SAP SE
General Meeting of Shareholders

on May 17, 2018 at SAP Arena in Mannheim, Germany

Report of the Executive Board regarding Item 8 on the agenda

Under Item 8 on the agenda of the General Meeting of Shareholders of May 17, 2018, the Executive Board and the Supervisory Board propose that the Executive Board be authorized to acquire treasury shares on behalf of the Company and to either resell or redeem the shares so acquired without requiring a further resolution of the General Meeting of Shareholders. Pursuant to Section 71 (1) no. 8 sentence 5 in conjunction with Section 186 (4) sentence 2 AktG, the Executive Board submits the following report on the reasons for the exclusion of the shareholders' subscription rights in connection with the sale of treasury shares as well as the exclusion of a potential right to offer shares in connection with the acquisition of treasury shares, which report, as part of the present invitation, is available on the Internet at www.sap.com/agm and will be available for inspection at the General Meeting of Shareholders.

a) Acquisition of treasury shares and exclusion of a potential right to offer shares

Under Item 8 on the agenda of the General Meeting of Shareholders of May 17, 2018, the Executive Board and the Supervisory Board propose that the Executive Board be authorized to acquire treasury shares on behalf of the Company. Under such authorization, the Executive Board is to have the option to acquire, on or before May 16, 2023, shares in the Company representing a pro rata amount of capital stock of up to € 120 million in aggregate (i.e. 120 million shares, based on a pro rata amount of capital stock represented by one share of € 1.00). The acquisition may also be effected by any dependent group company of SAP SE within the meaning of Section 17 AktG or by any third party for the account of such dependent group company or SAP SE. The repurchase may either be effected on the stock exchange or by way of a public purchase offer to all shareholders, as the Executive Board deems fit. In the event that the acquisition is effected by way of a purchase offer to all shareholders, the principle of equal treatment must be observed, as in connection with the acquisition of shares on the stock exchange. Should the volume offered at the stipulated price exceed the number of shares the Company wishes to acquire, it is intended, however, that the acquisition may be performed according to the proportion of offered shares (proportion offered). Only where acquisition is performed on the basis of the proportion offered as opposed to the proportion held can the acquisition process be executed along economically sound lines. Moreover, it is intended that offers pertaining to limited numbers of shares (up to 100 offered shares per shareholder) may be given preferential treatment. This option serves to avoid small, generally uneconomic, residual amounts and any corresponding factual disadvantage for minor shareholders. It also serves to simplify the actual execution of the acquisition procedure. Provision is also intended to be made for rounding to be performed according to commercial principles in order to avoid fractional shares. Thus, the acquisition ratio and/or the number of shares to be acquired from an individual offering shareholder may be rounded according to commercial principles in such a way as to ensure that only whole shares are acquired. The Executive Board and the Supervisory Board believe that the exclusion of any further right of the shareholders to offer shares is justified in view of the circumstances and reasonable from the shareholders' perspective.

b) Permissible special provisions for a specific buyback program

A purchase of shares on the stock exchange may also be carried out through a bank or other entity meeting the requirements of Section 186 (5) sentence 1 AktG (hereinafter jointly: the issuing company) in such a way that the issuing company is commissioned, as part of a specific buyback program, either to purchase an agreed number of shares or to purchase shares for a previously stipulated total purchase price, on a previously stipulated minimum number of trading days in the XETRA trading system of the Frankfurt Stock Exchange (or any electronic trading system replacing the XETRA trading system) and at the latest up to the end of a previously agreed period, and to transfer these shares to the Company, whereby the purchase price per share to be paid by the Company must reflect a discount of at least 0.01% up to a maximum of 10% of the arithmetic mean of the volume-weighted average price (VWAP) of the share in the XETRA trading system of the Frankfurt Stock Exchange (or any electronic trading system replacing the XETRA trading system) during the actual buyback period. This purchase price may also effectively be achieved by means of a cash amount and/or equivalent amount in shares to be paid or delivered at the end of or after the expiry of the actual buyback period. In such cases, the issuing company does not acquire the shares for its own account but for the account of SAP SE. The issuing company must accordingly purchase the shares to be delivered on the stock exchange in compliance with the principle of equal treatment (Section 53a AktG) at prices that lie within the range for a customary purchase of shares on the stock exchange. In a buyback program structured in this way, SAP SE benefits from a discount of 0.01% to 10%, guaranteed upon conclusion of the agreement, of the arithmetic mean of the volume-weighted average price (VWAP) during the buyback period. The issuing company is willing to guarantee this discount since it recognizes an opportunity to acquire the shares with an even higher discount. On the other hand, it bears the risk of being unable to realize even this. In this situation, SAP SE receives the shares with a guaranteed discount, while the issuing company has to make up for the difference. SAP SE thus secures for itself a fixed discount over a longer period, even if the markets change in such a way after commissioning the issuing company that it is more difficult for the issuing company to actually achieve the discount.

