

COMPENSATION REPORT PURSUANT TO SECTION 162 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

Fundamentals of the pay system

The compensation for the Executive Board at MLP SE should include both fixed and variable components.

The fixed component comprises a basic salary, a company car that can also be used privately and occupational pension provision. The variable component is granted in the form of an EBIT-based profit-sharing payment.

The ratio between fixed and variable compensation should be set in such a way that the respective member of the Executive Board is not significantly dependent on the variable compensation component, but that this component still offers an effective incentive.

The key strategic objective is to bring about profitable growth. The key indicator and control variable is EBIT of the MLP Group which, as operating profit, is essentially the result of revenue and expenses. A variable compensation based on the EBIT of the MLP Group performance is therefore a suitable measure for supporting this strategy. By splitting the variable compensation into an immediate payment and a deferred payment, variable compensation has a multi-year basis for assessment. This ensures that focus is not only on short-term success, but also the MLP Group's long-term performance.

Since the profit-sharing payment is exclusively EBIT-based, it is fundamentally independent of the individual performance of the respective member of the Executive Board. However, the Supervisory Board still has the contractual option to adjust the variable compensation both upwards and downwards at its discretion on the basis of the individual performance of a member of the Executive Board, as well as in light of any general market influences on the respective operating results that cannot be attributed to the members of the Executive Board within a contractually stipulated framework.

The existing Executive Board service contracts do not yet contain any regulations regarding claiming back variable portions of compensation that have already been paid out in addition to those required under the provisions of law. However, a corresponding regulation is to be agreed in future for new Executive Board employment contracts to be concluded or extended in accordance with the remuneration system for the Executive Board of MLP SE resolved by the Annual General Meeting on June 24, 2021.

When specifying compensation for the Executive Board or a member of the Executive Board, the Supervisory Board takes into account the ratio relative to average compensation of the upper management level within the MLP Group, as well as the ratio relative to average compensation among the remaining workforce. This applies both to the average compensation within a year and to the development of compensation over multiple years. Attention is paid to ensure that the compensation of Executive Board members is at an appropriate ratio relative to the compensation of the workforce.

Executive Board compensation

Principles of Executive Board compensation

The members of the Executive Board receive a fixed basic annual salary, as well as a variable pay component. The basic figure for the bonus payment is determined based on the income statement of the MLP Group in accordance with the respective (international) accounting standards (IFRS) applied in the Group. The EBIT of the MLP Group in the past financial year for which the bonus is to be paid forms



the basis of assessment here. The key figure is therefore the earnings before tax (EBT) that would result without deduction of profit-sharing payments. If continuing operations and discontinued operations were to be recognised in the financial year, the basis of assessment is formed by the total of the EBIT of operations to be continued and discontinued respectively. No costs and income directly related to the discontinuation/sale of business segments are included in the basis of assessment. If the employment contract begins or ends in the course of the financial year, the basic bonus figure is reduced pro rata temporis.

45 % of the bonus calculated in this way is to be paid as an immediate payment following presentation of the company's adopted financial statements. The remaining 55 % is only to be paid as a "deferred payment" after presentation of the financial statements for the financial year two years after the year of the immediate payment. To calculate the deferred payment, the EBIT recorded in the base year as per the MLP Group's profit and loss statement is compared with the average of the EBIT of the MLP Group recorded in the three years subsequent to the base year and the updated base amount is then adjusted accordingly.

In contractually more closely specified boundaries, the immediate payment and the deferred payment are also subject to an adjustment right, which can be used at the discretion of the Supervisory Board. Here, the Supervisory Board is authorised, at its reasonable discretion, to increase or reduce the immediate payment by up to 30 % and the deferred payment by up to 10 % based on its assessment of the individual performance of the respective member of the Executive Board or extraordinary developments.

In addition to this, the service contract provides for a cap of the immediate payment and the deferred payment in euro. For both bonus parts, a maximum of 150 % of the basic figure is stipulated as the cap with an assumed EBIT of € 100 million.

Under the pay system, the members of the Executive Board are entitled to unrestricted use of a company car and payments from a life and disability insurance policy.

Chief Executive Officer, Dr. Uwe Schroeder-Wildberg, also has an individual occupational benefit plan entitlement. An old-age pension upon reaching 62 years of age, a disability pension, a widow's pension and orphan's benefits have been guaranteed. The benefit entitlement for the old-age pension is specified separately in an addendum to the employment contract. The disability pension and widow's pension are 60 % of the contractually agreed old-age or disability pension benefit. The level of orphan's benefit payable per eligible child is calculated on a case-by-case basis. The total of the widow's pension and orphan's benefit of all entitled persons together must not exceed 100 % of the old-age pension. However, the members of the Executive Board, Manfred Bauer and Reinhard Loose, receive employer-financed, defined contribution benefits in an occupational pension scheme.

