

Remuneration report

The remuneration report describes the structure and level of remuneration of the Executive Board and the Supervisory Board. It takes into account the legal requirements and the recommendations of the German Corporate Governance Code. It is an integral part of the annual financial statements and the management reports of the company and the Group.

Remuneration of the Executive Board

According to the German law on the appropriateness of executive remuneration („VorstAG“), the Supervisory Board is responsible for setting Executive Board remuneration. The structure and substance of the compensation system is regularly revised and monitored by the Supervisory Board. Criteria for determining the appropriate remuneration paid to Executive Board members include, in particular, the duties of Board members concerned, their personal performance, the performance of the Executive Board as a whole, the economic situation, and the performance and future prospects of the company when compared with corporate peers.

In fiscal year 2014, as a result of the two new appointments to the Executive Board, the Supervisory Board dealt with adjustment of the remuneration system with the aim of standardising Executive Board remuneration. The adjusted system was also presented to the 2014 Annual General Meeting.

According to this adjusted system, the total remuneration of Executive Board members continues to consist of a number of components and is composed of fixed and performance-related components. The non-performance-related components consist of a basic salary, fringe benefits and pension plans, whilst the performance-related components are based on the company's business performance.

The fixed component is a non-performance related basic remuneration and is paid as a salary on a monthly basis. In addition, Executive Board members receive further benefits in the form of benefits in kind, which consist mainly of insurance premiums and the private use of a company car. Although these additional benefits are essentially available to all Executive Board members, tax is to be paid on them individually by each Board member.

Variable remuneration is calculated on the basis of the company's business results, specifically EBT, which is defined as net income before taxes on the SNP Group's balance sheet. The calculation is performed by applying a percentage to EBT, which the Supervisory Board sets for each fiscal year. This bonus is capped. If the company's net earnings result in a bonus calculation that is below a specific minimum level, this leads to a complete loss of the variable bonus for the fiscal year. With regard to the targeted sustainability of results, the calculation of the variable bonus will include a multi-year component starting from fiscal year 2016. To create a uniform Executive Board remuneration system, the regulations on variable remuneration also came into force for the CEO on 1 January 2015. They only involve a change to the formulation of the existing regulation.

The long-term remuneration component was agreed effective 1 January 2015, and is based on the company's sales, EBIT margin and share price. Its weighting and target-attainment levels are uniformly defined; the target date is 31 December 2016. As it is recommended that the variable remuneration components are based on demanding, relevant comparison parameters, the existing provision on long-term remuneration in the CEO's contract of employment has also been replaced by the new provision on long-term remuneration, as this contract previously only included EBT per share as an agreed long-term target – but only if the contract of employment remains in place beyond 31 December 2015 as a result of the CEO being reappointed to the Executive Board for the duration of the new appointment.

The Supervisory Board set the remuneration of the Executive Board for fiscal year 2014 on 5 March 2015.

Remuneration of the Executive Board in fiscal year 2014

The total remuneration awarded to Members of the Executive Board in fiscal year 2014 amounted to a total of € 725,121.15. Details of the remuneration paid to Executive Board members in fiscal year 2014 are itemised in the following table:

Fiscal year 2014

In €	Basic salary	Variable salary	Fringe benefits	Pension fund	Insurance benefits	Total
Dr. Andreas Schneider-Neureither	220,008.00	154,622.68	21,390.48	9,774.81	10,323.62	416,119.59
Jörg Vierfuß	90,000.00	51,540.89	13,823.28	0.00	2,884.89	158,249.06
Henry Göttler	90,000.00	51,540.89	8,801.36	0.00	410.25	150,752.50
Total	400,008.00	257,704.46	44,015.12	9,774.81	13,618.76	725,121.15

Fiscal year 2013

In €	Basic salary	Variable salary	Fringe benefits	Pension fund	Insurance benefits	Total
Dr. Andreas Schneider-Neureither	220,008.00	0.00	21,530.84	9,700.81	6,574.08	257,813.73
Andrew Watson	110,004.00	0.00	7,789.32	0.00	1,731.38	119,524.70
Summe	330,012.00	0.00	29,320.16	9,700.81	8,305.46	377,338.43

In addition to general insurance and pension commitments, the company has also arranged Directors and Officers (D&O) liability insurance on behalf of the Executive Board members. The annual insurance premium of € 7,021.00 (€ 5,900.00 plus 19% insurance tax) also includes the D&O insurance for members of the Supervisory Board and senior executives. The corresponding D&O insurance for SNP America Inc. also grants pro-rata coverage for the Chairman of the Executive Board of SNP AG, who is also the Chairman of the Board of SNP America, Inc., and for the CFO of SNP AG, who is also Vice President Finance of SNP America. The D&O insurance policy described totals an annual insurance premium of € 2,321.23. The pro-rata insurance premi-

um paid per person per period of activity can be consulted in the insurance benefit table.

