



# Sustainability Policy MLP Group.

Valid Group-wide, as of December 2021.



## Foreword by the Executive Board on Corporate Responsibility.

### “Sustainability means taking responsibility”

Sustainability is a social and socio-political imperative. It must be the objective of companies to achieve permanent economic success while at the same time acting with ecological, social and civil responsibility. We assume this responsibility with the greatest conviction. Sustainability is an essential constituent of our corporate strategy.

This thought shapes how we act every day in our core business in all parts of the MLP Group. Our mission consists in enabling people and companies to make better financial decisions. We support them long-term and develop sustainable financial plans. At the same time, our understanding of sustainability encompasses how we work as a company. Our top priority is to act specifically with climate protection in mind and to consistently reduce our own carbon footprint.

Our understanding of values is underlined by our sustainability principles. The basis for this is formed by the Sustainable Development Goals (SDGs) of the United Nations.

This policy summarises the basic understanding, the framework for action and the organisation of sustainability for all parts of the MLP Group, which the individual companies follow and concretise further.

*Dr. Uwe Schroeder-Wildberg*

*Manfred Bauer*

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*The MLP Campus  
in Wiesloch*

## Sustainability of the MLP Group

### Commitment

Global challenges – social and ecological, and thus also economic – are constantly growing. Sustainability is therefore a social and socio-political task that is no longer only demanded by supranational organisations such as the United Nations or non-governmental organisations but is now a focus of economics and politics to spark global action.

Acting sustainably is a complex task associated with the goal of shaping a liveable future.

In order to meet our social responsibility, we have anchored sustainability holistically in the company. This means: Sustainability is integrated into our business strategy and policy and thus flows programmatically into all parts and processes of the company.

Alongside our economic and social responsibility – which we carry in particular through the long-term support of our client groups and as a reliable employer – we take responsibility for the ecological effects of our actions, but also as part of the global community. The Sustainability Development Goals of the United Nations (UN SDG) provide the suitable framework to which we align our sustainability activities.



*The Sustainability  
Development Goals  
of the United Nations  
(UN SDG) as a rule.*

## MLP Sustainability Policy

Our understanding of sustainability is clarified and given concrete form with this MLP Sustainability Policy. It provides the **MLP Group's framework for sustainability**: It conveys a clear understanding of the common values and goals and provides orientation for corresponding action. A holistic view represented within the Group is the basic prerequisite for the implementation of common sustainability targets. This is why the Sustainability Policy was approved by the corresponding management bodies of the MLP Group (Executive Board of MLP SE and Executive Committee) and confirmed by the Declaration of Compliance of the respective companies.

The MLP Sustainability Policy conveys a clear understanding of sustainability for all parts of the MLP Group. Activities of the Group companies contribute to the sustainability strategy and may in no way contradict the Group Policy. However, the different Group companies can set their own areas of focus and concretise the framework specified in the Policy.

*A clear understanding of sustainability for all parts of the MLP Group.*

The measures and activities are controlled and implemented at two levels.

In the MLP Sustainability Policy, the **Group level** defines the overall Group-wide strategy, the selection of the UN Sustainability Development Goals (SDG) as guiding principles to which the Group goals are aligned, the Group-wide climate strategy as well as Group-related sustainability communication and reporting within the scope of the MLP Sustainability Report.

You can read about the sustainability activities of the MLP Group in the MLP Sustainability Report and on the MLP Sustainability webpage.

The **company level** describes the activities of the respective Group subsidiaries in the core business. In accordance with the client-specific requirements and regulatory stipulations, each Group subsidiary specifies its own guidelines and strategic goals at company level in a company-specific Sustainability Policy. The implementation of the sustainability strategy is published on the website of the relevant Group subsidiary.



