

# CORPORATE GOVERNANCE REPORT – DECLARATION OF CORPORATE GOVERNANCE (§ 289F, § 315D OF THE GERMAN COMMERCIAL CODE (HGB))

Pursuant to §§ 315d, 289f of the German Commercial Code (HGB), the Executive Board and Supervisory Board submit the Declaration of Corporate Governance for both MLP SE and the Group.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

### Declaration of Compliance of MLP SE pursuant to § 161 of the German Stock Corporation Act (AktG) (As per: November 10, 2021)

Pursuant to § 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of MLP SE hereby declare that the Company has generally complied with the recommendations of the German Corporate Governance Code Government Commission in the version of December 16, 2019 (hereinafter referred to as "GCGC 2019") since the last Declaration of Compliance was issued, and will continue to do so in the future.

With regard to the recommendations of the Government Commission for the German Corporate Governance Code in the version dated December 16, 2019, only recommendations A.1, B.1, B.5, C.1 sentence 2, sentence 4 and sentence 5, C.2, C.4, C.6, C.7, C.8, C.9, C.10, C.14, D.4, G.7 and G.10 have not been applied and will continue to not be applied in the future.

The reasons for these deviations from the recommendations are as follows:

#### Recommendation A.1 of the GCGC 2019 (considering diversity when making appointments to executive positions)

As per the recommendations of the GCGC 2019, the Executive Board should consider diversity when making appointments to executive positions.

In the current financial year, the Executive Board has intensified its efforts with respect to diversity making appointments to executive positions and, in particular, strives to achieve appropriate consideration of women at managerial levels in the Company. In the past, the Executive Board of MLP SE already took measures directed at reconciling working life and family life. In the financial years 2019 and 2020, the Executive Board again reviewed the effectiveness of these measures and appropriately complemented these where necessary. The Executive Board already adopted an overall concept in November 2013 to ensure that appropriate consideration is given to women in the Company's management ranks, taking into account the Company's specific situation. This concept is currently being tested. Among other things, it should make a contribution, on the basis of objectives, to further improving reconciliation of working and family life, which is set out in a target agreement of the Company that is moderated by the Hertie Foundation in the context of a berufundfamilie® audit. However, no concrete gender-specific guidelines with regard to filling positions have yet been established. Nevertheless, in 2020 the Executive Board at MLP SE approved a target ratio of at least 33 percent for female managers at the first management level below the Executive Board at MLP SE, whereby this percentage is to be achieved by the end of the financial year 2025. Beyond this, MLP SE does not have a second level of management below the Executive Board.

At present these measures are not sufficient enough to meet the requirements laid down in recommendation A.1 of the Code. MLP therefore declares that it will deviate from this recommendation in the financial year 2021 and also in the financial year 2022.

## **Recommendation B.1 of the GCGC 2019 (diversity in the composition of the Executive Board)**

As per the recommendations of the GCGC 2019, the Supervisory Board should pay attention to diversity in terms of the composition of the Executive Board.

The Supervisory Board of MLP SE strives to further intensify its future efforts with respect to diversity and, in particular, an appropriate consideration of women when appointing members of the Executive Board. The Supervisory Board gives specific consideration to applications from suitable female candidates in its selection procedures. For the first time in the financial year 2014 the Supervisory Board reviewed this aspect and will undertake further measures in order to build on the Group-wide overall concept already passed by the Executive Board for the implementation of the respective GCGC 2017 recommendation (considering diversity when making appointments to executive positions) and also achieve an appropriate consideration of women within the Executive Board of the Company, taking into account the Company's specific situation.

In 2020, the Supervisory Board confirmed the target of 25 percent for the proportion of women on the Executive Board – which currently only comprises three persons – and set itself the end of the financial year 2025 as the implementation deadline.

The Supervisory Board is of the opinion that the state of implementation achieved to date is not yet sufficient to meet the requirements set out in recommendation B.1 of the GCGC 2019. MLP therefore declares that it will deviate from this recommendation in the financial year 2021 and in the financial year 2022.

## **Recommendation B.5 of the GCGC 2019 (age limit for members of the Executive Board and disclosure in the declaration on corporate governance)**

As per the recommendations of the GCGC 2019, an age limit is to be specified for members of the Executive Board and disclosed in the declaration on corporate governance.

There is no set age limit for members of the Executive Board at MLP. The appointment of members of the Executive Board should be based solely on their knowledge, skills and specialist experience. MLP has not complied with this recommendation in the financial year 2021 nor will it do so in the financial year 2022.

## **Recommendation C.1 sentence 2 and sentence 4 GCGC 2019 (Diversity for the composition of the Supervisory Board)**

Based on the recommendations of the GCGC 2019, the Supervisory Board shall determine specific objectives regarding its composition, while taking the principle of diversity into account. In compliance with the German Stock Corporation Act, the Supervisory Board is to set out targets for the proportion of women on the Supervisory Board.

In its meetings during the past financial years, the Supervisory Board at MLP SE addressed the topic of setting concrete targets for the composition of the Supervisory Board, paying particular attention to diversity and approved a competency profile. Assuming equivalent professional and personal suitability of candidates, the Supervisory Board has set itself the goal of filling at least 25 % of the positions on the Supervisory Board on the shareholder side with suitable female members. However, largely due to the low number of members that sit on the Supervisory Board as per the Company's Articles of Association, the Supervisory Board does not currently consider it prudent to specify a concrete timetable for implementation of this objective. Therefore, it is currently also not possible to report on any concrete measures for the achievement of objectives in the declaration on corporate governance. Nonetheless, the Supervisory Board once again presented a resolution proposal to the shareholders at the Annual General Meeting in 2018 to approve the appointment of a woman to the Supervisory Board. The resolution was subsequently adopted and the target figure was therefore achieved.