For fiscal year 2014, remuneration of the Executive Board is posted in individualised form for the first time on the basis of the uniform model tables recommended in the German Corporate Governance Code. A key feature of these model tables is separate posting of the granted benefits (Table 1) and the actual allocations (Table 2). In terms of benefits, the target figures (payment in the event of 100% target attainment) and the attainable minimum and maximum figures are also stated.

Table 1: Remuneration of the Executive Board in 2014 (benefits granted)

Dr. Andreas Schneider-Neureither				
CEO / joined: 01.12.1994				
In €	2013 Initial value	2014 Initial value	2014 Minimum	2014 Maximum
Fixed remuneration	220,008.00	220,008.00	220,008.00	220,008.00
Variable remuneration	21,530.84	21,390.48	21,390.48	21,390.48
Total	241,538.84	241,398.48	241,398.48	241,398.48
One-year variable remuneration	-	180,000.00	0.00	360,000.00
Multi-year variable remuneration*	-	-	-	-
Total	-	180,000.00	0.00	360,000.00
Pension expenses	16,973.36	20,098.43	20,098.43	20,098.43
Total sum	258,512.20	441,496.91	261,496.91	621,496.91

Jörg Vierfuß				
CEO / joined: 01.04.2014				
In €	2013	2014	2014	2014
	Initial value	Initial value	Minimum	Maximum
Fixed remuneration	-	90,000.00	90,000.00	90,000.00
Variable remuneration	-	13,823.28	13,823.28	13,823.28
Total	-	103,823.28	103,823.28	103,823.28
One-year variable remuneration	-	60,000.00	0.00	120,000.00
Multi-year variable remuneration*	-	-	-	-
Total	-	60,000.00	0.00	120,000.00
Pension expenses	-	2,884.89	2,884.89	2,884.89
Total sum	-	166,708.17	106,708.17	226,708.17

Henry Göttler				
COO / joined: 01.07.2014				
In €	2013	2014	2014	2014
	Initial value	Initial value	Minimum	Maximum
Fixed remuneration	-	90,000.00	90,000.00	90,000.00
Variable remuneration	-	12,881.36	12,881.36	12,881.36
Total	-	102,881.36	102,881.36	102,881.36
One-year variable remuneration	-	60,000.00	0.00	120,000.00
Multi-year variable remuneration*	-	-	-	-
Total	-	60,000.00	0.00	120,000.00
Pension expenses	-	8,801.36	8,801.36	8,801.36
Total sum	-	171,682.72	111,682.72	231,682.72

* The long-term remuneration component was agreed effective 1 January 2015, and is based on the company's sales, EBIT margin and share price. Its weighting and target-attainment levels are uniformly defined; the target date is 31 December 2016. The 100% target figures are staggered as follows: Dr Andreas Schneider-Neureither: € 200,000, Henry Göttler: € 150,000 and Jörg Vierfuß: € 100,000.

Table 2: Remuneration of the Executive Board in 2014 (allocations)

In €	Dr. A. Schneider-Neureither		Jörg Vierfuß		Henry Göttler	
	CEO from 01.12.1994		CFO from 01.04.2014		COO from 01.07.2014	
	2014	2013	2014	2013	2014	2013
Fixed remuneration	220,008.00	220,008.00	90,000.00	-	90,000.00	-
Variable remuneration	21,390.48	21,530.84	13,823.28	-	8,801.36	-
Total	241,398.48	241,538.84	103,823.28	-	98,801.36	-
One-year variable remuneration	154,622.68	-	51,540.89	-	51,540.89	-
Multi-year variable remuneration*	-	-	-	-	-	-
Total	154,622.68	-	51,540.89	-	51,540.89	-
Pension expenses	20,098.43	16,973.36	2,884.89	-	410.25	-
Total sum	416,119.59	258,512.20	158,249.06	-	150,752.50	-

Advances or loans to Executive Board members or contingent liabilities incurred on behalf of these persons

As at 31 December 2014, no loans, credits or advances had been extended to any of the Executive Board members (prior year: € 0 thousand). Furthermore, during the reporting year, SNP AG did not incur any contingent liabilities on behalf of members of the Executive Board.