## Structure for implementing sustainability in the MLP Group.



## Responsibility and control of the Group level

The ultimate responsibility for sustainability in the MLP Group lies with the Chief Executive Officer. Specialised responsibility and the coordination of all relevant sustainability topics at Group level as well as the corresponding reporting are assigned to the Group Sustainability Officer, whose central function is organisationally assigned to the Chief Executive Officer's area of responsibility. It is their task to continuously monitor sustainability issues at MLP Group level, to develop them in coordination with the Group subsidiaries and to assess them with regard to opportunities and risks. This takes place in coordination with the MLP SE Executive Board and the Executive Committee as well as with the support of a Group-wide committee established in 2020, the CSR Committee, which consists of the Sustainability Officers from all MLP Group companies.

Exchange at Group level takes place in regularly occurring meetings of the MLP Executive Committee in order to coordinate the Group-wide sustainability topics and transfer them to the respective company.

## Organisation of sustainability at MLP.

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## Sustainability at all levels

The global challenges, the requirements of our stakeholders as well as increasing regulation are changing the finance sector dynamically, and with it our core business. In order to achieve substantial and credible action – a successful transformation into a low-carbon, future-oriented and sustainable economy – the financial system needs to be involved. Those who get on board with these developments early on not only make an important contribution to achieving the climate goals, but can also play a leading role in opening up new business areas.

MLP actively endeavours to take on such a leading role by anchoring sustainability in the core business of all Group subsidiaries in a credible way.

# Sustainability commitment & standards

We implement sustainability at MLP with the following standards. They primarily reflect the standards at Group level, which can be further expanded upon by the individual companies.

## Sustainable Development Goals (SDGs)

In 2015, the global community agreed on 17 goals for sustainable development intended to achieve worldwide assurance of sustainable development at economic, social and environmental level. Nations, the economy, civil society, scientists and the public sector – everyone can support these goals by acting sustainably.



*We support the  
17 SDGs of the  
United Nations.*

As a globally applicable framework (17 goals, 169 sub-goals), the SDGs make it possible to identify specific goals for sustainable development: They can be implemented by minimising negative or strengthening positive impacts of conscious action on people and the environment.

Our understanding of sustainability is oriented towards the guiding principle for sustainable development of the United Nations. We will meet the requirements of the Sustainable Development Goals by participating in the UN Global Compact and by deriving compliant actions.

## SDGs of the MLP Group

The SDGs form a central guideline for all activities in the MLP Group. As such, all actions and measures are always based on the top-level principles of the Group, but are concretised and operationalised according to the necessities, client requirements and legal or regulatory provisions in the individual lines of business.

MLP is fundamentally committed to the 17 goals of the United Nations for worldwide sustainable development. To this end, we compare our activities against the Sustainable Development Goals and identified five of these goals as particularly relevant for us as a business group – and with focus on our core business:



- SDG 4 – Quality education
- SDG 5 – Gender equality
- SDG 7 – Affordable and clean energy
- SDG 8 – Decent work and economic growth
- SDG 13 – Climate action

The aim is for all of our measures concerning the Sustainability Policy to relate as directly as possible to these five factors. Our annual Sustainability Report details how they are implemented.

## Sustainability principles in the MLP Group

Our understanding of values is underlined by the following sustainability principles, which are the basis of all of our activities and objectives.

In order to transform this commitment into action, we align our understanding of sustainability to the Sustainable Development Goals of the United Nations. These goals formulate the most urgent environmental, social and economic issues and enable us to identify how we can promote sustainable development within the scope of our activity.

### Sustainability principles in the MLP Group.

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- We are committed to equal opportunities, diversity and reconciliation of work and family life.
  - We encourage and expect continuous learning.
  - We make an important contribution to multigenerational financial education as part of society.
  - We unite successful entrepreneurship with social and societal commitment.
  - Sustainable actions represent a key component of our services and activities.
  - We generate values by enabling our client groups to make better financial decisions by networking different perspectives and expertise. In doing this, we take into account ecological and social aspects, as well as principles of good corporate governance.
  - We maintain an open dialogue with our stakeholders and report transparently on our sustainable commitment.
  - Since 2020, MLP has been climate neutral and is thereby taking responsibility for the climate and our environment. We want to burden the environment as little as possible with our activities, for a worthwhile, sustainable future.
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## UN Global Compact

The UN Global Compact is the largest and most important initiative for sustainable and responsible corporate management in the world. With it, companies undertake to act responsibly on the basis of 10 principles and to strive towards the 17 goals (SDGs) of the United Nations.

