

REPORT BY THE SUPERVISORY BOARD

In the 2017 financial year, the Supervisory Board reviewed the development of the company in depth and performed its supervisory duties to the full. It regularly advised and monitored the Executive Board in running the company's business.

Over the course of the last financial year, the Supervisory Board paid particular attention to the economic development, financial situation, prospects and further strategy of the company and advised the Executive Board on these topics. Its work in the 2017 financial year in particular focused on supporting the Executive Board in the strategic development of the company and of the MLP Group, implementing further measures to increase efficiency and assessing and monitoring the opportunity and risk position of the company and the Group.

The Supervisory Board advised the Executive Board particularly intensively on the change to the Group structure implemented in the 2017 financial year and also gave its consent for this change. As a result of the separation of business with the regulated banking and financial services business pooled under MLP Banking AG and other brokerage and consulting business pooled under MLP Finanzberatung SE, in addition to a tighter supervisory scope of consolidation compared to the scope of consolidation under commercial law or in line with IFRS, MLP expects to gradually increase free regulatory equity capital by approximately €75 million by the end of 2021. The Supervisory Board also submitted a proposal at the 2017 Annual General Meeting of MLP AG suggesting that the company change its corporate form to a *Societas Europaea* (SE). The Supervisory Board is convinced that the SE legal form supports the business activities and appearance of MLP the most effectively in terms of business and legal transactions. In addition, this new corporate legal form presents an opportunity to work with the workforce representatives to find a tailor-made model for operational and corporate employee participation in the form of a participation agreement.

The Supervisory and Executive Boards met regularly in the reporting year for discussions and joint consultations regarding business development, strategy and key events within the company. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The Executive Board regularly provided the Supervisory Board with written and oral reports in a timely and comprehensive manner on all relevant issues related to corporate planning, strategic development, the business situation and the position and overall development of the Group as a whole, including the risk situation, risk management, risk-bearing ability and compliance. The Supervisory Board was able to confirm the correctness of the corporate governance by the Executive Board. In 2017, the Executive Board also reported to and advised the Supervisory Board on the content and anticipated effects of legislative or regulatory proposals at national German or EU level, such as the implementation steps for the Markets in Financial Instruments Directive II – MiFID II and the European Insurance Distribution Directive (IDD).

As had already been the case in the previous year, the change of corporate form from MLP AG to a European company (Societas Europaea) was addressed in depth during the meetings of the Supervisory Board and was also the object of multiple face-to-face meetings. The Supervisory Board discussed the preparation and execution of the change of corporate form in detail with the Executive Board, as well as the respective state of negotiations with the special negotiation committee. The focus at the regular Supervisory Board meeting held on March 15, 2017 was the change of corporate form to an SE. This change of corporate form was then proposed to the Annual General Meeting together with the Executive Board and was ultimately approved with 99.79% of the valid votes submitted at the Annual General Meeting.

The term in office of the Supervisory Board at MLP AG ended by operation of law as a result of the change in corporate form. As per the approved conversion plan, the newly formed Supervisory Board of MLP SE comprises the same members that previously sat on the equivalent body at MLP AG, namely D. Peter Lütke-Bornefeld, Dr h.c. Manfred Lautenschläger, Mrs Tina Müller, Dr Claus-Michael Dill, Mr Burkhard Schlingermann and Mr Alexander Beer. There were also no personnel changes to the company's Executive Board in the last financial year. However, new appointments were also necessary for the members of the Executive Board within the scope of the company's change of corporate form.

The Supervisory Board at MLP AG convened in three regular meetings and one extraordinary meeting in the 2017 financial year. With just a few exceptions, all members of the Supervisory Board took part in these meetings either in person or via telephone. In addition to this, the Supervisory Board at MLP SE convened in one constitutive meeting and two regular meetings in the 2017 financial year. All members of the Supervisory Board took part in these meetings either in person or via telephone. The Supervisory Board was also informed by the Executive Board of particularly important or urgent projects outside of the regular meetings. Where necessary, Supervisory Board resolutions were also passed as circular resolutions.

In addition to this, two meetings of the Audit Committee were also held in this year. All committee members took part in these meetings. The Personnel Committee convened twice in the last financial year.

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

Supervisory Board meetings and important resolutions

On January 24, 2017, the Supervisory Board passed a resolution – based on a proposal of the Personnel Committee – to extend the appointment of Dr Uwe Schroeder-Wildberg as member of the Executive Board and Chief Executive Officer until December 31, 2022.