c) Use of acquired treasury shares and exclusion of subscription rights pursuant to the resolution proposal under Item 8 on the agenda

Under the authorization proposed in Item 8 on the agenda of the General Meeting of Shareholders of May 17, 2018, the Executive Board is to be authorized to sell the shares acquired pursuant to such authorization on the stock exchange or to offer the shares to the shareholders for acquisition in connection with a public offer for sale while maintaining the shareholders' subscription rights. Where the Executive Board sells treasury shares on the stock exchange, shareholders will have no subscription rights. Under Section 71 (1) no. 8 sentence 4 AktG, however, a sale (or purchase) of treasury shares on the stock exchange is sufficient for the purposes of the principle of equal treatment within the meaning of Section 53a AktG.

It is furthermore proposed, however, that the Executive Board be authorized to redeem the acquired treasury shares without requiring a further resolution of the General Meeting of Shareholders. Such redemption will generally result in a capital reduction. It is proposed, however, that the Executive Board also be authorized to implement the redemption in accordance with Section 237 (3) no. 3 AktG without any changes to the capital stock. In such event, the redemption of shares is to result in an increase in the pro rata amount of capital stock represented by the remaining shares pursuant to Section 8 (3) AktG.

The resolution proposal under Item 8 on the agenda of the General Meeting of Shareholders of May 17, 2018, furthermore provides for the exclusion of the shareholders' subscription rights if the repurchased treasury shares are used as set out below:

aa) Sale against cash payment at a price not substantially below the trading price

It is proposed that the Executive Board be authorized to sell acquired treasury shares which account for a portion of up to 10% of the capital stock in aggregate, subject to the consent of the Supervisory Board, other than on the stock exchange or by way of an offer for sale addressed to all shareholders against payment in cash at a price which is not substantially below the trading price of the Company's share on the Frankfurt Stock Exchange on the five trading days preceding the final determination of the selling price by the Executive Board, calculated on the basis of the arithmetic mean of the closing auction prices of the SAP share in the XETRA trading system of the Frankfurt Stock Exchange (or any electronic trading system replacing the XETRA trading system) (lit. e) of the resolution proposal). The shareholders' subscription rights are to be excluded in respect of these shares. The statutory basis of this so-called simplified exclusion of shareholders' subscription rights is Section 71 (1) no. 8 sentence 5 in conjunction with Section 186 (3) sentence 4 AktG. A possible deduction from the relevant trading price will presumably not exceed 3%, and in no event 5%, of the trading price.