MLP therefore declares it will deviate from this recommendation in the financial year 2021 and also in the financial year 2022, since the Supervisory Board has not approved any gender-specific targets and instead makes appointments of new members solely on the basis of the respective qualification and personality of the individual Supervisory Board candidates.

## **Recommendation C.2 of the GCGC 2019 (age limit for members of the Supervisory Board and disclosure in the declaration on corporate governance)**

As per the recommendations of the GCGC 2019, an age limit is to be specified for members of the Supervisory Board and disclosed in the declaration on corporate governance.

No age limit is set for members of the Supervisory Board at MLP. The election of members of the Supervisory Board should be based solely on their knowledge, skills and specialist experience. MLP has not complied with this recommendation in the financial year 2021 nor will it do so in the financial year 2022.

## **Recommendation C.4 of the GCGC 2019 (number of non-group mandates)**

As per the recommendations of the GCGC 2019, a member of the Supervisory Board that does not hold a position on any Executive Board at a listed company should not assume more than a total of five Supervisory Board mandates at listed companies outside the Group or comparable functions, whereby the position of Chair of the Supervisory Board counts as two mandates.

As per Principle 12 of the GCGC 2019, the Supervisory Board should ensure that all candidates can commit the time likely to be required when making proposals for election of new members to the Supervisory Board. This recommendation was based on the fact that the workload resulting from the individual mandates and other offices, as well as the personal situation of the candidates, can vary quite markedly. § 100 (2) no. 1 of the German Stock Corporation Act (AktG) limits the maximum number of Supervisory Board mandates to ten mandates per person. § 25d of the German Banking Act, which also applies to MLP SE, in turn limits the number of mandates such that anyone who is a member of the Executive or Supervisory Board at more than five companies which are under the supervision of the Federal Financial Supervisory Authority (BaFin) cannot be a member of the Supervisory Board, unless these companies are covered by the same institutional protection scheme. However, a higher number of mandates is also legally permitted based on this regulation. Set against this background, MLP considers that it is adopting the correct approach by having its Supervisory Board ensure that the respective candidate can commit the required amount of time and also reviewing this regularly.

MLP therefore declares it will deviate from this recommendation in the financial year 2021 and also in the financial year 2022.

## **Recommendation C.1 sentence 5, C.6, C.7, C.8, C.9, C.10 and D.4 of the GCGC 2019 (independence of Supervisory Board members and committee members)**

As per recommendation C.1 sentence 5 of the GCGC 2019, the declaration on corporate governance should also report on the number of independent shareholder representatives deemed appropriate on the basis of the assessment performed by the Supervisory Board, as well as stating their names. As per recommendation C.6 of the GCGC 2019, the Supervisory Board should include a number of independent members on the shareholder side that the Supervisory Board itself deems appropriate. The ownership structure should be taken into account here. In the sense of this recommendation, a member of the Supervisory Board can be classed as independent if said person is independent from the Company and its Executive Board, as well as independent from a controlling shareholder.

As per recommendation C.7 of the GCGC 2019, more than half of the shareholder representatives should be independent from the Company and from the Executive Board. As stipulated by the GCGC 2019, a member of the Supervisory Board is independent from the Company and its Executive Board when said person is not engaged in any kind of personal or business relationship with the Company or its Executive Board that could constitute a significant and not only temporary conflict of interests. When assessing the independence of its members from the Company and from the Executive Board, the shareholder side should in particular take into account whether the actual member of the Supervisory Board or one of their close family members

- has already been a member of the Executive Board at the Company in the two years prior to being appointed,
- maintains or has maintained, either currently or in the year up to their appointment, a key business relationship with the Company or one of its subsidiaries/dependent companies (for example as a client, supplier, creditor or consultant) either directly or as a shareholder or in a responsible role at a non-group company,
- is a close family member of a member of the Executive Board or
- has held a position on the Supervisory Board for more than 12 years.

Insofar as one or more of the indicators stated in recommendation C.7 of the GCGC 2019 is met, but the respective member of the Supervisory Board is still considered independent despite this, recommendation C.8 of the GCGC 2019 stipulates that this should be justified in the declaration on corporate governance. In the case of a Supervisory Board with six or fewer members, recommendation C.9 of the GCGC 2019 states that at least one representative of the shareholders should be independent from the controlling shareholder, whereby a member of the Supervisory Board is independent from the controlling shareholder if neither said member nor one of their close family members is a controlling shareholder, sits on a management committee of the controlling shareholder or is in a personal/business relationship with the controlling shareholder that could justify a significant and not only temporary conflict of interests.



As per recommendation C.10 of the GCGC 2019, the Chairman of the Supervisory Board, the Chairman of the Audit Committee and of the committee that addresses Executive Board compensation should all be independent. The independence of the Chairman of the Audit Committee is then once again postulated by recommendation D.4 of the GCGC 2019.

MLP has chosen not to adopt these recommendations for the following reasons: When the Audit Oversight Reform Act (APAReG) came into force on June 17, 2016, the former legal regulations on independence of members of the Supervisory Board were dropped completely. The justification submitted by the government during the legislative procedure stated that "*a generally high degree of independence is already ensured*" through institutional separation of the Supervisory Board and Executive Board. However, recommendation C.6 (2) of the GCGC 2019 now states that members of the Supervisory Board are to be classed as independent if they are independent from the Company and its Executive Board, as well as independent from a controlling shareholder. The fact that recommendation C.7 (2) of the GCGC 2019 contains a (non-exhaustive) list of criteria that the shareholder side should take into account when assessing independence is also new. From MLP's perspective, both this indicator solution and the assessment of individual members of the Supervisory Board involve a certain degree of legal uncertainty for associated declarations of compliance.

