

# REPORT BY THE SUPERVISORY BOARD

In the financial year 2019, the Supervisory Board reviewed the development of the company in depth and performed its supervisory duties to the full. It regularly advised and monitored the Executive Board in running the business of the company.

During the course of the last financial year, the Supervisory Board paid particular attention to the economic development, financial situation, prospects and further strategy of the company, and advised the Executive Board on these topics. Its work in the financial year 2019 focused in particular on supporting the Executive Board in the strategic development of the company and of the MLP Group, implementing further measures to increase efficiency and both assessing and monitoring the opportunity and risk position of the company and the Group. The Supervisory Board advised the Executive Board in detail on potential M&A transactions. In particular, the Supervisory Board supported and advised the Executive Board during the acquisition of DI DEUTSCHLAND.Immobilien AG. In this context, the Supervisory Board also proposed an amendment of the business purpose of MLP SE to the Annual General Meeting. As demand for asset-oriented investments continues to grow, the Supervisory Board made a concrete proposal to the Annual General Meeting for the Group to take on own project developments as well as their marketing, and to expand brokerage of investments alongside brokerage of mortgages, an area which has already been boosted since 2014. The Annual General Meeting of the company then approved a corresponding extension of the business purpose of MLP SE on May 29, 2019.

The Supervisory and Executive Boards met regularly in the reporting year for discussions and joint consultations regarding business development, strategy and key events within the company. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The Executive Board regularly provided the Supervisory Board with written and oral reports in a timely and comprehensive manner on all relevant issues related to corporate planning, strategic development, the business situation and the position and overall development of the Group as a whole, including the risk situation, risk management, risk-bearing ability and compliance. The Supervisory Board was able to confirm the correctness of the corporate governance by the Executive Board. In 2019, the Executive Board also reported to and advised the Supervisory Board on the content and anticipated effects of legislative or regulatory proposals at national German or EU level.

No personnel changes to the company's Supervisory Board and Executive Board were made in the last financial year.

The Supervisory Board held five regular meetings and one extraordinary meeting in the financial year 2019, whereby the latter took the form of a conference call. All members of the Supervisory Board took part in the regular face-to-face meetings either at the venue or via telephone. Only two members of the Supervisory Board were unable to attend one meeting each. As such, all member of the Supervisory Board took part in more than half of the regular

supervisory board meetings. The Executive Board also informed the Supervisory Board of particularly important or urgent projects outside of the regular meetings. Where necessary, Supervisory Board resolutions are also passed as circular resolutions.

In addition to this, three meetings of the Audit Committee were also held in this year. All committee members took part in each of these meetings. The Personnel Committee convened once in the last financial year. All committee members took part in this meeting. No meetings of the Nomination Committee were held in the last financial year, as no new elections for members of the Supervisory Board were scheduled.

The following table offers an overview, detailing which members of the Supervisory Board took part in the meetings of the Supervisory Board or its Committees:

	Participation*	in %
<b>Supervisory Board Meeting, MLP SE</b>		
Dr. Peter Lütke-Bornefeld	6/6	100
Dr. Claus-Michael Dill	6/6	100
Tina Müller	5/6	83
Matthias Lautenschläger	6/6	100
Burkhard Schlingermann	5/6	83
Alexander Beer	6/6	100
<b>Personnel Committee, MLP SE</b>		
Dr. Peter Lütke-Bornefeld	1/1	100
Matthias Lautenschläger	1/1	100
Burkhard Schlingermann	1/1	100
Tina Müller	1/1	100
<b>Audit Committee, MLP SE</b>		
Dr. Claus-Michael Dill	3/3	100
Dr. Peter Lütke-Bornefeld	3/3	100
Matthias Lautenschläger	3/3	100
Alexander Beer	3/3	100

\*Participation via telephone is counted as present.

Furthermore, the Chairman of the Supervisory Board met with the Chairman of the Executive Board on a regular basis to discuss various issues, in particular the business situation, special business transactions, regulatory changes and the overall situation of the Group. The Chairman of the Supervisory Board regularly informed the other members about the content of these meetings.

## Supervisory Board meetings and important resolutions

Following preparations in the meeting of the Audit Committee, the Supervisory Board meeting on March 13, 2019 focused on the audit and approval of the financial statements and the consolidated financial statements as of December 31, 2018. The auditors participated in the meeting and gave detailed reports on the course and outcome of their audit of the financial statements and the consolidated financial statements. Following in-depth discussion, the Supervisory Board approved the financial statements, the consolidated financial statements as of December 31, 2018 and the separate non-financial report. In addition to this, the Supervisory Board also reviewed the appropriateness of the Executive Board – as required in accordance with the German Corporate Governance Code (GCGC) – as well as the variable compensation components of the Executive Board for the financial year 2018 and approved these. The proposed resolutions for the company's Annual General Meeting were another item on the agenda.

