

Report of the Supervisory Board

*Dear Ladies and Gentlemen,
Dear Shareholders,*

Aside from the challenges associated with the COVID-19 pandemic, for Software AG, the 2020 fiscal year was marked by the dedicated implementation of its corporate strategy and continued transformation (Helix), which the Supervisory Board supported actively, prudently and with constructive criticism. Milestones and progress were closely tracked and discussed during the year.

Collaboration between the Management Board and Supervisory Board

In the 2020 fiscal year, the Supervisory Board performed all duties required of it by law and by the Company's Articles of Association. It advised the Management Board in running the Company and supervised its leadership. In doing so, the Supervisory Board was directly involved in all decisions of key relevance to Software AG. Via oral and written reports, the Management Board informed the Supervisory Board regularly, comprehensively and promptly of all important aspects of the new strategy, the status of strategy implementation, planning, business development, the risk situation and risk management, as well as compliance, and was available to the Supervisory Board in meetings for questions and discussions. Deviations from planned business developments were explained in detail. The Supervisory Board also received regular updates outside of meetings on the effects of the COVID-19 pandemic and the cyber incident on the Company.

The Supervisory Board chair maintained regular contact with the CEO. They consulted regularly on Software AG's strategy, planning, business development, risk situation, risk management and compliance. The CEO informed him immediately of important occurrences. The relationship between the Management Board and Supervisory Board was based on close, trusting cooperation and an open, constructive dialogue.



Karl-Heinz Streibich,
Chair of the Supervisory Board

Supervisory Board discussions ranged in topic from the rollout of the Company's strategic transformation, personnel changes on the Supervisory Board and on the Management Board, financing agreements, the review and update of the Management Board's remuneration system, as well as risk-management measures and the impact of COVID-19 and the cyber incident. The Supervisory Board and the Management Board discussed the quarterly and half-year results and reports and analyzed ongoing business development in detail. Any transactions requiring Supervisory Board approval in accordance with the Articles of Association or applicable legislation were reviewed and voted on accordingly. Documents relevant to decisions were provided to the Supervisory Board in due time before the corresponding meeting. The Supervisory Board voted on resolutions following extensive evaluation and consideration and based on decision papers and conversations. After careful monitoring of the Management Board's leadership, the Supervisory Board confirms that it acted lawfully, appropriately and economically in every respect.

Supervisory Board meetings

The Supervisory Board met 14 times in the year under review. If a member of the Supervisory Board was unable to attend a meeting, he or she had the option of participating via telephone or casting a ballot in writing. This was only necessary for two members who were excused from attending specific meetings. Apart from that, all members of the Supervisory Board attended the meetings of the Supervisory Board and its committees during the year under review. The Supervisory Board met regularly without the Management Board. Starting in March, most meetings were held as audio or video conferences as a precaution for COVID-19. Four resolutions were adopted outside of Supervisory Board meetings with regard to particular matters.

The table below illustrates the attendance of members at Supervisory Board meetings held in fiscal 2020.

In its **first four meetings** of the 2020 fiscal year, held in **January and February 2020**, the Supervisory Board authorized primarily the sale of the Spanish Professional Services business and the 2020 budget. It approved the Declaration of Compliance with the Corporate Governance Code, the Corporate Governance Report and the Statement on Corporate Governance; and it resolved to carry out the self-assessment on the effectiveness of how the Supervisory Board and its committees perform their duties. The Supervisory Board also discussed objectives for the members of the Management Board in fiscal 2020.

At the accounts meeting on **March 20, 2020**, in the presence of financial auditors, the 2019 financial statements and consolidated financial statements were discussed in depth and subsequently approved by the Supervisory Board at the recommendation of the Audit Committee and following its own thorough review. At this meeting, the Supervisory Board also informed itself of the status of the implementation of the new strategy and approved the proposed resolutions for the Annual Shareholders' Meeting agenda. With regard to Management Board issues, the Supervisory Board determined the Management Board members' achieved variable remuneration for fiscal 2019 after the financial auditors' verification of the accuracy of the calculations.

