

REMUNERATION REPORT

The remuneration report describes the structure and level of remuneration of the Managing Directors and the Board of Directors. It takes into account the legal requirements and recommendations of the German Corporate Governance Code. This remuneration report is an integral part of the audited Group management report.

Managing Directors

The remuneration of the Managing Directors, which is determined by the Board of Directors, consists of non-performance-based and performance-based parts. The nonperformance-based parts consist of a fixed base salary, fringe benefits and pension commitments, while the performance-based components are based on the company's business performance.

The fixed component is paid out as a salary on a monthly basis as nonperformance-based basic remuneration. In addition, the Managing Directors receive noncash fringe benefits, which primarily consist of insurance premiums and the private use of a company car. As a remuneration component, all Managing Directors are equally entitled to these fringe benefits.

The annual variable remuneration is based on the company's business performance, specifically its operating earnings (EBIT) and the revenue achieved. The bonus is capped. If hitting targets results in a bonus calculation below a certain lower limit, this leads to a complete loss of the variable bonus for the fiscal year. With the excep-

tion of a guaranteed minimum bonus of € 50,000.00 for Dr. Uwe Schwellbach, which was agreed upon with the Board of Directors when he took office during the year, the Managing Directors are not entitled to annual variable compensation for the past financial year.

In view of the desired sustainability of the company's development, the variable compensation components of the Managing Directors generally have a multi-year assessment basis. In the contracts of the Managing Directors, this requirement is generally met by a long-term incentive (LTI). The Managing Directors have waived their entitlement for the year 2018.

As a further fringe benefit, both the members of the Board of Directors and the Managing Directors are reimbursed their travel expenses for business trips, the costs of entertaining business partners and other business-related outlays, as documented.

On March 15, 2019, the Board of Directors determined the remuneration of the Managing Directors for the 2018 fiscal year.

Remuneration of the Managing Directors in the 2018 Fiscal Year

The total remuneration granted to the Managing Directors in the 2018 fiscal year amounted to € 646,640.41 (previous year: € 1,445,896.29). The following tables itemize the remuneration of each individual Managing Director in the 2018 fiscal year and in the previous year.

**Table 1: Remuneration of the Managing Directors
(Benefits Granted)**

DR. ANDREAS SCHNEIDER-NEUREITHER

In €	2017 Initial value	2018 Initial value	2018 Minimum	2018 Maximum
Fixed remuneration	240,000.00	240,000.00	240,000.00	240,000.00
Fringe benefits*	6,515.37	5,635.99	5,635.99	5,635.99
Total	246,515.37	245,635.99	245,635.99	245,635.99
One-year variable remuneration	200,000.00	200,000.00	0.00	400,000.00
Multi-year variable remuneration	165,000.00	-	0.00	-
Total	365,000.00	200,000.00	0.00	400,000.00
Service cost	18,461.16	18,533.16	18,533.16	18,533.16
Total sum	629,976.53	464,169.15	264,169.15	664,169.15

DR. UWE SCHWELLBACH

In €	2017 Initial value	2018 Initial value	2018 Minimum	2018 Maximum
Fixed remuneration	-	55,000.01	55,000.01	55,000.01
Fringe benefits	-	7,562.26	7,562.26	7,562.26
Total	-	62,562.27	62,562.27	62,562.27
One-year variable remuneration	-	50,000.00	50,000.00	50,000.00
Multi-year variable remuneration	-	-	-	-
Total	-	50,000.00	50,000.00	50,000.00
Service cost	-	-	-	-
Total sum	-	112,562.27	112,562.27	112,562.27

HENRY GÖTTLER

In €	2017 Initial value	2018 Initial value	2018 Minimum	2018 Maximum
Fixed remuneration	194,004.00	41,152.36	41,152.36	41,152.36
Fringe benefits*	23,269.43	6,698.88	6,698.88	6,698.88
Total	217,273.43	47,851.25	47,851.25	47,851.25
One-year variable remuneration	135,000.00	135,000.00	-	270,000.00
Multi-year variable remuneration	110,000.00	-	-	-
Total	245,000.00	135,000.00	0.00	270,000.00
Service cost	151.87	37.97	37.97	37.97
Total sum	462,425.30	182,889.22	47,889.22	317,889.22

**Table 2: Remuneration of the Managing Directors
(Benefits Received)**

DR. ANDREAS SCHNEIDER-NEUREITHER		
In €	2018	2017
Fixed remuneration	240,000.00	240,000.00
Fringe benefits*	5,635.99	6,515.37
Total	245,635.99	246,515.37
One-year variable remuneration	162,399.86	219,277.11
Multi-year variable remuneration	-	232,755.99
Total	162,399.86	452,033.10
Service cost	18,533.16	18,461.16
Total sum	426,569.01	717,009.63

DR. UWE SCHWELLBACH		
In €	2018	2017
Fixed remuneration	55,000.01	-
Fringe benefits	7,562.26	-
Total	62,562.27	-
One-year variable remuneration	-	-
Multi-year variable remuneration	-	-
Total	-	-
Service cost	-	-
Total sum	62,562.27	-

HENRY GÖTTLER		
In €	2018	2017
Fixed remuneration	41,152.36	194,004.00
Fringe benefits*	6,698.88	23,269.43
Total	47,851.25	217,273.43
One-year variable remuneration	109,619.91	132,309.82
Multi-year variable remuneration	-	174,566.99
Total	109,619.91	306,876.81
Service cost	37.97	151.87
Total sum	157,509.13	524,302.11

*The fringe benefits for the 2017 fiscal year were increased by € 2,357.97 for Dr. Andreas Schneider-Neureither and by € 231.46 for Henry Göttler, while pension expenses were reduced by the same amount. This is because of the classification of D&O insurance as fringe benefits for 2018 and retroactively for 2017.