Firstly, it uses terminology that is both vague and not defined precisely in terms of legislation or legal practice, such as "close family member" or "independence from the Executive Board".

Secondly, according to the GCGC 2019, it must be taken into account whether the person in question has been a member of the Supervisory Board for more than twelve years. In this respect it already appears questionable whether a long period spent on a Supervisory Board is actually an indicator of a lack of independence. From MLP's perspective, even Supervisory Board mandates that are performed for more than 12 years still allow such members to act independently and remain impartial with regard to the Executive Board. Of course, it is considered good practice for members of the Supervisory Board

at companies to maintain at least certain personal and professional distance from the members of the Executive Board, so that they can remain impartial in a critical situation or when reaching decisions on topics that might be considered controversial. MLP will therefore continue to assess the independence of its Supervisory Board members using the same criteria on which this assessment has been based to date.

Applying these criteria, which MLP will continue to use, to the current Supervisory Board members on the shareholder side, it becomes clear that three of these Supervisory Board members should be considered independent in this sense. From the Company's perspective, this appears perfectly adequate. Set against this background, it is superfluous to disclose which of the new independence criteria stipulated by the GCGC 2019 individual members of the Supervisory Board at MLP SE fail to meet. The same applies to the further disclosure recommended in C.9 of the GCGC 2019.

Irrespective of this, MLP declares that it will deviate from above recommendations C.1 sentence 5, C.6, C.7, C.8, C.9, C.10 and D.4 of the GCGC 2019 in the financial year 2021 and will continue to do so in the financial year 2022, since the Supervisory Board has not approved any fixed targets for the number of independent Supervisory Board members, does not agree with the definition of independence in the GCGC 2019, has not stipulated any appropriate number of independent Supervisory Board members in the sense of the GCGC 2019 and also has not provided their names, instead considering appointments on the basis of the respective qualifications.

### **Recommendation C.14 of the GCGC 2019 (inclusion of a curriculum vitae for candidate proposals)**

As per the recommendations of the GCGC 2019, all candidate proposals are to be submitted to the Annual General Meeting together with a CV that provides information on the relevant knowledge, expertise and experience of the respective candidate.

MLP will deviate from this. MLP discloses all legally required information with its candidate proposals to the Annual General Meeting. Indeed, MLP has already published the CVs of members of the Supervisory Board. However, sufficient clarification has yet to be provided in the legal discussion as to whether the ruling to include a CV with all candidate proposals submitted to the Annual General Meeting applies only to the resolution on election of shareholders' representatives or also employees' representatives and which information specifically needs to be included in the CVs in order to provide information on the respective candidate's knowledge, expertise and experience. In addition to this, including CVs with the candidate proposals on the agenda increases the risk of disputes regarding the election of members to the Supervisory Board. From MLP's perspective, posting the corresponding CVs on the homepage should therefore be seen as sufficient.

MLP therefore declares it will deviate from this recommendation in the financial year 2021 and also in the financial year 2022.

### **Recommendation G.7 of the GCGC 2019 (establishing performance criteria)**

As per G.7 of the GCGC 2019, the Supervisory Board should establish performance criteria for the coming financial year for each member of the Executive Board that govern all variable compensation components, which should themselves – alongside operating targets – primarily be based on strategic objectives. The Supervisory Board should set out the scope in which individual targets apply to individual Executive Board members or to all members of the Executive Board together.

The Company's Executive Board compensation system is based uniformly on Group EBIT as a performance criterion in terms of the profit-sharing payments for members of the Executive Board. This is a performance criterion for the Executive Board as a collegial body. In the performance assessment undertaken every year for each individual member of the Executive Board, the personal contributions of individual Executive Board members are considered against the collective performance criterion and,

where appropriate, used as justification for rights of adjustment to which the Supervisory Board are contractually entitled.

This recommendation clearly involves both operating and strategic targets. However, there is only one performance criterion at the Company. In addition, no information as to which criterion should be used to differentiate between operating and strategic targets is defined in the GCGC 2019. In fact, this is left completely open.

As a precautionary measure, MLP therefore declares that it will deviate from this recommendation in the financial year 2021 and also in the financial year 2022.

### **Recommendation G.10 of the GCGC 2019 (share-based compensation; availability of long-term variable payments granted)**

Based on recommendation G.10 sentence 1 of the GCGC 2019, the long-term variable compensation elements granted to a member of the Executive Board should predominantly be invested in shares in the Company by said member or granted accordingly on the basis of shares. In addition to this, a member of the Executive Board should only qualify for the long-term variable compensation elements after four years.

MLP does not compensate the members of its Executive Board on the basis of shares. Stipulations applying to the members of the Executive Board regarding what specific form variable compensation is to take after being granted are not deemed necessary. As a general rule, each individual member of the Executive Board can determine this independently. However, any member of the Executive Board is obviously free to invest any compensation received in MLP shares.



Payment of the long-term variable compensation components granted takes place three years and four months after the end of the financial year for which said compensation components were granted. The members of the Executive Board can therefore receive these before four full years have passed. MLP considers this qualifying period of three years and four months to be adequate.

