

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.

The total remuneration of Executive Board members still consists of a number of components and is composed of fixed and performance-based 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 bene-

fits 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 EBIT, which is defined as net income before interest and taxes on the SNP Group's statement of financial position. The calculation is performed by applying a percentage to EBIT, which the Supervisory Board sets for each fiscal year. This bonus is capped. If the SNP Group's EBIT 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, a long-term remuneration component was agreed with effect from 1 January 2015; this component 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 provision on long-term remuneration was also incorporated into the new service contract of the CEO. Dr Andreas Schneider-Neureither was appointed once again as an Executive Board member from 1 January 2016 to 31 December 2020 and his position as CEO was confirmed.

The Supervisory Board set the remuneration of the Executive Board for fiscal year 2015 on 10 March 2016.

Remuneration of the Executive Board in fiscal year 2015

The total remuneration awarded to Members of the Executive Board in fiscal year 2015 amounted to a total of € 1,034,210.93. Details of the remuneration paid to Executive Board members in fiscal year 2015 and in the previous year are itemised in the following tables:

Fiscal year 2015

In €	Basic salary	Variable salary	Fringe benefits	Pension fund	Insurance benefits	Total
Dr Andreas Schneider-Neureither	220,000.00	201,810.73	21,467.28	9,824.81	10,603.90	463,706.72
Jörg Vierfuß	120,000.00	89,693.66	18,621.00	0.00	4,408.58	232,723.24
Henry Göttler	180,000.00	134,540.49	22,454.76	0.00	785.72	337,780.97
Total	520,000.00	426,044.88	62,543.04	9,824.81	15,798.20	1,034,210.93

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	400,000.00	257,704.46	44,015.12	9,774.81	13,618.76	725,113.15

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 CEO of SNP AG, who is also the Chairman of the Board of SNP America, Inc., and the CFO of SNP AG, who is also the Vice President for Finance of SNP America, Inc. The D&O insurance policy described totals an annual insurance premium of € 2,951.41. The pro-rata insurance premium paid per person per period of activity can be consulted in the insurance benefit table.

Remuneration report

Table 1: Remuneration of the Executive Board in 2015 (benefits granted)

Dr Andreas Schneider-Neureither				
CEO / joined: 01.12.1994				
In €	2014 Initial value	2015 Initial value	2015 Minimum	2015 Maximum
Fixed remuneration	220,000.00	220,000.00	220,000.00	220,000.00
Variable remuneration	21,390.48	21,467.28	21,467.28	21,467.28
Total	241,390.48	241,467.28	241,467.28	241,467.28
One-year variable remuneration	180,000.00	180,000.00	0.00	360,000.00
Multi-year variable remuneration*	-	-	-	-
Total	180,000.00	180,000.00	0.00	360,000.00
Pension expenses	20,098.43	20,428.71	20,428.71	20,428.71
Total sum	441,488.91	441,895.99	261,895.99	621,895.99

Jörg Vierfuß				
CEO / joined: 01.04.2014				
In €	2014 Initial value	2015 Initial value	2015 Minimum	2015 Maximum
Fixed remuneration	90,000.00	120,000.00	120,000.00	120,000.00
Variable remuneration	13,823.28	18,621.00	18,621.00	18,621.00
Total	103,823.28	138,621.00	138,621.00	138,621.00
One-year variable remuneration	60,000.00	80,000.00	0.00	160,000.00
Multi-year variable remuneration*	-	-	-	-
Total	60,000.00	80,000.00	0.00	160,000.00
Pension expenses	2,884.89	4,408.58	4,408.58	4,408.58
Total sum	166,708.17	223,029.58	143,029.58	303,029.58

Henry Göttler				
COO / joined: 01.07.2014				
In €	2014 Initial value	2015 Initial value	2015 Minimum	2015 Maximum
Fixed remuneration	90,000.00	180,000.00	180,000.00	180,000.00
Variable remuneration	8,801.36	22,454.76	22,454.76	22,454.76
Total	98,801.36	202,454.76	202,454.76	202,454.76
One-year variable remuneration	60,000.00	120,000.00	0.00	240,000.00
Multi-year variable remuneration*	-	-	-	-
Total	60,000.00	120,000.00	0.00	240,000.00
Pension expenses	410.25	785.72	785.72	785.72
Total sum	159,211.61	323,240.48	203,240.48	443,240.48

* 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: € 200,000.00 Henry Göttler: € 150,000.00 and Jörg Vierfuß: € 100,000.00

For fiscal year 2015, remuneration of the Executive Board is once again reported in individualised form 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 grant-

ed 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 2: Remuneration of the Executive Board in 2015 (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	
	2015	2014	2015	2014	2015	2014
Fixed remuneration	220,000.00	220,000.00	120,000.00	90,000.00	180,000.00	90,000.00
Variable remuneration	21,467.28	21,390.48	18,621.00	13,823.28	22,454.76	8,801.36
Total	241,467.28	241,390.48	138,621.00	103,823.28	202,454.76	98,801.36
One-year variable remuneration	201,810.73	154,622.68	89,693.66	51,540.89	134,540.49	51,540.89
Multi-year variable remuneration*	-	-	-	-	-	-
Total	201,810.73	154,622.68	89,693.66	51,540.89	134,540.49	51,540.89
Pension expenses	20,428.71	20,098.43	4,408.58	2,884.89	785.72	410.25
Total sum	463,706.72	416,111.59	232,723.24	158,249.06	337,780.97	150,752.50

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

As at 31 December 2015, an advance on travel expenses of € 6 thousand (previous year: € 0 thousand) had been extended to one of the Executive Board members. There were no other loans, credits or advances extended to the Executive Board members. 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 € 201 thousand (prior year: € 176 thousand). An insurance policy has been agreed to cover pension obligations.

Other transactions

Since 1 December 2010, there has been a lease agreement between a member of the Executive Board and SNP AG for office premises and parking spaces. Effective 1 September 2014, two separate agreements (office premises and parking spaces) were concluded for these with unchanged terms. These services are invoiced at arm's-length conditions. In financial year 2015, rental expenses of € 228 thousand (prior year: € 229 thousand) were incurred for this; there were no outstanding liabilities as at 31 December 2015. Since 1 September 2014 and 1 November 2014, there have also been five rental agreements between a company controlled by a member of the Executive Board and SNP AG for office premises and parking spaces. These services are invoiced at arm's-length conditions. In financial year 2015, rental expenses of € 157 thousand (prior year: € 46 thousand) were incurred for this; there were no outstanding liabilities as at 31 December 2015.

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 € 1,000.00 per Supervisory Board meeting, the members of the Supervisory Board receive a fixed sum of € 10,000.00 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 arranged by the company with coverage of € 6,000,000.00 for each individual insurance claim and for all insurance claims in a period of insurance altogether. No deductible is agreed.

Remuneration of the Supervisory Board in fiscal year 2015

The total remuneration awarded to members of the Supervisory Board in fiscal year 2015 amounted to a total of € 57,539.41. 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 2015

In €	Fixed amount	Attendance fee	Other expenses	D&O-Insurance	Total
Dr Michael Drill	20,000.00	4,000.00	125.50	452.97	24,578.47
Gerhard A. Burkhardt	15,000.00	4,000.00	55.00	452.97	19,507.97
Rainer Zinow	10,000.00	3,000.00	0.00	452.97	13,452.97
Summe	45,000.00	11,000.00	180.50	1,358.91	57,539.41

Fiscal year 2014

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

The company has arranged directors' and officers' liability insurance (D&O) 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.