COMPENSATION OF THE SUPERVISORY BOARD MEMBERS

1. General

The compensation of the Supervisory Board members is set forth in Section 16 of the Articles of Incorporation of SAP SE. Pursuant to this provision, the Supervisory Board members receive a fixed compensation for their role, the amount of which depends on the tasks performed on the Supervisory Board or its committees. There is no provision for variable compensation for the Supervisory Board members, which would depend on the achievement of certain targets or goals.

In detail, Section 16 of the Articles of Incorporation of SAP SE sets forth the following:

1. Each member of the Supervisory Board shall receive an annual basic compensation of € 165,000. The chairperson of the Supervisory Board shall receive an annual basic compensation of € 275,000 and each deputy chairperson shall receive € 220,000.

2. For membership of the audit committee, Supervisory Board members shall, in addition to their basic compensation, receive an annual compensation of € 16,500, and for membership of another Supervisory Board committee € 11,000, the chairperson of the audit committee shall receive an annual compensation of € 27,500, and the chairpersons of the other committees € 22,000, in each case provided that the relevant committee has met in the relevant fiscal year.

3. Any members of the Supervisory Board having served for less than the entire fiscal year shall receive one twelfth of their respective compensation for each month of service commenced. The same shall apply with respect to the increased compensation of the chairperson and the deputy chairperson(s) pursuant to paragraph 1 sentence 2 and the compensation for the chairperson and the members of a committee pursuant to paragraph 2.

4. The compensation shall be payable after the end of the fiscal year.

5. Any value-added tax or sales tax invoiced by a member of the Supervisory Board or shown in a credit memo against the invoice shall additionally be paid in the applicable statutory amount.

6. The members of the Supervisory Board shall be included in a directors’ and officers’ (D&O) group liability insurance which provides for adequate cover and is maintained by the Company in its own interests, to the extent that such insurance is in place. The premiums for the insurance policy shall be paid by the Company.

The compensation system for the Supervisory Board members of SAP SE on which these provisions of the Articles of Incorporation are based is outlined in the following paragraphs pursuant to Sections 113 (3), 87a (1) sentence 2 AktG, as amended by ARUG II.

2. Process

The Supervisory Board reviews the adequacy of the structure and amount of its compensation, a process which in the past has taken place at irregular intervals. The Supervisory Board is supported in this context by the General and Compensation Committee. The General and Compensation Committee evaluates the supervisory board compensation – in some cases in cooperation with external advisers – at other similar companies, compares it with the compensation of the SAP Supervisory Board, in terms of both the elements comprising the compensation and the amount paid, and reports to the Supervisory Board on its findings. The Supervisory Board then takes a decision on any changes to its compensation on the basis of this analysis. The most recent adjustment of the
Supervisory Board compensation was effected on the Supervisory Board’s initiative in 2015 in accordance with this process.

Due to the particular nature of Supervisory Board compensation granted for a particular role which is fundamentally distinct from the role of employees of SAP SE and of the SAP Group, a so-called vertical comparison with employee compensation does not represent an option when reviewing and determining the compensation.

Following the amendment of the Stock Corporation Act by way of ARUG II, which provides for regular approval of the compensation system by the Annual General Meeting of Shareholders at least every four years, the Supervisory Board will in future, in preparation for these resolutions, also prepare a corresponding analysis of its compensation at least every four years. When the Annual General Meeting of Shareholders addresses the issue, the Executive Board and the Supervisory Board will present the compensation system to the Annual General Meeting of Shareholders for approval. If there is reason to adjust the compensation system for the Supervisory Board, the Executive Board and Supervisory Board will also make a proposal to the Annual General Meeting of Shareholders for a corresponding amendment to section 16 of the Articles of Incorporation of SAP SE.

It is natural that the members of the Supervisory Board are involved in structuring the compensation system applicable to them. The inherent conflicts of interest are neutralised by the fact that the final decision on the ultimate structure of the compensation system by law lies with the Annual General Meeting of Shareholders, and that a corresponding resolution proposal is submitted by the Supervisory Board together with the Executive Board.

3. Specific structure

According to the rules set out in the Articles of Incorporation, each ordinary member of the Supervisory Board receives the same annual basic compensation of €165,000. The chairperson of the Supervisory Board and each deputy chairperson receive significantly higher annual basic compensation than the ordinary members due to the significantly greater amount of organisation and administration involved and the particular responsibility for successful and efficient cooperation within the board as a whole that is associated with these roles. The chairman receives €275,000 and each deputy €220,000.

Membership of Supervisory Board committees also generates additional compensation on account of the increased preparation and work involved; the additional compensation awarded is the same, namely €11,000 annually, for membership of any Supervisory Board committee. The chairperson of a committee receives twice this amount, i.e. €22,000 annually. In deviation from this, higher additional compensation has been determined for the members and chairperson of the audit committee on account of the particular significance of this committee and the more specific requirements in terms of specialist qualification and the increased work involved in familiarisation and preparation work required of the members and, in particular, the chairperson. Members of the audit committee receive €16,500 annually and the chairperson of the audit committee receives €27,500 annually. These additional compensation sums for committee membership are paid provided the respective committee met in the course of the fiscal year.

The compensation is payable after the end of the fiscal year. The Articles of Incorporation also provide that members of the Supervisory Board are to be included in a directors’ and officers’ (D&O) group liability insurance which provides for adequate cover and is maintained by the Company in its own interests, to the extent that such insurance is in place. According to the Articles of Incorporation, the premiums for the insurance policy are to be paid by the Company.
4. **Contribution to promoting the business strategy and to the Company's long-term development**

As outlined above, the Supervisory Board compensation comprises only fixed compensation components; there is no provision for variable compensation that is dependent on achieving certain targets or goals. Due to the structure of the Supervisory Board compensation, it can only be linked to the business strategy, and thus have an impact on the Company's long-term development, to a limited extent. We are, however, convinced that the structure as purely fixed compensation best serves the role of the Supervisory Board as a neutral and objective advisory and control body. This enables the Supervisory Board to take its decisions in the Company's best interests and in line with the long-term business strategy and sustainable development of the Company without simultaneously pursuing other motivations which could derive from performance-related compensation.