From MLP's perspective, the payment modalities for Executive Board compensation have proven effective, so there is no reason to change the current approach.

MLP therefore declares that it will deviate from these recommendations in the financial year 2021 and will continue to do so in the financial year 2022. As such, it will not introduce any share-based variable compensation or make any stipulations regarding use of the variable compensation granted to members of the Executive Board. The same applies to an extension of the qualifying period for payment of the long-term variable compensation components granted.

Wiesloch, November 2021

MLP SE

The Executive Board

The Supervisory Board

In November 2021, the Executive and Supervisory Boards issued the above Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders via the company's website. The Declaration of Compliance in the version of November 10, 2021 can also be viewed online at <https://mlp-se.com/investors/corporate-governance/declaration-of-compliance/>.

You can also find more information on the topic of corporate governance at MLP on the aforementioned homepage.

The compensation report for the last financial year and the notes of the auditor pursuant to § 162 of the German Stock Corporation Act (AktG), the pay system in place pursuant to § 87a (1) and (2) Sentence 1 of the German Stock Corporation Act (AktG) and the last pay decision pursuant to § 113 (3) of the German Stock Corporation Act (AktG) are made publicly accessible at <https://mlp-se.com/investors/corporate-governance/declaration-of-compliance/>



## CORPORATE GOVERNANCE

### Responsible and value adding management

By mainly complying with the stipulations of the German Corporate Governance Code (GCGC) in the version of December 16, 2019, MLP SE continues to reinforce the confidence of its shareholders, clients, employees and other stakeholders in the management of the company. Responsible management geared toward long-term added value is a high priority for us. The Executive and Supervisory Boards ensure that MLP continues to review and develop corporate governance across the Group.

### Management and control structure

MLP SE is a European stock corporation that is based in Germany and subject to the European SE provisions, the German SE Implementation Act (SEAG) and German stock corporation law. As an SE, the company has a dual management and control structure, comprising an Executive Board and a Supervisory Board. The third corporate body is the Annual General Meeting.

#### Executive Board

As the management body of an "Aktiengesellschaft" (public limited company), the Executive Board runs the business and is tied to the interests and business principles of the company within the scope of corporation law. The responsibilities and duties of the Executive Board are laid down in the German Stock Corporation Act (AktG), in MLP SE's Articles of Association, as well as in a set of rules of procedures and the schedule of responsibilities of the Executive Board attached to it.

The members of the Executive Board hold joint responsibility for the entire management. Decisions made by the Executive Board are reached during Executive Board meetings held at regular intervals. Resolutions are drafted as ordinary resolutions with majority votes and recorded accordingly.

#### Composition of the Executive Board

According to MLP SE's Articles of Association, the Executive Board at MLP SE comprises at least two members. The Supervisory Board decides on the number of Executive Board members, their appointment and the revocation of their appointment as well as the conclusion, amendment and termination of the employment contracts with Executive Board members. The members of the Executive Board are Dr. Uwe Schroeder-Wildberg (CEO), Manfred Bauer and Reinhard Loose.

As per the recommendations of the GCGC 2019, an age limit is to be specified for members of the Executive Board and disclosed in the Declaration of Corporate Governance. There is no set age limit for members of the Executive Board at MLP. The appointment of members of the Executive Board should be based solely on their knowledge, skills and specialist experience.

As per Recommendation B.2 of the GCGC 2019, the Supervisory Board should work together with the Executive Board to secure long-term succession planning. As the financial holding company, § 25d (11) of the German Banking Act (KWG) already stipulates that the Supervisory Board at MLP SE must adhere to institutionalised principles when identifying applicants to fill a management position and when preparing election nominations, as well as when checking the basic principles employed by management for selection and appointment of the persons at the upper management level. The Supervisory Board has approved a requirements profile for members of the Executive Board at MLP SE, which addresses the professional and personal aptitude of potential candidates. Alongside this, the Supervisory Board at MLP SE has already been including the topic of long-term succession planning on the agenda of a Supervisory Board meeting at least once a year on a recurring basis since 2014. This focuses on discussion of both conceptual issues associated with succession planning and specific potential candidates. In accordance with above requirement profile, the Supervisory Board reviews whether a defined group of persons regularly possesses adequate theoretical (banking) knowledge and

practical (banking) experience or whether targeted development of a group of individual candidates can be achieved through a development programme within the company to acquire the necessary theoretical and practical experience in the form of individual measures.

### Supervisory Board

The Supervisory Board advises and monitors the Executive Board. The responsibilities and duties of the Supervisory Board are derived from the German Stock Corporation Act (AktG), MLP SE's Articles of Association and a set of rules of procedures for the Supervisory Board.

Resolutions of the Supervisory Board are made during meetings convened by the Chairman of the Supervisory Board or on his behalf and require a majority vote. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Where necessary, resolutions can also take the form of circular resolutions or be passed via telephone. A transcript of each meeting is drafted.

