of the SE. This shall also apply after they have left the SE Works Council.

(3) *The SE Works Council's obligation to observe secrecy under paragraph 2 above shall not apply vis-à-vis the*

1. members of the SE Works Council;

2. employees' representatives of the SE, its subsidiaries and establishments, if they are to be informed of the contents of the information and the results of the consultation under an agreement pursuant to Section 21 or Section 30;

3. employees' representatives in the supervisory or administrative organ of the SE; and

4. interpreters and experts referred to for support.

(4) *The obligation to observe secrecy under paragraph 2 above shall apply accordingly to*

1. the members and substitute members of the special negotiating body;

2. the employees' representatives of the SE, its subsidiaries and establishments;

3. the employees' representatives otherwise participating in information and consultation processes;

4. the experts and interpreters.

(5) *The exemption from the obligation to observe secrecy under paragraph 3 no. 1 shall apply accordingly to the group of persons as referred to in paragraph 4 nos. 1 to 3. The obligation to observe secrecy shall also not apply to*

1. the members of the special negotiating body towards interpreters and experts;

2. the employees' representatives pursuant to paragraph 4 no. 3 vis-à-vis employees' representatives in the supervisory or administrative organ of the SE, vis-à-vis interpreters and experts that are referred to for support, as agreed, and vis-à-vis employees' representatives of the SE, its subsidiaries and establishments if they are to be informed of the contents of the information and results of the consultation pursuant to the Agreement (Clause 21)."

(L) **Clause 12: Rights of Involvement of the Employees in the Countries, Transitional Provisions**

Part I Clause 12 makes clear that the information and consultation rights of the employees and employees' representations under national laws and practices in the Countries shall not be affected, except for the provisions of the Act on European Works Councils (*Europäisches Betriebsräte-Gesetz*; "**EBRG**"). In this respect, Clause 12 stipulates that the information and consultation processes under national laws and practices and the information and consultation process under the SAP Agreement on Employee Involvement shall commence at the same time.

With regard to the European Works Council established with SAP AG, Clause 12 provides that the European Works Council established at SAP AG shall remain in office in the transitional period until the constitutive meeting of the first SE Works Council; in this transitional period, the provisions applicable to the European Works Council so far shall remain applicable. Upon the constitutive meeting of the first SE Works Council, the office of the European Works Council shall terminate and the Act on European Works Councils and the Agreement on the Establishment of an SAP European Works Council of November 24, 2011 shall cease to apply.

(M) **Part II Clause 1: Two-tier Corporate Governance System**

Part II governs the participation of the SAP Employees in the Supervisory Board of SAP SE. According to Part II Clause 1, the Articles of Incorporation of SAP SE will provide for a two-tier system with an Executive Board and a Supervisory Board.

(N) **Part II Clause 2: Composition of the Supervisory Board of SAP SE**

For the avoidance of doubt, Part II Clause 2.1 provides that the Supervisory Board of SAP SE shall consist of an equal number of shareholders' representatives and employees' representatives, i.e. one half of its members shall be appointed on the nomination of the employees.

Pursuant to Part II Clause 2.2., the Supervisory Board of SAP SE shall consist of 18 members and consequently nine employees' representatives. This is in accordance with Section 10 (1)

of the Articles of Incorporation of SAP SE. The Articles of Incorporation of SAP SE may be amended to the effect that the Supervisory Board shall in the future comprise twelve members and consequently six employees' representatives. However, under the SAP Agreement on Employee Involvement, such resolution amending the Articles of Incorporation may be resolved at the earliest in the 2018 annual General Meeting of Shareholders and, pursuant to the SAP Agreement on Employee Involvement, shall be subject to an identical proposal of the Supervisory Board and the Executive Board to amend the Articles of Incorporation to that effect pursuant to Section 124 (3) AktG. In the Supervisory Board meeting that decides on such proposal to amend the Articles of Incorporation, the chairperson of the SE Works Council gets the opportunity to present the opinion of the SE Works Council.

Pursuant to Part II Clause 2.3, such amendment of the Articles of Incorporation to reduce the size of the Supervisory Board to twelve members shall be made so as to apply only to the new term of office of the Supervisory Board commencing after the amendment became effective; since the amendment of the Articles of Incorporation can only be resolved in the 2018 annual General Meeting of Shareholders, it can be effective at the earliest as of the term of office beginning with the close of the 2019 annual General Meeting of Shareholders.

(O) Part II Clause 3

Part II Clause 3 provides for the procedure for determining the nominations for the appointment of the employees' representatives on the Supervisory Board of SAP SE.

I. General

Clause 3.1 provides that the employees' representatives on the Supervisory Board of SAP SE and their personal substitutes shall be appointed by the SE Works Council. Furthermore, Clause 3.1 provides that, to the extent that the appointment is based on nominations from the Countries, the SE Works Council shall establish before the appointment that the nominations comply with the requirements stipulated in the SAP Agreement on Employee Involvement. In all other respects, the SE Works Council is bound by the nominations made from within the Countries.

Pursuant to Clause 3.1, only SAP Employees and members of employee unions represented in the SAP group may be nominated and appointed to serve as employees' representatives on the Supervisory Board of SAP SE. For each employees' representative, a personal substitute shall be nominated and appointed. The rules of the SAP Agreement on Employee Involvement on the determination and appointment of employees' representatives on the Supervisory Board shall apply accordingly to the determination and appointment of the substitutes.

II. Part II Clause 3.2: employees' representatives of the First Supervisory Board of SAP SE

Pursuant to Part II Clause 3.2.1, the following persons are temporarily appointed as employees' representatives on the first Supervisory Board ("**First Supervisory Board**") of SAP SE and as substitutes for the period until the close of the 2015 annual General Meeting of Shareholders:

Seat	Member	Substitute	Country
1	Christiane Kuntz-Mayr	Christine Regitz	Germany
2	Kurt Reiner	Sebastian Wagner	Germany
3	Lars Lamadé	Stefan Hirschenberger	Germany
4	Margret Klein-Magar	Ulrich Marquard	Germany
5	Mario Rosa-Bian	Uwe Riegler	Germany
6	Panagiotis Bissiritsas	Robert Kupler	Germany
7	Stefan Schulz	Torsten Kipping	Germany
8	Catherine Bordelon	Marc De Gibon	France
9	Steffen Leskovar	Pascal Demat	SNB

Part II Clause 3.2.1 provides that the process of determining the final employees' representatives on the First Supervisory Board of SAP SE shall commence without undue delay upon the SAP Agreement on Employee Involvement taking effect – i.e. upon registration of the SE into the commercial register. As soon as all final employees' representatives have been determined, the SE Works Council shall appoint in its next regular meeting the so determined employees' representatives with effect as of the close of the 2015 General Meeting of Shareholders for a term of office ending simultaneously with the regular term of office of the shareholders' representatives of the First Supervisory Board of SAP SE. The office of the temporarily appointed employees' representatives on the First Supervisory Board ends upon the appointment of the final employees' representatives taking effect.

Pursuant to Part II Clause 3.2.2, the seats for the final appointment of the employees' representatives in the First Supervisory Board of SAP SE are allocated as follows:

Seat	Country
1	Germany
2	Germany
3	Germany
4	Germany (trade union representatives)
5	Germany (trade union representatives)
6	Germany (executives)
7	France (country with 2 nd highest number of SAP Employees)
8	Germany, from the German members of the SE Works Council
9	Member of the SE Works Council from a Country which is not covered by the first eight seats pursuant to determination by the SE Works Council

In all other respects, Clause 3.2.2 provides that for the determination of employees' representatives, Clause 3.3 below shall apply accordingly. The substitutes for the employees' representatives for the eighth and ninth seats shall also be determined by the SE Works Council from among the members of the SE Works Council, if possible from the same Country as the employees' representative.

III. Part II Clause 3.3: Procedure for Nominations for the Appointment of employees' representatives for a Supervisory Board with 18 Members

Part II Clause 3.3 provides for the procedure for nominations for the appointment of employees' representatives for a Supervisory Board with 18 members. To begin with, Clause 3.3 provides that where the Supervisory Board of SAP SE consists of 18 members and consequently nine employees' representatives, the nominations for the appointment of the employees' representatives on the Supervisory Board of SAP SE shall be governed by the provisions set out in detail below.

Pursuant to Part II Clause 3.3.1, the SE Works Council, except for the First Supervisory Board (in respect of which the allocation of seats is as provided for in Part II Clause 3.2.2), the SE Works Council shall allocate the seats for the employees' representatives on the new Supervisory Board of SAP SE ("**Employee Seats**") to the Countries in due time prior to the end of the ordinary term of office of the employees' representatives on the Supervisory Board of SAP SE, but no later than nine months before the appointment of the new employees' representatives.

The first seven of the Employee Seats shall be allocated in proportion to the number of SAP Employees employed in the individual Countries (d'Hondt method), provided that if the first six seats are allocated to one Country, the seventh seat is for the Country with the second highest number of SAP Employees. The number of SAP Employees as at the

end of the next to last calendar month before the Employee Seats are allocated by the SE Works Council shall be decisive.

Furthermore, Part II Clause 3.3.1 provides that the eighth seat is allocated to the Country represented in the SE Works Council with the highest number of SAP Employees. A member of the SE Works Council from that Country determined by the SE Works Council shall then be appointed employees' representative on the Supervisory Board.

The ninth seat is allocated to a Country not already allocated a seat in the Supervisory Board but represented on the SE Works Council. The member of the SE Works Council from that Country shall then be appointed employees' representative on the Supervisory Board. The substitutes for the employees' representatives for the eighth and ninth seats shall also be determined by the SE Works Council from among the members of the SE Works Council, if possible from the same Country as the employees' representative.

Part II Clause 3.3.2 governs the procedure for determining the German employees' representatives. In detail, Clause 3.3.2 provides that in respect of the seats among the first seven Employee Seats allocated to Germany, the nominations for employees' representatives are made by direct vote of all SAP Employees with their principal place of employment in Germany. The provisions of the Third Election Ordinance of the Participation Act 1976 (3. WOMitbestG) shall apply *mutatis mutandis* to the direct vote, subject to the following provisions:

- The vote is direct, a vote through delegates is not permitted;
- The vote in each of the ballots follows the principles of majority vote. A vote on the basis of lists is excluded. Every voter has the number of votes equaling the number of seats to be distributed. It is not permitted to accumulate votes (*Kumulieren*) (i.e. assign more than one vote to one candidate).
- The vote is done by absentee voting only. This also applies to executive employees.
- The Group Works Council shall determine the election committee for all group companies in Germany. It shall exercise all duties assigned to election committees by the 3. WOMitbestG.
- Seats are reserved for representatives of trade unions represented in the SAP Group in Germany: if Germany is allocated at least four out of the first seven seats, one seat is reserved for trade union representatives, and if Germany is assigned at least six seats out of the first seven seats, two seats are reserved for trade union representatives.
- Executive employees are reserved a seat on SAP SE's Supervisory Board only if Germany has five seats among the first seven seats. The provisions of the 3. WOMitbestG, Part I, Section 3 Subsection 3 will apply subject to the uniform election committee organizing the elections.
- The election of the union representative(s) and the executive employees' representative and the election in respect of the seats subject to the Group Works Council's election proposal (cf. last bullet point) shall each be carried out in separate ballots.
- All SAP Employees with their principal place of work in Germany, with the exception of groups listed in Section 5 (3) Works Constitution Act (*Betriebsverfassungsgesetz*; "**BetrVG**"), may submit election proposals for the remaining seats. Election proposals must be signed by a fifth or 100 of the SAP Employees with their principal place of work in Germany.
- To the extent that fewer election proposals than necessary are submitted for the seats reserved for the union representative(s) or the executive employees, these seats will be filled from the Group Works Council's election proposals. The same applies if the SAP Employees do not submit a sufficient number of election proposals.

