

**Declaration of Compliance of MLP SE pursuant to § 161 of the German Stock Corporation Act (AktG)  
(As per: November 13, 2019)**

„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 and will generally comply with the recommendations of the "German Corporate Governance Code" government commission (version dated February 7, 2017) since the last Declaration of Compliance was issued. Only the recommendations in Sections 4.1.5, 4.2.3 Sentence 11, Section 4.2.3 Sentence 12 to 14, Section 5.1.2. Sentence 2, Section 5.1.2 Sentence 8, Section 5.4.1 (2) Sentence 2 clause 4, clause 5 and clause 6 and Section 5.4.1 (5) Sentence 2 clause 1 were not and will not be applied.

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

**Section 4.1.5 (compliance with diversity at management level)**

According to recommendations of the German Corporate Governance Code, the Executive Board should take diversity into account when filling managerial positions and, in this respect, aim for an appropriate consideration of women. The Executive Board sets out targets for proportional female representation at the two management levels below Executive Board level.

In the current financial year, the Executive Board has intensified its efforts with respect to diversity when filling managerial 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 year 2019, the Executive Board again reviewed the effectiveness of these measures and already adopted an overall concept in November 2013. If appropriate, it will undertake modifications as necessary or initiate further measures in order to achieve appropriate consideration of female candidates at managerial levels in the Company, taking into account the Company's specific situation. Based on objectives, this concept should help to further improve reconciliation of working and family life, which is set out in a target agreement of the company moderated by the Hertie Foundation in the context of a berufundfamilie® audit. No concrete gender-specific guidelines with regard to filling positions have yet been established. Nevertheless, the Executive Board of MLP SE has only decided upon a percentage of female members amounting to 0 % at the first management level below the Executive Board as MLP SE is a holding company that has only a very limited number of staff with just a few managers. Beyond this, MLP SE does not have a second level of management below the Executive Board.

The measures are therefore not yet fully compliant with the requirements of Section 4.1.5 of the Code. As was also the case in the financial year 2019, MLP therefore declares it will continue to deviate from this recommendation in 2020.

**Section 4.2.3 Sentence 11 (specification of the targeted level of benefits)**

According to the recommendations of the German Corporate Governance Code, the Supervisory Board should specify the respective targeted level of benefits – also taking into account the length of service on the Executive Board – and consider the correspondingly derived annual and long-term cost to the Company.

The new compensation system introduced by the Supervisory Board within the context of implementing the stipulations of the Management Board Compensation Act (VorstAG) provides for a contribution-based commitment to grant benefits when appointing new members of the Executive Board. The level of specific contributions to be made by the Company is laid down for each respective member of the Executive Board. They do not hold the risk of any unexpected knock-on effects for the Company, since the respective member of the Executive Board actually bears the investment risk in relation to the Company. In the course of implementing the new compensation system, a decision was therefore taken to dispense with the notion of switching over any employer's pension commitments for members of the Executive Board which provide a fixed benefit above a contractually defined age limit to a purely contribution-based system at the time of contract changeover. With specific regard to these employer's pension commitments, which are to remain in place, the Company does not comply in full with this recommendation.

Therefore the Supervisory Board is of the opinion that the implementation progress made to date is not yet sufficient to fulfil the requirements of Section 4.2.3 Sentence 11 of the Code in full. As was also the case in the financial year 2019, MLP declares not to follow this recommendation in the financial year 2020.

#### **Section 4.2.3 Sentence 12 to 14 (severance payment cap)**

According to the recommendations of the German Corporate Governance Code, the Company should, when concluding Executive Board member contracts, ensure that payments, including fringe benefits, to an Executive Board member following premature cessation of Executive Board duties without serious cause, do not exceed the value of two years' compensation (severance payment cap). If the contract of service is terminated due to serious cause on the part of the Executive Board member, no payments will be made to the Executive Board member. The calculation of the severance payment cap should be based on the total compensation of the previous financial year and, if appropriate, also on the expected total compensation of the current financial year. In the event of premature termination of Executive Board membership due to a change of control, any commitment for payments should not exceed 150 % of the severance payment cap.