On **two occasions, in May and June 2020**, the Supervisory Board convened to thoroughly discuss the progress of the transformation and shift to digital marketing, the first-quarter financial results and the outlook for the first half of the year, as well as the effects of and measures for COVID-19, including preparation of the virtual Annual Shareholders' Meeting. Furthermore, the change of CFO, which had been initiated in the previous year, moved forward.

Immediately after the Annual Shareholders' Meeting on **June 26, 2020**, the Supervisory Board met for the first time in its new composition. At this meeting, the new chair and deputy chair as well as committee members and chairs were elected.

Supervisory Board Meetings in 2020

	Jan. 14	Jan. 28	Feb. 6	Feb. 28	March 20	May 8	June 24	June 26	July 23	Sept. 26	Oct. 22	Oct. 30	Nov. 6	Dec. 8
Bereczky ¹	x	x	x	x	x	x	x							
Streibich ²								x	x	x	x	x	x	x
Falkenberg	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Park ¹	x	e	e	x	e	x	x							
Soritsch-Renier ²								x	x	x	x	x	x	x
Wulf ¹	x	x	x	x	x	x	x							
Dieter ²								x	x	x	x	x	x	x
Ziener	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Zimmermann	x	x	x	e	x	x	x	x	x	x	x	x	x	e

¹ Member of the Supervisory Board until conclusion of the Annual Shareholders' Meeting on June 26, 2020

² Member of the Supervisory Board as of conclusion of the Annual Shareholders' Meeting on June 26, 2020
e = Excused

On **July 23, 2020**, topics discussed by the Supervisory Board included results from the second quarter of 2020, the outlook for the second half of 2020 and collaboration and working methods in the Supervisory Board. Furthermore, the review and update of the Management Board's remuneration system were discussed. An external independent remuneration consultant was brought in to assist the Supervisory Board with this task.

On **September 26, 2020**, the Supervisory Board held a strategy meeting in which the Management Board provided in-depth information on the strategic outlook for the transformation (including talent recruiting and development), the technology vision, the product portfolio, the go-to-market strategy and the new customer acceptance and customer success model. A discussion with the Management Board followed. This meeting also included a presentation and discussion of the 2021 budget process and mid-term planning.

In three **meetings in October and November**, the Supervisory Board dealt extensively with the analysis and review of the remuneration system and the suitability of the Management Board's remuneration. In accordance with new legal regulations, the recommendations of the Corporate Governance Code and investor resonance and, with the assistance of the external independent remuneration consultant, a new remuneration system for the Management Board was developed, which was ultimately approved on January 26, 2021.

The Supervisory Board's meeting on **December 8, 2020** dealt extensively with the background, impact and processing of the cyber incident. Furthermore, third-quarter results, the fourth-quarter outlook and the 2021 budget were discussed. In addition, the Supervisory Board again addressed the new Corporate Governance Code.

Committees

In order to efficiently perform its duties, the Supervisory Board established a Personnel Committee, an Audit Committee and a Nominating Committee. The committees prepare the Supervisory Board's resolutions and topics to be discussed by the plenum. Decision-making powers are transferred to the committees to the extent allowable. The respective

committee chairs report to the Supervisory Board plenum about the results of the respective committee meetings. For more information on the composition and working methods of the Supervisory Board and its committees, please refer to the [Statement on Corporate Governance](#), which is available on Software AG's website. All members of the Supervisory Board attended all meetings of the committees on which they served during the reporting year.

The **Personnel Committee** prepares personnel-related decisions made by the Supervisory Board, provided they affect remuneration policies for the members of the Management Board or appointment decisions. The Personnel Committee met six times in fiscal year 2020. It handled personnel-related matters on the Management Board and prepared decisions to be made by the Supervisory Board, particularly regarding Management Board members' objectives as well as the review and update of the Management Board's remuneration system. The Personnel Committee also prepared Arnd Zinnhardt's exit and Dr. Matthias Heiden's appointment as the new Chief Financial Officer. The Personnel Committee was actively and closely involved in staff-related changes on the Management Board.

