This document outlines SAP SE’s implementation of the German Corporate Governance Code. Since October 2015, SAP has followed the recommendations in the May 5, 2015, version of the German Corporate Governance Code. SAP does not set an age limit for members of the Executive Board. However, premature termination is capped at two times the annual compensation. The new long-term incentive (LTI) plan, which is planned to replace the RSU Milestone Plan 2015, will have a payout cap. This means that starting 2016, SAP’s compensation would follow the recommendation contained in section 4.2.3, second paragraph, sixth sentence of the Code with respect to the long-term variable compensation element for SAP SE Executive Board members. SAP would consequently also follow the recommendation contained in section 4.2.5, third paragraph, first subpoint of the Code.
Executive Board because this would be a general restriction on the Supervisory Board in its choice of suitable Executive Board members and we prefer not to regard people above a set age limit as generally unsuitable for Executive Board membership. Moreover, in view of the decision by the German Federal Supreme Court (Bundesgerichtshof) of April 23, 2012 (case no. II ZR 163/10), on the application of the German General Equal Treatment Act (Allgemeines Gleichbehandlungsgesetz) which prohibits age discrimination of a managing director of a German limited liability company, we believe that the setting of an age limit for executive board members presents legal uncertainties.

5. When our Supervisory Board recommends candidates for its own membership to the competent election bodies, it does not have regard to the concrete objectives it has adopted for its own composition

The Code recommends (in section 5.4.1, third paragraph, first sentence) that recommendations by a supervisory board to the competent election bodies should take into account the concrete objectives it has adopted regarding its own composition. Our Supervisory Board will have regard to its adopted objectives when seeking to identify suitable persons for candidacy and when choosing which candidates to propose to the General Meeting of Shareholders. In the interest of SAP, however, the Supervisory Board must be in a position to recommend to the General Meeting of Shareholders those candidates it believes are best suited for the vacant Supervisory Board seats. Ordinarily, one of the suitability criteria will be whether a person's candidacy is consistent with the concrete objectives. However, that need not always be the decisive criterion for proposing a particular candidate. Company law, which empowers the General Meeting of Shareholders to elect members to the Supervisory Board, requires neither that the Meeting adhere to the Supervisory Board's objectives nor that it elect the Supervisory Board’s proposed candidates.

6. No Maximum Length of Service on the Supervisory Board

The second paragraph of section 5.4.1 in the Code recommends that a maximum length of service be set for supervisory board members. We do not consider it good practice to set such a maximum. In our view, the objective should be a supervisory board that can work effectively, with a healthy mix of both experienced and recently-elected members. Experienced and long-serving members are no less independent and no less in touch with new ideas, particularly because supervisory board work takes up only a limited amount of their time. The diversity recommended in the Code must also apply to length of service on the supervisory board and thus encourage a range in the degree of members’ experience. Setting a maximum length of service applying equally to all members would be contrary to that principle because it would by implication count unjustifiably against members who serve on the supervisory board for longer.

II. German Corporate Governance Code 2014

Since its last Declaration, made on October 29, 2014, SAP has in its actions followed the recommendations in the June 24, 2014, version of the Code, which was published in the Bundesanzeiger (German Federal Gazette) on September 30, 2014, except as set out below.

1. Supervisory Board directors’ and officers’ liability insurance policies do not provide for a deductible

For the reasons we do not follow section 3.8 of the Code, see I.1 (above).

2. Executive Board appointment contracts do not cap severance payments on premature termination

For the reasons we do not follow the fourth paragraph in section 4.2.3 of the Code, see I.2 (above).

3. The long-term variable compensation element RSU Milestone Plan 2015 is not capped

For the reasons we do not follow the second paragraph, sixth sentence in section 4.2.3 and the third paragraph, first subpoint in section 4.2.5 of the Code, see I.3 (above).

4. SAP has not set an age limit for members of the Executive Board

For the reasons we do not follow the second paragraph in section 5.1.2 of the Code, see I.4 (above).

5. When our Supervisory Board recommends candidates for its own membership to the competent election bodies, it does not have regard to the concrete objectives it has adopted for its own composition

For the reasons we do not follow the second paragraph, sixth sentence in section 5.4.1 of the Code, see I.5 (above).

6. Our 2014 performance-related compensation for Supervisory Board members is not aligned to sustained growth

The Code recommends (in section 5.4.6, second paragraph, second sentence) that performance-related compensation for Supervisory Board members be linked to sustained growth. In the absence of detailed guidance from the Code commission regarding the intended criterion, we cannot exclude the possibility that the recommendation envisages measuring performance over more than one year. By way of precaution, we therefore note that the dividend-based variable compensation we awarded our Supervisory Board members for fiscal year 2014 may not have followed the Code recommendation in question. SAP rather doubts whether reliance on measurement of performance over several years is the only correct approach to performance-related compensation for Supervisory Board members and whether it would better motivate Supervisory Board members to further the interests of the Company and fulfill their specific duties than does the award of dividend-based compensation alongside their fixed compensation. Moreover, to avoid conflict of purpose, performance would have to be measured against the same long-term objectives that the Supervisory Board sets for the Executive Board. We believe that for the Supervisory Board this could result in conflicts of interest we seek to avoid. For this reason, the variable compensation element for Supervisory Board members at SAP linked only to the annual dividend, which, because of our consistent dividend policy over the years, also reflects our sustained and sustainable Company growth. The Annual General Meeting of Shareholders on May 20, 2015, resolved that commencing the fiscal year 2015, Supervisory Board members will receive only fixed compensation. The
aforementioned recommendation does not apply in the case of fixed compensation only.

Since our February 2015 amendment to our declaration of implementation, SAP has followed the 2014 German Corporate Governance Code recommendations subject to the following additional exception:

7. The performance threshold in the RSU Milestone Plan 2015 has changed

From the outset, the terms of the RSU Milestone Plan 2015 contained provisions to eliminate unforeseeable non-recurring effects when calculating performance. The elimination of such effects, however, presupposes that they are quantifiable. SAP recorded unexpectedly strong growth in its cloud business in 2014. This positive development, however, also resulted in non-quantifiable adverse effects that prevented SAP from achieving its defined targets in the RSU Milestone Plan. As a result, the Supervisory Board at its meeting on February 12, 2015, resolved to leave the defined targets unchanged but to lower the 2014 and 2015 performance thresholds to preserve the fair and equitable nature of the Plan. In February 2015, we filed a precautionary declaration of deviation from the recommendation contained in section 4.2.3 (second paragraph, eighth sentence) of the Code in this connection.

Walldorf, October 29, 2015

For the Executive Board
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Luka Mucic

For the Supervisory Board
Hasso Plattner