[*Non-binding translation from German*]

# COMPENSATION SYSTEM FOR THE EXECUTIVE BOARD MEMBERS

## 1. General

The new compensation system for the members of the Executive Board has been developed by the Supervisory Board in order to align the compensation structure more closely with the Company's strategy and targets while complying with regulatory requirements. The aim is to tie Executive Board compensation even more tightly to our corporate strategy, which focuses on our customers' success, sustainable growth, profitability and a high level of staff commitment. In this context, the compensation structure has also been designed to reflect the demanding role of our Executive Board members leading a global company in a very innovative and dynamic sector. At the same time, it aims to enable compensation which is internationally competitive in order to support SAP in competing on the worldwide market for highly skilled executives and thus to meet the particular challenges that exist within the software industry. We continue to see growth potential for SAP and wish to create sustained incentives for the Executive Board which foster committed, successful work and enable reasonable participation in the successful realisation of this growth potential. This should ensure that the interests of both shareholders and the Executive Board run in parallel.

When drawing up the compensation system and defining the structure and level of compensation for the individual members of the Executive Board, the Supervisory Board has paid particular attention to the following **principles**:

- The compensation awarded to the members of the Executive Board, as a package, plays a key role in promoting the business strategy.
- The compensation awarded to the members of the Executive Board ensures that extraordinary performance is appropriately rewarded and any failure to achieve specific targets triggers a tangible reduction in the compensation.
- The compensation awarded to the members of the Executive Board is in line with market standards in terms of its level and structure and reflects the Company's size, complexity and economic situation.
- The compensation awarded to the members of the Executive Board takes account of the pay structure in the Company as a whole. In this context, the Executive Board compensation is compared with the pay of SAP executives and non-executive SAP employees to ensure the principle of proportionality is observed within SAP.

## 2. Process for determining, implementing and reviewing the compensation system

The Supervisory Board is responsible by law for defining, implementing and monitoring the compensation and the compensation system for Executive Board members. The General and Compensation Committee is responsible for preparing the relevant Supervisory Board decisions.

At the financial statements meeting held on February 20, 2019, the Supervisory Board conducted its regular review of Executive Board members' compensation and the compensation system. The result of this review of the compensation system was the decision to develop a new long-term variable compensation component, the long-term incentive (**"LTI"**) that would apply as of January 1, 2020, thereby replacing the 2016 Long-Term Incentive Program that applied until the end of 2019.

The General and Compensation Committee established a project group in February 2019 in order to prepare a proposal for a new long-term variable compensation component. The work conducted by the project group was supported by two remuneration experts selected by the Supervisory Board, who are independent of the Executive Board and of SAP and who offer remuneration expertise in respect of legally relevant German market practice and relating to the US environment, which is of particular relevance to SAP.

The proposals made by the project group were discussed by the General and Compensation Committee together with the remuneration experts. In line with the resulting recommendations made by the General and Compensation Committee, the Supervisory Board passed a resolution in the autumn of 2019 approving the new long-term variable compensation component, the SAP Long-Term Incentive Program 2020 (**"LTI 2020"**), effective as of January 1, 2020. In the autumn of 2019, the Supervisory Board also passed a resolution to make amendments to the short-term variable compensation component or short-term incentive (**"STI"**) on the basis of a corresponding recommendation made by the General and Compensation Committee. This included in particular the introduction of non-financial goals.

The compensation system presented here was developed by the General and Compensation Committee on the basis of the existing compensation system, which was approved by the Annual General Meeting on May 17, 2018, the introduction of the LTI 2020 and the resolved amendments to the STI. At its financial statements meeting held on February 19, 2020, the Supervisory Board then passed a resolution approving this compensation system for the Executive Board on the basis of a corresponding recommendation submitted by the General and Compensation Committee.

When determining this compensation system, the pay awarded to SAP executives (i.e. the first and second management levels below the Executive Board, namely the Global Executive Team and the Senior Executive Team) and non-executive SAP employees was taken into account in order to ensure proportionality within SAP, as mentioned above. The terms and conditions of employment applicable to executives and non-executive staff across the Group were taken into account in this context. This involved assessing how the average annual pay awarded to executives compares with the Executive Board compensation, as well as how the average annual pay for all non-executive staff and executives compares with the Executive Board compensation.

The changes to the STI and the introduction of the LTI 2020 were contractually agreed with the Executive Board members currently in office in late 2019. The currently applicable compensation agreements with the Executive Board members (with the exception of a few provisions relating to fringe benefits and/or pension commitments) are already consistent with the compensation system presented here. When, in future, new members are appointed to the Executive Board or existing members reappointed for a further term of office, the General and Compensation Committee will submit a recommendation to the Supervisory Board to determine the specific total compensation for the Executive Board members in question, and the Supervisory Board will pass a decision on the specific total compensation on this basis. The total compensation proposal must be based on the requirements under German stock corporation law and this compensation system. Within this framework, the Supervisory Board defines the details which will be stipulated in the specific service contracts with the Executive Board members.

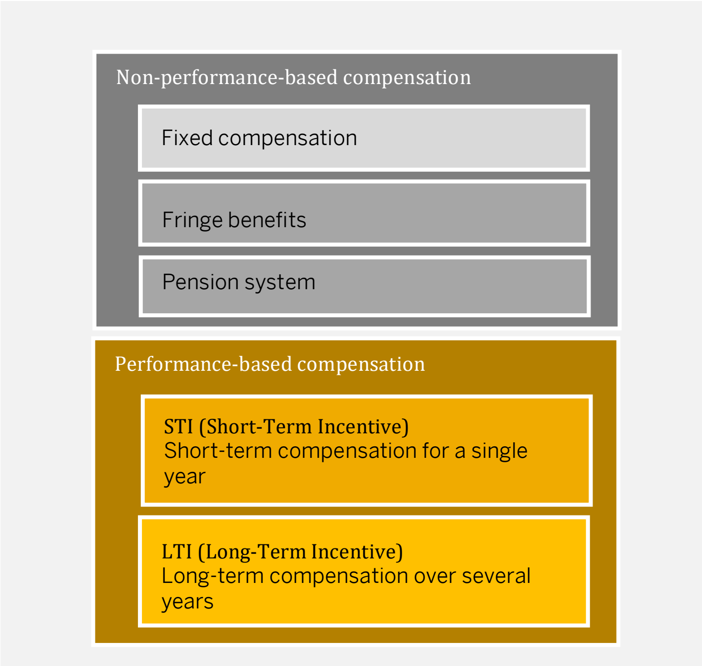
The Supervisory Board will review the Executive Board compensation and the compensation system on an annual basis at the meeting it holds to discuss the financial statements. In this context, it will pay particular attention to the reasonableness of the total compensation for individual members of the Executive Board and conduct benchmarking. If necessary, the Supervisory Board will adjust the compensation system and present the new structure to the Annual General Meeting for approval. If the Annual General Meeting on May 20, 2020, does not approve the compensation system, a revised compensation system will be presented to the next following Annual General Meeting.