Part II Section 3.3.3 provides that for Countries other than Germany, the procedure for determining the nominations for the first seven Employee Seats shall be governed by the relevant national provisions on the election or appointment of the employees' represen-

tatives on the Supervisory Board applicable in the individual Countries from which the employees' representatives are to be determined. To the extent that the Countries do not provide for rules on the determinations for the seats allocated to them, the right to nominate shall rest with the SE Works Council.

Part II Clause 3.3.4 further determines that the procedure of nominating and appointing the employees' representatives on the Supervisory Board shall be completed in due time prior to the General Meeting of Shareholders that appoints the shareholders' representatives on the new Supervisory Board. The last annual meeting of the SE Works Council prior to this General Meeting of Shareholders is to be scheduled accordingly. This is to achieve equal terms of office of employees' representatives and shareholders' representatives on the Supervisory Board.

IV. Part II Clause 3.4: Procedure for Nominations for the Appointment of employees' representatives for a Supervisory Board with 12 Members

Part II Clause 3.4 governs the procedure for nominations for the appointment of employees' representatives for a Supervisory Board with twelve members.

Part II Clause 3.4.1 provides that the SE Works Council shall allocate the seats for the employees' representatives on the new Supervisory Board of SAP SE to the individual Countries in due time prior to the end of the ordinary term of office of the employees' representatives on the Supervisory Board of SAP SE, but no later than nine months before the appointment of the new employees' representatives.

The first four of the Employee Seats shall be allocated in proportion to the numbers of SAP Employees employed in the individual Countries (d'Hondt method). The number of SAP Employees as at the end of the next to last calendar month before the Employee Seats are allocated by the SE Works Council shall be decisive.

Pursuant to Part II Clause 3.4.1, the fifth seat shall go to an SE Works Council member determined by the SE Works Council from a country that in the allocation process for the first four seats according to the d'Hondt method was not allocated a seat. The sixth seat shall go to another SE Works Council member determined by the SE Works Council. The substitutes for the employees' representatives for the fifth and sixth seats shall also be determined by the SE Works Council from among the members of the SE Works Council, if possible from the same Country as the employees' representative.

In respect of the seats among the first four Employee Seats allocated to Germany, the nominations for employees' representatives are made by direct vote of all SAP Employees with their principal place of employment in Germany, as provided for in Part II Clause 3.4.2. Part II Clause 3.4.2 provides that the provisions of the 3. WOMitbestG shall apply *mutatis mutandis* to the direct vote, subject to rules of the SAP Agreement on Employee Involvement and the following provisions:

- The vote is direct, a vote through delegates is not permitted;
- The vote is done by absentee voting only and follows in each of the ballots the principles of majority vote, a vote on the basis of lists is excluded for each of the ballots;
- Every second seat for Germany is reserved for representatives of the Group Works Council. Only the Group Works Council is eligible to propose candidates for these seats, and the candidates are from among SAP Employees, except for the executive employees. The election proposal from the Group Works Council must have at least twice as many candidates (and personal substitutes) as seats are reserved for the Group Works Council. The election of the supervisory board members for the seats reserved for the Group Works Council takes place in a ballot separate from the general employees representatives ballots, but at the same time;
- Employees, executive employees and trade unions represented in the SAP group may make election proposals for the remaining seats. Election proposals of the employees require 100 supporting signatures of employees, election proposals of executive

employees are determined by pre-election. Each proposal for election may list one or several candidates for the office of employees' representative on the Supervisory Board but must list for each candidate a personal substitute;

- Executive employees and trade unions are not entitled to reserved seats on the Supervisory Board of SAP SE;
- The pre-election to determine the election proposals of executive employees are governed by the provisions of the 3. WOMitbestG Part 1, Section 3 Subsection 3, provided that the election committee shall organize the elections. The two top ranking candidates and their personal substitutes shall be nominated for the election.
- Except for the separate ballot for the representatives of the Group Works Council, there are no other separate ballots;
- On the ballot card, the election committee shall list, for each ballot separately, all properly proposed candidates and their respective substitutes observing the listing requirements in Section 44 (2) 3. WOMitbestG in alphabetical order of the candidate's last name. In respect of proposals from trade unions, the ballot card shall indicate the trade union which has proposed the candidate and their respective substitute;
- The election committee is determined by the Group Works Council. It shall exercise all duties assigned to election committees by the 3. WOMitbestG.

For Countries other than Germany, Part II Clause 3.4.3 provides that the procedure for determining the nominations for the first four Employee Seats shall be governed by the relevant national provisions on the election or appointment of the employees' representatives on the Supervisory Board applicable in the individual Countries from which the employees' representatives are to be determined. To the extent that the Countries do not provide for rules on the determinations for the seats allocated to them, the right to nominate shall rest with the SE Works Council.

Finally, Part II Clause 3.4.4 provides that the procedure of nominating and appointing the employees' representatives on the Supervisory Board shall be completed in due time prior to the General Meeting of Shareholders that appoints the shareholders' representatives on the new Supervisory Board. The last meeting of the SE Works Council prior to this General Meeting of Shareholders is to be scheduled accordingly. This is intended to lead to equal terms of office of the employees' representatives and the shareholders' representatives.

V. Part II Clause 4.1: Duration of the terms of office

Pursuant to Part II Clause 4.1.1, the appointment of the employees' representatives on the Supervisory Board of SAP shall, subject to the provisions for the employees' representatives of the First Supervisory Board of SAP SE pursuant to Part II Clause 3.2, take effect at the same time at which the appointment of the shareholders' representatives on the Supervisory Board takes effect. The term of office of the Supervisory Board members shall be governed by the Articles of Incorporation, with the employees' representatives and the shareholders' representatives being appointed for the same term of office, subject to the provisions for the employees' representatives of the First Supervisory Board of SAP SE pursuant to Part II Clause 3.2.

Pursuant to Part II Clause 4.1.2, employees' representatives on the Supervisory Board may be re-appointed.

Part II Clause 4.1.3 provides that changes in the number of employees after the Employee Seats on the Supervisory Board have been allocated or during the term of office of the employees' representatives shall not lead to a change in the allocation of Employee Seats on the Supervisory Board of SAP SE.

Part II Clause 4.1.4 provides that the term of office of an employees' representative on the Supervisory Board shall end prematurely upon the employees' representative's ceasing to be an employee of the SAP Group. The resumption or the loss of a qualifi-

cation as executive employee, the assumption or the loss of office as works council member, and/or the assumption of or resignation from an office as SE Works Council member shall not affect the office as an employees' representative on the Supervisory Board.

Part II Clause 4.1.5 governs the succession of substitute members. To the extent that substitute members have been appointed or determined, they succeed the relevant employees' representative on the Supervisory Board if such employees' representative's term of office has ended prematurely. If an employees' representative's term of office has ended prematurely without the employees' representative being succeeded by a substitute, the SE Works Council shall determine and appoint a successor and a personal substitute from the same Country and for the remaining ordinary term of office of the employees' representative whose office has ended.

In case of a replacement of the ninth seat (in case of an 18 member supervisory board) or the fifth and sixth seats (in case of a twelve member supervisory board), the SE-Works Council remains entitled to use discretion within the rules of Part II Clause 3.3.1, last paragraph, resp. Part II Clause 3.4.1, last paragraph when determining and appointing the new employees' representative and the substitute member.

VI. Part II Clause 4.2: Revocation of Appointment, Removal and Challenge

An employees' representative may be removed from the Supervisory Board of SAP SE before his/her term of office has expired by the SE Works Council only upon application of a body authorized to make such application. Part II Clause 4.2.1 provides that the only body authorized to make such application is the body that nominated the employees' representative for appointment by the SE Works Council or, in the case of a direct election, the majority of the employees entitled to vote. In respect of the request for removal of an employees' representative from Germany, Section 23 (1) nos. 1 and 2, (3) and (4) MitbestG 1976 and Sections 88 through 91, Sections 92 through 93 and Section 97 3. WOMitbestG apply *mutatis mutandis*. The SE Works Council must remove the employees' representative in respect of whom a proper removal application has been made.

Part II Clause 4.2.2 provides that the removal procedure under Section 103 (3) AktG in conjunction with Article 9 (1) (c) (ii) of the SE Regulation shall remain unaffected by the above provisions.

The election of an employees' representative may be challenged if material provisions on the right to vote, eligibility or the election procedure have been violated and such violation has not been remedied, unless the violation could not have changed or influenced the voting results. A challenge may be raised by the SE Works Council or by the Executive Board of SAP SE, and in respect of employees' representatives from Germany also the bodies and employee quotas referred to in Section 22 (2) nos. 1 through 7 MitbestG 1976. The challenge must be raised within one month of the SE Works Council's appointment resolution. The court of exclusive jurisdiction shall be the Labor Court of Mannheim.

(P) Part II Clause 5: Rights of the employees' representatives

Part II Clause 5 governs the rights of the employees' representatives on the Supervisory Board.

Part II Clause 5.1 generally provides that the employees' representatives on the Supervisory Board shall have the same rights and duties as the shareholders' representatives. This applies also to the confidentiality obligations under stock corporation law (cf. Section 116 sentence 2 AktG), but also to the other rights and obligations of a Supervisory Board member.

Pursuant to Part II Clause 5.2, the provisions in Part I Clause 10 on the protection of the members of the SE Works Council under employment law against discrimination shall apply accordingly to the employees' representatives on the Supervisory Board. As a consequence, employees' representatives on the Supervisory Board shall not be impeded in or prevented from the performance of their activity. They must not be discriminated against or given favorable treatment because of their activity. The termination of their employments shall only be

possible with restrictions: any ordinary notice of termination during the term of their or during the period of one year after termination of their Supervisory Board office is prohibited. Dismissals for cause are generally permitted; however, before a dismissal for cause is issued, the Select Committee is to be heard in respect of the reasons for the dismissal. Any reallocation resulting in the loss of membership in the Supervisory Board is permitted only with the consent of the affected member or with the consent of the SE Works Council.

Part II Clause 5.3 provides that the employees' representatives on the Supervisory Board shall be released from their work without any reduction in their remuneration to the extent that such release is required for the proper performance of their Supervisory Board function. The activities justifying a release shall include the attendance of Supervisory Board meetings, of preparatory meetings of the employees' representatives in preparation of Supervisory Board meetings (see Part II Clause 5.5), the attendance of the General Meetings of Shareholders of SAP SE and of meetings of the SE Works Council and – subject to Part II Clause 5.4 – of training and education activities.