### Supervisory Board composition

MLP SE's Articles of Association provide for a Supervisory Board that comprises six members, two of whom are employee representatives. Both the size and the tripartite composition of the Supervisory Board are thereby stipulated in MLP SE's Articles of Association. The members of the Supervisory Board at a dualistically structured SE are generally appointed by the Annual General Meeting (Art. 40 (2) of the SE Regulation) becoming effective. MLP SE deviates from this with regard to the employees' representatives. The appointment of the employees' representatives on the Supervisory Board is based on a participation agreement that has been agreed between the company and a negotiation committee established for this purpose. Accordingly, employees' representatives are elected directly through an election in the company. The members of the Supervisory Board are currently Ms. Tina Müller and Dr. Peter Lütke-Bornefeld (Chairman of the Supervisory Board), Dr. Claus-Michael Dill, Matthias Lautenschläger, Alexander Beer (employees' representative) and Ms. Monika Stumpf (employees' representative). Monika Stumpf, the deputy works council chair, joined the Supervisory Board on January 1, 2021 as the successor to Mr. Schlingermann, who resigned from his position on December 31, 2020 having reached the statutory retirement age. Ms. Müller has held a seat on the Supervisory Board since the financial year 2015, Dr. Lütke-Bornefeld since the financial year 2002, Dr. Dill since the financial year 2008, Mr. Lautenschläger since the financial year 2018 and employees' representative Mr. Schlingermann since the financial year 2013, whereby the membership in the periods prior to September 2017 related to MLP AG, as the change in corporate form from MLP AG to MLP SE took place at that time.

As per the recommendations of the GCGC 2019, the Supervisory Board should specify specific targets for its composition and draw up a skills profile for the entire Board. In doing so, the Supervisory Board should also pay attention to diversity. Proposals submitted to the Annual General Meeting by the Supervisory Board should take into account these targets and, at the same time, aim to meet the skills profile for the entire Board.

In its meetings during past financial years, the Supervisory Board at MLP SE addressed the topic of setting specific targets for the composition of the Supervisory Board, paying particular attention to its own target of securing diversity in terms of its composition, as the Supervisory Board has set itself concrete targets for its composition. One item worthy of particular note here is a requirements profile for Supervisory Board candidates, which was passed in the financial year and which summarises the knowledge, skills, professional experience and personal aptitude characteristics necessary for candidates to be considered. You can find statements on the stipulations for promoting equal participation of women in management positions pursuant to § 111 (5) of the German Stock Corporation Act (AktG) within the Declaration of Corporate Governance.

The Supervisory Board also reviewed the knowledge and experience required of the Supervisory Board members and of the Chairman of the Audit Committee under the German Corporate Governance Code

with regard to reporting and internal control procedures. The Chairman of the MLP SE Audit Committee fully complies with these requirements.

#### Independence of the Supervisory Board

As indicated in above Declaration of Compliance, MLP SE declares that it deviates from recommendations C.1 Sentence 5, C.6, C.7, C.8, C.9, C.10 and D.4 of the GCGC 2019, since the Supervisory Board has not approved any fixed targets for the number of independent Supervisory Board members, does not agree with the definition of independence in the GCGC 2019, has not stipulated any appropriate number of independent Supervisory Board members in the sense of the GCGC 2019 and also has not provided their names, instead is considering appointments on the basis of the respective qualifications. When the Audit Oversight Reform Act (APAReG) came into force on June 17, 2016, the former legal regulations on independence of members of the Supervisory Board were dropped completely. The justification submitted by the government during the legislative procedure stated that "a generally high degree of independence is already ensured" through institutional separation of the Supervisory Board and Executive Board. However, recommendation C.6 (2) of the GCGC 2019 now states that members of the Supervisory Board are to be classed as independent if they are independent from the Company and its Executive Board, as well as independent from a controlling shareholder. The fact that recommendation C.7 (2) of the GCGC 2019 contains a (non-exhaustive) list of criteria that the shareholder side should take into account when assessing independence is also new. From MLP SE's perspective, both this indicator solution and the assessment of individual members of the Supervisory Board involve a certain degree of legal uncertainty.

Firstly, it uses terminology that is both vague and not defined precisely in terms of legislation or legal practice, such as "close family member" or "independence from the Executive Board".



Secondly, according to the GCGC 2019, it must be taken into account whether the person in question has been a member of the Supervisory Board for more than twelve years. In this respect it already appears questionable whether a long period spent on a Supervisory Board is actually an indicator of a lack of independence. From MLP SE's perspective, even Supervisory Board mandates that are performed for more than 12 years still allow such members to act independently and remain impartial with regard to the Executive Board. Of course, it is considered good practice for members of the Supervisory Board at companies to maintain at least certain personal and professional distance from the members of the Executive Board, so that they can remain impartial in a critical situation or when reaching decisions on topics that might be considered controversial. MLP SE will continue to assess the independence of its Supervisory Board members using the same criteria on which this assessment has been based to date.

Applying these criteria, which MLP SE has to date used on the basis of the old GCGC and will continue to use, to the current Supervisory Board members on the shareholder side, it becomes clear that three of these Supervisory Board members should be considered independent in this sense. From the Company's perspective, this appears perfectly adequate. Set against this background, it is superfluous to disclose which of the new independence criteria stipulated by the GCGC 2019 individual members of the Supervisory Board at MLP SE fail to meet. The same applies to the further disclosure recommended in C.9 of the GCGC 2019.

#### Age limit

As per the recommendations of the GCGC 2019, an age limit is to be specified for members of the Supervisory Board and disclosed in the Declaration of Corporate Governance. No age limit is set for members of the Supervisory Board at MLP. In the Supervisory Board's opinion, the election of members of the Supervisory Board should be based solely on knowledge, skills and specialist experience.

#### Efficiency of the Supervisory Board

In 2021 the Supervisory Board also reviewed the efficiency of its own activities. Particular attention was paid to the efficiency of the 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. To this end, a self-evaluation form containing specific questions is completed and evaluated once a year by all members of the Supervisory Board. On this basis, the Supervisory Board then undertakes intensive and expedient discussion with the aim of developing measures aimed at further increasing efficiency.