With effect from March 16, 2018, Henry Göttler was dismissed as Managing Director. Thereafter, he was kept on the same terms until December 31, 2019. Because he left prematurely on December 31, 2018, he will receive the base salary until December 31, 2019, as a severance payment in the form of a one-time payment of € 194,004.00 in January 2019.

To make the overall remuneration clear for 2017 clear, it should be noted that Jörg Vierfuß (who left the Executive Board as of December 31, 2016) received a total of € 204,584.55 in 2017 for the 2016 fiscal year. Of this amount, € 88,206.55 was attributable to the annual variable compensation and € 116,378.00 to the long-term remuneration component.

In addition to general insurance benefits and pension commitments, the company has arranged Directors and Officers (D&O) liability insurance on behalf of the Managing Directors. The annual insurance premium of € 7,021.00 also includes the D&O insurance for the members of the Board of Directors and senior executives.

The D&O insurance from SNP Transformations, Inc. provides protection for senior executives in the USA. The annual insurance premium is € 9,992.19. It likewise provides proportionate protection for the CEO of SNP SE, who is also the Chairman of the Board of SNP Transformations, Inc.

The total amount of the D&O insurance for the Managing Directors amounts to an annual insurance premium of € 1,690.28. The table contains the pro rata insurance premium paid per person for the period of activity.

The remuneration of the Managing Directors is once again disclosed in the 2018 fiscal year in individualized form on the basis of the uniform model tables recommended by the German Corporate Governance Code.

The essential feature of these model tables is the separate disclosure of the benefits granted (benefits) and the actual allocations (allocations). In terms of benefits, the target figures (payment upon 100% target attainment) and the attainable minimum and maximum figures are also stated.

Advances or Loans to Managing Directors or Contingent Liabilities Incurred on Behalf of These Persons

As of December 31, 2018, no loans, credits or advances were granted to any Managing Directors. Furthermore, SNP SE did not incur any contingent liabilities on behalf of Managing Directors in the reporting year.

Provisions for Pension Commitments to Managing Directors

SNP SE has made provisions for the pension commitments to Dr. Andreas Schneider-Neureither and Ms. Petra Neureither (CFO until May 19, 2011) totaling € 226 thousand (previous year: € 225 thousand), in accordance with IFRS. A reinsurance policy was arranged for the pension obligations.

Related Party Transactions

SNP SE has signed several rental agreements for office space and parking spaces for cars. These agreements have been concluded between the Chairman of the Board of Directors (who is also a Managing Director) and related parties. The invoicing of services is done at arm's-length conditions as with third parties. In the 2018 fiscal year, related expenses were € 434 thousand (previous year: € 411 thousand); as of December 31, 2018, there was an outstanding receivable in the amount of € 779.47.

THE 2018 FISCAL YEAR

In €	Fixed sum	Attendance fee	Other expenses	D&O Insurance	Total
Dr. Michael R. Drill	25,000.00	6,000.00	692.07	235.34	31,927.41
Gerhard A. Burkhardt	20,000.00	7,000.00	1,156.61	235.34	28,391.95
Rainer Zinow	20,000.00	7,000.00	924.95	235.34	28,160.29
Total	65,000.00	20,000.00	2,773.63	706.02	88,479.65

THE 2017 FISCAL YEAR

In €	Fixed sum	Attendance fee	Other expenses	D&O Insurance	Total
Dr. Michael R. Drill	25,000.00	6,000.00	3,095.67	231.46	34,327.13
Gerhard A. Burkhardt	20,000.00	6,000.00	1,892.62	231.46	28,124.08
Rainer Zinow	15,347.22	6,000.00	2,165.74	231.46	23,744.42
Total	60,347.22	18,000.00	7,154.03	694.38	86,195.63

All of the amounts associated with these transactions were insignificant for SNP SE.

Principles of the Remuneration System for the Board of Directors

The remuneration of the members of the Board of Directors is based on their individual responsibility and scope of activity. In accordance with the resolution of the Annual General Meeting on May 12, 2016, the remuneration of the members of the Board of Directors was approved by the Annual General Meeting. Each member of the Board of Directors received a fixed annual remuneration of € 20,000 in the 2018 fiscal year. The Chairman receives a fixed annual remuneration of € 30,000, while the Deputy Chairman receives a fixed annual remuneration of € 25,000. Furthermore, each Board of Directors member received – in addition to the reimbursement of documented, required expenses – an attendance fee of € 1,000 for each board meeting. If a member of the Board of Directors simultaneously serves as a Managing Director, according to the articles of incorporation, their remuneration as a member of the Board of Directors is withheld. This includes both the fixed annual remuneration as well as the attendance fee.

The company arranges a loss and liability insurance policy to cover the members of the Board of Directors in the performance of their duties. This policy provides maximum coverage of € 6,000,000 for each individual insurance claim and for total insurance claims in the period of insurance coverage. No deductible is arranged.

Remuneration of the Board of Directors in the 2018 Fiscal Year

The total remuneration granted to the members of the Board of Directors in the 2018 fiscal year amounted to € 88,479.65 (previous year: € 86,195.63). There were no loan receivables due from the members of the Board of Directors. The above table shows individual remuneration per member of the Board of Directors.

The company has arranged Directors and Officers (D&O) liability insurance on behalf of the members of the Board of Directors. The annual insurance premium of € 7,021.00 (€ 5,900.00 plus 19% insurance tax) also includes the D&O insurance for the Managing Directors and senior executives. The table shows the pro rata insurance premium paid per person for the period of activity.