Part II Clause 5.4 provides for the entitlement of employees' representatives to take part in training and education events. After consultation with the chairperson of the Supervisory Board, each employees' representative may, at the expense of SAP SE, take part in training and education events to the extent these promote abilities required for their work as employees' representative on the Supervisory Board of SAP SE; such events may include English and German language courses. Operative necessities must be taken into consideration when planning such events.

Pursuant to Part II Clause 5.5, the employees' representatives on the Supervisory Board of SAP SE should, if possible, prepare the meetings of the Supervisory Board in preparatory meetings. In such preparatory meetings, the Executive Board of SAP SE – generally represented by the Executive Board member responsible for labor and social affairs – shall discuss the submissions to the Supervisory Board with the employees' representatives, if they request so.

Part II Clause 5.6 concerns a possible D&O liability insurance. For each employees' representative on the Supervisory Board, the company shall provide the same third-party insurance coverage that is provided for the shareholders' representatives on the Supervisory Board. The costs for such insurance shall be borne by SAP SE, to the extent legally permitted.

Q) Part II Clause 6: Internal Organization of the Supervisory Board

Part II Clause 6 provides rules for the internal organization of the Supervisory Board of SAP SE.

Pursuant to Part II Clause 6.1, the Supervisory Board elects a chairperson and one or two deputy chairpersons for a term corresponding to their office term on the Supervisory Board. One of the deputy chairpersons shall be elected on proposition of the employees' representatives.

Part II Clause 6.2 provides rules on the committees of the Supervisory Board. Pursuant to Part II Clause 6.2.1, Supervisory Board committees should not comprise more than eight members; the Supervisory Board's right to organize its own affairs (*Selbstorganisationsrecht*) shall remain unaffected, so that this requirement is not compulsory. Part II Clause 6.2.2 provides that Supervisory Board committees should have equal representation of shareholders' representatives and employees' representatives, unless a deviating composition of the respective committee is required or appropriate because of the topics allocated to the respective committee, the law or the provisions of the German Corporate Governance Code. The above exemption includes e.g. a nomination committee within the meaning of Section 5.3.3 of the German Corporate Governance Code (as amended on May 13, 2013), which is responsible to propose suitable candidates to the Supervisory Board for its proposals to the General Meeting of Shareholders for the election of shareholders' representatives on the Supervisory Board and which is, according to the recommendations of Section 5.3.3 of the German Corporate Governance Code, exclusively composed of representatives of the shareholders. Pursuant to Part II Clause 6.2.3, the deputy chairperson of the Supervisory Board, who has

been elected upon proposal of the employees' representatives, should be a member of the committee coordinating the work of the Supervisory Board and preparing its meetings, provided such a committee is established. The Supervisory Board's right to organize its own affairs (*Selbstorganisationsrecht*) shall remain unaffected, so that this requirement is not compulsory.

Pursuant to Part II Clause 6.3, the Supervisory Board should stipulate that business operations of fundamental importance shall be subject to Supervisory Board approval. Such business operations of fundamental importance include any decisions or measures which could have a significant effect on the company's assets, finances or earnings. This shall not affect the existing approval requirements of the Supervisory Board, as stipulated in the Articles of Incorporation pursuant to Article 48 (1) of the SE Regulation, nor the right of the Supervisory Board to organize its own affairs (*Selbstorganisationsrecht*).

Part II Clause 6.4 provides that the official language in meetings of the Supervisory Board should be German. To enable the non-German-speaking members of the Supervisory Board to follow the meeting, however, interpretation shall be made available for the meetings of the Supervisory Board; on request, each member of the Supervisory Board shall further be provided with translations of submissions (motions), reports and other documents, to the extent such translation is required for the respective member to follow the discussions.

(R) Part II Clause 7: Information given to the Supervisory Board by the Executive Board

Part II Clause 7 provides rules for information given to the Supervisory Board by the Executive Board.

The rules provide that the Executive Board, after consultation with the chairperson of the Supervisory Board and notwithstanding the existing approval requirements and the statutory reporting obligations of the Executive Board vis-à-vis the Supervisory Board as stipulated in Article 41 of the SE Regulation and in Section 90 AktG, shall inform the Supervisory Board about any crucial business matters which could affect corporate policies, the financial situation of the company or the employee interests. Pursuant to Part II Clause 7, such matters include in particular any reorganization and restructuring measures which have a significant effect on the employment situation of the SAP group.

(S) Part II Clause 8: Executive Board Member for Labor and Social Affairs

Part II Clause 8 provides, based on the statutory fallback provisions of Section 38 (2) sentence 2 SEBG, that one of the members of the Executive Board of SAP SE shall – apart from other responsibilities – be responsible for “labor and social affairs” as well. This member shall, based on Section 33 MitbestG 1976, use the official title “labor director”. Pursuant to Part II Clause 8, the appointment of an Executive Board member as labor director shall be subject to Supervisory Board approval.

(T) Part III Clause 1: Duration

I. Part III Clause 1.1: Entry into Force

Part III Clause 1.1 governs the entry into force of the SAP Agreement on Employee Involvement. It provides that the SAP Agreement on Employee Involvement shall enter into force upon the registration of the conversion of SAP AG to an SE with the commercial register. Regarding the temporarily appointed employees' representatives on the First Supervisory Board of SAP SE (Part II Clause 3.2.1) the Agreement shall enter into force with the signing, but not before the appointment of the shareholders' representatives becomes effective.

II. Part III Clause 1.2: Term and Termination

Pursuant to Part III Clause 1.2, the SAP Agreement on Employee Involvement is entered into for an indefinite term. The Executive Board of SAP SE and the SE Works Council may each give written notice of termination, earliest in calendar year 2020, with a notice period of twelve months to the end of a year. A notice of termination being limited to either Part I or Part II of the SAP Agreement on Employee Involvement is permitted.

III. Part III Clause 1.3: Legal Consequences of Termination

Part III Clause 1.3 provides for the legal consequences of termination. If, after notice of termination pursuant to Part III Clause 1.2 (be it notice of a partial termination or notice of termination of the whole Agreement) was given, a new agreement is not entered into by the expiry of the notice period, the terminated provisions of the SAP Agreement on Employee Involvement shall continue to apply until they have been replaced by a new agreement, but no longer than for a period of two years after the termination has become effective ("**Period of After Effect**"). If the Parties fail to enter into a new agreement within the Period of After Effect, the statutory fallback provisions applicable where SAP SE has its registered office shall apply in relation to the terminated part of the SAP Agreement on Employee Involvement.

Furthermore, Part III Clause 1.3 provides that the SE Works Council holding office when the new agreement enters into force or when the Period of After Effect ends shall remain in office transitionally, with the information and consultation rights provided for in the SAP Agreement on Employee Involvement, until the constitutive meeting of the new SE Works Council or – if a new agreement on the involvement of employees does not provide for the formation of an SE Works Council – until an alternative information and consultation procedure takes effect. The transitional office applies accordingly to the Select Committee.

Besides, Part III Clause 1.3 provides that a new agreement on the involvement of employees in SAP SE or – if the Parties fail to enter into a new agreement – the statutory fallback provisions shall not take effect in relation to the subject-matters provided for in Part II of the SAP Agreement on Employee Involvement until the ordinary term of office of the employees' representative on the Supervisory Board of SAP SE appointed pursuant to Part II of the SAP Agreement on Employee Involvement has expired. The election or appointment of the new employees' representatives, however, shall be governed by the new agreement on the involvement of employees in SAP SE or – if the Parties fail to enter into a new agreement – the statutory fallback provisions.

IV. Part III Clause 1.4 Amendments to the SAP Agreement on Employee Involvement

Pursuant to Part III Clause 1.4, the SAP Agreement on Employee Involvement may be amended or supplemented by mutual agreement between the Executive Board of SAP SE and the SE Works Council. Amendments and supplements shall be only valid if made in writing.

(U) Part III Clause 2: Reopening of the Negotiations

Pursuant to Part III Clause 2, if negotiations are re-opened pursuant to Section 18 (3) SEBG, the negotiations shall be conducted between the Executive Board of SAP SE and – instead of the Special Negotiating Body to be newly composed – the SE Works Council together with representatives of the employees affected by the planned structural changes who have not been represented in the SE Works Council so far.

(V) Part III Clause 3: German law, Language and Place of Jurisdiction

Part III Clause 3 provides that the SAP Agreement on Employee Involvement is governed by German law. The German version shall be binding.

Part III Clause 3 provides that the Labor Court of Mannheim shall have exclusive jurisdiction over any requests or disputes arising from or in connection with the SAP Agreement on Employee Involvement.

(vii) Costs of the negotiation process and of the creation of the SNB

Section 6.4 lit. (b) of the Conversion Plan further provides that the costs that have already been incurred or will be incurred due to the establishment and the activities of the SNB are borne by SAP AG or, following the conversion taking effect, by SAP SE, respectively. The duty to bear the costs

refers to the material and personal costs related to the activities of the SNB, including the negotiations, in particular for rooms and equipment (such as telephone, fax, technical literature), interpretation and office staff in the context of the negotiations as well as the necessary travel and accommodation expenses of the SNB members.

(viii) Involvement rights under national laws and European Works Council

Section 6.4 lit. (c) of the Conversion Plan makes clear that the conversion of SAP AG to SAP SE does not affect the involvement rights to which the employees are entitled under national law. However, the European Works Council established at European level will cease to exist pursuant to Section 47 (1) no. 2 SEBG.

(g) Other effects of the conversion on the employees and their representatives (Section 7 of the Conversion Plan)

Section 7 of the Conversion Plan explains the other effects of the conversion of SAP AG to an SE on the employees and their representatives.

The Conversion Plan makes clear that the existing employment agreements will remain applicable and unaffected after the conversion. The shop agreements, collective bargaining agreements, and other collective employment arrangements applicable to the employees of the SAP Group will remain applicable to such employees in the same form in line with the agreements concerned. As regards the local and supralocal employees' representations and speakers' committees in the subsidiaries and establishments of the SAP Group in the respective Countries, the conversion will not give rise to any changes, they are maintained. However, the European Works Council ceases to exist pursuant to Section 47 (1) no. 2 SEBG and is replaced with the SE Works Council. Section 7.4 of the Conversion Plan explains that the SE Works Council is competent, pursuant to Part I Clause 1.2 of the SAP Agreement on Employee Involvement, for transnational matters. It has 34 members from within the Scope of the SAP Agreement on Employee Involvement, i.e. the Member States of the EU and the EEA in which SAP SE and its subsidiaries have employees. Pursuant to Part I Clause 2.1 of the SAP Agreement on Employee Involvement, member states with less than ten employees can request to be represented by another Member State in the SE Works Council.

Furthermore, the Conversion Plan provides in Section 7.4 that, upon the conversion, SAP SE will cease to be subject to the participation pursuant to the MitbestG 1976. Instead, the participation of the employees within the Supervisory Board of SAP SE will be subject to the SAP Agreement on Employee Involvement, in particular Part II thereof, which in this regard ensures the same scope of entrepreneurial participation as it is currently applicable in SAP AG. Thus, half of the members of the Supervisory Board of SAP SE will be employees' representatives, cf. Part II Clause 2.1 of the SAP Agreement on Employee Involvement.