The following table shows meeting attendance of the members of the Personnel Committee in the 2020 fiscal year:

Personnel Committee 2020

	Feb. 6	Feb. 27	March 16	April 24	July 23	Oct. 14
Bereczky ¹	x	x	x	x		
Streibich ²					x	x
Falkenberg	x	x	x	x	x	x
Wulf ¹	x	x	x	x		
Ziener ²					x	x

¹ Member of the Personnel Committee until conclusion of the Annual Shareholders' Meeting on June 26, 2020

² Member of the Personnel Committee as of conclusion of the Annual Shareholders' Meeting on June 26, 2020

The **Audit Committee** deals with issues related to monitoring the financial reporting process, risk management, the effectiveness of the internal control system, half-year and quarterly reports, financial statement audits—particularly the selection and

independence of the auditor—the internal audit and compliance. The Audit Committee also prepares the Supervisory Board’s discussion and vote to approve the annual and consolidated financial statements. The Audit Committee met five times in fiscal year 2020. In a meeting on March 20, 2020, and in the presence of auditors, it discussed the annual financial statements and the Management Report, the consolidated financial statements and Group Management report, the Management Board’s proposal on the appropriation of profits, the selection and independence of the financial auditor for fiscal 2020 and the Supervisory Board’s respective resolution recommendation to the Annual Shareholders’ Meeting. The Audit Committee also informed itself of the internal audit and of compliance matters at this meeting. The other Audit Committee meetings in fiscal 2020 focused primarily on key audit points, non-audit services and the independence of the financial auditor, as well as the call for bids for the financial audit of the 2022 fiscal year. In addition, information on key lawsuits was provided and the risk report was submitted.

The following table shows meeting attendance of the members of the Audit Committee in the 2020 fiscal year:

Audit Committee 2020

	March 20	July 23	Oct. 22	Nov. 17	Dec. 7
Park ¹	x				
Soritsch-Renier ²		x	x	x	x
Dieter ²		x	x	x	x
Ziener ¹	x				
Zimmermann	x	x	x	x	x

¹ Member of the Audit Committee until conclusion of the Annual Shareholders’ Meeting on June 26, 2020

² Member of the Audit Committee as of conclusion of the Annual Shareholders’ Meeting on June 26, 2020

The task of the **Nominating Committee** is to nominate qualified candidates for election to the Supervisory Board at the Annual Shareholders’ Meeting. The Nominating Committee met twice in 2020 to assess suitable candidate nominations for the Annual Shareholders’ Meeting and make recommendations to the Supervisory Board.

The following table shows meeting attendance of the members of the Nominating Committee in the 2020 fiscal year:

Nominating Committee 2020

	Feb. 6	March 2
Bereczky ¹	x	x
Wulf ¹	x	x
Ziener	x	x

¹ Member of the Nominating Committee until conclusion of the Annual Shareholders’ Meeting on June 26, 2020

Financial Statements and Consolidated Financial Statements

In accordance with a resolution adopted at the Annual Shareholders’ Meeting, the Supervisory Board appointed BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg (referred to hereinafter as BDO AG), to audit the financial statements and the consolidated financial statements of Software AG for fiscal year 2020. BDO AG has been Software AG’s financial auditor since 1997. For fiscal year 2022, Software AG issued a call for bids to contractors for the external audit of its financial statements, consolidated financial statements and its Combined Management Report.

BDO AG examined the financial statements and consolidated financial statements for the year ended December 31, 2020, as well as the Combined Management Report and the accounting books and records. The auditor issued unqualified audit opinions. Ralf Pfeiffer and Klaus Eckmann are the signers of the auditor’s certificate and responsible for the audit at BDO AG. Klaus Eckmann was responsible for the audit for the fourth time; Ralf Pfeiffer participated for the first time in the audit of the 2015 financial statements. In accordance with section 111(2) sentence 4 of AktG, the Supervisory Board commissioned BDO AG to also conduct a voluntary external content review of the Combined Non-Financial Statement to attain a limited level of assurance.