This option to exclude the shareholders' subscription rights as provided for in Section 186 (3) sentence 4 AktG will enable the Company to quickly, flexibly and cost-effectively exploit opportunities arising as a result of prevailing stock exchange conditions. The sales proceeds that can be realized by fixing a price that is close to market will as a rule result in a significantly higher inflow of funds per share than in the case of a placement of shares with subscription rights, thus ensuring the highest possible inflow of equity. By avoiding the time-consuming and expensive handling of subscription rights, the Company will furthermore be able to meet its equity requirements quickly when market opportunities arise at short notice. Section 186 (2) sentence 2 AktG allows the subscription price to be published three days prior to the expiration of the subscription period at the latest. However, in light of the volatility in the stock markets, this still involves a market risk, in particular a price change risk, for several days, which may lead to safety margins being deducted when the selling price is determined and, therefore, to conditions which are not close to market. In addition, if the Company granted subscription rights, it would not be in a position to react quickly to favorable market conditions due to the length of the subscription period. Authorized Capital II as resolved on by the General Meeting of Shareholders of May 20, 2015 under Item 6 lit. b) on the agenda of that meeting also serves this purpose. However, the intention is to enable the Company to achieve this purpose after a repurchase of treasury shares, where appropriate, without having to perform a capital increase, which would require more time and effort especially due to the fact that such increase must be entered in the commercial register.

In order to comply with the limit applicable to the simplified exclusion of the shareholders' subscription rights as provided for in Section 186 (3) sentence 4 AktG of 10% of the capital stock, the authorization to dispose of acquired treasury shares subject to the simplified exclusion of the shareholders' subscription rights is limited to shares representing a pro rata amount of 10% of the Company's capital stock. For the purpose of calculating the 10% threshold, the lower of the amount of capital stock existing at the time the resolution concerning the authorization is adopted by the General Meeting of Shareholders of May 17, 2018 or the amount of capital stock existing at the time the authorization is exercised is to be relevant. The resolution proposal also provides for a deduction clause, pursuant to which the authorization volume will be reduced to the extent that other authorizations concerning the simplified exclusion of shareholders' subscription rights are exercised from the date of the General Meeting of Shareholders. This is to ensure that the 10% threshold stipulated in Section 186 (3) sentence 4 AktG is observed, taking into account all authorizations providing for the option to exclude subscription rights in accordance with Section 186 (3) sentence 4 AktG, whether applied directly, analogously or *mutatis mutandis*.

In light of the stated reasons, the proposed authorization to use treasury shares and the exclusion of subscription rights is in the interests of the Company and its shareholders. Since the selling price for treasury shares to be granted will have to be determined by reference to the trading price and the volume of the authorization is limited, the interests of the shareholders are adequately protected. Shareholders wishing to maintain their participation ratios can do so by acquiring additional shares on the stock exchange. The portion of freely floating shares of the Company is approximately 85%. In the 2017 calendar year, the entire volume of trading in SAP shares in XETRA trading alone amounted to more than 41% of the Company's capital stock.

bb) Sale in connection with mergers with other enterprises or acquisitions of enterprises

It is further proposed that the Executive Board be authorized to transfer the acquired treasury shares, subject to the consent of the Supervisory Board, to third parties as consideration in connection with mergers with other enterprises or acquisitions of enterprises or parts thereof or interests therein (lit. f) of the resolution proposal). In this context, it is proposed that the shareholders' subscription rights be equally excluded.

SAP SE has to cope with global competition. The Company must always be in a position to act promptly and flexibly in the national and international markets in the interests of its shareholders. This also includes the option to acquire enterprises or parts thereof or interests therein with a view to enhancing the Company's competitive position or to merge with other enterprises. In individual cases, the best possible way of implementing this option in the interests of the shareholders and the Company may consist in merging with another enterprise or acquiring an enterprise or parts thereof or interests therein by way of granting shares in the acquiring company. Practical experience shows that the shareholders of companies that are attractive acquisition targets frequently request the delivery of shares in the acquiring company as consideration for the respective sale. In order to be in a position to also acquire such companies, SAP SE must be able to grant treasury shares as consideration. Authorized Capital II as resolved on by the General Meeting of Shareholders of May 20, 2015 under Item 6 lit. b) on the agenda of that meeting also serves this purpose. However, the intention is to enable the Company to achieve this purpose after a repurchase of treasury shares, where appropriate, without having to perform a capital increase, which would require more time and effort especially due to the fact that such increase must be entered in the commercial register.