In an extraordinary meeting of the company's Supervisory Board, held on February 21, 2017, further tightening of cost management and a corresponding Executive Board proposal were then approved.

Following preparations in the meeting of the Audit Committee, the Supervisory Board meeting on March 15, 2017 focused on the audit and approval of the financial statements and the consolidated financial statements as of December 31, 2016. The auditors participated in the meeting and provided detailed reports on the course and outcome of their audit of the financial statements and the consolidated financial statements. Following in-depth discussion, the Supervisory Board approved both the financial statements and the consolidated financial statements as at December 31, 2016. In addition to this, the Supervisory Board also reviewed the appropriateness of the Executive Board remuneration – as required in accordance with the Corporate Governance Code – as well as the variable remuneration components of the Executive Board for the 2016 financial year and approved them. The proposed resolutions for the company's Regular Annual General Meeting, including the proposal to change the company's corporate form to a Societas Europaea (SE), was another item.

The regular Supervisory Board meeting on May 10, 2017 primarily focused on discussing the results and business development from the first quarter of 2017.

The results of the second quarter, the business development in the first half of the year, reporting on the internal audit and risk controlling (including report on the notion of materiality, risk strategy and risk-bearing capacity concept) were all on the agenda of the regular Supervisory Board meeting on August 9, 2017.

The first MLP SE Supervisory Board met for its constitutive meeting on the same day. During this meeting, Dr Peter Lütke-Bornefeld was elected as Chairman and Dr h.c. Manfred Lautenschläger was elected as Vice Chairman of the Supervisory Board. Dr Uwe Schroeder-Wildberg, Mr Manfred Bauer and Mr Reinhard Loose were then appointed to the first Executive Board of MLP SE. In addition, the period of their appointment was specified. In this meeting, the Supervisory Board also submitted its report on the formation audit with regard to the SE change of corporate form. Further items on the agenda included adopting the rules of procedure for the SE Supervisory Board, rules of procedure including allocation of duties for the Executive Board at MLP SE with a catalogue of transactions requiring approval, formation of the committees for the SE Supervisory Board and election of the committee members.

The first regular meeting of the Supervisory Board at MLP SE took place on November 9, 2017. The November meeting focused on the business results of the third quarter and the first nine months of the current financial year. Another focus of this Supervisory Board meeting was on evaluating the leadership and performance of the members of the Executive Board, which were discussed in a closed session without the members of the Executive Board.

At the meeting on December 19, 2017, discussions focused on the resolution regarding the Declaration of Compliance as per Section 161 of the German Stock Corporation Act (AktG), alongside adherence to the regulations of the German Corporate Governance Code (GCGC). Extensive reporting was provided on the corporate governance process and the current Declaration of Compliance. Furthermore, the Supervisory Board addressed in detail and approved the strategy and budget of both the Group and the company for the 2018 financial year.

Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2017. The committees were reformed within the scope of the SE change of corporate form and the constitution of the SE Supervisory Board.

The Audit Committee held two regular meetings in the 2017 financial year. Representatives of the audit firm also took part in some of the meetings, providing the committee with detailed reports. In the presence of the auditors, the Chairman of the Executive Board and the Chief Financial Officer, the Audit Committee discussed the financial statements of MLP AG and MLP Group as well as the proposed appropriation of earnings. Furthermore, the relationship to the auditor, proposals for selecting the auditor, auditor fees, audit assignment and monitoring of the auditor's independence were the subject of extensive discussions. The Audit Committee received regular reports on the work of the Internal Audit and of the Compliance and Risk Management department and was informed of legal and regulatory risks and risks to reputation.

The Personnel Committee met twice in the reporting period and focused in particular on checking the appropriateness of Executive Board remuneration, as well as determining the bonus pool for the MLP Group. The committee also discussed and recommended to the plenary meeting of the Supervisory Board that the appointment of Dr Schroeder-Wildberg as a member of the Executive Board should be extended to December 31, 2022.

The Nomination Committee held one meeting in the 2017 financial year, in which a resolution was passed on the proposals of the Supervisory Board to the Annual General Meeting for election of the first Supervisory Board within the scope of the change of corporate form of MLP AG to a *Societas Europaea* (SE).

Corporate governance

The Supervisory Board regularly deals with the application of the corporate governance principles.

Last year, the Supervisory Board once again used its meeting on December 19, 2017 to discuss in detail the requirements of the German Corporate Governance Code (DCGK) in the version of February 7, 2017.