The FERI Group has been a signatory of the UN PRI (Principles for Responsible Investments of the United Nations) since 2014 and thereby supports the principles of sustainable investment and business practices in accordance with the UN PRI. This is an investor initiative in partnership with the UNEP Finance Initiative and the UN Global Compact. These voluntary principles create a practical framework for including environmental, social and governance issues into the general business practices and investment decisions of FERI.

As the MLP Group, our next step will be to join the Global Compact of the United Nations as a contribution to tackling global social challenges and we will thus support the areas of human rights, labour standards, environmental protection and the fight against corruption.

## German Sustainability Code (GSC) & Global Reporting Initiative (GRI)

With the Paris Climate Agreement, the SDGs of the United Nations, the TCFD recommendations (Task Force on Climate-related Financial Disclosures) of the Financial Stability Boards and finally the EU Action Plan, efforts to achieve sustainability are forging ahead on many fronts. Transparency and corresponding reporting are central elements here. The GSC is a sector-independent transparency standard for the reporting of corporate sustainability achievements that integrates the legal requirements of the CSR Directive Implementation Act.

MLP sustainability reporting has taken place based on the structure of the German Sustainability Code (GSC) since 2017. Due to the underlying sustainability materiality analysis, these GSC criteria are supplemented in the MLP Sustainability Report by individual indicators of the Global Reporting Initiative (GRI) that are essential for MLP.

The Global Reporting Initiative is a provider of guidelines for the creation of sustainability reports of large corporations, small and medium-sized companies, governments and non-governmental organisations.

## MLP Code of Business Conduct and Ethics

The MLP Code of Business Conduct and Ethics defines binding behavioural standards and principles for the companies of the MLP Group. It raises awareness among our board members, employees and consultants for responsible, sustainable, fair and professional business conduct with one another as well as with clients, business partners and shareholders, and helps to provide business activities in line with the legal requirements and internal specifications relevant for MLP; this also includes appropriate and conscious handling of opportunities and risks within the scope of the corporate and risk culture in place at MLP.

## Sustainability Report

Since the financial year 2017, MLP SE as the parent company of the MLP Group has had to report on the aspects of environmental, employee and social issues and on the observance of human rights and the fight against corruption and bribery within the scope of legal requirements (CSR Directive Implementation Act).

MLP sustainability reporting has taken place based on the structure of the German Sustainability Code (GSC) since 2017. Due to the underlying sustainability materiality analysis, these GSC criteria are supplemented by individual indicators of the Global Reporting Initiative (GRI) in the MLP Sustainability Report that are essential for MLP.

## Commitment & fields of action

To transform our commitment to the goals for sustainable development into action, we continuously compare our activities with the Sustainable Development Goals (SDGs). These goals formulate the most urgent environmental, social and economic issues and enable us to identify how we can promote sustainable development within the scope of our activity.

The essential objective here is to act specifically with climate protection in mind and to consistently reduce our own carbon footprint.

This is how we have aligned our climate protection commitment to the SDGs that are particularly relevant for MLP: Following possible avoidance and reduction of our own carbon emissions, we offset the remaining emissions with a climate protection project in the Peruvian jungle and therefore not only support the preservation of biodiversity but also social aspects such as the education of local people. For future activities, too, we will take into account the goals that are essential for us wherever possible.

You can read about our commitment – by which we contribute as a company – on our Sustainability page.



### **SDG 4 – QUALITY EDUCATION**

**Goal: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

Education is a central value at MLP: As a knowledge-based service provider, the qualification and further training of both our consultants and our employees is a high priority. A high quality of educational programmes is therefore an essential prerequisite for high-quality financial advice for our clients.