Pursuant to Part II Clause 2.2 of the SAP Agreement on Employee Involvement, the Supervisory Board of SAP SE will initially have 18 members and thus nine employees' representatives. Temporarily, until the close of the 2015 annual General Meeting of Shareholders, the persons set out under Section 6.1 lit. (f) (vi) (O) (II) above of this Report have been appointed as members of the Supervisory Board pursuant to the SAP Agreement on Employee Involvement. The procedure for the final appointment of the employees' representatives on the First Supervisory Board of SAP SE will commence without undue delay upon entry into force of the SAP Agreement on Employee Involvement. The allocation of seats will be as follows:

Seven seats are allocated to Germany, two seats of which to trade union representatives, one seat to executive employees and one seat to a German member of the SE Works Council. One seat is allocated to France and another seat to a member of the SE Works Council from a Country not represented by the first eight seats; such member is determined by the SE Works Council.

As soon as all final employees' representatives have been determined, the SE Works Council shall appoint in its next regular meeting the so determined employees' representatives with effect as of the close of the 2015 annual General Meeting of Shareholders for a term of office ending simultaneously with the regular term of office of the shareholders' representatives on the Supervisory Board. The office of the employees' representatives on the First Supervisory Board temporarily appointed on the basis of the SAP Agreement on Employee Involvement ends upon the appointment of the final employees' representatives taking effect.

Pursuant to Part II Clause 2.2 of the SAP Agreement on Employee Involvement, the Articles of Incorporation of SAP SE may be amended to the effect that the Supervisory Board shall in the future comprise twelve members and consequently six employees' representatives. Such resolution amending the Articles of Incorporation may be resolved at the earliest in the 2018 annual General Meeting of Shareholders and, pursuant to the SAP Agreement on Employee Involvement, it shall be subject to an identical proposal of the Supervisory Board and the Executive Board to amend the Articles of Incorporation to that effect pursuant to Section 124 (3) AktG.

Finally, no measures are provided for or planned to be taken due to the conversion which could affect the situation of the employees.

(h) Auditors (Section 8 of the Conversion Plan)

Section 8 of the Conversion Plan sets out the particulars regarding the auditors for the first fiscal year of SAP SE. This Section states that KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Germany, are appointed as auditors for the first fiscal year of SAP SE. The first fiscal year of SAP SE is the calendar year in which the conversion of SAP AG to SAP SE is registered in the commercial register for SAP SE.

(i) No additional rights or special privileges (Section 9 of the Conversion Plan)

Similar to a merger plan (Article 20 (1) (f) and (g) of the SE Regulation, the Conversion Plan also includes particulars on special rights and special privileges.

Section 9.1 of the Conversion Plan states that no rights will be granted to any persons within the meaning of Section 194 (1) no. 5 UmwG and/or Article 20 (1) sentence 2 (f) of the SE Regulation besides the shares referred to in Section 3.3 of the Conversion Plan, and no special arrangements are to be made for such persons.

Special privileges means any special advantage granted to the conversion auditor pursuant to Article 37 (6) of the SE Regulation or to the members of management or supervisory organs of the Company. Merely by way of precaution, Section 9.2 of the Conversion Plan notes that, pursuant to Section 4 of the Conversion Plan, it is expected that some of the current members of the Executive Board will be appointed members of the Executive Board of SAP SE, and that all of the current members of the Supervisory Board of SAP AG will be proposed to the General Meeting of Shareholders on May 21, 2014 for election as members of the Supervisory Board of SAP SE. Notwithstanding the above, no special advantages were or will be granted to any persons within the meaning of Article 20 (1) sentence 2 (g) of the SE Regulation in connection with the conversion. Section 9.2 of the Conversion Plan therefore states that no special advantages will be granted to any persons within the meaning of Article 20 (1) sentence 2 (g) of the SE Regulation in connection with the conversion, except as set out in Sections 4 and 5.2 (2) of the Conversion Plan.

(j) Costs of formation/conversion (Section 10 of the Conversion Plan)

Section 10 of the Conversion Plan clarifies that the costs of conversion, up to a maximum of € 4 million, will be borne by the Company. See Section 3.3 of this Report for more information on the cost factors and the estimated amount of such costs.

6.2 Explanation of the Articles of Incorporation of SAP SE

Upon the conversion taking effect, SAP AG will change its legal form to that of an SE. The existing Articles of Incorporation of SAP AG will be replaced by new Articles of Incorporation of SAP SE. These Articles of Incorporation form an integral part of the Conversion Plan which is subject to approval by the General Meeting of Shareholders.

The present draft of the Articles of Incorporation for SAP SE is based on the existing Articles of Incorporation of SAP AG. In this connection, a large number of the provisions of the current Articles of Incorporation of SAP AG could, for the most part, be adopted in the Articles of Incorporation of the future SAP SE, as the material provisions of the SE Regulation and the SE-AG in essence correspond to the provisions applicable to the articles of incorporation of a German stock corporation (*Aktiengesellschaft*). In all other respects, the Articles of Incorporation of SAP SE have been drafted in such a manner as to ensure that the legal situation currently existing at SAP AG can to a large extent be maintained at SAP SE.

(a) Corporate name, registered office and domicile, and period of incorporation (Section 1 of the Articles of Incorporation of SAP SE)



Section 1 (1) of the Articles of Incorporation of SAP SE specifies the corporate name of the Company. The Company, currently named SAP AG, will be renamed SAP SE. The change of the abbreviation indicating the legal form is mandatorily prescribed by Article 11 (1) of the SE Regulation.

The registered office of the Company is, as for SAP AG, Walldorf, Germany, as specified in Section 1 (2) of the Articles of Incorporation of SAP SE. The registered office is now followed, pursuant to Section 1 (2) of the Articles of Incorporation of SAP SE, by the country of the registered office (Germany), as it is of particular relevance with regard to the law applicable to SAP SE in addition to the SE Regulation.

As in the Articles of Incorporation of SAP AG, Section 1 (3) of the Articles of Incorporation provides that the Company is incorporated for an indefinite period of time.

(b) Corporate purpose (Section 2 of the Articles of Incorporation of SAP SE)

In Section 2 of the Articles of Incorporation of SAP SE, the provisions of Section 2 of the Articles of Incorporation of SAP AG have been adopted without amendment. The corporate purpose of SAP SE as stipulated in the Articles of Incorporation thus corresponds to that of SAP AG.

Accordingly, the corporate purpose of the Company, as stipulated in Section 2 (1) of the Articles of Incorporation of SAP SE, is direct or indirect activity in the area of development, production, and marketing of products and the provision of services in the field of information technology, and particularly in the following fields:

- developing and marketing integrated product and service solutions for e-commerce,
- developing software for information technology and the licensing of its use to others,
- organization and deployment consulting, as well as user training, for e-commerce and other software solutions,
- selling, leasing, renting, and arranging the procurement and provision of all other forms of use of information technology systems and relevant accessories,
- making capital investments in enterprises active in the field of information technology to promote the opening and advancement of international markets in the field of information technology.

Pursuant to Section 2 (2) of the Articles of Incorporation of SAP SE, the Company is authorized to act in all the business areas listed in Section 2 (1) of the Articles of Incorporation and to delegate such activities to affiliated enterprises within the meaning of Sections 15 ff. AktG; in particular the Company is authorized to delegate its business in whole or in parts to such enterprises. The Company is authorized to establish branch offices in Germany and other countries, to found, acquire, and invest in other companies of the same or a related kind and to enter into collaboration and joint venture agreements. The Company is further authorized to invest in enterprises of all kinds principally for the purpose of placing financial resources. The Company is authorized to dispose of investments, to consolidate the management of enterprises in which it participates, to enter into affiliation agreements with such enterprises, or to do no more than manage its shareholding.

Pursuant to Section 2 (3) of the Articles of Incorporation of SAP SE, the Company is authorized to take all actions and measures that are consistent with the corporate purpose or that directly or indirectly further the corporate purpose.

(c) Official notices and the transfer of information (Section 3 of the Articles of Incorporation of SAP SE)

The wording of Section 3 of the Articles of Incorporation of SAP SE corresponds to the wording of Section 3 of the Articles of Incorporation of SAP AG with the sole exception that the term „electronic German Federal Gazette (*elektronischer Bundesanzeiger*)“ has been replaced by the term „German Federal Gazette (*Bundesanzeiger*)“, as this is the term now exclusively used in the current version of the law, in particular in Section 25 sentence 1 AktG. This provision stipulates that, unless otherwise provided by law, the official notices of SAP SE shall be made by publication in the German Federal Gazette exclusively. To the extent that declarations or information are required by law to be made accessible to the shareholders without a specific form being determined for such purpose, publication on the Company's Internet site shall be sufficient. Information may also be transmitted to the Company's shareholders by means of telecommunication, insofar as this is legally permissible.

(d) Capital stock (Section 4 of the Articles of Incorporation of SAP SE)

Section 4 (1) sentence 1 of the Articles of Incorporation of SAP SE stipulates the same amount of capital stock for SAP SE as for SAP AG without amendment. In this regard, just as with regard to the provisions contained in Section 4 (5), (6), (7) and (8) of the Articles of Incorporation of SAP SE on the authorized capital and the contingent capital (Authorized Capital I, Authorized Capital II, Contingent Capital IV and Authorized Capital III), certain particularities apply in terms of the continuity of the various types of capital, which are set forth in Section 3.5 of the Conversion Plan and described in Section 6.1 lit. (c) of this Report.

Section 4 (1) sentence 2 of the Articles of Incorporation of SAP SE states that the Company's capital stock was paid up by way of conversion of SAP AG. This sentence has been added to comply with the rules of incorporation under stock corporation law.

The wording of Section 4 (2) through (3) of the Articles of Incorporation of SAP SE is identical to Section 4 (2) through (3) of the Articles of Incorporation of SAP AG. Section 4 (2) of the Articles of Incorporation of SAP SE stipulates, without amendment, that the shares are no-par value shares and are in bearer form. Section 4 (3) of the Articles of Incorporation of SAP SE stipulates, without amendment, that the form of the share certificates, dividend coupons, and renewal coupons, as well as bonds and interest coupons shall be determined by the Executive Board subject to the consent of the Supervisory Board. The Company may combine single shares into share certificates representing a majority of shares (multiple-share certificates). Shareholders are not entitled to share certificates. Furthermore, Section 4 (4) of the Articles of Incorporation of SAP SE – in line with the provisions which currently apply for SAP AG – provides that, when new shares are issued, the commencement of dividend entitlement in respect of these new shares may be determined in derogation of Section 60 (2) AktG.

The wording of Section 4 (5) through (8) of the Articles of Incorporation of SAP SE (Authorized Capital I, Authorized Capital II, Contingent Capital IV and Authorized Capital III) corresponds to the wording of Section 4 (5) through (8) of the Articles of Incorporation of SAP AG except for certain amendments to take account of the continuity of the various types of capital mentioned above, as well as editorial adjustments in paragraphs (7) and (8), which take account of the fact that the company name of SAP AG will change to SAP SE once the conversion of SAP AG to SAP SE takes effect.