In an extraordinary meeting of the Supervisory Board, held in the form of a conference call on March 22, 2019, the intentions of the Executive Board to acquire DI DEUTSCHLAND.Immobilien Group via a subsidiary of MLP SE were discussed and reviewed in detail. These discussions focused in particular on the opportunities and risks, as well as the future strategy associated with extending the business areas as a result of the acquisition. The company's Supervisory Board then approved the acquisition of the DI DEUTSCHLAND.Immobilien Group in this meeting.

The regular Supervisory Board meeting on May 14, 2019 focused primarily on discussing the results and business development from the first quarter of 2019. In this meeting, the Supervisory Board also passed the resolution – on proposal by the Personnel Committee – to extend the appointment of Mr. Manfred Bauer as a member of the Executive Board up to April 20, 2025.

The results of the second quarter, the business development in the first half of the year, reporting on the internal audit and risk control (including a report on the notion of materiality, risk strategy and risk-bearing capacity concept) were all on the agenda of the regular Supervisory Board meeting on August 7, 2019.

The November meeting focused on the business results of the third quarter and the first nine months of the financial year 2019. Another focus of this Supervisory Board meeting was on evaluating the leadership and performance of the members of the Executive Board, which were discussed in a closed session without the members of the Executive Board. Alongside this, compliance with the provisions of the German Corporate Governance Code (GCGC) in the MLP Group, the resolution on the Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG), was a key topic on the meeting's agenda. Extensive reporting was provided on the corporate governance process and the current Declaration of Compliance. Further discussions also focused on the planned revision of the German Corporate Governance Code.

In the meeting on December 17, 2019 the Supervisory Board addressed in detail and approved the strategy and budget of both the Group and the company for the financial year 2020.

## Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2019.

The members of the Audit Committee are Dr. Claus-Michael Dill, who is also Chairman of the Audit Committee, as well as Dr. Peter Lütke-Bornefeld, Mr. Matthias Lautenschläger and Mr. Alexander Beer. The Audit Committee held three regular meetings in the financial year 2019 and adopted several circular resolutions. Representatives of the audit firm also took part in some of the meetings, providing the committee with detailed reports. In the presence of the auditors, the Chairman of the Executive Board and the Chief Financial Officer, the Audit Committee discussed the financial statements of MLP SE and the MLP Group as well as the proposed appropriation of earnings. Furthermore, the relationship to the auditor, proposals for selecting the auditor, auditor fees, audit assignment and monitoring of the auditor's independence were the subject of extensive discussions. The Audit Committee received regular reports on the work of the Internal Audit and of the Compliance and Risk Management department and was informed on legal and regulatory risks and risks to reputation. In addition, the Audit Committee prepared the invitation to tender for the audits, as well as further audit services in the MLP Group as of the financial year 2020 or 2021. Both MLP SE and MLP Banking AG – as public interest entities of the MLP Group – carried out the selection procedure in accordance with Art. 16 (3) of Regulation (EU) No. 537/2014.

The members of the Audit Committee are Dr. Peter Lütke-Bornefeld, who is also Chairman of the Personnel Committee, as well as Ms. Tina Müller, Mr. Matthias Lautenschläger and Mr. Burkhard Schlingermann. The Personnel Committee came together for one regular meeting in the reporting period and focused in particular on reviewing the appropriateness of Executive Board compensation, as well as determining the bonus pool for the MLP Group. The committee also discussed and recommended to the assembly of the Supervisory Board that the appointment of Mr. Reinhard Loose as member of the Executive Board should be extended to April 30, 2025.

The members of the Nomination Committee are Dr. Peter Lütke-Bornefeld, who is also Chairman of the Nomination Committee, as well as Ms. Tina Müller, Dr. Claus-Michael Dill and Mr. Matthias Lautenschläger. The Nomination Committee did not hold any meetings in the financial year 2019, as no resolutions regarding reappointment of members to the Supervisory Board were passed at the Annual General Meeting held on May 29, 2019.

## Corporate governance

During the financial year the Supervisory Board also addressed the application of the corporate governance principles.

Last year, the Supervisory Board dedicated its meeting on November 13, 2019 again to in-depth discussions on the amendments to the German Corporate Governance Code in the version of February 7, 2017.

In the meeting held on November 13, 2019, the Supervisory Board reviewed the efficiency of its actions based on an evaluation form made available to the members of the Supervisory Board in good time prior to the meeting. The Supervisory Board also discussed procedures in the Supervisory Board, the information flow between the Committees and the Supervisory Board, and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board on this occasion. Measures aimed at increasing efficiency were discussed and established.

During the same meeting, MLP SE's Supervisory Board also satisfied itself that the company had met the recommendations of the German Corporate Governance Code (GCGC) as per its Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) in the last financial year and will continue to comply strictly with the recommendations of the Government Commission on the German Corporate Governance Code (GCGC) in the version dated February 7, 2017. In November, the Supervisory Board and Executive Board issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) for the financial year and made it permanently available to the shareholders via its website.

