Message from Professor Hasso Plattner, Chairman, SAP Supervisory Board

March 5, 2020

Dear Shareholders,

Coming off a successful 2019 marked by strong growth and increased profitability, SAP has entered 2020 from a position of strength. One key to success is open engagement with all of our stakeholders – customers, investors, employees, and partners. In 2019, I continued the ongoing dialog with institutional investors on strategic and corporate governance topics. In the spirit of transparency, I would like to share the content of these discussions with you ahead of our Annual General Meeting (AGM) on May 20, 2020.

Shareholder Participation in Success

We believe that shareholders should participate in our success, as reflected in our dividend policy of paying 40% or more of IFRS profit after tax. In addition, we are in a position to provide further capital return to shareholders through a share buyback program.

CEO succession

Former CEO Bill McDermott was fundamental in realizing a new vision for SAP over the past 10 years. I want to take this opportunity to personally thank Bill for this contribution. With our new leadership team, co-CEOs Jennifer Morgan and Christian Klein, we return to a co-CEO model, which has a long and successful tradition at SAP. The Supervisory Board is proud to have these two exceptional individuals leading SAP in the next chapter of our journey.

Compensation

In 2018 we made some adjustments to the compensation system based on investor feedback. While shareholders overwhelmingly supported the vote on executive compensation with over 90%, we also noted that there were still aspects of the program drawing feedback. With the upcoming regulatory changes with the Shareholders' Rights Directive II coming into effect, it is the right time to make adjustments. Therefore, we have made changes to executive compensation and will put this up to vote at the AGM in May 2020.

When considering the feedback we receive, we must weigh a number of aspects and draw the conclusion that is best for the company. With our broad investor base, we sometimes receive conflicting feedback. Further we operate in a market for executive talent that is very competitive and US-centric. At the same time, we consider our position as a leading European company. We carefully consider all these factors in our decision making.

The changes we made and are putting up for vote in 2020 are a result of this process. We feel this new program increases alignment with our long-term strategy, while strengthening the pay-for-performance approach. Finally, we have ensured our executive compensation package is aligned with industry benchmarks. We are convinced these changes are in the best interest of the company and its stakeholders. Here are highlights of the changes:

- *Limiting discretion* – Discretion to make payout adjustments to the short-term incentive program has been decreased from unlimited to +/-20% of the short-term incentive, and for the long-term incentive program from unlimited to +/-10%, therefore limiting overall to under 20%.
- *Sustainability KPIs* – We have measured and reported sustainability KPIs for many years now, since before we started Integrated Reporting in 2012. It is long time to also include the most important sustainability KPIs in our executive compensation. For SAP, this includes the Employee Engagement Index, Customer Net Promoter Score, and Carbon Impact. Together, these KPIs now make up 20% of the short-term incentive. We also set annual targets as well as medium-term ambitions for these KPIs. The annual guidance represents important steps on the way to achieving our medium-term ambitions, therefore, the Supervisory Board felt it was appropriate to measure progress annually in the short-term incentive.

- *Long-term incentive* – We have fully revamped the long-term incentive program, based investor feedback, industry benchmarks, and alignment with our strategy. We have:
  - Removed the discretion in determining the grant amount of the LTI. Now the grant amount is equal to the contractually agreed target amount.
  - Decreased the proportion of Retention Share Units from 40% to 33%.
  - Replaced Performance Share Units, which were based on the performance of the SAP share compared to a Peer Group Index, with two measures:
    - Market Performance Share Units measure the performance of SAP compared to the Nasdaq 100. This broader index insulates SAP from disproportionate changes in share price in the smaller Peer Group Index, yet is nonetheless challenging because of the much higher number of companies considered.
    - Financial Performance Share Units measure performance against financial KPIs, based on our long-term ambitions. The payout floor of the financial share units is at least 80%.
  - Furthermore, we have introduced a cap per Share Unit of 200%.

Total Executive Board Compensation

You may have noticed that the total compensation in 2019 was much higher than the prior year. This was due to the fact that we had changes in the Executive Board, including some departures that triggered payouts according to the compensation plan's forfeiture rules. Excluding the compensation paid to the Executive Board members who departed, remuneration paid in 2019 was at a similar level to the previous year.

Supervisory Board Committees

To reflect the growing workload on executive remuneration we have decided to enlarge the General and Compensation Committee. With Dr. Friederike Rotsch joining, in addition to employee representative Christine Regitz, we have increased the representation of independent directors with shorter tenure in the committee.

In closing, the Supervisory Board is committed to the success of SAP for the shared benefit of all stakeholders. We strive to incorporate best-in-class governance for SAP. I sincerely appreciate the feedback and analysis that our shareholders have provided, and I am looking forward to continuing our dialog.

For the Supervisory Board,

Professor Hasso Plattner
(Chairman)