It is almost impossible for conflicts of interest to arise in this context, due to the fact that the law awards responsibility for determining, reviewing and implementing the compensation system for members of the Executive Board to the Supervisory Board. Accordingly, no conflicts of interest suffered by individual members of the Supervisory Board in the context of decisions passed by the Supervisory Board or its General and Compensation Committee on issues relating to the compensation system for Executive Board members have arisen in the past. Should such conflicts of interest nevertheless arise in future, they will be treated in line with the standard rules of procedure applicable at SAP. These state that, depending on the nature of the conflict of interest, the

Supervisory Board member in question will abstain from voting and, if necessary, not participate in the discussions relating to this agenda item. Should a permanent, irresolvable conflict of interest arise, the Supervisory Board member in question will resign from their office.

## 3. Components of Executive Board compensation

The compensation for Executive Board members comprises the following non-performance-based and performance-based components. These are shown in the following graphic.




The non-performance-based compensation comprises fixed compensation, fringe benefits and pension commitments. The performance-based compensation comprises the short-term variable compensation component, the STI, and the long-term variable compensation component, the LTI.

### 3.1 Non-performance-based compensation

#### a) Fixed compensation

The fixed compensation is paid monthly in twelve equal instalments in the home currency, i.e. the currency of the country in which the respective member of the Executive Board has their permanent place of residence. In the event of fluctuations in exchange rates, the amount paid in the home currency is limited to a maximum equivalent euro amount, as calculated in section 3.4 below.

#### b) Fringe benefits

The fixed compensation is supplemented by fringe benefits that are guaranteed by contract. These primarily include the standard additional benefits such as insurance contributions, benefits in kind such as the private use of a company car, expenses for maintenance of two households, flights and tax gross-ups according to local conditions. The fringe benefits, subject to the following rules, are limited in terms of value to 10% of fixed compensation for ordinary Executive Board members and to 20% for the CEO (based on the relevant euro amounts when determining the specific compensation).

If, at the request of the Company, Executive Board members relocate their permanent place of residence to Germany from abroad, the Supervisory Board may grant additional allowance payments, in particular to cover the costs of the move, accommodation in Germany, language courses for the Executive Board member and their family, international schools, etc. (**"relocation package"**). The value of the relocation package is limited to 15% of fixed compensation for ordinary Executive Board members and to 30% for the CEO (based on the relevant euro amounts when determining the specific compensation).

Executive Board members who have their permanent residence abroad and are subject to particular tax assessments in their home country as a result of their membership of the Executive Board may be granted approval to have corresponding tax advice paid for. The value of such payments is limited to 15% of fixed compensation for ordinary Executive Board members and to 30% for the CEO (based on the relevant euro amounts when determining the specific compensation).

To the extent remuneration benefits earned prior to the move to SAP's Executive Board are forfeited due to this move, the Supervisory Board may agree to pay one-off compensation (which may take the form of pension commitments) in lieu of or in addition to taking such forfeiture into account in the context of the target compensation (see section 4.3). The value of such one-off compensation is limited to 200% of the fixed compensation (based on the relevant euro amounts when determining the specific compensation).

**c) Pension commitments**

The pension system which applies at SAP is based on defined contributions. The pension contribution is 4% of eligible compensation up to the applicable contribution assessment ceiling, plus 14% of eligible compensation above this ceiling. Eligible compensation is 180% of the fixed compensation (based on the relevant euro amounts when determining the specific compensation). The applicable contribution assessment ceiling is the relevant annual Contribution Assessment Ceiling (West) (*Beitragsbemessungsgrenze* (West)) set by German state pension insurance.

For Executive Board members who have their permanent place of residence abroad, SAP may specify a pension system that applies for employees at a company belonging to the SAP Group in the relevant country instead of applying the pension system described above. In this context, the pension contribution is limited to 30% of the fixed compensation (based on the relevant euro amounts when determining the specific compensation).

## 3.2 Performance-based compensation

**a) Short-Term Incentive (STI)**

The STI is a short-term performance-based compensation component for a single year which is awarded annually. The STI offers members of the Executive Board uniform incentives for achieving key targets taken from the annual budgets which, in turn, are derived from the long-term strategic planning, together with uniform incentives for acting in a sustainable manner, which does not have a direct financial impact but also supports SAP's long-term strategy.

The payout amount under the STI is thus determined on the basis of several financial and non-financial key performance indicators (**"KPIs"**). The STI is awarded in the form of a weighted target amount specified in the Executive Board member's service contract which is paid out if the total of the weighted target achievement for financial and non-financial KPIs (total target achievement) is 100%. The target amount cannot exceed 300% of fixed compensation (based on the relevant euro amounts when determining the specific compensation).

Financial KPIs are finance-related measures to manage SAP's business operations. Specifically, they are the performance measures that are key to SAP's long-term development, namely year-over-year growth in non-IFRS cloud and software revenue at constant currency, non-IFRS operating margin at constant currency in the relevant fiscal year as well as the performance measure referred to as non-IFRS current cloud backlog at constant currency, which includes both new contracts as well as contract renewals within the cloud business, and is thus a key indicator of future cloud growth. In lieu of any of the financial KPIs specified above, the Supervisory Board may in each case select a different financial performance measure from those specified in SAP's combined management report as a financial KPI if it is convinced that this is a better measure to manage the long-term development of SAP. The measure must be specified before the beginning of the relevant financial year in respect of which the STI is to be awarded. A numerical target value corresponding to 100%

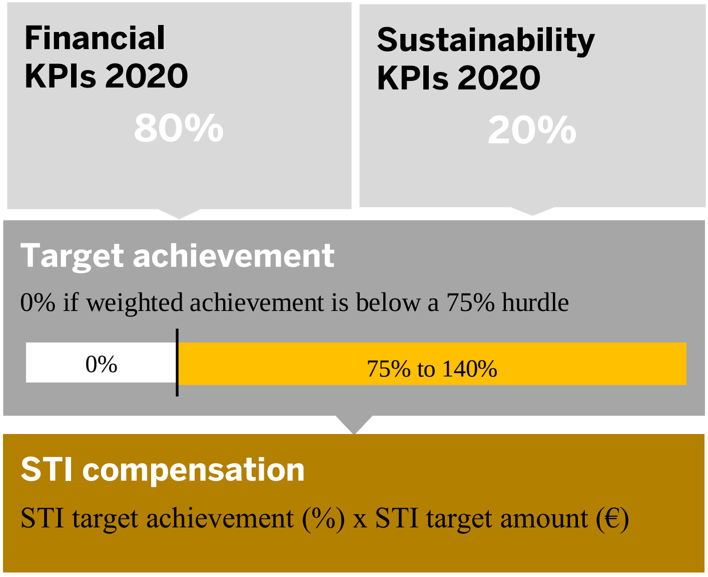
target achievement is determined for each financial KPI. These target values are derived from SAP's budget for that year. The budget, in turn, is aligned to the long-term strategic plans, with the STI setting incentives to realise interim targets for the relevant fiscal year that are broken down from the long-term strategic plans. Based on the target value required for 100% target achievement, specific target achievement curves are defined which also specify a “cap” at 140% target achievement. The relevant period is in each case the fiscal year for which the STI is being awarded. The financial KPIs have an overall weighting of 80% within which the individual financial KPIs can receive different weightings.