In accordance with the German Corporate Governance Code government commission, we understand conflicts of interest to mean any special professional or private interests of any member of the Supervisory Board that could potentially pose a threat to or contradict the interests of the company. Conflicts of interest in this sense do not include plurality or the existence of various streams of interests when these express diversity in terms of the Supervisory Board composition desired by the legislator or the German Corporate Governance Code government commission. There were no conflicts of interest in this sense in the last financial year. A summary of corporate governance at MLP, including the Declaration of Compliance from November 13, 2019, can be found in the Executive and Supervisory Board's corporate governance report. All relevant information is also available on our homepage at [www.mlp-se.com](http://www.mlp-se.com).

The members of the Supervisory Board independently participated in training measures to aid them in fulfilling their responsibilities – as required by the Corporate Governance Code. In this endeavour they are adequately supported by the company. In addition, members of the Supervisory Board attended a training event on November 12, 2019 in order to maintain the necessary professional expertise. This training addressed various topics, including developments in the field of transitioning IT services to the cloud within the scope of regulated business activities, the new developments associated with the EU's so-called "Banking Reform Package" for implementation of Basel III or parts of Basel IV in the form of the CRD V and CRR II, as well as the planned new developments with regard to Executive Board compensation resulting from the Act for Implementation of the Second Shareholders' Rights Directive (ARUG II), supplemented by the planned new legislation of the German Corporate Governance Code.

## Audit of the annual financial statements and consolidated financial statements for 2019

The financial statements and the joint management report of MLP SE as of December 31, 2019 have been compiled by the Executive Board pursuant to the German Commercial Code (HGB). The consolidated financial statements and the joint management report as of December 31, 2019 have been compiled pursuant to § 315a of the German

Commercial Code (HGB) in line with international financial reporting standards (IFRS) as applied in the EU. As of December 31, 2019, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin audited the financial statements and the joint management report of MLP SE in accordance with the principles of commercial law, as well as the Group financial statements and the joint management report in accordance with the principles of IFRS, issuing an unqualified auditor's opinion in each case. The auditor performed the audit in compliance with the basic principles of sound auditing practices determined by the Institut der Wirtschaftsprüfer (German Institute of Auditors).

The financial statements, together with the joint management report, the auditor's reports and the Executive Board's proposal for use of the unappropriated profit were made available to all Supervisory Board members in good time. The Audit Committee of the Supervisory Board reviewed these documents in detail, reported to the Supervisory Board on its audit and explained its audit opinion. The auditor also reported on the key results of the audit and on the fact that there are no significant weaknesses in the internal monitoring system, the risk management system nor with regard to compliance. The Audit Committee also reviewed the risk management system, the accounting processes and the effectiveness of the internal monitoring systems, risk management and auditing systems, as well as the relationship to the auditor, the proposals for selection of the auditor, the auditor's compensation, the audit assignment and monitoring of the auditor's independence, as well as the additional services performed by the auditor. The Supervisory Board also checked and discussed the documentation and reports in detail. Within this scope, the Supervisory Board also addressed the key audit matters described in the audit opinion, including the audit procedures undertaken by the auditor. In the presence of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, which reported on the key findings of its audit, the audit reports were reviewed in detail in the Supervisory Board meeting held on March 18, 2020. The auditor reported on the scope, the key focuses, as well as the significant results of the audit, going into particular detail regarding the key audit matters and the audit procedures employed. With regard to the annual financial statements of MLP SE, these key audit matters encompassed "the recoverability of shares in affiliated companies". With regard to the consolidated financial statements of MLP SE, they encompassed "the impairment of goodwill", as well as "the portfolio of commission income from the brokering of old-age provision products". At this meeting, the Executive Board also explained the financial statements of MLP SE and of the MLP Group, the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management system, audit system and compliance, as well as giving detailed reports on the scope, focuses and costs of the audit.

The Supervisory Board concurred with the outcome of the auditor's audit and, on the basis of the final outcome of the Audit Committee's audit and its own audit, found no grounds for raising an objection. Accordingly, at its meeting on March 18, 2020, the Supervisory Board approved the annual financial statements and the joint management report of MLP SE, as well as the consolidated financial statements and the joint management report in accordance with IFRS prepared by the Executive Board. The annual financial statements are therefore adopted. Alongside this, the Executive Board is also required to submit a report on a non-financial declaration or a non-financial Group declaration as per § 289b, § 315b of the German Commercial Code (HGB). The Supervisory Board reviewed the non-financial report – prepared by a meeting of the Audit Committee – and did not find any objections.

After performing its own reviews, the Supervisory Board agreed with the Executive Board's proposal to pay out a dividend of € 0.21 per share for the financial year 2019. The equity and liquidity situation, future regulatory requirements and the company's budget, as well as the shareholders' interest in an appropriate dividend were included and weighed up against one another in its considerations.

The Supervisory Board would like to thank the Executive Board, the Management of the respective Group companies, as well as all employees and consultants of the MLP Group for their exemplary personal commitment and achievements in the financial year 2019.

Wiesloch, March 2020

The Supervisory Board



Dr. Peter Lütke-Bornefeld  
Chairman