

REMUNERATION REPORT

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

Executive Board / Managing Directors

The remuneration of the members of the Executive Board appointed by the Supervisory Board and the remuneration of the Managing Directors appointed by the Board of Directors consists of performance-based and nonperformance-based components. The non-performance-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. Within the scope of the conversion of SNP AG to SNP SE, the structure and amount of the Executive Board's remuneration have been transferred to the Managing Directors without any changes.

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

The variable remuneration is based on the company's business performance, specifically its operating earnings (EBIT), the revenue achieved and share price performance depending on acquisitions completed. 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 goal of having sustainable business performance, long-term remuneration components were agreed upon, effective January 1, 2017. They are oriented toward the company's market capitalization. Their weighting and target attainment levels are uniformly defined; the target date was December 31, 2019.

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

On March 12, 2018, the Board of Directors set the remuneration of the Executive Board / Managing Directors for the 2017 fiscal year.

Remuneration of the Executive Board / Managing Directors in the 2017 Fiscal Year

The total remuneration granted to the Executive Board members and the Managing Directors in the 2017 fiscal year amounted to € 1,445,892.20 (previous year: € 1,039,859.67). The following tables itemize the remuneration of each individual in the Executive Board in the 2017 fiscal year and in the previous year.

Table 1: Remuneration of the Executive Board / Managing Directors in 2017 (benefits)

DR. ANDREAS SCHNEIDER-NEUREITHER

In €	2016 Initial value	2017 Initial value	2017 Minimum	2017 Maximum
Fixed remuneration	240,000.00	240,000.00	240,000.00	240,000.00
Variable remuneration	6,942.36	4,157.40	4,157.40	4,157.40
Total	246,942.36	244,157.40	244,157.40	244,157.40
One-year variable remuneration	200,000.00	200,000.00	0.00	400,000.00
Multi-year variable remuneration	200,000.00	150,000.00	0.00	1,350,000.00
Total	400,000.00	350,000.00	0.00	1,750,000.00
Pension expenses	20,684.16	20,819.13	20,819.13	20,819.13
Total sum	667,626.52	614,976.53	264,976.53	2,014,976.53

HENRY GÖTTLER

In €	2016 Initial value	2017 Initial value	2017 Minimum	2017 Maximum
Fixed remuneration	180,000.00	194,000.00	194,000.00	194,000.00
Variable remuneration	22,569.24	23,037.97	23,037.97	23,037.97
Total	202,569.24	217,037.97	217,037.97	217,037.97
One-year variable remuneration	120,000.00	135,000.00	0.00	270,000.00
Multi-year variable remuneration	150,000.00	100,000.00	0.00	900,000.00
Total	270,000.00	235,000.00	0.00	1,170,000.00
Pension expenses	398.72	383.33	383.33	383.33
Total sum	472,967.96	452,421.30	217,421.30	1,387,421.30

Table 2: Remuneration of the Executive Board* / Managing Directors in 2017 (allocations)

In €	DR, ANDREAS SCHNEIDER-NEUREITHER		HENRY GÖTTLER	
	2017	2016	2017	2016
Fixed remuneration	240,000.00	240,000.00	194,000.00	180,000.00
Variable remuneration	4,157.40	6,942.36	23,037.97	22,569.24
Total	244,157.40	246,942.36	217,037.97	202,569.24
One-year variable remuneration	219,277.11	219,277.11	132,309.82	132,309.82
Multi-year variable remuneration	232,755.99	-	174,566.99	-
Total	452,033.10	219,277.11	306,876.81	132,309.82
Pension expenses	20,819.13	20,684.16	383.33	398.72
Total sum	717,009.63	486,903.63	524,298.11	335,277.78

* Jörg Vierfuss resigned from the Executive Board on December 31, 2016. In 2017, he received a total amount of € 204,584.55 for the 2016 fiscal year. Of this amount, € 88,206.55 is for one-year variable remuneration and € 116,378.00 is for the long-term remuneration component with a target date of December 31, 2016.