Promoting education is a fundamental value as well as an essential requirement for sustainable worldwide development and thus for securing the future.



## **SDG 5 – GENDER EQUALITY**

**Goal: Achieve gender equality and empower all women and girls**

MLP benefits from the diversity of its employees, which is why we actively support diversity and gender equality as a matter of course and create the necessary framework conditions to achieve this. Only in this way – with many talents, different backgrounds and strengths – can we benefit together in a challenging and future-oriented environment.

Responsible conduct and a respectful attitude towards others are always at the heart of our corporate culture. We implement this in an open and team-oriented corporate culture.



## **SDG 7 – AFFORDABLE AND CLEAN ENERGY**

**Goal: Ensure access to affordable, reliable, sustainable and modern energy for all**

Affordable and clean energy is an essential building block for countering global environmental and climate challenges.

We strive to treat resources responsibly, which is why efficient environmental and resource management is anchored in MLP's sustainability management. Affordable and clean energy is closely tied to climate protection. Throughout the Group, MLP uses electricity from renewable energy resources and continues to pursue this goal with its own carbon neutrality.



## **SDG 8 – DECENT WORK AND ECONOMIC GROWTH**

**Goal: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

Sustainability is a social and socio-political imperative. It must be the objective of companies to be permanently economically successful while at the same time acting with ecological, social and civic responsibility. We assume this responsibility with the greatest conviction. Sustainability is an essential constituent of our corporate strategy.

In addition to our economic and social responsibility – which we bear in particular as a partner for financial queries from our clients and as a reliable employer – we also take on responsibility for the environmental effects of our business. As such, inclusive and sustainable economic growth is our foundation.



## SDG 13 – CLIMATE ACTION

**Goal: Take urgent action to combat climate change and its impacts**

We have aligned our climate protection commitment to the SDGs that are particularly relevant for MLP: By offsetting our emissions, we not only support the preservation of biodiversity but also social aspects such as the education of local people.

## Climate protection

MLP has been climate neutral since the financial year 2020. Our climate protection strategy provides the framework of action for the climate protection activities of the MLP Group and is intended to ensure the necessary conditions for achieving or maintaining climate neutrality. Treating resources responsibly is an essential building block for climate protection. As such, we endeavour to avoid or reduce the carbon emissions we produce where possible. To do this, we determine our carbon footprint each year and use it as the basis for initiating measures to cut and continuously monitor carbon emissions.

**We support our nature – both internationally and nationally.**

*Forest protection in Peru*



*Planting trees in Germany*



The remaining carbon emissions of the MLP Group are compensated by purchasing climate protection certificates from internationally certified, quality-assured climate protection projects, which means that MLP is already climate neutral today.

## Selection criteria for climate protection commitment

The following aspects are generally taken into account when selecting climate protection projects:

- The financial volume for compensation is spread over just a few projects to ensure optimum effectiveness
- The quality of the projects must be assured through tested and certified audits
- The objectives of the respective projects should reflect the SDGs that are important for the Group wherever possible
- For the goal of climate neutrality, we select projects that clearly demonstrate an immediate effect on climate protection

## Carbon footprint

MLP determines the carbon footprint for the entire Group each year and uses it as the basis for initiating measures to cut carbon emissions. The MLP carbon footprint is recorded on the basis of the requirements of the Greenhouse Gas Protocol (GHG) Corporate Standard and covers the following scopes:

### **Scope 1 – Direct emissions**

Covers all greenhouse gas emissions (GHG) that are generated directly in the organisation.

### **Scope 2 – Indirect emissions through energy**

Covers all indirect greenhouse gas emissions (GHG) that are associated with the generation of energy outside the organisation.

### **Scope 3 – Other indirect emissions**

Covers all other greenhouse gas emissions (GHG) that are generated by the organisation's activities.

## Regulatory framework conditions

On the basis of the CSR Directive Implementation Act, which has been in force since 2017, MLP reports annually on environmental, social and employee issues in a Sustainability Report.