Non-financial KPIs are the following performance measures, which are important in terms of SAP's long-term, sustainable performance: the Customer Net Promoter score, which measures the satisfaction of SAP customers, the Employee Engagement Index, which reflects employees' commitment, their pride in the Company and their loyalty, and the $CO_2$ performance, which tracks SAP's greenhouse gas emissions. In lieu of any of the KPIs specified above, the Supervisory Board may in each case select a different non-financial performance measure from those specified in SAP’s combined management report as a non-financial KPI if it is convinced that this is a better measure to promote the long-term development of SAP. The measure must be specified before the beginning of the relevant financial year in respect of which the STI is to be awarded. As for the financial KPIs, a numerical target value equalling 100% target achievement is determined for each non-financial KPI. These target values are defined on the basis of the long-term strategic planning, taking into account the full-year values achieved. Based on the target value required for 100% target achievement, target achievement curves are also defined for the non-financial KPIs. These also specify a cap if target achievement reaches 140%. The relevant period is again the fiscal year for which the STI is being awarded. The non-financial KPIs have a total weighting of 20% within which the respective weightings of the individual non-financial KPIs may vary.

If total target achievement is 75% or higher, the corresponding percentage of the STI target amount specified for the respective Executive Board member (but no more than 140%) is paid out. If total target achievement is below a hurdle of 75%, however, total target achievement is set to zero. No payout is then made. The target achievement curves defined for the individual KPIs may in turn include actual hurdles. These hurdles, however, will not be taken into account insofar as total target achievement would otherwise be below the threshold of 75%. As of the 2021 financial year, the percentage required for total target achievement will be reduced from 75% to 50%.

The Supervisory Board will determine the degree of target achievement at its financial statements meeting after the financial year has ended. In this context, the figures from the audited financial statements will be used as a basis for the financial KPIs and the non-financial KPIs.

The Supervisory Board may, in the event of an acquisition or sale of a company or parts thereof or of participations in companies or in the event of mergers with other companies, where such measure requires the consent of the Supervisory Board, adjust the target values for each KPI in such a manner that any extraordinary effects resulting from such measure will be eliminated.




In the case of extraordinary, unforeseeable events, the Supervisory Board is entitled to increase or decrease the payout amount ex post at its reasonable discretion, taking into account the Company's interests. The scope of adjustment is limited to +/-20% of the original payout amount.

The STI will be paid out after the Annual General Meeting at which the financial statements for the respective fiscal year are presented. It is paid out to the Executive Board member in their home currency. The home currency in this context is the currency of the country in which the respective member of the Executive Board has their permanent place of residence. In the event of fluctuations in exchange rates, the amount paid in the home currency is limited to a maximum equivalent euro amount, as calculated in section 3.4 below.

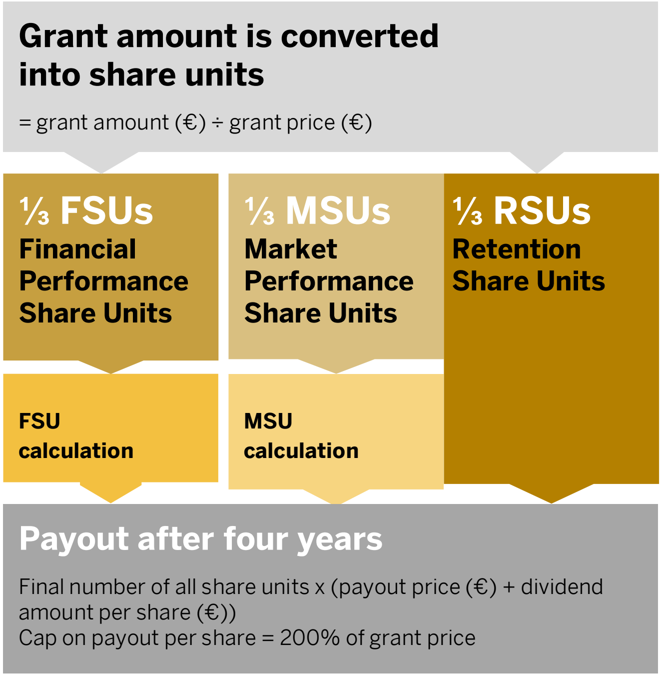
Executive Board members are obliged to purchase SAP shares worth at least 5% of the gross payout amount under the STI. These shares must be held for a period of at least three years. The Executive Board member must furnish evidence to SAP within three months of disbursement of the STI to the effect that he or she has purchased the SAP shares.

The specific terms of the STI, including the KPIs and related numerical target values, are agreed with the Executive Board members on an annual basis after the Supervisory Board's financial statements meeting.

**b) Long Term Incentive (LTI)**

The LTI is a long-term, multi-year performance-based compensation element which is awarded in annual tranches in the form of the new SAP Long Term Incentive Program 2020 (LTI 2020). The LTI 2020 reflects SAP's long-term strategy and thus sets uniform incentives for the Executive Board members to achieve key targets from the long-term strategic plans. The LTI 2020 also serves to reward the Executive Board members for long-term SAP share price performance as compared to the market, thus ensuring that shareholders' interests are also honoured. In addition, the LTI 2020 includes a component designed to ensure long-term retention of our Executive Board members.

The LTI 2020 is a virtual share program under which annual tranches with a term of approximately four years each are granted. When the individual tranches are awarded, a certain grant amount specified in the Executive Board member's service contract is converted into virtual shares ("**share units**") in each case. The grant amount cannot exceed 700% of the fixed compensation (based on the relevant euro amounts when determining the specific compensation). For this purpose, the grant amount is divided by the price of the SAP share which equals the arithmetic mean of SAP stock on the 20 trading days after scheduled publication of the preliminary results for the fourth quarter and the year as a whole (**"grant price"**). The share units so allocated are composed of 1/3 financial performance share units (**"FSUs"**), 1/3 market performance share units (**"MSUs"**) and 1/3 retention share units (**"RSUs"**). All three types of share units have a vesting period of approximately four years.