In addition to general insurance benefits and pension commitments, the company has arranged Directors and Officers (D&O) liability insurance on behalf of the members of the Executive Board / Managing Directors. The annual insurance premium of € 7,021.00 (€ 5,900.00 plus 19% insurance tax) also includes the D&O insurance for the members of the Board of Directors and senior executives. The D&O insurance of SNP Transformations Inc. similarly grants pro rata coverage for the CEO of SNP SE, who is also Chairman of the Board of SNP Transformations Inc., as well as for the CFO of SNP SE, who is also Vice President for Finance of SNP Transformations Inc. The total amount of the specified D&O insurance amounts to an annual insurance premium of € 2,589.43. The insurance benefits table contains the pro rata insurance premium paid per person for the period of activity.

The remuneration of the Executive Board / Managing Directors is once again disclosed in the 2017 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 (Table 1) and the actual allocations (Table 2). 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 Executive Board Members / Managing Directors or Contingent Liabilities Incurred on Behalf of These Persons

As of December 31, 2017, no loans, credits or advances were granted to any members of the Executive Board. Furthermore, SNP SE did not incur any contingent liabilities on behalf of Executive Board members in the reporting year.

Provisions for Pension Commitments to Members of the Executive Board / Managing Directors

SNP SE established provisions for the pension commitments to Dr. Andreas Schneider-Neureither and Ms. Petra Neureither (CFO until May 19, 2011) totaling € 225 thousand (previous year: € 256 thousand), in accordance with the 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 2017 fiscal year, related expenses were € 411 thousand (previous year: € 412 thousand); as of December 31, 2017, there were no outstanding liabilities. In the 2017 fiscal year, assets were sold to the Chairman of the Board of Directors (who is also a Managing Director) in the amount of € 19 thousand (previous year: € 0) and to other related persons in the amount of € 5 thousand (previous year: € 0) at arm's length conditions as with third parties.

In the 2017 fiscal year, SNP SE assumed liabilities of the Chairman of the Board of Directors for his account in the amount of € 35 thousand (previous year: € 0). These liabilities were outstanding as of the reporting date. All transactions have been entered into at arm's length conditions as with third parties.

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

Principles of the Remuneration System for the Supervisory Board / Board of Directors

The remuneration of the members of the Supervisory Board / Board of Directors is based on their individual responsibility and scope of activity. By resolution of the Annual General Meeting held on May 12, 2016, for the first time the remuneration of Supervisory Board members for the 2017 fiscal year was no longer determined according to the articles of incorporation and was instead approved by the Annual General Meeting. Accordingly, each Supervisory Board member received a fixed annual remuneration up to December 6, 2017, of € 15,000. The Chairman received a fixed annual remuneration of € 25,000, while the Deputy Chairman received a fixed annual remuneration of € 20,000. With the conversion of SNP AG into SNP SE, every member of the Board of Directors receives a fixed annual remuneration of € 20,000. The Chairman receives a fixed annual remuneration of € 30,000, while the Deputy Chairman receives a fixed annual remuneration of € 25,000.

Furthermore, each member of the Supervisory Board received / each member of the Board of Directors receives – in addition to the reimbursement of documented, required expenses – € 1,000 for each meeting of the relevant body. Within the scope of the conversion of SNP AG to SNP SE, the structure of the attendance fee has been transferred to the Board of Directors without any changes. Insofar as 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 and the attendance fee.

The company arranges a loss and liability insurance policy to cover the members of the Supervisory Board / 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 Supervisory Board / Board of Directors in the 2017 Fiscal Year

The total remuneration granted to the members of the Supervisory Board / Board of Directors in the 2017 fiscal year amounted to € 86,195.63 (previous year: € 64,055.35). There were no loan receivables due from the members of the Supervisory Board. The following 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 Supervisory Board / Board of Directors. The annual insurance premium of € 7,021.00 (€ 5,900.00 plus 19% insurance tax) also includes the D&O insurance of the Executive Board members and senior executives. The table shows the pro rata insurance premium paid per person for the period of activity.

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

THE 2016 FISCAL YEAR

In €	Fixed sum	Attendance fee	Other expenses	D&O Insurance	Total
Dr. Michael R. Drill	20,000.00	5,000.00	1,584.32	243.50	26,827.82
Gerhard A. Burkhardt	15,000.00	5,000.00	947.77	243.50	21,191.27
Rainer Zinow	10,000.00	5,000.00	792.76	243.50	16,036.26
Total	45,000.00	15,000.00	3,324.85	730.50	64,055.35