In the meeting held on December 19, 2017, the Supervisory Board reviewed the efficiency of its actions based on an evaluation form made available to the members of the Supervisory Board in good time prior to the meeting. The Supervisory Board also discussed procedures in the Supervisory Board, the information flow between the Committees and the Supervisory Board, and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board on this occasion. Measures aimed at increasing efficiency were discussed and defined.

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

In accordance with the German Corporate Governance Code government commission, we understand conflicts of interest to mean any special professional or private interests of any member of the Supervisory Board that could potentially pose a threat to or contradict the interests of the company. Conflicts of interest in this sense do not include plurality or the existence of various streams of interests when they express diversity in terms of the Supervisory Board composition desired by the legislator or the German Corporate Governance Code government commission. There were no conflicts of interest in this sense in the last financial year. A summary of corporate governance at MLP, including the Declaration of Compliance from December 19, 2017, can be found in the Executive and Supervisory Board's corporate governance report. All relevant information is also available on our homepage at www.mlp-se.com.

Audit of the annual financial statements and consolidated financial statements for 2017

The financial statements and the joint management report of MLP SE as at December 31, 2017 have been compiled by the Executive Board pursuant to the German Commercial Code (HGB). The consolidated financial statements and the joint management report as of December 31, 2017 were drafted pursuant to Section 315a of the German Commercial Code (HGB) in line with international financial reporting standards (IFRS) as applied in the EU. As at December 31, 2017, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin audited the financial statements and the joint management report of MLP SE in accordance with the principles of commercial law, as well as the Group financial statements and the joint management report in accordance with the principles of IFRS, issuing an unqualified auditor's opinion in each case. The auditor performed the audit in compliance with the basic principles of sound auditing practices determined by the Institut der Wirtschaftsprüfer (German Institute of Auditors).

The financial statements, together with the joint management report, the auditor's reports and the Executive Board's proposal for use of the unappropriated profit were made available to all Supervisory Board members in good time. The Audit Committee of the Supervisory Board reviewed these documents in detail and reported to the Supervisory Board on its audit in addition to explaining the auditor's report. The auditor also reported on the key results of the audit and on the fact that there are no significant weaknesses in the internal monitoring system, the risk management system or with regard to the compliance. The Audit Committee also reviewed the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management and auditing systems, as well as the relationship to the auditor, the proposals for selection of the auditor, the auditor's remuneration, the audit assignment and monitoring of the auditor's independence and the additional services performed by the auditor. The Supervisory Board also checked and discussed the documentation and reports in detail. In doing so, the Supervisory Board also focused on the key audit matters as described in the Auditors Report including the performed audit activities. In the presence of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, which reported on the key findings of its audit, the audit reports were reviewed in detail in the Supervisory Board meeting held on March 14, 2018. The Auditor reported on the scope, focus and relevant results of its audit and thereby also especially addressed the key audit matters and the audit activities. With regard to the financial statement of MLP SE these key audit matters especially comprised impairment on investments in affiliated companies. With regard to the group financial statements, the impairment of goodwill as well as the commission income from brokerage of old-age provision products were included. At this meeting, the Executive Board explained the financial statements of MLP SE and of the MLP Group, the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management system, audit system and compliance, in addition to giving detailed reports on the scope, focuses and costs of the audit.

The Supervisory Board concurred with the outcome of the auditor's audit and, on the basis of the final outcome of the Audit Committee's audit and its own audit, found no grounds for raising an objection. Accordingly, at its meeting on March 14, 2018, the Supervisory Board approved the annual financial statements and the joint management report MLP SE, as well as the consolidated financial statements and the joint management report in accordance with IFRS prepared by the Executive Board. The annual financial statements are therefore adopted. In addition, the Executive Board must also for the first time submit a report on a non-financial declaration or a non-financial Group declaration pursuant to Sections 289b and 315b of the German Commercial Code (HGB). The Supervisory Board has examined the non-financial report – prepared by a meeting of the Audit Committee – and did not have any objections.

After performing its own reviews, the Supervisory Board agreed with the Executive Board's proposal to pay out a dividend of €0.20 per share for the 2017 financial year. The equity and liquidity situation, future regulatory requirements and the company's budget, as well as the shareholders' interest in an appropriate dividend were included and weighed up against one another in its considerations.

The Supervisory Board would like to thank the Executive Board, the Management of the respective Group companies, as well as all employees and consultants of the MLP Group for their exemplary personal commitment and achievements in the 2017 financial year.

Wiesloch, March 2018

The Supervisory Board



Dr Peter Lütke-Bornefeld
Chairman