(e) Governing bodies (Section 5 of the Articles of Incorporation of SAP SE)

Section 5 of the Articles of Incorporation of SAP SE clarifies that the Executive Board is the management organ and the Supervisory Board the supervisory organ of the Company within the meaning of Article 38 of the SE Regulation. This provision has thus not been amended in essence as compared to Section 5 of the Articles of Incorporation of SAP AG.

(f) Composition of the Executive Board (Section 6 of the Articles of Incorporation of SAP SE)

The wording of Section 6 (1) sentence 1 of the Articles of Incorporation of SAP SE is identical to Section 6 (1) of the Articles of Incorporation of SAP AG, which provides that the Executive Board shall consist of at least two persons. Section 6 (1) sentence 2 of the Articles of Incorporation of SAP SE, under which the Supervisory Board may determine a higher number of Executive Board members, has been added as compared to the Articles of Incorporation of SAP AG. The wording of Section 6 (1) of the Articles of Incorporation of SAP AG has been adopted without amendment in Section 6 (1) sentences 3 and 4 of the Articles of Incorporation of SAP SE, which state that the appointment of deputy members of the Executive Board is permissible (sentence 3) and the latter have the same rights as the full members of the Executive Board regarding the external representation of the Company (sentence 4).

The provision currently contained in Section 6 (2) of the Articles of Incorporation of SAP AG under which the determination of the number of the full members and the deputy members of the Executive Board is the responsibility of the Supervisory Board did not have to be adopted in Section 6 (2) of the Articles of Incorporation of SAP SE because of the, in essence, corresponding addition to Section 6 (1). In all other respects, the wording of Section 6 (2) of the Articles of Incorporation of SAP SE is identical to Section 6 (2) of the Articles of Incorporation of SAP AG. Section 6 (2) of the Articles of Incorporation of SAP SE clarifies that the appointment of the full members and the deputy members of the Executive Board, the conclusion of their employment contracts, and the revocation of their appointments are the responsibility of the Supervisory Board, as are the appointment of a member of the Executive Board as chairperson of the Executive Board and the appointment of one or more member/s of the Executive Board as deputy chairperson/s of the Executive Board.

The provision contained in Section 6 (3) of the Articles of Incorporation of SAP SE is completely new. Under Section 6 (3) sentence 1 of the Articles of Incorporation of SAP SE, the full members and the deputy members of the Executive Board will be appointed for a maximum period of five years. Reappointments are permissible, as clarified under Section 6 (3) sentence 2 of the Articles of Incorporation of SAP SE. These provisions firstly take account of the fact that the term of office of the members of the Executive Board of the SE must not exceed six years (Article 46 (1) of the SE Regulation). Secondly, it ensures that the legal situation currently existing at SAP AG can, for the most part, be maintained at SAP SE.

- (g) Rules of procedure and resolutions of the Executive Board (Section 7 of the Articles of Incorporation of SAP SE)

Section 7 (1) of the Articles of Incorporation of SAP SE sets out that the Executive Board shall unanimously adopt its own rules of procedure, unless (this clarifying clause having been added to the Articles of Incorporation of SAP SE) the Supervisory Board adopts rules of procedure for the Executive Board.

Section 7 (2) of the Articles of Incorporation of SAP SE specifies that the resolutions of the Executive Board shall be adopted by a simple majority of votes cast, unless otherwise mandatorily prescribed by law or the Articles of Incorporation. Should a vote be tied, the chairperson of the Executive Board, if appointed, shall have the casting vote. The provisions of the SE Regulation governing the passing of resolutions by the Executive Board (Article 50 (1) (b) of the SE Regulation), which state that Executive Board resolutions are passed by the majority of members present or represented at the meeting, are thus waived by these provisions of the Articles of Incorporation. The legal situation currently existing at SAP AG will thus ultimately be maintained at SAP SE. The express provision that the deputy chairperson of the Executive Board shall also have the casting vote if the chairperson is unable to vote, which is contained in Section 7 (2) sentence 2 of the Articles of Incorporation of SAP AG, will not, however, be adopted in the Articles of Incorporation of SAP SE.

Section 7 (3) of the Articles of Incorporation of SAP SE specifies that the Executive Board is quorate if at least half of its members participate in passing the resolution, unless otherwise mandatorily prescribed by law or the Articles of Incorporation. This provision has been added to the Articles of Incorporation of SAP SE in view of Article 50 (1) a) of the SE Regulation. This ensures that the legal situation currently existing at SAP AG will be maintained at SAP SE.

- (h) Legal representation of the Company (Section 8 of the Articles of Incorporation of SAP SE)

The wording of Section 8 of the Articles of Incorporation of SAP SE is identical to Section 8 of the Articles of Incorporation of SAP AG, and thus continues to provide that the Company shall be legally represented by two members of the Executive Board or by one member of the Executive Board acting jointly with one holder of full commercial power of attorney (*Prokurist*) within the meaning of the HGB, Sections 48-53.

- (i) Limitation of the Executive Board's authority (Section 9 of the Articles of Incorporation of SAP SE)

The provision contained in Section 9 of the Articles of Incorporation of SAP SE has also been included without amendment from the Articles of Incorporation of SAP AG. This provision states that the Executive Board owes a duty to the Company to adhere to the limitations imposed by the Articles of Incorporation or the Supervisory Board regarding the scope of its management authority or which result from a resolution adopted by the General Meeting of Shareholders pursuant to Section 119 AktG.

- (j) Composition of the Supervisory Board (Section 10 of the Articles of Incorporation of SAP SE)

Section 10 of the Articles of Incorporation of SAP SE governs the composition of the Supervisory Board, the appointment and term of office of its members and the appointment of substitute members.

Under Section 10 (1) of the Articles of Incorporation of SAP SE, the Supervisory Board shall be composed of eighteen members. Nine members will be elected as shareholders' representatives by the General Meeting of Shareholders without being bound by nominations. Nine members will be appointed as employees' representatives by the SE Works Council in accordance with the agreement on the involvement of employees concluded in accordance with the German Act on the Involvement of Employees in European Companies (SEBG) (i.e. under the SAP Agreement on Employee Involvement that has already been concluded). When the Supervisory Board members are elected or appointed (as the case may be), substitute members may be elected or appointed (as the case may be) at the same time. Reappointments are permissible.

Section 10 (2) of the Articles of Incorporation of SAP SE contains the general rule for the term of office of the members of the Supervisory Board. This provision states that the members of the Supervisory Board shall be appointed for a period ending with the close of the annual General Meeting of Shareholders at which the acts of the Supervisory Board were formally approved for the fourth fiscal year following commencement of the term of office, not counting the year in which their term of office commences. In any event, the term of office shall end after six years at the latest. Firstly, this provision takes account of the fact that the term of office of members of the Supervisory Board for an SE must not exceed six years (Article 46 (1) of the SE Regulation). Secondly, it ensures that the legal situation currently existing at SAP AG, i.e. the standard term of office of approximately five years, according to the Articles of Incorporation, is to a large extent maintained at SAP SE.

In view of the content of the SAP Agreement on Employee Involvement, Section 10 (3) of the Articles of Incorporation of SAP SE contains a special regulation concerning the appointment and term of office of the employees' representatives on the Supervisory Board. The provision states that the following provisions shall apply for the first Supervisory Board with regard to the employees' representatives, as provided for in the SAP Agreement on Employee Involvement: The first employees' representatives on the first Supervisory Board have been appointed under the SAP Agreement on Employee Involvement. Their term of office shall end at the close of the 2015 annual General Meeting of Shareholders. The term of office of the succeeding employees' representatives on the first Supervisory Board of SAP SE appointed subsequent to this term of office shall end at the same time as the term of office of the shareholders' representatives appointed to the first Supervisory Board. The general rule on the term of office contained in Section 10 (2) shall thereupon also apply to the term of office of the employees' representatives on the Supervisory Board.

The wording of Section 10 (4) sentence 1 of the Articles of Incorporation of SAP SE is identical to Section 10 (5) of the Articles of Incorporation of SAP AG. This provision states that the members and substitute members of the Supervisory Board may resign from office by submitting a written statement addressed to the chairperson of the Supervisory Board or to the Executive Board observing a period of notice of four weeks. Section 10 (4) sentence 2 of the Articles of Incorporation of SAP SE clarifies that resignation from office for cause with immediate effect is permitted.

Section 10 (5) of the Articles of Incorporation of SAP SE contains the rules for electing substitutes. This provision states that substitutes for resigning shareholders' representatives who are not replaced by substitute members will be elected for the remaining term of office of the resigning individual. The foregoing provisions shall apply *mutatis mutandis* to any substitutes for resigning employees' representatives in accordance with the SAP Agreement on Employee Involvement.

(k) Duties and responsibilities of the Supervisory Board (Section 11 of the Articles of Incorporation of SAP SE)

Section 11 of the Articles of Incorporation of SAP SE is taken from Section 11 of the Articles of Incorporation of SAP AG, with an addition in Section 11 (4) and a new paragraph 6, which contains provisions governing transactions that require approval.

Pursuant to Section 11 (1) of the Articles of Incorporation of SAP SE, the Supervisory Board shall have all of the duties and rights that are conferred upon it by law, the Articles of Incorporation, or otherwise. Both the Executive and Supervisory Boards shall be entitled to call a General Meeting of Shareholders.

Section 11 (2) of the Articles of Incorporation of SAP SE sets out that the Supervisory Board shall be authorized to amend the Articles of Incorporation where such amendments only concern the wording.

Pursuant to Section 11 (3) of the Articles of Incorporation of SAP SE, the Supervisory Board shall be entitled at any time to supervise all management activities of the Executive Board and to this end to inspect and examine all books and records as well as the assets of the Company.

Moreover, pursuant to Section 11 (4) of the Articles of Incorporation of SAP SE, the Executive Board shall report to the Supervisory Board continuously at least to the extent stipulated by law. The clarifying clause, not contained in the Articles of Incorporation of SAP AG, that the extent specified by law is simply a minimum extent reflects the wording in Article 41 (1) of the SE Regulation.

Section 11 (5) of the Articles of Incorporation of SAP SE clarifies that the Supervisory Board may set up committees from among its members and, to the extent permitted by law, may delegate decision-making powers to them.