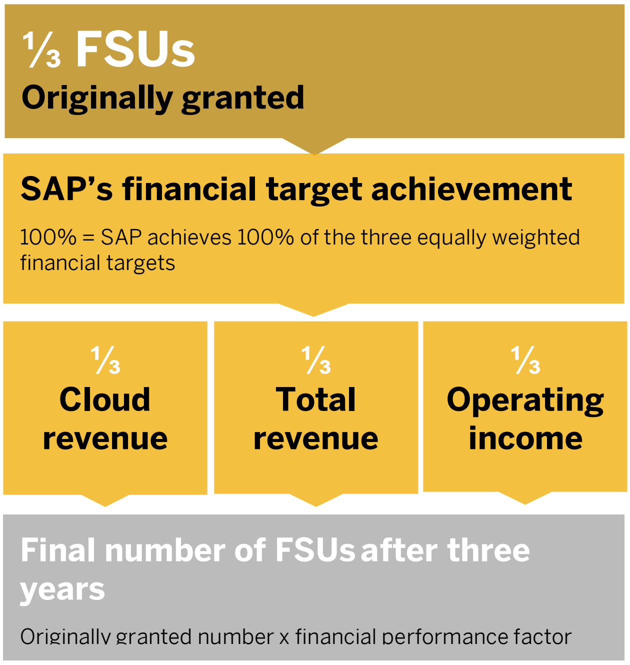



In contrast to RSUs, FSUs and MSUs are subject to numerical changes. Moreover, FSUs, MSUs and RSUs may be forfeited in whole or in part. In this context, the following applies:

*Numerical change in FSUs*

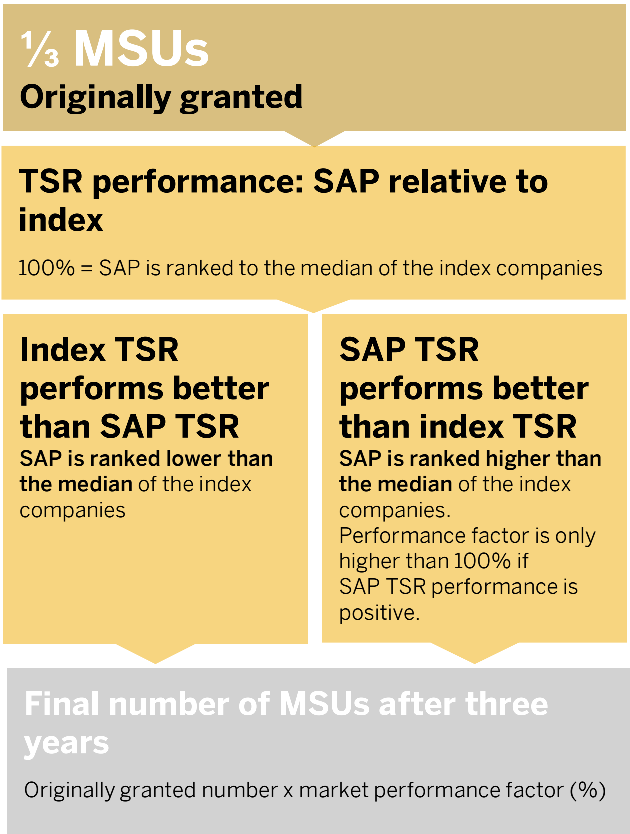
The number of FSUs initially awarded is multiplied by a performance factor. The performance factor consists of three equally weighted individual factors relating to the three non-IFRS KPIs at constant currency: total revenue, cloud revenue and operating income. These financial KPIs are material financial performance measures for SAP's long-term development. In lieu of any of the KPIs specified above, the Supervisory Board may in each case select a different financial performance measure from those specified in SAP's combined management report as a financial KPI for the FSUs if it is convinced that this is a better measure to manage the long-term development of SAP. The measure must be specified before the beginning of the relevant financial year in respect of which the relevant tranche under the LTI 2020 is to be awarded.

The performance period throughout which target achievement is measured in respect of the three KPIs starts at the beginning of the financial year in which the FSUs are awarded and ends upon expiry of the second year following the year in which the share units were awarded. A numerical target value equalling 100% target achievement is determined for each KPI. This constitutes in each case a cumulative value for the three individual years of the performance period which is derived from SAP's long-term strategy. If target achievement is less than 90% (total revenue, cloud revenue) or 80% (operating income) of the stipulated target value, the relevant individual factor will be 0%. If target achievement equals 90% (total revenue, cloud revenue) or 80% (operating income) of the stipulated target value, the relevant individual factor will be 50%. If target achievement equals 100% of the stipulated target value, the relevant individual factor will be 100%. If target achievement equals or exceeds 110% (total revenue, cloud revenue) or 120% (operating income) of the stipulated target value, the relevant individual factor will be 150%. If target achievement ranges between 90% and 110% (total revenue, cloud revenue) or 80% and 120% (operating income), the relevant individual factor will be calculated by way of linear interpolation. Should the Supervisory Board select other financial performance measures as KPIs for the FSUs, it will also define the hurdle under which the individual factor is 0% and the cap from which the individual factor is 150%, thereby taking into account the volatility of the relevant KPI. The average of the three individual factors set out above constitutes the performance factor for the FSUs by which the number of FSUs initially awarded is then multiplied.




*Numerical change in MSUs*

The number of MSUs initially awarded is also multiplied by a performance factor. The performance factor depends on the amount of the total shareholder return on the SAP share, measured for an entire performance period of approximately three years, compared to the total shareholder return for NASDAQ 100 companies. If the total shareholder return on the SAP share is below the 25th percentile, the performance factor will be 0%. If the total shareholder return on the SAP share equals the 25$^{th}$ percentile, the performance factor will be 50%. If the total shareholder return on the SAP share equals the median, the performance factor will be 100%. If the total shareholder return on the SAP share equals or exceeds the 75$^{th}$ percentile, the performance factor will be 150%. Between the 25$^{th}$ percentile and the median or between the median and the 75$^{th}$ percentile, the performance factor will display linear growth. If the total shareholder return on the SAP share over the performance period is negative, the maximum performance factor will however, in deviation from the above sentences, be 100%. The number of MSUs initially awarded will be multiplied by this performance factor.