#### Supervisory Board committees

The Supervisory Board of MLP SE has set up committees in order to improve the effectiveness of its work. The Personnel Committee prepares the resolutions on HR issues concerning Executive Board members with the company. The Audit Committee is responsible for auditing the accounting processes, risk management issues and the auditing system itself, as well as ensuring the independence of the auditors. The same applies when selecting the auditor, awarding the audit contract to the auditor, as well as determining the focal points of the audits and agreements on fees. The Committee also discusses the annual financial statements, the consolidated financial statements and the joint management reports of MLP SE and the MLP Group and submits a recommendation for resolution to the Supervisory Board. The Supervisory Board has also formed a Nomination Committee, composed exclusively of shareholder representatives, that proposes suitable Supervisory Board candidates for recommendation to the Annual General Meeting and addresses the requirements that these candidates must meet. The members of the Personnel Committee are Ms. Tina Müller, Dr. Peter Lütke-Bornefeld (Chairman of the Personnel Committee), Matthias Lautenschläger and Ms. Monika Stumpf. The Audit Committee comprises Dr. Claus-Michael Dill (Chairman of the Audit Committee), Matthias Lautenschläger, Dr. Peter Lütke-Bornefeld and Alexander Beer. The Nomination Committee comprises Ms. Tina Müller, Dr. Peter Lütke-Bornefeld (Chairman of the Nomination Committee), Matthias Lautenschläger and Dr. Claus-Michael Dill.



#### Corporate governance in the Supervisory Board

In 2021, the Executive and Supervisory Boards of MLP SE again dealt intensively with the German Corporate Governance Code and further new legislation significant to the work performed by the Supervisory Board and its committees. The Code and its amendments passed on December 16, 2019, were a subject of discussion by the Supervisory Board. Stipulations were analysed and corresponding adjustments to the internal regulations and procedures followed by the Supervisory Board were either proposed or submitted for verification.

#### Requirements profile and diversity concept for the Executive Board and Supervisory Board

The Supervisory Board has approved a requirements profile for the composition of the Executive Board in order to secure an orderly selection process, applying objective and comprehensible requirement criteria to the proposals for the appointment of new members of the Executive Board at MLP SE. Accordingly, each member of the Executive Board must display a certain level of indispensable general knowledge and experience. Only those candidates whose personal integrity, independence, commitment, motivation and personality indicates that they are capable of properly performing the duties of a member of the Executive Board at MLP SE, as well as the Financial Holding Group managed by it and its controlled companies, are to be proposed. The Executive Board should be composed in such a way that qualified management of MLP SE is assured at all times. Its members should together possess the knowledge, skills and specialist experience required to perform their respective legal duties properly. Members of the Executive Board must be reliable. As well as meeting the general requirements in terms of personal reliability, personal independence and freedom from conflicts of interest, each member of the Executive Board should also possess the kind of general professional expertise needed in order to execute the respective management role properly. This means that the candidates must possess sufficient theoretical and practical knowledge of the respective business, as well as specific management experience.

The Supervisory Board has also approved a requirements profile that applies to the composition of the Supervisory Board or to the proposals that are to be sent to the Annual General Meeting for appointing

the Supervisory Board in order to secure an orderly selection process, applying objective and comprehensible requirement criteria to the proposals for the appointment of new members of the Supervisory Board at MLP SE. Accordingly, each member of the Supervisory Board must possess a certain level of indispensable general knowledge and experience. Only those candidates whose personal integrity, independence, commitment, motivation and personality indicates that they are capable of properly performing the duties of a member of the Supervisory Board at MLP SE, as well as the Financial Holding Group managed by it and its controlled companies, are to be proposed. The composition of the Supervisory Board must ensure qualified advising and monitoring of the Executive Board at MLP SE by the Supervisory Board at all times. Its members should together possess the knowledge, skills and specialist experience required to perform the respective legal duties properly. As well as meeting the general requirements in terms of personal reliability, personal independence and freedom from conflicts of interest, each member of the Supervisory Board should also possess the requisite professional expertise. All members should be capable of both understanding and evaluating the reports presented to the Supervisory Board, as well as drawing their own conclusions regarding the content. Alongside this, they should also display a general understanding of the brokerage, insurance, wealth management and banking business, as well as the real estate agent and real estate project development business and in particular the market environment, the individual business fields, the client requirements and the regions in which MLP SE and its subsidiaries are active and the strategic alignment of both MLP SE and the Group. From the perspective of the Supervisory Board, the ability to judge the correctness, efficiency, legality and expediency of the business decisions to be assessed also represents an absolute qualification requirement for members of the Supervisory Board. Alongside this, candidates should also be capable of understanding and evaluating the annual financial statements and associated documents. The member to be proposed should possess commercial experience gained from having worked in corporate management or as a senior executive and/or member of a Supervisory Board or comparable corporate body.



The legislation on equal participation of women and men in management positions came into force on May 1, 2015. It stipulates an obligation to specify targets for members of supervisory and executive boards, as well as the two upper management levels, although it does not define an actual minimum target. Insofar as the percentage of women is below 30 %, the targets must then not fall below the percentage reached. The deadline for achievement of the first targets was fixed for June 30, 2017. After that deadlines can be up to five years. The targets and deadlines are to be specified in concrete terms. In addition to this, it must be stated whether the specified targets have been achieved and, if not, information as to the reasons must be specified.

