COMPENSATION OF THE SUPERVISORY BOARD MEMBERS

1. General

The compensation of the Supervisory Board members is set forth in Article 16 of the Articles of Incorporation of SAP SE. Pursuant to this provision, the Supervisory Board members receive 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, nor is there an attendance fee.

In detail, Article 16 of the Articles of Incorporation of SAP SE in its current version sets forth the following:

1. Each member of the Supervisory Board shall receive an annual basic remuneration of €165,000. The chairperson of the Supervisory Board shall receive an annual basic remuneration 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 remuneration, receive an annual remuneration of €16,500, and for membership of another Supervisory Board committee €11,000, the chairperson of the audit committee shall receive an annual remuneration 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 remuneration for each month of service commenced. The same shall apply with respect to the increased remuneration of the chairperson and the deputy chairperson(s) pursuant to paragraph 1 sentence 2 and the remuneration for the chairperson and the members of a committee pursuant to paragraph 2.

4. The remuneration 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.

Under item 9 of the agenda, the Executive Board and the Supervisory Board propose that Article 16 of the Articles of Incorporation of SAP SE be amended. In its new wording, Article 16 of the Articles of Incorporation of SAP SE is to provide in detail as follows:

1. Each member of the Supervisory Board shall receive an annual basic remuneration of €165,000. The chairperson of the Supervisory Board shall receive an annual basic remuneration 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 remuneration, receive an annual remuneration of €50,000, and for membership of another Supervisory Board committee €35,000, the chairperson of the audit committee shall
receive an annual remuneration of € 95,000, and the chairpersons of the other committees € 50,000. If a deputy chairperson is appointed for a committee, his or her additional remuneration shall amount to € 43,500 per year, and € 72,500 per year for the audit committee. Any additional compensation for the chairmanship, any deputy chairmanship and membership of a committee pursuant to this paragraph 2 shall only accrue if the respective committee has met during the 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 remuneration for each month of service commenced. The same shall apply with respect to the increased remuneration of the chairperson and the deputy chairperson(s) pursuant to paragraph 1 sentence 2 and the remuneration for the chairperson, any possible deputy chairperson and the members of a committee pursuant to paragraph 2.

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

5. The remuneration shall be subject to the addition of any possible statutory value added tax.

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 proposed adjustment primarily involves an appropriate increase in the additional compensation received by members and chairpersons of Supervisory Board committees in accordance with Article 16 (2) of the Articles of Incorporation. Furthermore, it is proposed that appropriate additional compensation also be provided in future for any deputy chairperson of a committee. In contrast, the annual basic compensation already provided for membership, chairmanship and deputy chairmanship of the full Supervisory Board shall remain unaffected.

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 detail in the following paragraphs pursuant to Section 113 (3) and Section 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 has taken place at irregular intervals. The Supervisory Board is supported in this context by the Personnel and Governance Committee. The Personnel and Governance 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 full Supervisory Board on its findings. Based on this analysis, the full Supervisory Board then decides whether to propose to the Annual General Meeting of Shareholders a change or adjustment to the compensation of the Supervisory Board members.

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

Section 113 (3) sentence 1, 2 AktG, as amended by ARUG II, stipulates that in listed companies a resolution must be passed at least every four years on the compensation of the Supervisory Board members, whereby a resolution confirming the compensation is sufficient. Against this background, the Supervisory Board will in future, in preparation for these resolutions, also prepare a corresponding analysis of its compensation at least every four years. The Supervisory Board will share, discuss and
coordinate the findings and conclusions with the Executive Board. This is necessary because, in addition to the Supervisory Board, the Executive Board is also required to submit a proposal for a resolution to the Annual General Meeting of Shareholders in this connection. If there is reason to change or adjust the compensation system for the Supervisory Board, the Executive Board and the Supervisory Board will make a proposal to the Annual General Meeting of Shareholders for a corresponding amendment to Article 16 of the Articles of Incorporation of SAP SE.

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

3. Specific structure and rationale

Article 16 of the Articles of Incorporation in its amended version shall stipulate that 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 shall receive an unchanged significantly higher annual basic compensation than the ordinary members – due to the significantly greater amount of organisation and administration that is associated with these roles and the particular responsibility for successful and efficient cooperation within the Supervisory Board as a whole. This is to remain unchanged at € 275,000 for the chairperson and at € 220,000 for each deputy chairperson.

Membership of Supervisory Board committees shall continue to be remunerated additionally due to the increased preparation and workload, but with increased amounts compared with the current version of the Articles of Incorporation. In principle, additional compensation of € 35,000 per year shall be granted for each membership in a committee of the Supervisory Board (previously: € 11,000). As in the past, the chairmanship of a committee is to be remunerated at a higher rate, namely of € 50,000 per year (previously: € 22,000).

In deviation from this, as in the past, higher additional compensation shall be determined for the members and chairperson of the Audit and Compliance Committee – due to 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 and Compliance Committee shall receive € 50,000 (previously € 16,500) annually and the chairperson of the Audit and Compliance Committee shall receive € 95,000 (previously € 27,500) annually.

Furthermore, it is proposed that, if a deputy chairperson is appointed for a committee, his or her additional remuneration shall amount to € 43,500 per year, and € 72,500 per year for the Audit and Compliance Committee.

The rationale for the proposed adjustments is that, since the latest increase of the Supervisory Board compensation in 2015, investors and proxy advisors, as well as legislators, courts, and authorities, have come to place substantially higher expectations and requirements on Supervisory Board members’ engagement and activities and, in particular, on committee activities. While the activities of the Supervisory Board changed significantly due to the enhanced complexity of the international market and business environment as well as the regulatory framework, the compensation of the SAP Supervisory Board has remained unchanged for around seven years now.

A review of the current Supervisory Board compensation of SAP conducted by the Supervisory Board with the assistance of an independent external compensation expert showed that it is no longer in line with the market practice of the German DAX companies as far as committee compensation is concerned. The proposed adjustments are intended to restore the competitiveness of SAP's
Supervisory Board compensation to ensure that the Supervisory Board and its committees continue to be staffed with qualified members in the future, which is also demanded by many investors.

As in the past, any additional compensation for the membership or the assumption of special functions on a committee shall only accrue if the respective committee has actually met at least once in the fiscal year.

The compensation is payable after the end of the fiscal year.

The additionally proposed amendment to Article 16 (5) of the Articles of Incorporation, concerning the addition of any value-added tax to the Supervisory Board compensation, is only of a clarifying nature. The background to this is that, according to current case law and the practice of the tax authorities, Supervisory Board members with a purely fixed remuneration are not (or no longer) to be regarded as businesspersons (Unternehmert) for value-added tax purposes and are therefore not (or no longer) subject to value-added tax. The proposed new wording of Article 16 (5) of the Articles of Incorporation expresses this circumstance more clearly than the previous wording by referring to “possible” value-added tax. At the same time, the Articles of Incorporation remain sufficiently flexible for the event that the value-added tax treatment of Supervisory Board members with a fixed remuneration should change again in the future – because of a change in the law or because of a change in the currently applicable case law or authority practice.

The Articles of Incorporation provide, unchanged, 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.

The new compensation rules shall apply retrospectively from January 1, 2022.

4. Contribution to promoting the business strategy and to the Company’s long-term development

The Supervisory Board compensation comprises only fixed compensation components. There is no provision for variable compensation for the Supervisory Board members, which would depend on the achievement of certain targets or goals, nor is there an attendance fee. 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.