By contrast, if shareholders' subscription rights were to be maintained, mergers with other enterprises or acquisitions of enterprises or parts thereof or interests therein in return for the granting of acquired treasury shares would be impossible, rendering the associated benefits for the Company and its shareholders unattainable.

The Company is currently not contemplating any specific merger or acquisition in respect of which it intends to make use of this option. Should any specific opportunities open up with regard to mergers with other enterprises or acquisitions of enterprises or parts thereof or interests therein, the Executive Board will carefully assess in each individual case whether or not to exercise the authorization concerning the granting of treasury shares. The Executive Board will do so only if it arrives at the conclusion that the relevant merger or the acquisition of the relevant enterprise, part thereof or interest therein in return for the granting of SAP shares is in the best interests of the Company. The same applies with regard to the consent of the Supervisory Board, which is required under the resolution proposal.

The Executive Board will report on the details in connection with the exercise of the authorization to the General Meeting of Shareholders next following any merger or acquisition in return for the granting of shares of SAP SE.

cc) Servicing of option or conversion rights or obligations under warrant-linked and/or convertible bonds

It is also proposed that the Executive Board be authorized to use acquired treasury shares, subject to the consent of the Supervisory Board and subject to an exclusion of the shareholders' subscription rights, for the purpose of fulfilling option or conversion rights or obligations under warrant linked or convertible bonds issued by the Company or any direct or indirect majority holdings of SAP SE (companies in which SAP SE directly or indirectly holds a majority of votes and capital) under the authorization granted by the resolution relating to Item 8 on the agenda of the General Meeting of Shareholders of May 12, 2016 (if necessary in combination with other instruments authorized in the said resolution of the General Meeting of Shareholders), and to transfer such shares to the holders of the conversion or option rights in accordance with the relevant terms and conditions determined in the aforementioned resolution of the General Meeting of Shareholders (lit. h) of the resolution proposal). The transfer of treasury shares for the purpose of servicing these conversion or option rights instead of using the contingent capital will in particular help to prevent any dilutive effects which might otherwise occur. The exclusion of the shareholders' subscription rights is therefore also in the interests of the existing shareholders.

The authorizing resolution adopted by the General Meeting of Shareholders of May 12, 2016 is available for inspection at the commercial register of the Local Court of Mannheim as part of the notarial record of this General Meeting of Shareholders. It is also available on the Internet at www.sap.com/agm and will be available for inspection at the General Meeting of Shareholders. The contents of the authorizing resolution are further set out in the invitation to the annual General Meeting of Shareholders of May 12, 2016, which was published in the German Federal Gazette on April 4, 2016.

dd) Offer or promise and/or transfer of shares to employees of the Company and its downstream affiliates as well as to members of the managing bodies of its downstream affiliates

It is also proposed that the Executive Board be authorized to offer for acquisition or to promise and/or transfer acquired treasury shares to employees of the Company and its downstream affiliates (i.e. as employee shares (*Belegschaftsaktien*)) as well as to members of the managing bodies of its downstream affiliates, subject to an exclusion of the shareholders' subscription rights (lit. i) of the resolution proposal).

In the past, SAP SE already established various share-based participation programs to allow its executive staff and employees to participate in the success and the increase in the corporate value of SAP SE. The aim of any such share-based employee participation program which combines a long-term effect with a certain risk always is to create a specific incentive to achieve a sustainable increase in the corporate value of SAP SE, to strengthen the identification with and bond to the companies of the SAP group by rewarding the willingness to stay with the SAP group in the longer term, and to help develop a real and sustainable culture of employee shareholdership. The intention is to enable SAP SE to promote employee participation in the Company by granting employee shares. The granting of such employee shares serves to improve employee integration, increase the willingness to take on responsibility and strengthen the bond between the employees and their employer. The issuance of employee shares is therefore in the interests of the Company and its shareholders. This approach is promoted by the legislator, who has provided for various ways to support companies in issuing such shares. However, shares are to be offered not only to employees of SAP SE and its downstream affiliates but also to members of the managing bodies of downstream affiliates. These executive staff have a material influence on the development of the SAP group and SAP SE. It is important therefore to offer them, too, a strong incentive to contribute to a sustainable increase in the corporate value of SAP SE and to strengthen their identification with and bond to the companies of the SAP group by rewarding their willingness to stay with the SAP group in the longer term.