Section 11 (6) of the Articles of Incorporation of SAP SE contains a list of transactions (not contained in the Articles of Incorporation of SAP AG) for which the Executive Board must obtain the approval of the Supervisory Board. The transactions in question are:

- adoption of the group annual plan, which shall comprise at least the budget, the investment plan, and the liquidity planning;
- investments in tangible fixed assets or intangible fixed assets which are either not included in the investment plan for the fiscal year and which, alone or when aggregated with other investments likewise not included, have an anticipated total volume of more than 10% of the last investment plan or which are included in the investment plan but whose volume determined in the investment plan is exceeded to such an extent that the excess amount, together with corresponding amounts of other investments exceeding the plan of the same fiscal year, if any, amounts to more than 10% of the total volume of the last investment plan;
- acquisition and sale of enterprises and interests therein or parts thereof if the (anticipated) acquisition or sales price in an individual case exceeds 0.6% of the balance sheet total of the last group balance sheet approved by the Supervisory Board; this shall not apply to any acquisition or sale within the group;
- incurring financial liabilities vis-à-vis companies which are not members of the group if either the volume of the individual financial liability exceeds 1.0% of the balance sheet total of the last group balance sheet approved by the Supervisory Board or if, as a result of incurring such liability, the group total of all financial liabilities incurred without the approval of the Supervisory Board and not yet repaid exceeds 3.0% of the balance sheet total of the last group balance sheet approved by the Supervisory Board;
- concluding and amending any agreements which under applicable law or the Articles of Incorporation require the approval of the General Meeting of Shareholders.

The amendment as compared to the Articles of Incorporation of SAP AG was triggered by the requirement that the Articles of Incorporation of an SE must include a list of transactions requiring approval (Article 48 (1) sentence (1) of the SE Regulation). Section 11 (6) sentence 3 of the Articles of Incorporation of SAP SE clarifies that – to the extent legally permitted – the Supervisory Board may also delegate the approval competence for the transactions requiring approval that are listed in the Articles of Incorporation to a committee generally or in individual cases. Pursuant to Section 11 (6) sentence 3 of the Articles of Incorporation of SAP SE, the Supervisory Board may determine additional types of transactions which the Executive Board may only perform with the Supervisory Board's approval. See Section 4.5 lit. (c) (xi) of this Report for further information.

(l) Declarations of intent of the Supervisory Board (Section 12 of the Articles of Incorporation of SAP SE)

The provisions contained in Section 12 of the Articles of Incorporation of SAP AG have been adopted without amendment in Section 12 of the Articles of Incorporation of SAP SE. This Section states that declarations of intent of the Supervisory Board and its committees shall be given on behalf of the Supervisory Board by the chairperson or – should he or she be unable to do so – by the deputy chairperson. The chairperson of the Supervisory Board or his or her deputy shall be the permanent representative of the Supervisory Board vis-à-vis third parties, especially vis-à-vis courts and authorities as well as the Executive Board.

(m) Chairperson and deputy chairperson (Section 13 of the Articles of Incorporation of SAP SE)

Section 13 (1) of the Articles of Incorporation of SAP SE contains provisions governing the constituent meeting of the Supervisory Board and the election of the chairperson and his or her deputies. In this context, there are a few differences as compared to the Articles of Incorporation of SAP AG, not least because the MitbestG 1976 does not apply.

The wording of Section 13 (1) sentence 1 of the Articles of Incorporation of SAP AG has been adopted without amendment in Section 13 (1) sentence 1 of the Articles of Incorporation of SAP SE. This provision

states that, following a General Meeting of Shareholders at which all members of the Supervisory Board to be elected by the General Meeting of Shareholders have been newly appointed, a meeting of the Supervisory Board shall take place, which shall be held without special invitation. Under Section 13 (1) sentence 2 of the Articles of Incorporation of SAP SE, the Supervisory Board shall elect a chairperson and one or two deputy chairperson(s) at this meeting from among its members for the term of its office. In contrast to the situation at SAP AG, the Supervisory Board of SAP SE can elect not only one but two deputy chairpersons. Section 13 (1) sentence 3 has also been added, which states that when electing the chairperson of the Supervisory Board, the oldest member in terms of age of the shareholders' representatives on the Supervisory Board will chair the meeting. This member will also have the right to exercise the casting vote (Section 14 (6) sentence 3 of the Articles of Incorporation of SAP SE).

The provisions contained in Section 13 (2) and (3) of the Articles of Incorporation of SAP AG have not been adopted because the MitbestG 1976, which these provisions reflect, does not apply to SAP SE.

Section 13 (2) of the Articles of Incorporation of SAP SE provides that only a shareholders' representative may be elected as chairperson of the Supervisory Board, thus reflecting the legal intent of Article 45 of the SE Regulation.

The provision contained in Section 13 (3) of the Articles of Incorporation of SAP SE is largely identical to Section 13 (4) of the Articles of Incorporation of SAP AG. If the chairperson is unable to discharge the duties of his or her office, the provision states that the deputy chairperson shall do so in his or her place. This does not affect the provisions contained in the Articles of Incorporation governing the leadership of the General Meeting of Shareholders. The clause clarifying that this does not affect the provision governing the casting vote contained in Section 14 (6) sentence 4 of the Articles of Incorporation of SAP SE has been added and was not contained in the Articles of Incorporation of SAP AG.

Section 13 (4) of the Articles of Incorporation of SAP SE is largely identical to Section 13 (5) sentence 1 of the Articles of Incorporation of SAP AG. If the chairperson or a deputy chairperson leaves the Supervisory Board before the end of his or her term of office, an election shall be held without delay to replace him or her. The deviation as compared to the Articles of Incorporation of SAP AG is due to the fact that in SAP SE the Supervisory Board may elect not only one but two deputy chairpersons of the Supervisory Board. Section 13 (5) sentence 2 of the Articles of Incorporation of SAP AG, providing that the same should apply if any other member of the committee to exercise the duties stipulated in Section 31 (3) sentence 1 MitbestG 1976, leaves before the end of his or her term of office, has not been included. This is due to the fact that the MitbestG 1976 does not apply to SAP SE.

(n) Calling of meetings and passing of resolutions (Section 14 of the Articles of Incorporation of SAP SE)

The provisions contained in Section 14 of the Articles of Incorporation of SAP AG have been adopted largely without amendment in Section 14 of the Articles of Incorporation of SAP SE.

Section 14 (1) of the Articles of Incorporation of SAP AG has been adopted without amendment in Section 14 (1) of the Articles of Incorporation of SAP SE. This provision states that the Supervisory Board shall adopt its own rules of procedure by a simple majority vote. The following provisions apply to the calling of meetings, quorums, and resolutions. Supplementary provisions may be stipulated in the rules of procedure.

Section 14 (2) of the Articles of Incorporation of SAP SE is largely identical to Section 14 (2) of the Articles of Incorporation of SAP AG, but the provisions taken from the Articles of Incorporation of SAP AG were amended to reflect the latest technical developments and the formulations were clarified. Section 14 (2) of the Articles of Incorporation of SAP SE sets out that the chairperson shall call the Supervisory Board meetings in writing or text form, by letter, e-mail or facsimile message allowing a notice period of 14 days before the day of the meeting. The day on which the message calling the meeting is sent and the day of the meeting do not count toward the notice period. In urgent cases, the chairperson may shorten the notice period and also call the meeting orally or by telephone, or any other appropriate means of electronic transmission.

The provision contained in Section 14 (3) of the Articles of Incorporation of SAP AG has been adopted without amendment in Section 14 (3) of the Articles of Incorporation of SAP SE. This provision states that the meetings of the Supervisory Board and its committees shall as a rule be held with the members attending in person. The Supervisory Board may provide in its rules of procedure that the meetings of

the Supervisory Board and its committees may also be held by video conference or that individual members of the Supervisory Board may attend the meeting by way of video transmission, subject to the proviso that in such cases, resolutions may also be adopted by video conference or by way of video transmission, respectively.

Section 14 (4) of the Articles of Incorporation of SAP SE is more precise than Section 14 (4) sentence 1 of the Articles of Incorporation of SAP AG, although the essence remains the same. It states that the Supervisory Board may provide in its rules of procedure for the permissibility of the adoption of resolutions of the Supervisory Board and its committees outside of meetings by obtaining written or telephone votes or by voting by video conference or any other means of electronic communication (e.g. by e-mail or facsimile). The provision contained in Section 14 (4) sentence 2 of the Articles of Incorporation of SAP AG requiring that any such resolutions must be subsequently confirmed in writing has not been included. The Supervisory Board is free to include such a requirement in its rules of procedure.

Section 14 (5) of the Articles of Incorporation of SAP SE specifies that the members of the Executive Board may attend the meetings of the Supervisory Board, unless otherwise resolved in an individual case by the Supervisory Board or its chairperson. In contrast to the provision contained in Section 14 (5) of the Articles of Incorporation of SAP AG, this provision expressly grants the Supervisory Board or its chairperson the right to exclude members of the Executive Board from attending.

Section 14 (6) sentence 1 of the Articles of Incorporation of SAP SE provides that the Supervisory Board is quorate if at least half of its members participate in passing the resolution, unless otherwise mandatorily prescribed by law or the Articles of Incorporation. Under Section 14 (6) sentence 2 of the Articles of Incorporation of SAP SE (which has been adopted without amendment from the Articles of Incorporation of SAP AG), the resolutions of the Supervisory Board shall be adopted by a majority of the votes cast, unless otherwise mandatorily required by law or the Articles of Incorporation. The provisions of the SE Regulation governing the resolution powers and majorities of the Supervisory Board (Article 50 (1) (b) of the SE Regulation) are thus waived by these provisions of the Articles of Incorporation, and ultimately the legal situation currently existing at SAP AG will be maintained at SAP SE.

Section 14 (6) sentences 3 through 5 of the Articles of Incorporation of SAP AG have not been included in Section 14 (6) of the Articles of Incorporation of SAP SE because Section 27 MitbestG 1976 does not apply to SAP SE, and thus there is not statutory provision effectively securing the position of deputy chairperson for one of the employees' representatives. However, the SAP Agreement on Employee Involvement provides that one of the deputy chairpersons of the Supervisory Board will be appointed upon nomination by the employees' representatives.

Section 14 (6) sentence 3 of the Articles of Incorporation of SAP SE provides that the vote of the chairperson and, in the event that the chairperson does not participate in passing the resolution, the vote of the deputy chairperson, provided that he or she is a shareholders' representative, shall be decisive (casting vote).

(o) Duty of secrecy (Section 15 of the Articles of Incorporation of SAP SE)

The provisions contained in Section 15 of the Articles of Incorporation of SAP AG have been adopted with one addition in Section 15 of the Articles of Incorporation of SAP SE.

Section 15 (1) of the Articles of Incorporation of SAP SE clarifies that the members of the Supervisory Board shall maintain secrecy in respect of any confidential information and secrets of the Company, notably business and trade secrets, that become known to them because of their membership of the Supervisory Board. Persons attending meetings of the Supervisory Board who are not members of the Supervisory Board shall be expressly enjoined to secrecy.

In the event that a member of the Supervisory Board intends to pass information on to a third party, he or she is required, under Section 15 (2) of the Articles of Incorporation of SAP SE, to notify the Supervisory Board and the Executive Board of that intention in advance, naming the persons he or she wishes to inform. The Supervisory Board and the Executive Board must be given the opportunity to decide prior to the disclosure of information whether they regard such disclosure as compliant with Section 15 (1) of the Articles of Incorporation. The decision shall be delivered by the chairperson of the Supervisory Board and the chairperson or CEO of the Executive Board. Permission for the CEO of the Executive Board to deliver such decision in the event that no chairman of the Executive Board has been appointed is now expressly included in the Articles of Incorporation of SAP SE.