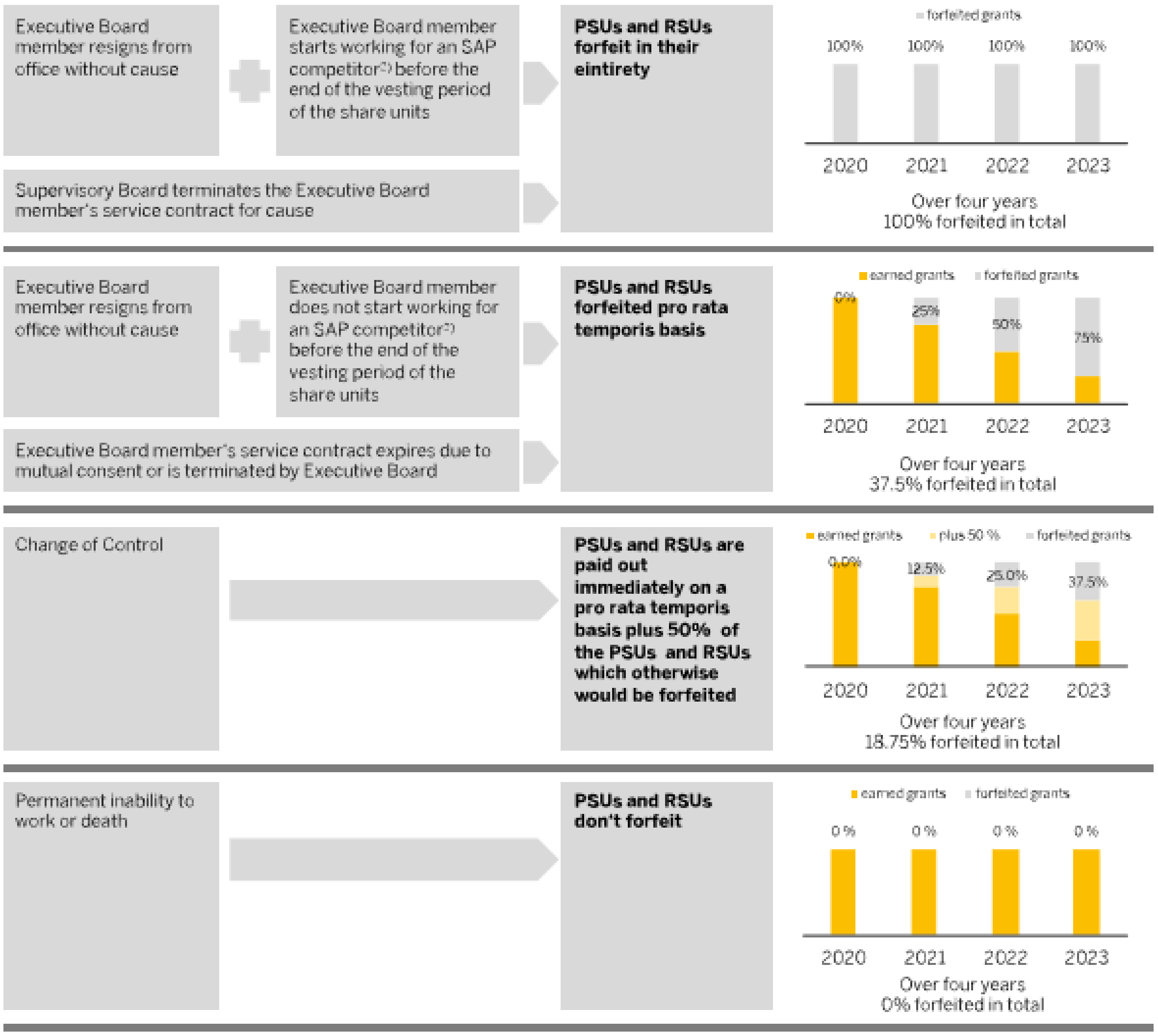

*Forfeiture rules for FSUs, MSUs and RSUs*

As described above, the share units are granted in particular with the aim of retaining Executive Board members on a long-term basis. Therefore, if an Executive Board member's service contract is terminated before the end of the third year following the year in which the share units were awarded, the FSUs and the MSUs as well as the RSUs will be forfeited in whole or in part, depending on the circumstances of the relevant member's resignation from office or termination of their service contract. In this context, the following will apply:

- If the Executive Board member resigns from office without cause and starts working for any competitor of SAP listed in their service contract, whether on a freelance basis or as an employee or otherwise, prior to the end of the vesting period of the share units of approximately four years, or if the Supervisory Board terminates the Executive Board member's service contract for cause, all share units will be forfeited.
- Should the Executive Board member die or becomes permanently unable to work, this will not affect the share units already granted. In this case, too, the number of FSUs and MSUs actually paid out may change, as described above.
- In the event of a "**change of control**", the following generally applies: The share units will be paid out without undue delay on a *pro rata temporis* basis based on the then current SAP share price, plus 50% of the share units which would otherwise be forfeited, i. e. under mere *pro rata temporis* aspects. The arithmetic mean of SAP stock on the 20 trading days after scheduled publication of the preliminary results for the fourth quarter and the year as a whole is used as a basis in this context. In this case, too, the number of FSUs and MSUs which, reduced on a *pro rata temporis* basis, is actually paid out may change as described above, with the relevant performance factor in this regard being determined as at the date the change of control event becomes effective. The remaining share units will be forfeited.
- In all other cases, FSUs, MSUs and RSUs will be forfeited *pro rata temporis* as shown in the graphic below. For example, if the Executive Board member leaves with effect as of December

31, 2020, three quarters of the share units granted in 2020 would be forfeited. The remaining share units, in contrast, will continue to be in effect. In this case, too, the number of remaining FSUs and MSUs will be adjusted as described above. This forfeiture rule covers in particular those cases where (i) the Executive Board resigns from office without cause but does not start working for an SAP competitor before the end of the share units' vesting period of approximately four years, (ii) the Executive Board member is not reappointed or does not accept the reappointment, (iii) the Executive Board member's service contract ends by mutual consent, (iv) the Executive Board member terminates the service contract for cause or (v) the Executive Board member retires.

**LTI-Forfeiture Rules** **Example Calculation[1)]**




[1)] Example calculation with four tranches (grant allocation of 100%, stable share price from grant to vest, and no consideration of performance condition); Executive Board member's contract terminates after year four (December 31, 2023).
[2)] As defined in the individual Executive Board members' contracts.

The Supervisory Board may provide that share units are not forfeited upon retirement if the Executive Board member, at the request of SAP, postpones the start of retirement or any other mutually planned resignation from SAP's Executive Board.

*Payout of FSUs, RSUs and MSUs*

The Supervisory Board will determine the degree of target achievement for FSUs and MSUs at the latest at its financial statements meeting in the fourth financial year following the financial year in which the share units were awarded. In respect of the FSUs, this determination will be based on the figures from the audited financial statements for the financial year in which the share units were awarded and the two next following financial years and, in respect of the MSUs, on a calculation of the total shareholder return for SAP stock and the NASDAQ 100 companies, with average values over 20 trading days being used for the initial and final share prices.

The value of the FSUs, MSUs and RSUs existing, subject to the application of the rules specified above, at the end of the third year following the financial year in which they were awarded will be paid out in euros following the Annual General Meeting of SAP which accepts the financial statements for the third financial year following the financial year in which the share units were awarded. The performance of the share units is linked to the performance of the SAP share price, including dividend payments. Accordingly, an amount is paid out for each share unit (subject to the specific circumstances described below) which equals the then current SAP share price plus those dividends disbursed in respect of an SAP share in the period from the beginning of the year in which the share units were awarded until the end of the third year following the year in which the share units were awarded. The arithmetic mean of the 20 trading days after scheduled publication of the preliminary results for the fourth quarter and the year as a whole will be used as the SAP share price.

The payout amount per share unit, including the dividend amounts due on the share units, is capped at 200% of the grant price. Due to the potential change in the number of FSUs and MSUs, the maximum possible payout amount under any of the annual tranches of the LTI 2020 thus, arithmetically, equals approximately 267% of the grant amount.

*Adjustment options*

In the case of extraordinary, unforeseeable events, the Supervisory Board is entitled to increase or decrease the payout amount ex post at its reasonable discretion, taking into account the Company's interests. The scope of adjustment is limited to +/-10% of the original payout amount.

In addition, the Supervisory Board is entitled to amend the LTI Terms and Conditions if and to the extent that an amendment is required in order to preserve the fair and balanced character of the LTI 2020, the amendment results in targets that the Supervisory Board would reasonably have provided for if it had already been aware of the relevant events and developments at the time the LTI Terms and Conditions were drawn up, and the appropriateness continues to be ensured.