The financial statements and consolidated financial statements, the Combined Management Report (including the Combined Non-Financial Statement) and the financial auditor’s audit reports were submitted to the Supervisory Board and explained personally to

the Audit Committee and the entire Supervisory Board by the Management Board and the auditor responsible for conducting the audit. BDO AG's report on the limited assurance review of the Combined Non-Financial Statement and the Management Board's proposal on the appropriation of profits were also submitted to all Supervisory Board members. The Audit Committee and Supervisory Board reviewed the financial statements, the Combined Management Report and the audit reports in their meetings on March 15, 2021. In both meetings, the financial auditor reported on the scope, the focus and the key results of his audit. He focused on the particularly important audit matters and audit actions taken. He was available to answer questions and provide additional information. No reservations were raised at the conclusion of the Supervisory Board's review. The Supervisory Board confirmed the results of the audit, concurred with the Management Board's judgment regarding the assessment of the Group's and parent company's position, and approved the financial statements and consolidated financial statements as of December 31, 2020. This constitutes formal approval and acceptance of the annual financial statements. The Supervisory Board supports the Management Board's recommendation on the appropriation of profits.

Corporate Governance

The Supervisory Board thoroughly addressed the subject of corporate governance and the German Corporate Governance Code (GCGC) again in fiscal year 2020. In its meeting on January 28, 2020, the Supervisory Board approved the annual Declaration of Compliance (GCGC).

No conflicts of interest on the part of members of the Supervisory Board arose in the year under review.

Detailed reports from the Management Board and the Supervisory Board about the implementation of the GCGC can be found in the Statement on Corporate Governance. The Declaration of Compliance is published on the corporate website at investors.softwareag.com/en/corporate-governance/compliance-declaration

Changes to the Management Board and Supervisory Board

Arnd Zinnhardt's term as Chief Financial Officer ended on March 31, 2020. Dr. Matthias Heiden became a member of the Management Board in the capacity of Chief Financial Officer as of July 1, 2020.

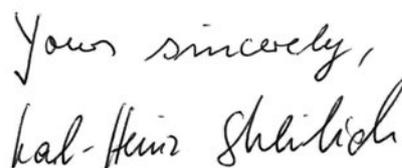
The term of the Supervisory Board members elected by shareholders, Dr. Andreas Berezcky, Eun-Kyung Park and Alf Henryk Wulf, ended upon conclusion of the Annual Shareholders' Meeting on June 26, 2020, at which members Karl-Heinz Streibich, Ralf Dieter and Ursula Soritsch-Renier were elected and Markus Ziener was reelected to the Supervisory Board. Supervisory Board members were appropriately supported during their introductory period and provided with education and training. In particular, a series of workshops on strategy, the roles on the Management Board, KPIs and the business units was offered as part of their onboarding process. In addition, each new member of the Supervisory Board met individually with each member of the Management Board to discuss general and current topics specific to each role on the Management Board and to the Company. Moreover, the Finance department held an onboarding workshop with the chair of the Audit Committee. Workshops were held on changes in legal requirements for Management Board remuneration and on the new Corporate Governance Code.

For more information on the composition of the Management Board and Supervisory Board, as well as on training options for members of the Supervisory Board, please refer to the [Statement on Corporate Governance](#) which is available on Software AG's website under [Statement on Corporate Governance](#)—Software AG.

The Supervisory Board would like to thank Software AG's Management Board and employees for their high degree of commitment and excellent work during fiscal year 2020.

Darmstadt, March 15, 2021

The Supervisory Board



Karl-Heinz Streibich

Chair of the Supervisory Board

For more information on the members of the Supervisory Board, please refer to [Note \[38\]](#) in the Notes to the Consolidated Financial Statements or visit Software AG's website at softwareag.com/en/corporate/company/leadership.html.