During the course of 2011 MLP completed its amendment to the employment contracts of the members of the Executive Board to incorporate a new compensation system and, particularly in 2014, aligned them with the requirements of the German Banking Act (KWG) and the Remuneration Ordinance for Institutions. Since the first-mentioned changeover, MLP has complied with the aforementioned recommendations.

However, there is no provision for a severance payment in the event of contract termination by mutual consent. Rules concerning a mutually-sought termination of contract can, in a contractual law sense, in any case only serve as a guideline from which, however, the parties could at any time agree to deviate. For this reason, any provisions of this nature would be no more than a formal act.

As was also the case in 2019, MLP will therefore not comply with this recommendation in 2020.

#### **Section 5.1.2 Sentence 2 (diversity regarding the composition of the Executive Board)**

Based on the recommendations of the German Corporate Governance Code, the Supervisory Board should also pay attention to diversity in the composition of the Executive Board and in particular aim for an appropriate consideration of women. Accordingly, the Supervisory Board should specify target numbers for the degree of female representation on 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 Section 4.1.5 of the Code (observance of diversity for managerial positions) and also achieve an appropriate consideration of women within the Executive Board of the Company, taking into account the Company's specific situation. Nevertheless the Supervisory Board of MLP SE intends to continue to base its selection decision with respect to appointments primarily on the individual and professional qualifications of prospective candidates. For this reason, the Supervisory Board has specified a target figure for female representation on the Executive Board – which incidentally currently consists of just three persons – of 0 percent.

The Supervisory Board is of the opinion that the implementation progress made to date is not yet sufficient to fulfil the requirements of Section 5.1.2 Sentence 2 of the Code in full. As was also the case in the financial year 2019, MLP therefore declares not to follow this recommendation in the financial year 2020.

#### **Section 5.1.2 Sentence 8 (age limit for members of the Executive Board)**

According to the recommendations of the German Corporate Governance Code, an age limit should be set for members of the Executive Board.

MLP did not follow this recommendation in 2019. 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 was the case in 2019, MLP will therefore not comply with this recommendation in 2020.

**Section 5.4.1 (2) Sentence 2, Clause 4, Clause 5 and Clause 6 (consideration of age limit, standard limit for length of service for members of the Supervisory Board and diversity in the composition of the Supervisory Board)**

According to the recommendations of the German Corporate Governance Code, the Supervisory Board is to take into account a pre-defined age limit, a standard limit for the length of service and diversity with regard to its composition while also taking into consideration the Company's specific situation, international operations, any potential conflicts of interest and the number of independent members of the Supervisory Board in the sense of Section 5.4.2.

No age limit or standard limit for the length of service is specified for members of the Supervisory Board. In light of the knowledge, expertise and specialist experience stipulated in Section 5.4.1 Sentence 1 of the Code, it seems inappropriate to specify an age limit and standard length of service for members of the Supervisory Board. As was the case in 2019, MLP will therefore not comply with this recommendation in 2020.

These concrete objectives should also provide for an appropriate degree of female representation. Proposals by the Supervisory Board to the competent election bodies should take these objectives into account. The Supervisory Board should specify target figures for the degree of female representation on the Supervisory Board. The objectives and the status of implementation are to be published in the Corporate Governance Report.

MLP did not follow this recommendation in the current financial year. 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. The Supervisory Board has set itself the target that in the presence of candidates of equal professional and personal suitability, it would seek to fill at least 16.5 % of the Supervisory Board positions 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 corporate governance report. 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.

At the same time, in the financial year 2020 – as in 2019– MLP will thus deviate from this recommendation as the Supervisory Board has not set any concrete target figures but rather sees a subsequent appointment against the background of the candidate's respective qualification.

**Section 5.4.1 (5) Sentence 2 clause 1 (submission of a curriculum vitae along with the candidate proposal)**

As per the recommendations of the German Corporate Governance Code, 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 that it will deviate from this recommendation in future, and consequently also in the financial year 2020.

Wiesloch, November 2019

MLP SE

The Executive Board

The Supervisory Board“