*Implementation of the LTI 2020*

The specific LTI Terms and Conditions for the individual tranches under the LTI 2020, including the numerical target values relating to the KPIs for the FSUs, will be agreed with the Executive Board members on an annual basis following the Supervisory Board's financial statements meeting.

### 3.3 Commencement and end of contractual term during a financial year

If the contractual term commences and/or ends during a financial year, the fixed compensation, the STI and the individual tranches under the LTI 2020 will be paid or awarded *pro rata temporis*. If an STI has already been granted for a full financial year but the Executive Board member's service contract ends in the course of such financial year, the claims under the STI will lapse *pro rata temporis*. The same applies in respect of a tranche under the LTI 2020 in those cases where, in the event that the contractual term ends during a financial year, share units granted under the LTI are not already forfeited in whole or *pro rata temporis* based on the corresponding LTI Terms and Conditions. Any rights under the LTI 2020 will be treated in accordance with the respective LTI Terms and Conditions in all other respects.

### 3.4 Limit to foreign currency exchange rate hedging

Where the fixed compensation and the STI are paid out in the Executive Board member's home currency (see sections 3.1(a) and 3.2(a)), the total (gross) payout amount resulting from the fixed compensation and the STI for a financial year is limited to a maximum euro equivalent ("**euro cap**") in case of exchange rate fluctuations.

The (gross) compensation amount in the home currency, which is the sum of the annual basic salary and the total STI for a financial year, is reduced to the extent necessary in order to ensure that the sum of the corresponding payments to be made by SAP does not exceed the euro cap. For calculation purposes, the relevant home currency amounts are converted into euro on the basis of the exchange rate applicable on the effective date on which the taxes and duties to be paid by SAP are calculated in accordance with German tax and social security laws.

The euro cap for a full financial year equals:

- the sum of the fixed compensation and STI target amount in each case for a full financial year, converted into euro, with such conversion being based on the exchange rate valid upon conclusion or renewal of the service contract for the Executive Board member or, where the compensation provisions relating to the amount of the fixed compensation or STI have been amended, the current exchange rate,
- plus 20% of the sum of the above euro amount and the grant amount for a tranche under the LTI 2020 for a full financial year, determined in euro.

If the contractual term commences and/or ends during a financial year, the euro cap value is reduced *pro rata temporis* for the respective year or years.

### 3.5 Payment methods, tax provisions

For Executive Board members who have their permanent place of residence abroad, the Executive Board compensation, with the exception of payouts under the LTI, may be made in part by a company belonging to the SAP Group which is based in the relevant country.

In the case of Executive Board members who have their permanent place of residence abroad, an agreement may be reached to the effect that the compensation provisions are to be interpreted or amended such that they meet the specific legal and tax-related requirements of the relevant foreign jurisdiction.

## 4. Structure and amount of Executive Board compensation

This compensation system serves to provide SAP with the necessary leeway to be able to continue to offer internationally competitive compensation in future. The compensation system thus supports SAP in competing on the worldwide market for highly skilled executives. The Supervisory Board will only use this leeway to the extent that this is appropriate in the context of the respective circumstances.

### 4.1 Structural framework

The proportion of total compensation represented by fixed compensation, the STI and the LTI, without fringe benefits and pension commitments (based on the relevant euro amounts when determining the specific compensation) must lie within the following bands, which relate in the case of the STI to the annual target amount and in the case of the LTI to the annual grant amount:

- **Fixed compensation**: 10% – 20%
- **STI**: 20% – 30%
- **LTI**: 50% – 70%

Thus, and in connection with the caps set out below for STI and LTI, it can be ensured that the LTI always accounts for a higher proportion than the STI (both if 100% target achievement is assumed and if maximum target achievement is assumed). The Supervisory Board thus aligns the Executive Board compensation with the Company's long-term performance.

The maximum scope of the fringe benefits and pension commitments is set out as a percentage of the fixed compensation in section 3.1(b) and (c) and thus depends on the bands for the fixed compensation set out above.

The maximum scope of the foreign currency exchange rate hedging for the fixed compensation and the STI (paid out in the respective home currency) is calculated in line with section 3.4 on the basis of the amount of fixed compensation, the STI target amount and the LTI grant amount and thus depends on the bands for these compensation components set out above.

## 4.2 Target and maximum compensation

Target compensation is the amount which is paid to an Executive Board member in total for a financial year if target achievement for all performance-based compensation components is 100%. The compensation system allows for target compensation (not taking into account any fringe benefits, pension commitments and foreign currency exchange rate hedging pursuant to section 3.4) of up to EUR 6.0 million for ordinary Executive Board members and up to EUR 13.6 million for one CEO. Where more than one persons are acting as co-CEOs, this amount is reduced in line with section 4.3. The values stated represent the outermost framework within which the Supervisory Board determines the target compensation for the individual Executive Board members in line with this remuneration system.

Maximum compensation is the maximum amount which may be paid to an Executive Board member in total for a financial year. The maximum compensation (not taking into account any fringe benefits, pension commitments and foreign currency exchange rate hedging pursuant to section 3.4) is EUR 13.2 million for ordinary Executive Board members and EUR 29.8 million for one CEO. Where more than one persons are acting as co-CEOs, this amount is reduced in line with section 4.3. The maximum total compensation including all maximum possible fringe benefits, pension commitments and foreign currency exchange rate hedging pursuant to section 3.4 is EUR 15.0 million for ordinary Executive Board members and EUR 34.5 million for one CEO. Where more than one persons are acting as co-CEOs, this amount is reduced in line with section 4.3. When determining the compensation structure and the target compensation for the individual members of the Executive Board, the Supervisory Board must ensure that the potential payments, taking the STI and LTI caps into account, cannot exceed the maximum compensation and the maximum total compensation.

## 4.3 Determining the specific compensation for the individual Executive Board members

The Supervisory Board will only use the leeway granted to it under the compensation system to the extent that this is appropriate in the context of the respective circumstances.

The Supervisory Board will firstly define the specific target total compensation for an individual Executive Board member. This is determined on the basis of the specific target compensation amounts existing for SAP's Executive Board each time such determination takes place and their existing bands (excluding fringe benefits, pension commitments and foreign currency exchange rate hedging pursuant to section 3.4). Upon definition of this compensation system, these are:

| | Ordinary Executive Board member | Ordinary Executive Board member with extended range of duties | Co-CEO |
|---|---|---|---|
| 1. Fixed compensation (from/to) | 700,000 | 800,000 | 1,100,000 |
| 2. STI target (from/to) | 1,125,750 | 1,200,000 | 1,900,000 |
| 3. Max. STI payout amount (from/to) | 1,576,050 | 1,680,000 | 2,660,000 |
| 4. LTI grant amount (from/to) | 2,000,000 – 2,374,250 | 4,000,000 | 5,500,000 |
| 5. Max. LTI payout amount (from/to) | 5,333,333 – 6,331,333 | 10,666,667 | 14,666,667 |
| 6. Target compensation (total of 1, 2 and 4) | 3,825,750 – 4,200,000 | 6,000,000 | 8,500,000 |

| | | | |
|---|---|---|---|
| 7. Max. compensation (total of 1, 3 and 5) | 7,609,383– 8,607,383 | 13,146,667 | 18,426,667 |