Section 15 (3) of the Articles of Incorporation of SAP SE then specifies, using identical wording to Section 15 (3) of the Articles of Incorporation of SAP AG, that the members of the Supervisory Board shall continue to maintain secrecy as set forth in the aforementioned paragraphs after they leave the Supervisory Board.

(p) Remuneration (Section 16 of the Articles of Incorporation of SAP SE)

The provisions contained in Section 16 (1) through (6) of the Articles of Incorporation of SAP AG have been adopted largely without amendment in Section 16 of the Articles of Incorporation of SAP SE. The amendments that have been made merely reflect the circumstance that pursuant to Section 13 (1) sentence 2 of the Articles of Incorporation of SAP SE the Supervisory Board of SAP SE may have two deputy chairpersons.

Section 16 (1) of the Articles of Incorporation of SAP SE provides that each member of the Supervisory Board shall, in addition to the reimbursement of his or her expenditures, receive a remuneration composed of fixed elements and a variable element. Pursuant to Section 16 (2) of the Articles of Incorporation of SAP SE, the fixed annual remuneration shall be € 100,000 for the chairperson, € 70,000 for a deputy chairperson, and € 50,000 for the other members of the Supervisory Board. For membership of the audit committee, Supervisory Board members shall in addition receive an annual fixed remuneration of € 15,000, and for membership of another Supervisory Board committee € 10,000, provided that the relevant committee has met in the relevant fiscal year; the chairperson of the audit committee shall receive € 25,000, and the chairpersons of the other committees shall receive € 20,000. The fixed remuneration shall be payable after the end of the fiscal year. Pursuant to Section 16 (3) of the Articles of Incorporation of SAP SE, the variable remuneration for each fiscal year shall be € 10,000 for the chairperson, € 8,000 for a deputy chairperson, and € 6,000 for the other members of the Supervisory Board for each € 0.01 by which the dividend distributed per share exceeds € 0.40. The variable remuneration shall be payable after the end of the General Meeting of Shareholders that resolves on the dividend for the relevant fiscal year. Pursuant to Section 16 (4) of the Articles of Incorporation of SAP SE, the total remuneration (not including the remuneration for committee membership) shall not, however, exceed € 250,000 for the chairperson, € 200,000 for a deputy chairperson, and € 150,000 for the other members of the Supervisory Board. Section 16 (5) provides that any members of the Supervisory Board having served for less than the entire fiscal year shall receive one twelfth of their respective remuneration for each month of service commenced. The same shall apply with respect to the increased remuneration of the chairperson and the deputy chairperson(s) pursuant to Section 16 (2) sentence 1 of the Articles of Incorporation and the remuneration for the chairperson and the members of a committee pursuant to Section 16 (2) sentence 2 of the Articles of Incorporation of SAP SE. Section 16 (6) of the Articles of Incorporation of SAP SE sets out that any value-added tax or sales tax invoiced by a member of the Supervisory Board or shown in a credit memo against the invoice shall additionally be paid in the applicable statutory amount.

Section 16 (7) of the Articles of Incorporation of SAP SE has been added, as compared to Section 16 of the Articles of Incorporation of SAP AG, clarifying that the remuneration of the members of the Supervisory Board of SAP SE in line with the provisions of Section 16 of the Articles of Incorporation of SAP SE will only be granted for the time from the registration of SAP SE in the commercial register for the Company.

(q) Calling the General Meeting of Shareholders (Section 17 of the Articles of Incorporation of SAP SE)

The provisions governing the calling of the General Meeting of Shareholders have not been amended in terms of their content as compared to the Articles of Incorporation of SAP AG.

The wording of Section 17 (1) of the Articles of Incorporation of SAP SE is identical to the wording of Section 17 (1) of the Articles of Incorporation of SAP AG. According to this provision, the General Meeting of Shareholders shall be held at the registered office of the Company, at a location within a radius of 50 km from the registered office of the Company, or in a city in the Federal Republic of Germany where a German stock exchange is located. In the event that it is difficult to hold the General Meeting of Shareholders at the above venues, the Executive Board or the Supervisory Board may call the General Meeting of Shareholders at a different venue. The invitation shall state the venue of the General Meeting of Shareholders.

The wording of Section 17 (2) of the Articles of Incorporation of SAP SE is identical to Section 17 (2) of the Articles of Incorporation of SAP AG, according to which the Executive Board or the Supervisory Board shall call the General Meeting of Shareholders.

In terms of content, Section 17 (3) of the Articles of Incorporation of SAP SE has been adopted from the Articles of Incorporation of SAP AG without amendment. This provision states that the General Meeting of Shareholders shall be called by publication of a single announcement in the German Federal Gazette (*Bundesanzeiger*), giving the information required by law, with a notice period of at least thirty days prior to the date of the General Meeting of Shareholders, which notice period is to be extended by the number of days of the application period pursuant to Section 18 (2); the day on which the General Meeting of Shareholders is held and the day on which it is called shall not be included in the calculation of the relevant period. The wording of Section 17 (3) of the Articles of Incorporation of SAP AG contains the term „electronic German Federal Gazette“; this has been replaced by the term „German Federal Gazette“, which corresponds to the current version of the law.

(r) Right to attend the General Meeting of Shareholders (Section 18 of the Articles of Incorporation of SAP SE)

The provisions contained in Section 18 of the Articles of Incorporation of SAP AG have been adopted without amendment in Section 18 of the Articles of Incorporation of SAP SE.

Pursuant to Section 18 (1) of the Articles of Incorporation of SAP SE, shareholders are entitled to attend the General Meeting of Shareholders and to exercise their voting rights only if they have submitted an application prior to the General Meeting of Shareholders and furnished proof to the Company of their shareholding. Under Section 18 (2) of the Articles of Incorporation of SAP SE, application shall be made in text form in German or English and must be received by the Company at the address stated for such purpose in the calling notice no later than six days prior to the date of the General Meeting of Shareholders; the day on which the General Meeting of Shareholders is held and the day on which it is called shall not be included in the calculation of the relevant period. The calling notice may provide for a shorter period of time, which is to be specified as a number of days. Pursuant to Section 18 (3) of the Articles of Incorporation of SAP SE, proof of shareholding shall be furnished by way of proof issued by a depositary institution in text form in German or English. The proof issued by the depositary institution shall relate to the beginning of the 21st day prior to the General Meeting of Shareholders. Section 18 (2) of the Articles of Incorporation of SAP SE shall apply to the furnishing of proof *mutatis mutandis*. Section 18 (4) of the Articles of Incorporation of SAP SE states that the applicability of any other application or proof procedure available under mandatory law shall remain unaffected. Pursuant to Section 18 (5) of the Articles of Incorporation of SAP SE, the Executive Board is authorized to provide that shareholders may participate in the General Meeting of Shareholders without being physically present at the venue of the General Meeting of Shareholders or being represented by a proxy and exercise all or certain of their rights in full or in part through electronic communication. Moreover, pursuant to Section 18 (6) of the Articles of Incorporation of SAP SE, the Executive Board is authorized to provide that shareholders may vote in writing or through electronic communication (postal voting) without having to attend the General Meeting of Shareholders.

(s) Voting rights (Section 19 of the Articles of Incorporation of SAP SE)

The provisions contained in Section 19 of the Articles of Incorporation of SAP AG have been adopted without amendment in Section 19 of the Articles of Incorporation of SAP SE.

Section 19 (1) of the Articles of Incorporation of SAP SE states that each share carries one vote. Pursuant to Article 19 (2) of the Articles of Incorporation of SAP SE, the voting rights may be exercised by proxy. The proxy authorization must be granted or revoked, and proof of the proxy authorization must be provided to the Company, in the form prescribed by law. The calling notice may specify less strict requirements in this context. Such less strict requirements may be limited to the granting of proxy authorization to the proxies designated by the Company. Section 19 (3) of the Articles of Incorporation of SAP SE provides that if no share certificates have been issued, the invitation to the General Meeting of Shareholders shall stipulate the provisions that have to be fulfilled by the shareholders in order to prove their voting rights.

(t) Chair of the General Meeting of Shareholders, participation of Executive Board members and Supervisory Board members, video transmission (Section 20 of the Articles of Incorporation of SAP SE)

The provisions contained in Section 20 of the Articles of Incorporation of SAP AG have been adopted without amendment in Section 20 of the Articles of Incorporation of SAP SE.

Pursuant to Section 20 (1) of the Articles of Incorporation of SAP SE, the chairperson of the Supervisory Board shall preside over the General Meeting of Shareholders. If he or she is unable to do so, he or she shall determine another member of the Supervisory Board to discharge this duty. If the chairperson is prevented from presiding over the meeting and has not determined another member to take his or her place, a member of the Supervisory Board elected by the shareholders' representatives on the Supervisory Board shall preside over the General Meeting of Shareholders. Section 20 (2) of the Articles of Incorporation of SAP SE sets out that the chairperson shall chair the proceedings and shall determine both the order of the agenda and the order and form of voting. The chairperson may also impose a reasonable time limit on the shareholders' right to ask questions and to speak; the chairperson may in particular reasonably determine a timeframe for the meeting, the discussions regarding the individual items on the agenda as well as for the individual questions and speaking contributions. The result of a vote may be determined by subtracting the affirmative votes or the negative votes and the abstentions from the total number of votes to which the voters are entitled. Pursuant to Section 20 (3) of the Articles of Incorporation of SAP SE, the members of the Executive Board and Supervisory Board should take part in the General Meeting of Shareholders in person. If any member of the Supervisory Board is unable to attend the General Meeting of Shareholders in person because he or she has good reason to be abroad, it is possible for him or her to take part via video transmission. Section 20 (4) of the Articles of Incorporation of SAP SE states that the Executive Board is authorized to permit full or partial video or audio transmission of the General Meeting of Shareholders.

(u) Resolutions of the General Meeting of Shareholders (Section 21 of the Articles of Incorporation of SAP SE)

Section 21 (1) and (2) of the Articles of Incorporation of SAP SE contain provisions governing the passing of resolutions by the General Meeting of Shareholders of SAP SE which have been formulated in such a way as to maintain the legal situation currently existing at SAP AG to a large extent. The new provisions, however, reflect the fact that the SE Regulation draws a distinction between resolutions of the General Meeting of Shareholders that amend the Articles of Incorporation and those that do not (see Articles 57 and 59 of the SE Regulation).

Section 21 (1) of the Articles of Incorporation of SAP SE applies to resolutions that do not amend the Articles of Incorporation and in this context specifies that resolutions of the General Meeting of Shareholders shall be adopted with a majority of valid votes cast, unless a larger majority is prescribed by law or the Articles of Incorporation. With regard to resolutions that do not amend the Articles of Incorporation, the legal situation currently existing at SAP AG is thus to be maintained without amendment.

Section 21 (2) of the Articles of Incorporation of SAP SE relates to resolutions that amend the Articles of Incorporation, which – with a few exceptions – require a (capital) majority of three quarters at SAP AG, and, in sentence 1, also require a majority of at least three quarters at SAP SE, although in this instance (since Article 59 of the SE Regulation does not recognize the concept of capital majorities), the proportion of valid votes cast is decisive, although this effectively does not make any difference. In this respect, the two-thirds majority required in Article 59 (1) of the SE Regulation is legitimately waived and ultimately the legal situation currently existing at SAP AG has been maintained without amendment.