The service contracts of all members of the Group Executive Board comprise change-of-control clauses granting the right to termination for cause in the event that

- the company's share of voting rights changes in accordance with §§ 21, 22 of the German Securities Trading Act;
- the company is transformed in line with the provisions of the Transformation Act (UmwG). This does not apply if the company changes its corporate form, spin-offs in line with § 123 (3) of the German Reorganisation of Companies Act or for mergers in accordance with the provisions of the Reorganisation of Companies Act, in which the company is the incorporating legal entity.

If a member of the Executive Board resigns on the basis of the aforementioned conditions, he is entitled to compensation of no more than two annual salaries, on the condition that the termination takes place more than two years before the end of contract. After that, the regulations apply on a pro-rata-temporis basis.

To comply with the relevant supervisory requirements, the service contracts of all members of the Executive Board also include the following provisions:

- In the event of negative performance or misconduct on the part of the Executive Board member in question in the sense of § 5 of the Ordinance on the Supervisory Requirements for Institutions' Pay Systems (InstitutsVergV), the Supervisory Board is entitled to reduce the benefits to which said member is entitled at its discretion when said member resigns from his position voluntarily.
- The members of the Executive Board undertake not to engage in any personal hedging or other counter-measures as a way of limiting or even eliminating the risk-orientation of compensation.
- Pursuant to § 25a (5) of the German Banking Act (KWG), the variable compensation component must not exceed 200 % of the fixed compensation component for each member of the Executive Board. An AGM resolution that proposes increasing the variable compensation cap from 100 % to 200 % of the fixed compensation component, and thereby deviates from § 25a (5) Sentence 2 of the German Banking Act (KWG), has been submitted.

When specifying and reviewing compensation for the Chairman of the Executive Board or a member of the Executive Board, the Supervisory Board takes into account the ratio relative to average compensation of the senior management level within the MLP Group, as well as the ratio relative to average compensation among the remaining workforce. This applies both to the average compensation within a year and to the development of compensation over multiple years. Attention is paid to ensure that the compensation of Executive Board members is at an appropriate ratio relative to the compensation of the workforce.

In addition to this, a horizontal comparison is performed. The benchmark companies are selected in accordance with the stipulations in the pay system. For the financial year 2021, the benchmark group comprised the following companies: Aareal Bank AG, Bausparkasse Schwäbisch Hall AG, Deutsche Beteiligungs AG, Deutsche Pfandbriefbank AG, DWS Group GmbH & Co. KGaA, GRENKE AG, Hypoport AG, INDUS Holding AG, Nürnberger Beteiligungs AG, Oldenburgische Landesbank AG, OVB Holding AG, Sparkasse Bremen AG, Südwestbank AG, Union Investment and Teambank AG.

To fulfil the requirements of the new § 162 of the German Stock Corporation Act (AktG), further detailed information is given on Executive Board compensation below.

Fixed and variable remuneration components

The following tables show the remuneration granted and owed to the active members of the Executive Board in the 2021 and 2020 financial years pursuant to § 162 (1) sentence 1 of the German Stock Corporation Act (AktG), listing all amounts actually received by the individual members of the Executive Board in the reporting period ("remuneration granted") and all remuneration legally due but not yet received ("remuneration owed").



The following compensation components were owed to the active members of the Executive Board in the 2021 financial year:

All figures in €000	Dr. Uwe Schroeder-Wildberg		Manfred Bauer		Reinhard Loose	
	Total	Share of total remuneration	Total	Share of total remuneration	Total	Share of total remuneration
Total remuneration	1,779	100%	1,041	100%	1,038	100%
Fixed remuneration	550	30.92%	360	34.58 %	360	34.68%
Variable (Immediate)	367	20.63%	245	23.54%	245	23.60%
Variable (Deferred)	395	22.20%	263	25.26%	263	25.34%
Fringe benefits incl. company car	16	0.90%	23	2.21%	20	1.93%
Old-age provision	451	25.35 %	150	14.41%	150	14.45%

The following compensation components were owed to the active members of the Executive Board in the 2021 financial year:

	Dr. Uwe Schroeder-Wildberg				Manfred Bauer			
	Total	Share of total remuneration	Min	Max	Total	Share of total remuneration	Min	Max
Total remuneration	2,338	100%	1,430	2,700	1,413	100%	808	1,704
Fixed remuneration	550	23.53%	550	550	360	25.47%	360	360
Variable (Immediate)	590	25.21%	413	693	393	27.80%	275	511
Variable (Deferred)	731	31.28%	0	990	488	34.50%	0	660
2021 bonus (2021-2024)	731	31.28%	0	990	488	34.50%	0	660
Fringe benefits incl. company car	16	0.68%	16	16	23	1.62%	23	23
Old-age provision	451	19.30%	451	451	150	10.61%	150	150

	Reinhard Loose			
	Total	Share of total remuneration	Min	Max
Total remuneration	1,411	100%	805	1,701
Fixed remuneration	360	25.52%	360	360
Variable (Immediate)	393	27.86%	275	511
Variable (Deferred)	488	34.56%	0	660
2021 bonus (2021-2024)	488	34.56%	0	660
Fringe benefits incl. company car	20	1.44%	20	20
Old-age provision	150	10.63%	150	150

In total, five former members of the Executive Board received retirement income amounting to € 1.0 from MLP SE in the reporting year. As at 31 December 2021, pension provisions of € 19.4 million existed for former members of the Executive Board.