When determining new specific target total compensation amounts in future it is possible, in the context of this compensation system, to deviate from the values or bands specified in the table above, if this appears appropriate in order to reasonably account for the duties conferred on the member of the Executive Board, their experience and past performance, as well as prevailing market conditions. It is essential, however, that the actual compensation is reasonable also in view of the Company's situation and only exceeds the standard compensation if particular reasons exist. In order to ascertain what may be deemed standard in comparison with other enterprises (horizontal comparison), the Supervisory Board will use suitable peer groups of domestic and foreign enterprises as a basis and disclose such group’s composition. In order to ascertain whether the compensation may be deemed proportional within SAP (vertical comparison), the Supervisory Board will assess how the compensation awarded to Executive Board members compares with the pay awarded to executives and how it compares with the pay awarded to executives and non-executive employees as a whole, including how these comparisons develop over time. In this context, it must be ensured that the ratio between the Executive Board compensation and the average annual compensation for executives as well as the average annual compensation for executives and non-executive staff as a whole does not alter significantly in favour of the Executive Board’s compensation.

Moreover, the specific target total compensation and its structure for individual Executive Board members must be determined in keeping with the following criteria:

- The amount of fixed compensation and the target amount of the STI are, as a rule, the same for all ordinary members of the Executive Board (uniform fixed compensation). When appointing a member to the Executive Board for the first time, it is possible to deviate from this principle and to determine a fixed compensation that is lower than that of the other Executive Board members and, if applicable, a lower target amount for the STI. In addition, the fixed compensation and the target amount of the STI may, by way of exception, be increased for individual Executive Board members who have a particularly broad range of duties (within the confines of the permissible bands outlined in section 4.1). In all other respects, any differentiation between the individual ordinary Executive Board members in respect of their target compensation may exclusively be made by adjusting the LTI grant amount (within the confines of the permissible bands outlined in section 4.1).
- The target compensation for ordinary Executive Board members is determined by taking into account the duties conferred on the respective member of the Executive Board, together with their experience and past performance, as well as prevailing market conditions.
- The target compensation amounts for the ordinary members of the Executive Board should not differ by more than 150% of the uniform fixed compensation (based on the relevant euro amounts when determining the specific compensation). Target compensation outside of this band may be determined for individual Executive Board members who have a particularly broad range of duties.
- The higher target compensation for the CEO is primarily reflected by increasing the portion of variable compensation components (within the permissible bands outlined in section 4.1), and thus primarily by increasing the LTI grant amount.
- The target compensation of a CEO should take reasonable account of whether this role is exercised alone or together with another CEO.
- If remuneration benefits that were previously earned were forfeited due to the move to SAP’s Executive Board, this may be taken into account when determining the target compensation either in general or for the first few years of Executive Board membership. This should, for the most part, be manifested in the form of an increase in the LTI grant amount, except insofar as section 3.1(b) applies.

- The target compensation may take account of the fact that a member has not been reappointed for the longest term of office possible by law and under the Articles of Association.

Fringe benefits, pension commitments and any foreign currency exchange rate hedging under section 3.4 may lead to an increase of the specific target total compensation.

## 5. Specific contractual provisions

### 5.1 Malus and clawback provision

SAP has a contractual right to request that the Executive Board member returns payouts made under the STI or the LTI if it subsequently emerges that the payout was entirely or partly unjustified because target values were actually not achieved, or not achieved in the scope assumed when calculating the payout amount on account of false information having been provided. In such case, the Executive Board member is obliged to repay to SAP the amount by which the payout made exceeds the payout amount that would have been due on the basis of the actual targets. The scope of this repayment claim is governed by section 818 of the German Civil Code (*Bürgerliches Gesetzbuch*; **BGB**). The repayment claim will become time-barred at the end of the third year after payout was made under the STI or LTI.

If membership of the Executive Board is revoked for cause pursuant to section 84 (3) of the German Stock Corporation Act (*Aktiengesetz*; **AktG**) in the course of a financial year, the Supervisory Board may decide at its reasonable discretion whether any claim for variable remuneration components to be granted for the relevant financial year, or claims of the Executive Board member under any variable remuneration components which have already been granted for the relevant financial year but have not yet been paid, will lapse. In addition, the Supervisory Board may, if the Executive Board has not been discharged and if (cumulatively) there are good reasons to do so, postpone the payout of any variable remuneration components granted for the financial year to which the discharge resolution related; the Executive Board member's claims under any variable remuneration components already awarded for the relevant financial year will lapse if, in the relevant financial year, a reason existed which gives or would have given the Supervisory Board the right pursuant to section 84 (3) AktG to revoke the appointment for cause or to give notice of termination of the contract within the meaning of section 626 BGB and the Executive Board member in question was personally responsible for this reason.

Moreover, in the event that the target achievement specified by the Supervisory Board to trigger payout proves unsustainable in subsequent years, the Supervisory Board may negotiate provisions with the Executive Board members that provide for payouts under the STI or the LTI 2020 to be reclaimed in whole or in part.

### 5.2 Offsetting compensation in case of roles assumed inside and outside the Group

At the request of the Supervisory Board, the Executive Board member will assume roles on the supervisory board or similar bodies at affiliates of SAP without receiving separate compensation. If, in exceptional cases, it is impossible to rule out compensation for a role assumed within the Group, it will be offset against the other compensation due to the Executive Board member.

The Supervisory Board must grant its consent before an Executive Board member may assume any roles on supervisory boards or similar bodies at companies outside the Group. The Supervisory Board will decide in the individual case whether and to what extent any compensation received for the role assumed at a third company is to be offset against compensation paid by SAP.

### 5.3 Adjustment of compensation

Based on the annual review of the Executive Board members' compensation, the Supervisory Board may also provide for a reduction of the total compensation or of individual compensation components; in this context, however, any fixed or minimum amounts contractually promised to the Executive Board members may only be reduced in the scope required by law, more specifically by section 87 (2) AktG. This does not affect any extraordinary statutory termination right to which the Executive Board member becomes entitled as a result of any such reduction.

The Supervisory Board may grant an Executive Board member reasonable supplementary compensation components in exceptional cases, taking the Company's interests into account. The Supervisory Board will only utilise this option if and insofar as this is necessary to ensure appropriate compensation for the Executive Board members in exceptional situations, in particular in the case of a serious economic crisis. Where such supplementary components are granted, they will constitute a non-recurring benefit to which the Executive Board will have no legal claim in future. It must be ensured that the level of compensation complies with the target and maximum compensation pursuant to section 4.2, if necessary by increasing or decreasing other compensation components, and that in total the supplementary compensation components do not exceed the amount of annual fixed compensation (or the equivalent euro value, as appropriate).

### 5.4 Post-contractual non-compete obligation

A twelve-month post-contractual non-compete obligation will be agreed for each Executive Board member, which may include potential waivers. During the term of the non-compete covenant, Executive Board members will receive compensation for abstention that is equal to 50% of their average contractual benefits. This average will, as a rule, be determined on the basis of the preceding three years. The Executive Board members must allow any other occupational income to be offset against the compensation for abstention due.