Provisions for pension commitments to members of the Executive Board

In accordance with IFRS, SNP AG has made provisions for pension commitments to Dr Andreas Schneider-Neureither and Mrs Petra Neureither (CFO until 19 May 2011), totalling € 176 thousand (prior year: € 125 thousand). An insurance policy has been agreed to cover pension obligations.

Other transactions

Since 1 December 2010, a lease agreement for office premises and parking spaces has been in place between a member of the Executive Board and SNP AG. With effect from 1 September 2014, two separate agreements (office premises and parking spaces) were concluded at unchanged conditions. The services are charged at arm's-length conditions. In financial year 2014, rental expenses of € 229 thousand (prior year: € 230 thousand) were incurred for this; there were no outstanding liabilities as at 31 December 2014. Since 1 September 2014 and 1 November 2014, five new lease agreements for office premises and parking spaces have also been in place between a company controlled by a member of the Executive Board and SNP AG. The services are charged at arm's-length conditions. In financial year 2014, rental expenses of € 46 thousand (prior year: € 0 thousand) were incurred for this; there were no outstanding liabilities as at 31 December 2014.

Principles of the remuneration system for the Supervisory Board

The remuneration of Supervisory Board members is based on their responsibilities and the scope of their

activities. As laid down in article 6 (20) of the Articles of Association, it consists of a fixed annual remuneration, attendance fees, and the reimbursement of proven necessary expenses. No performance-related component is attached to the remuneration. In addition to the reimbursement of their expenses and an attendance fee of € 1,000 per Supervisory Board meeting, the members of the Supervisory Board receive a fixed sum of € 10,000 per fiscal year for their work. The Chairman receives twice and his deputy one and a half times the fixed sum. In addition, the Supervisory Board members were covered in the performance of their tasks by a Directors and Officers (D&O) loss and liability insurance, with coverage of € 6,000,000, arranged by the company for each member of the Supervisory Board. No deductible is agreed.

Remuneration of the Supervisory Board in fiscal year 2014

The total remuneration awarded to members of the Supervisory Board in fiscal year 2014 amounted to a total of € 60,203.61. At the balance sheet date, there were no loan receivables due from the Supervisory Board members. The following table shows individual remuneration per Supervisory Board member:

Fiscal year 2014

€	Fixed amount	Attendance fee	Other expenses	D&O - Insurance	Total
Dr. Michael Drill Chairman of the Supervisory Board from 06.06.2014	17,847.22	4,000.00	327.47	668.67	22,843.36
Gerhard A. Burkhardt Deputy Chairman from 06.06.2014	12,847.23	4,000.00	0.00	668.67	17,515.90
Rainer Zinow Member of the Supervisory Board from 06.06.2014	5,694.44	3,000.00	0.00	334.33	9,028.77
Roland Weise Chairman of the Supervisory Board until 06.06.2014	8,611.83	1,000.00	869.42	334.33	10,815.58
Total	45,000.72	12,000.00	1,196.89	2,006.00	60,203.61

Fiscal year 2013

€	Fixed amount	Attendance fee	Other expenses	D&O - Insurance	Total
Thomas Volk Chairman of the Supervisory Board until 31.10.2013	16,666.66	5,000.00	1,728.36	557.22	23,952.24
Dr. Michael Drill Deputy Chairman	15,000.00	6,000.00	508.46	668.67	22,177.13
Klaus Weinmann Member of the Supervisory Board until 30.04.2013	3,333.33	2,000.00	0.00	222.89	5,556.22
Gerhard A. Burkhardt Member of the Supervisory Board from 01.05.2013	6,666.67	4,000.00	0.00	445.78	11,112.44
Roland Weise Chairman of the Supervisory Board from 12.11.2013	2,888.89	1,000.00	1,092.28	111.44	5,092.61
Total	44,555.55	18,000.00	3,329.10	2,006.00	67,890.65

Mr Roland Weise, who worked for company in fiscal year 2013 on the basis of a consulting contract that complied with the legal requirements, also performed consultancy services for SNP AG in addition to his Supervisory Board duties in the last fiscal year. These services were remunerated in the reporting period by a total of € 31,396.43 plus sales tax.

The company has arranged Directors and Officers (D&O) liability insurance on behalf of the Supervisory Board members. The annual insurance premium of € 7,021.00 (€ 5,900.00 plus 19% insurance tax) also includes the D&O insurance for members of the Executive Board and senior executives. The pro-rata insurance premiums paid for each person for the period of their appointment are shown in the table.