The Supervisory Board at MLP SE has set internal rules for the composition of both the Executive Board and Supervisory Board. Assuming equal personal and professional aptitude, these stipulate a minimum 25 % representation of women in both bodies (in the case of the Supervisory Board on the shareholder side). MLP SE has met this quota on the shareholder side of the Supervisory Board. Indeed, as Ms. Müller has been a member of the Supervisory Board since 2015, MLP considers the quota pursuant to the obligation as per the GCGC 2019 as being met. The quota has therefore been met for many years. As such, another explanation of the deviation from the corresponding recommendation of the government commission appears superfluous here, as does any further reporting on the implementation steps with regard to meeting the quota.

In November 2020, the Supervisory Board confirmed the target of at least 25 percent for the proportion of women on the Executive Board – which currently only comprises three persons – and set itself the end of the financial year 2025 as the implementation deadline. Therefore, it is currently also not possible to report on any concrete measures for achieving these objectives in the Declaration of Corporate Governance.

#### Cooperation between Executive Board and Supervisory Board

Intensive dialogue between the Executive and Supervisory Boards forms the basis of transparent and responsible company management. The Executive Board of MLP SE provides the Supervisory Board with regular, timely and comprehensive information on the Group's position, including information on its

risk situation, risk management and compliance. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Furthermore, the Chairman of the Supervisory Board meets with the Executive Board on a regular basis to discuss specific issues. The Chairman of the Supervisory Board informs the other members of the Supervisory Board in detail about the content of his meetings with the Executive Board. The Supervisory Board discusses the Group's corporate planning and plans for strategic growth with the Executive Board.

Significant legal transactions by the Executive Board require the consent of the Supervisory Board. A set of rules of procedures issued by the Supervisory Board in particular governs the distribution of business, powers of approval outside the Articles of Association and co-operation with the Executive Board. Further details on the co-operation between Executive Board and Supervisory Board can be found in the report by the Supervisory Board.

Further disclosures on the Supervisory Board's activities can be found in the report by the Supervisory Board.

#### Directors' Dealings

Pursuant to Art. 19 of the Market Abuse Regulation (MAR), persons assuming executive positions at the issuer of shares must notify the issuer and the Federal Financial Supervisory Authority (BaFin) of transactions in financial instruments. This obligation also applies to natural persons and legal entities that are closely linked to such a person assuming an executive position.

Transactions up to a total value of € 20,000 per calendar year are exempt from the reporting obligation.

No transactions pursuant to Art. 19 of the Market Abuse Regulation (MAR) were reported to us in the financial year 2021. Reported transactions from previous years can be viewed on our website at [www.mlp-se.com](http://www.mlp-se.com).



## Corporate governance practices Compliance as a management duty

#### Compliance regulations

The trust of our clients, shareholders and business partners in our capacity to act professionally and responsibly forms the basis of our business operations. Compliance with all relevant legislation and capital market regulations represents the foundation of our business activities and an integral part of our corporate culture. Violations against applicable legislation and regulations not only have the potential to lead to legal disputes and financial losses, but can also have a negative effect on our Group's reputation. The Executive Board at MLP ensures Group-wide compliance with legal provisions and internal company guidelines, while also guaranteeing both a trusting and transparent system of corporate governance.

The basic principles of abidance to laws, integrity and economically successful business practices are firmly anchored in our Code of Business Conduct and Ethics. Our compliance activities are based on a Group-wide compliance strategy, which in particular employs preventive measures to avoid the occurrence of risks due to non-compliance with applicable legislation, internal standards and processes. The focus here is on compliance with legal provisions and corporate policies with regard to the provision of (ancillary) securities services, consumer and data protection, as well as the prevention of money laundering, financing terrorist activities and all other criminal conduct. In the interests of our clients, shareholders and employees, the Compliance department supports and advises the Executive Board in establishing uniform standards for all Group companies. Taking into account the constantly changing regulatory requirements and market conditions, Compliance steers the continuous further development of our internal behavioural standards and monitors implementation of applicable requirements.

On the basis of a Group-wide risk analysis, the Compliance department identifies, analyses and evaluates the compliance risks relevant to MLP SE's business operations. Compliance also collaborates with the specialist departments responsible for developing risk-reducing measures and continuously monitors their effectiveness in our day-to-day business.

Regular training sessions, during which all employees of the MLP Group familiarise themselves with the key regulations as a way of preventing any accidental infractions while also providing support in applying our Code of Business Conduct and Ethics, represent an important element of our risk prevention measures. In particular they include web-based training events on market abuse legislation, securities compliance, data and consumer protection as well as the prevention of money laundering, financing of terrorist activities and criminal conduct. Compliance is also available to all employees as a point of contact for reporting internal suspicious transactions with regard to criminal activities or violations against our compliance regulations. Any violations determined are investigated promptly, comprehensively clarified and then used to eliminate any weaknesses identified. The Executive Board and Supervisory Board are regularly informed of all relevant actions and measures taken by the Compliance department.

The Compliance Policy in the MLP Group also sets out the measures for insider trading prevention and describes the internal guidelines for execution of employee transactions. Our Code of Conduct also ensures that confidential information is handled responsibly at MLP and defines standards for advising and supporting our clients, as well as the policy on giving and accepting invitations and gifts. To prevent any impairment of client interests, we have defined policies regarding the avoidance and monitoring of conflicts of interest and the acceptance of gifts. These policies are regularly reviewed and adapted to changing requirements.



## DEFINED COMPANY VALUES

Group vision with mission statement

The MLP Group and its brands Deutschland.Immobilien, DOMCURA, FERI, MLP, RVM and TPC is the financial services provider for private, corporate and institutional clients. Special added value is created by networking the various perspectives and areas of expertise – enabling clients to reach better financial decisions.