Section 21 (2) sentence 2 of the Articles of Incorporation of SAP SE then contains an exception to Section 21 (2) sentence 1 of the Articles of Incorporation of SAP SE for such amendments of the Articles of Incorporation which require a simple majority for an AG (as is the case, for instance, in Section 113 (1) sentence 4 AktG). In respect of such amendments to the Articles of Incorporation, a simple majority is also to suffice for SAP SE, thereby ensuring that the legal situation currently existing at SAP AG is maintained as far as possible. Article 59 (2) of the SE Regulation and Section 51 SE-AG, however, permit a simple majority only if at least half of the subscribed capital is represented. In the absence of such a quorum, Section 21 (2) sentence 2 of the Articles of Incorporation of SAP SE provides that the majority prescribed by law shall suffice. Thus, the two-thirds majority required under Article 59 (1) of the SE Regulation applies in this case, unless any special statutory regulations apply.

Section 21 (2) and (3) of the Articles of Incorporation of SAP AG were not included in the Articles of Incorporation of SAP SE because it may be assumed that the exceptional criteria set out therein for determining election resolutions are not compatible with Articles 57 and 59 of the SE Regulation.

- (v) Record of the General Meeting of Shareholders (Section 22 of the Articles of Incorporation of SAP SE)

The provisions contained in Section 22 of the Articles of Incorporation of SAP AG have been adopted without amendment in Section 22 of the Articles of Incorporation of SAP SE.

Pursuant to Section 22 (1) of the Articles of Incorporation of SAP SE, the proceedings at the General Meeting of Shareholders shall be recorded by notarial deed, and the record shall be signed by the notary public. Section 22 (2) of the Articles of Incorporation of SAP SE states that the record shall have full probative value for the shareholders, both with regard to their relationship *inter se* and in their relationship to their representatives. Pursuant to Section 22 (3) of the Articles of Incorporation of SAP SE, the proxy documents need not be attached to the record.

- (w) Fiscal year, annual report, annual financial statements and group annual financial statements, formal approval of the acts of the Executive and Supervisory Boards, distribution of retained earnings (Article 23 of the Articles of Incorporation of SAP SE)

The wording of Section 23 of the Articles of Incorporation of SAP SE is identical to Section 23 of the Articles of Incorporation of SAP AG, except that one sentence has been added to paragraph 1 and one amendment made in paragraph 4.

Pursuant to Section 23 (1) sentence 1 of the Articles of Incorporation of SAP SE, the fiscal year shall be the calendar year. The new sentence 2 in Section 23 (1) (which did not exist in the Articles of Incorporation of SAP AG) clarifies that the first fiscal year shall be the calendar year in which SAP SE is registered in the commercial register for the Company. Section 23 (2) of the Articles of Incorporation of SAP SE clarifies that in the first three months of each fiscal year, the Executive Board shall prepare the annual financial statements, the group annual financial statements, the management report, and the group management report for the previous fiscal year and submit them to the Supervisory Board and to the auditor. At that time the Executive Board shall submit to the Supervisory Board the proposal it wishes to make to the General Meeting of Shareholders concerning the appropriation of retained earnings. These provisions do not affect the provisions in Sections 298 (3) and 315 (3) HGB. Under Section 23 (3) of the Articles of Incorporation of SAP SE, the annual financial statements, the group annual financial statements, the management report, the group management report, the Supervisory Board's report pursuant to Section 171 (2) AktG, and the Executive Board's proposal for the appropriation of the retained earnings shall be available for the shareholders' inspection at the offices of the Company from the time when the General Meeting of Shareholders is called. The obligation to make these documents available shall not apply if the specified documents are made available on the Company's website for the same period of time. Section 23 (4) of the Articles of Incorporation of SAP SE clarifies that each year, after receiving the Supervisory Board's report pursuant to Section 171 (2) AktG the General Meeting of Shareholders shall resolve within the first six months of the fiscal year on the formal approval of the acts of the Executive and Supervisory Boards, the appropriation of the retained earnings, the appointment of the auditor, and in the cases provided for by law, the adoption of the annual financial statements, and approval of the group annual financial statements. The fact that a period of six months is specified, as opposed to the eight months permitted in the Articles of Incorporation of SAP AG, is required in order to comply with Article 54 (1) sentence 1 of the SE Regulation. Pursuant to Section 23 (5) of the Articles of Incorporation of SAP SE, when approving the annual financial statements, the Executive and Supervisory Boards shall be authorized to transfer to revenue reserves either all or part of the annual net income remaining after deduction of amounts to be transferred to the legal reserves and of any accumulated losses carried forward. The Executive and Supervisory Boards may not transfer more than one half of the annual net income if, after such transfer, the other revenue reserves would exceed one half of the capital stock. Pursuant to Section 23 (6) of the Articles of Incorporation of SAP SE, instead of distributing a cash dividend, the annual General Meeting of Shareholders can resolve to appropriate retained earnings by way of distribution in kind.

- (x) Formation costs (Section 24 of the Articles of Incorporation of SAP SE)

Section 24 of the Articles of Incorporation of SAP AG has been retained as Section 24 (1) of the Articles of Incorporation of SAP SE, with a clarification being added to the wording to the effect that the costs determined in this provision relate to the formation and conversion to a stock corporation.

Section 24 (2) of the Articles of Incorporation of SAP SE is new and specifies that the Company shall bear all costs connected with the formation of SAP SE by way of the conversion of SAP AG to a European Company (SE) in the amount of up to € 4 million.

7. IMPLICATIONS OF THE CONVERSION

7.1 Corporate-law implications

(a) Legal implications of the conversion

The conversion of SAP AG to an SE does not result in the winding up of the Company or in the creation of a new legal person (Article 37 (2) of the SE Regulation). The legal and economic identity of the Company is preserved by the change of legal form. For this reason, there is also no transfer of assets. The shareholders retain their shareholdings in the Company unchanged. However, the law governing the Company changes as a result of the change of legal form, since the law applicable to an SE that has its registered office in Germany will then apply; however, as a result of various references these legal provisions largely correspond to those applicable to a German stock corporation.

Article 37 (9) of the SE Regulation in particular provides that the rights and obligations of the company to be converted relating to the terms and conditions of employment and existing at the date of the registration will be „transferred“ to the SE.

(b) Dividend entitlement

There are no differences between SAP AG and SAP SE as regards the dividend entitlement of the shareholders. As at SAP AG, the General Meeting of Shareholders decides on the appropriation of retained earnings at SAP SE.

(c) Shareholdings at SAP SE after the conversion

The shareholdings of the shareholders will remain unchanged following the conversion to an SE. The shareholders will receive the same number of shares that they held in SAP AG immediately prior to the effective date of conversion. The notional portion of capital stock represented by each no-par value share will also remain the same as immediately prior to the effective date of conversion.

(d) Other corporate-law implications

As regards other corporate-law implications, see also the comparison of structural elements, in particular of the legal position of the shareholders, SAP AG and SAP SE, in Section 4 of this Report and the explanation of the Articles of Incorporation of SAP SE in Section 6.2 of this Report.

7.2 Accounting-related implications of the conversion

The conversion of SAP AG to an SE will not have any implications related to the accounting of the Company. As a conversion preserving the Company's identity, this measure does not result in the winding up of the Company or in the creation of a new legal person (Article 37 (2) of the SE Regulation). As regards the annual financial statements, the management report, the group annual financial statements and the group management report, the same provisions will apply at SAP SE as are applicable to a German stock corporation.

7.3 Tax implications of the conversion

This section contains a brief summary of some material tax principles which are or may be relevant in connection with the conversion preserving the Company's identity. This summary is not an exhaustive and complete description of all tax aspects that may be relevant for the shareholders of SAP AG or SAP SE. It is based on German tax law as applicable at the time of preparation of this Conversion Report, which is subject to change, possibly also with retroactive effect. The shareholders of SAP AG or SAP SE are therefore advised to consult their own tax advisers with regard to the possible tax effects of the conversion preserving the Company's identity and of the acquisition, holding and disposal of shares in SAP AG or SAP SE. The tax advisers are in a position to adequately consider the particular tax position of the individual shareholder.

(a) Taxation of the conversion

SAP AG assumes that the conversion preserving the Company's identity to an SE that has its registered office and place of management in Germany will not have any income tax effect nor trigger any obligation to pay German VAT or property transfer tax. After the conversion preserving the Company's identity, the shareholders of SAP AG will retain their shareholdings in the Company unchanged. Against this background SAP AG assumes that the conversion preserving the Company's identity will not result in a taxable profit or a loss that is relevant for taxation purposes for the shareholders of SAP AG.

(b) Taxation of the future SAP SE and its shareholders

Following the conversion preserving the Company's identity, the tax situation of SAP SE will be the same as that of SAP AG prior to the conversion. For the purposes of ongoing income taxation, SAP SE will be treated like a German company limited by shares and will be subject to corporate income tax and trade tax in the same way as SAP AG previously was.

Future dividend distributions by SAP SE as well as disposals of shares in SAP SE will generally be treated, at the level of the shareholders of SAP SE, in the same way as dividend distributions by SAP AG or disposals of shares in SAP AG, unless applicable law or the factual circumstances change.

7.4 Implications of the conversion relating to the shares in the Company and its listing

The conversion of SAP AG to SAP SE does not have any serious implications relating to the shares in the Company and its listing.

Because the change of legal form will leave the legal identity of the Company unaffected, the shareholders of SAP AG will become shareholders of SAP SE upon the conversion. The shares in the Company will continue to be no-par value shares in bearer form following the conversion. After the conversion the share certificates of the Company will be exchanged (cf. Section 2.6 of this Report). Since the shares in SAP AG are represented by global share certificates, this will be achieved by way of an exchange of global share certificates.

The SAP shares (ISIN DE000716400) are listed on the stock exchanges of Frankfurt am Main (XETRA and floor trading), Berlin and Stuttgart as well as (indirectly in the form of American Depositary Receipts, ISIN US8030542042) on the New York Stock Exchange.

Exchange trading in SAP shares will not be affected by the conversion. Following the conversion, the shareholders of the former SAP AG will continue to be able to trade their shares (which will then be shares in SAP SE) on each of the stock exchanges specified above on which the shares are listed. The conversion will not affect the inclusion of the share in any stock exchange indices either. Also, because the identity of the Company is preserved in the course of the conversion it will not be necessary to arrange for the re-listing of the SAP SE share. However, due to the change of name the quotation must be adjusted. SAP AG will notify the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*; "BaFin") and the relevant listing authorities of the changes entailed by the conversion, in particular the amendments of the Articles of Incorporation, pursuant to Section 30c WpHG.

Walldorf, March 21, 2014

SAP AG

The Executive Board

William Richard McDermott
(Co-CEO)

Jim Hagemann Snabe
(Co-CEO)

Dr Werner Brandt

Gerhard Oswald

Dr Vishal Sikka