Portions of compensation correspond with the pay system

All portions of compensation granted correspond with the pay system for the Executive Board approved by the Annual General Meeting of MLP SE on June 24, 2021. Please refer to the pay system in the Annual Report for details.

Promotion of long-term development

The key strategic objective is to bring about profitable and sustainable growth. The sustainable development of the company should be the primary focus and, where necessary, take priority over short-term success. One of the most important prerequisites for ensuring this prioritisation is continuity in the composition of the Executive Board. Executive Board compensation appropriate to the size, sector, and economic situation of the company ensures profits and, in particular, long-term retention of suitable executive personalities.

The 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 to be set up over several years.

Use of performance criteria

The compensation is based on the EBIT of the MLP Group, the individual performance of each of the members of the Executive Board is taken into consideration via the rights of adjustment provided for in the employment contract. In the financial year 2021, no member of the Executive Board made use of these rights of adjustment.

Comparison of Executive Board compensation, earnings performance, employee pay

The annual change in the compensation of the Executive Board, the earnings performance of the company and the average pay of employees (on the basis of full-time equivalents) are shown below.

For the purpose of this illustration, the group of employees covers all employees of the following Group companies: MLP SE, MLP Finanzberatung SE, MLP Banking AG, ZSH GmbH Finanzdienstleistungen, MLP Dialog GmbH, FERI AG, Feri Trust GmbH, FERI Trust (Luxembourg) S.A., DOMCURA AG, NORDVERS GmbH and nordias GmbH Versicherungsmakler. Benefits for old-age provision are not taken into account with respect to both the members of the Executive Board and the employees.

The calculation of the Executive Board remuneration was based on the Group EBIT of €96,812 thousand (previous year: €59,363 thousand).



All figures in €000	2020	2021	Change (in %)
Total compensation Board of Management	3,488	3,858	10.61%
Company earnings (EBT)	44,239	54,977	24.27%
Average employee remuneration (Group) (in €)	68,307	72,175	5.66%

Share-based compensation

The Executive Board compensation does not provide for the granting of shares (see also the statements in the Declaration of Compliance for the GCGC 2019). For this reason, no shares or share options were granted to the members of the Executive Board for the financial year 2021.

Withheld or reclaimed variable portions of compensation

Variable portions of compensation were not withheld or reclaimed for any members of the Executive Board in the financial year 2021.

Compliance with the defined maximum compensation

The calculated compensation did not reach the defined maximum compensation for any member of the Executive Board so that the defined maximum compensation was complied with in the financial year 2021 for all members of the Executive Board without the need for capping.

All figures in €000	Total compensation 2021	Fixed maximum compensation
Dr. Uwe Schroeder-Wildberg	1,779	2,700
Manfred Bauer	1,041	1,800
Reinhard Loose	1,038	1,800

Disclosures on benefits based on § 162 (2) of the German Stock Corporation Act (AktG)

In the financial year 2021, no member of the Executive Board was promised or granted benefits by a third party with regard to their work as a member of the Executive Board.

In the financial year 2021, no benefits were promised to any member of the Executive Board in the event of premature termination of their employment; existing commitments in this regard were not adjusted.

In the financial year 2021, no benefits were promised to any member of the Executive Board in the event of regular termination of their employment; existing commitments in this regard were not adjusted.

In the financial year 2021, no members of the Executive Board terminated their employment. As such, no benefits associated with the termination of the employment of a member of the Executive Board were either promised or granted during the course of the financial year 2021.

Compensation of members of the Supervisory Board

In addition to compensation for their expenses for the financial year, the members of the Supervisory Board receive a fixed annual compensation of €50,000 in accordance with the Articles of Association. The Chairman of the Supervisory Board receives twice this amount and his deputy one and a half times. Additional, special compensation is granted for work on the Audit Committee and the Personnel Committee. This comes to €25,000 for the Audit Committee and €15,000 for the Personnel Committee. The chairman of the respective committee receives twice the stated level of compensation. The fixed portion of compensation is paid after the end of the financial year. No member of the Supervisory Board receives any variable or share-based compensation components.

Individualised Supervisory Board compensation

All figures in €000 (without tax)	Compensation 2021	Compensation 2020
Dr. Peter Lütke-Bornefeld (Chairman)	155	135
Dr. Claus-Michael Dill (Vice Chairman)	125	110
Tina Müller	65	55
Matthias Lautenschläger	90	80
Burkhard Schlingermann	0	55
Monika Stumpf	62	0
Alexander Beer	75	65
Total	572	500

In the financial year 2021 €13 thsd (previous year: €15 thsd) was paid as compensation for expenses.