In 2021, MLP developed a Group vision as a way of further strengthening the common basis for successful cooperation. In this context, a mission statement was drafted for the MLP Group.

"Our network provides suitable solutions for all financial matters – always committed to our clients. We help individuals and companies reach better decisions."

An intensive transfer of knowledge and expertise takes place within the Group. The specialists support one another in the areas of research and concept development, as well as in client consulting. This valuable and targeted interaction generates additional value for clients, as well as for the company and its shareholders.

The various corporate missions are arranged under the umbrella of a common Group vision, which all companies work to. The mission statement of the MLP brand is: "We motivate people to engage with the topic of finance. We help people reach better financial decisions independently. That is MLP." The corporate mission of MLP with its governing principles is based on various core values, which were defined with input from a large number of employees and consultants. "Performance" and "Trust" were identified as special core values. You can find details on our corporate mission on our homepage at [www.mlp-se.com](http://www.mlp-se.com).

On the basis of the corporate mission, new governance principles were then developed in an interactive workshop in the autumn of 2021 with input from managers at all hierarchy levels. These are to be implemented, communicated and anchored in the course of the financial year 2022.

The personnel strategy and its vision represent another part of the corporate governance practices. MLP is an attractive employer and is perceived as such both by its own employees and by potential applicants on the employment market. All employees are proud to work for the company and to make an important contribution to the sustainable success of MLP through their efforts. The employees feel a connection and identify with the MLP mission statement, the management model and in particular the culture of performance and trust that is actively lived out at all levels of MLP.

Various HR fields of action have also been defined on the basis of this. This exemplifies the positioning of the employer brand or the increase in employer attractiveness, in particular for women - among other things also through active expansion and optimisation of the family-friendly framework conditions associated with working at MLP. Another action area revolves around actively working towards greater participation of women at all management levels within the company, which became even more important at MLP in 2021.

An explanation of the business and risk strategy as well as the risk management system can be found in the chapter "Risk and disclosure report" of the Annual Report.

**Stipulations for promoting equal participation of women in management positions pursuant to § 76 (4) of the German Stock Corporation Act (AktG)**

The legislation on equal participation of women and men in management positions came into force on May 1, 2015. It stipulates an obligation to specify targets for members of supervisory and executive boards, as well as the two upper management levels, although it does not define an actual minimum target. Insofar as the percentage of women is below 30 %, the targets must then not fall below the percentage reached. The deadline for achievement of the first targets was fixed for June 30, 2017. After that deadlines can be up to five years. The targets and deadlines are to be specified in concrete terms. In addition to this, it must be stated whether the specified targets have been achieved and, if not, information as to the reasons must be specified.

MLP places great emphasis on promoting women and helping employees combine a career with a family. The company has therefore already made this topic a focus over the last few years and implemented various measures to promote women into management positions. The concept for example includes measures such as family-friendly meeting arrangements or flexible workplace designs. As a sign of its public commitment to diversity, MLP signed the Diversity Charter in 2014. To help staff more effectively combine their career with a family, MLP opened a parent & child office in February 2015 to provide parents that are struggling to find childcare with the option of taking their children to work with them. In addition to this, the berufundfamilie® audit was successfully performed in 2019. The associated target agreement for the coming three years includes various objectives/measures to promote the concept of women in management positions, as well as part-time management. In the financial year 2021, the Executive Board launched a programme to help promote more women into management positions, which involves various measures.

In November 2020, the Executive Board at MLP SE approved a target of at least 33 % for female managers at the first management level below the Executive Board at MLP SE, whereby this percentage is to be achieved by the end of the financial year 2025. It is therefore not yet possible to report on the realisation of the targets at this point.

**Equal pay for women and men doing the same or equivalent work as per the German Transparency of Pay Act (EntgTranspG)**

The Transparency of Pay Act (EntgTranspG) came into force on July 6, 2017 to counteract wage differences between women and men doing the same or equivalent work. The legislation promotes

disclosure of company pay systems and prescribes an individual right to information regarding in-house pay structures for staff at enterprises with more than 200 employees.

A "pay system" works agreement was concluded in December 2015 as the basis for establishing improved transparency of pay at MLP. This works agreement applies to MLP SE, MLP Banking AG, as well as MLP Finanzberatung SE in the version dated July 2, 2019. Each job type is assessed independently of the incumbent, i.e. in a gender-neutral way, and then assigned to a salary range. The salary benchmark is then based on this assignment when hiring new staff and redeploying existing staff. Private employers that generally have more than 500 employees are called upon to use operational audit procedures to regularly review the application of their pay systems and the various pay components paid for compliance with the equal pay requirement in the meaning of this legislation. MLP has decided to perform these audits for MLP SE, MLP Banking AG and MLP Finanzberatung SE in 2018.

A report on the current status and the provisions determined to establish equal pay and equality will be included with the joint management report for the financial year 2020 as an appendix and also published in the Federal Gazette (Bundesanzeiger).

## Special legal provisions

As per Recommendation F.4 of the GCGC 2019, the Supervisory Board and Executive Board at listed companies that are subject to special legal provisions should specify in the Declaration of Corporate Governance which recommendations of the Code could not be applied due to statutory provisions. It is the opinion of the Executive Board and Supervisory Board that the provisions of the Ordinance on the Supervisory Requirements for Institutions' Pay Systems (InstitutsVergV) take precedence over the provisions of the German Stock Corporation Act (AktG) or the GCGC in certain cases.