By issuing shares to employees and members of the managing bodies of downstream affiliates, the Company is in a position to offer a long-term incentive that reflects not only positive but also negative developments. By providing for a lock-up period of several years when granting such shares, or offering certain incentives to hold the shares over a certain period of time, the Company has a tool not only for granting a bonus but also for deducting a "malus" where developments have been negative. With this instrument, the willingness of employees and executive staff to take on commercial responsibility can thus be increased, which is in the interests of the Company and its shareholders. The shares may also be granted for free or on other special conditions.

Besides granting the shares directly, it is intended that the acquired shares may also be transferred 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 offer for acquisition or to promise and/or transfer them exclusively to employees of the Company and its downstream affiliates or to members of the managing bodies of downstream affiliates. This process can serve to facilitate the handling, for example by entrusting it to a bank to the greatest extent possible.

Moreover, it is intended that the 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 acquired treasury shares being used to redeem such securities loans. Procuring the shares by way of securities loans also serves to facilitate the handling. Accordingly, the acquired shares are to be used not only for the purpose of granting them directly or indirectly to employees of SAP SE and its downstream affiliates as well as to members of the managing bodies of downstream affiliates but also for the purpose of satisfying the claims of lenders for the redemption of loans. In terms of the economic result, the shares are used in this case, too, for the purpose of granting them to employees of SAP SE and its downstream affiliates as well as to members of the managing bodies of downstream affiliates.

In order for the Company to be able to issue or to offer and/or transfer treasury shares to employees or members of the managing bodies of downstream affiliates, the shareholders' subscription rights must be excluded. Otherwise, it would not be possible to attain the associated benefits for the Company and its shareholders.

The total volume of the authorizations in lit. i) is to be limited to the lower of 5% of the Company's capital stock existing at the time the resolution is adopted by the General Meeting of Shareholders of May 17, 2018 or 5% of the Company's capital stock existing at the time the shares are transferred.

d) Authorization to exclude subscription rights in respect of fractional shares

Finally, it is proposed that the Executive Board be authorized, subject to the consent of the Supervisory Board, to exclude the shareholders' subscription rights in respect of fractional shares in the event of a sale of treasury shares by way of an offer for sale to all of the Company's shareholders (lit. j) of the resolution proposal). The exclusion of the shareholders' subscription rights in respect of fractional shares is required in order to ensure a technically feasible subscription ratio. The fractions of shares excluded from the shareholders' subscription rights will be realized either by sale on the stock exchange or in any other manner so as to best further the Company's interests. The potential dilutive effect is low due to the limitation to fractional shares.

e) 20%-threshold

In order to protect the shareholders against excessive dilution, the resolution proposal under lit. j) provides that the aggregate pro rata amount of the capital stock represented by shares in respect of which the shareholders' subscription rights are excluded, together with the pro rata amount of the capital stock attributable to new shares from authorized capital or to which conversion and/or option rights or obligations under bonds issued or sold, subject to an exclusion of subscription rights, on or after May 17, 2018 relate, must not exceed 20% of the capital stock of SAP SE. This calculation shall be made on the basis of the amount of the capital stock existing on May 17, 2018 or at the time the shares are sold, whichever is lower. Pursuant to this proposal, the shareholders' subscription rights are also deemed to have been excluded if the relevant shares or bonds are sold or issued by applying Section 186 (3) sentence 4 AktG directly, analogously or *mutatis mutandis*.

f) Final statement

Having considered all of the above circumstances, the Executive Board, acting with the consent of the Supervisory Board, considers the exclusion of the shareholders' subscription rights in the specified cases to be justified in view of the circumstances and reasonable for the shareholders for the stated reasons, even if potential dilutive effects are taken into account.

Walldorf, April 2018

SAP SE

The Executive Board