### Sustainable finance: UN and EU as drivers of sustainable development

Guidelines for a sustainable financial economy are increasingly becoming established at international and European level. Sustainable finance covers the activities of financial services providers to steer capital flows more strongly towards sustainable investments, to take environmental and climate damage into account more comprehensively, and to promote the transparency of financial products.

In view of this development, investment houses are increasingly integrating ESG criteria (environmental, social, governance) or the Sustainable Development Goals (SDGs) of the United Nations into their investment processes. ESG criteria and the promotion of SDGs – along with classic financial data – are therefore gaining significance and becoming central guidelines for activities in the field of financial consulting and wealth management.

#### **Environment**

Stands for environmental awareness and the resulting commitment of a company, such as carbon neutrality or resource-saving actions.

#### **Social**

Stands for a company's social commitment as well as for the many and varied social aspects of human resources management (compliance with labour laws, health protection, etc.).

#### **Governance**

Stands for good corporate governance and corporate culture as well as compliance.

These developments will continue to have an increasing influence on the MLP Group in the coming years. The requirements for appropriate governance have increased considerably in many areas of the financial economy as a result of directives and regulations.

## Sustainability risks

There is growing awareness of sustainability and this is reflected in regulatory framework conditions. In financial companies, an appropriate risk culture, in particular with regard to the minimum requirements for risk management (MaRisk), is very important.

We generally consider sustainability risks to include events or conditions resulting from the environment, social issues or corporate governance, whose occurrence can actually or potentially have significant negative effects on MLP's net assets, financial position and results of operations, as well as its reputation. This also includes climate-related risks in the form of physical risks and transition risks.

Within the scope of our Group-wide risk management, corresponding procedures at the Group level are in place to ensure appropriate control and monitoring of key risks.

## Sustainability in Executive Board compensation

The compensation structure of the Executive Board at MLP is geared towards the sustainable and long-term development of the company. Sustainability has now gained importance in its own right alongside long-term feasibility. As such, there is an increasing call for linking the ESG criteria (environmental, social, governance) to compensation components.

The MLP Executive Board compensation is generally made up of fixed and variable portions. The level of the fixed portions of compensation is calculated in such a way that there is no significant dependency on the variable portions of compensation. The target and basis of assessment for the variable portion of compensation must be set in a way that encourages the seizing of opportunities but prevents taking disproportionate risks. Furthermore, the predominant portion of the variable compensation is structured to stretch over several years.

Against the background of aligning the variable Executive Board compensation to a multi-year assessment period and linking it to the EBIT (earnings before interest and taxes), the Executive Board compensation is geared towards long-term business and earnings performance. To supplement concrete sustainability components for the holding company Executive Board – in terms of measurable, company-specific and relevant ESG criteria –

MLP is currently working intensively on assessing and developing suitable goals. A possible implementation will require developing solutions that are comprehensible and directly related to the strategy.

## Diversity in the MLP management

MLP benefits from the diversity of its employees, which is why we actively support diversity and gender equality as a matter of course and create the necessary framework conditions to achieve this. Only in this way – with many talents, different backgrounds and strengths – can we benefit together in a challenging and future-oriented environment.

From this results the goal of also staffing the management levels in the company in a balanced gender ratio wherever possible. This requires suitable concepts to promote the ideal within the individual companies in the MLP Group.

In order to concretise this, efforts to create diversity in filling management positions were ramped up in 2021, focusing particularly on employing women in the management levels in the company.

The Executive Board of MLP SE therefore resolved to increase the proportion of women in the first management level below the Executive Board of MLP SE to at least 33 percent by 2025 for the Group holding company. There is no second management level below the Executive Board at MLP SE.

In November 2020, the MLP Supervisory Board stipulated the target of at least 25 percent for the proportion of women on the Executive Board of MLP SE – which currently only comprises three persons – and now set the end of the financial year 2025 as the implementation deadline.

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