The Supervisory Board may provide for the Executive Board member to have to offset any settlement payment against such compensation for abstention.

## 6. Remuneration-based legal transactions

### 6.1 Service contracts for Executive Board members

The basic provisions on compensation for the Executive Board members are agreed with the individual Executive Board members in their service contracts. The term of the service contracts for Executive Board members equals the term of appointment, subject to any previously and mutually agreed amendment, and, in the event of reappointment, is renewed for the term of such reappointment. The following principles apply to the term of appointment or reappointment: Executive Board members at SAP are generally appointed for an initial term of three years; the term of reappointments is generally three to five years. Any renewal of the Executive Board member's service contract or any reappointment should be effected by no later than 9 months before the service contract or term of appointment ends.

### 6.2 STI terms, LTI Terms and Conditions

Separate agreements are concluded in respect of the annual STI and the annual tranche under the LTI 2020, in particular in order to provide for the specific KPIs and the related numerical target values. Upon concluding these agreements, the relevant STIs or the relevant tranche under the LTI 2020 are awarded which are paid out subject to the requirements included in and in accordance with these separate agreements and, if applicable, taking into account any additional provisions included in the service contract for Executive Board members.

In the event that SAP fails to award the STI for whatever reason, the Executive Board member has a claim to payout of 75% of the target amount specified in their service contract.

### 6.3 Termination for cause and other early termination of Executive Board members' service contracts

Any ordinary termination of the Executive Board members' service contracts is ruled out. Any notice of termination shall only be permissible if given as follows:

The Executive Board member’s service contract may be terminated for cause within the meaning of section 626 BGB either by SAP or by the relevant Executive Board member without observing any notice periods.

Should their compensation be reduced, the Executive Board members may terminate their service contract pursuant to section 87 (2) sentence 4 AktG to the end of the next quarter by giving six weeks’ notice.

If a member's appointment as a member of the Executive Board expires or ceases to apply due to, or as a consequence of, any transformation and/or similar restructuring measure, except in the case of a mere change of legal form, or in the event of a change of control, both SAP (or, if SAP ceases to exist as a legal entity, the absorbing company) and the Executive Board member will be entitled to terminate the Executive Board member's service contract within a period of eight weeks from the occurrence of the event by giving six months' notice to the end of a month. A change of control is deemed to have occurred if:

- a takeover obligation under the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*; **WpÜG**) arises in relation to SAP shares (with the exception of takeover obligations of shareholders who, as at the date on which the Executive Board member's service contract is concluded, individually or together with any related persons or foundations set up by them hold more than 5% of the shares in SAP);
- the Annual General Meeting approves a merger with another company where SAP becomes the subsumed entity or as a result of which the existing SAP shareholders hold less than 50% of the shares in the entity or which results in SAP having a majority shareholder who, in the event of a share purchase under the WpÜG, would be under a takeover obligation; or
- the Annual General Meeting approves a control and/or profit transfer agreement with SAP as the dependent company.

In the event that the appointment as member of SAP's Executive Board is revoked, the service contract will also end at the end of the calendar month following the revocation. Upon revocation of the appointment, SAP is entitled to release the Executive Board member from the obligation to render their services.

In the event that the Executive Board member becomes permanently unable to work, their service contract will be terminated at the end of the quarter in which the permanent inability to work was confirmed. Permanent inability to work shall be deemed confirmed if such inability to work has continued for one year.

### 6.4 Severance payments

The service contracts for Executive Board members include the following provisions on severance payments:

If the Executive Board member's service contract ends due to a revocation of the appointment, the Executive Board member will receive a severance payment equalling the appropriately discounted sum of fixed compensation and STI target amount for the remainder of the original term of appointment, unless the Executive Board member leaves SAP for reasons for which they are personally responsible.

If the Executive Board member's service contract ends due to a permanent inability to work, the Executive Board member will receive a severance payment equalling the appropriately discounted sum of fixed compensation and STI target amount for the remainder of the original term of appointment (in addition to any invalidity pension provided under the old-age pension system described in section 6.5), unless the Executive Board member leaves SAP for reasons for which they are personally responsible. In any event, the fixed compensation will continue to be paid after the end of the Executive Board member's service contract for a period of 12 months from the date on which permanent inability to work was determined.

If an Executive Board member's service contract is terminated due to the fact that the position as member of the Executive Board has expired or ceased to apply due to, or as a consequence of, any transformation and/or similar restructuring measure or in the event of a change of control, the Executive Board member will receive a severance payment equalling the appropriately discounted sum of fixed compensation and STI target amount for the remainder of the original term of appointment. In the event of a change of control, however, the severance payment must at any rate not exceed three times the total compensation payable for the previous financial year or, if already known, for the current financial year.

In the event that the Executive Board member is entitled to claim payments under the pension commitment within less than 24 months after actually leaving SAP, only the higher of the amount of the severance payment and the pension amount will be paid. Such comparison will be made for the period for which the severance payment was to be calculated or, in the event of permanent inability to work, for the twelve-month period following termination of the service contract.

The Supervisory Board may specify that Executive Board members are not entitled to such severance payment if they have not served SAP as a member of the Executive Board for at least one year or if they leave SAP for reasons for which they are personally responsible.

In addition to the provisions of service contracts as set out above, severance payments may also be awarded on the basis of a severance agreement. In this context, severance payments must not exceed the value of two annual compensation amounts (severance pay cap) and not offer compensation for any longer than the remaining term of the Executive Board member's service contract. The Supervisory Board may provide for this limit to also apply to severance payments that are promised or paid because the service contract is being terminated on account of a change of control.

### 6.5 Main features of provisions governing retirement and early retirement

Agreements on pension arrangements will be reached with the individual Executive Board members, the main features of which will be:

- The relevant pension system at SAP is based on defined contributions (see also section 3.1(c) for more details).
- Executive Board members have a claim against the Company for payments promised. Ongoing pensions are subject to an annual adjustment review and may be increased in line with the profit participation in the reinsurance policy concluded.
- Executive Board members will have a claim to payment of a pension as of their 62$^{nd}$ birthday, provided that they no longer exercise their role as Executive Board member (old-age pension) or if an inability to work is confirmed before normal pension age has been reached (invalidity pension).
- The invalidity pension equals 100% of the old-age pension achieved and will be paid until the beneficiary's 62$^{nd}$ birthday, when it will be replaced by the old-age pension.
- In addition, a widow's or widower's pension will be paid should the Executive Board member die which will equal 60% of the pension paid or of the invalidity pension expectancy at the time of death.
- Should the service contract end before the pension age of 62 years is reached, the pension claim will be calculated *pro rata* on the basis of the actual years of service (beginning and end of period of service) compared with the maximum possible years of service.

For Executive Board members who have their permanent place of residence abroad, other old-age pension and early retirement provisions may be agreed in deviation from the above provisions, namely such provisions as apply for employees at a company belonging to the SAP Group in the relevant country.