



A LEADING FINANCIAL ADVISORY NETWORK  
FOR FAMILY AND CORPORATE CLIENTS

# Governance Roadshow

Virtual

February 6, 2025

# Agenda

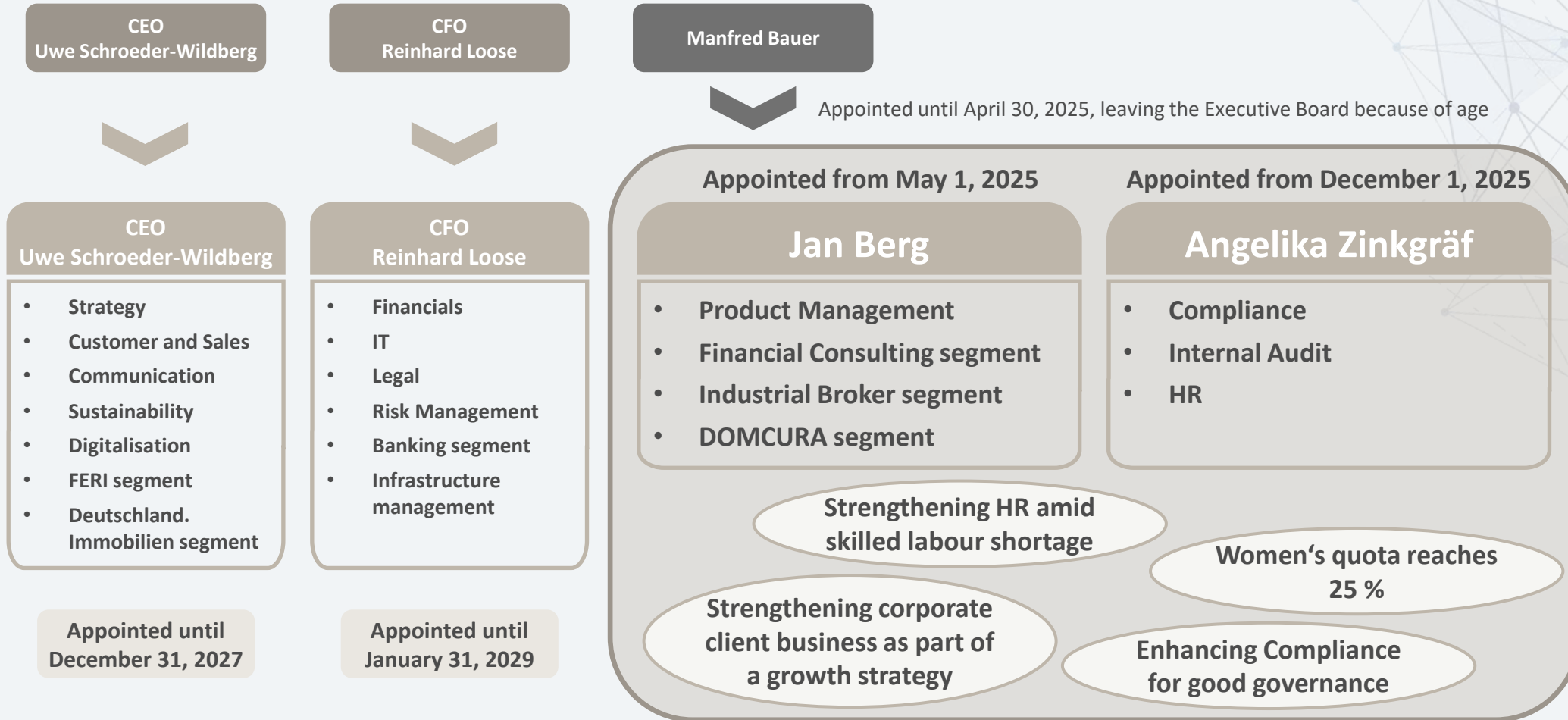
# Virtual Governance Roadshow

1 | CURRENT TOPICS

2 | COMPENSATION SYSTEM FOR EXECUTIVE BOARD

3 | COMPENSATION REPORT 2023

# Future-oriented changes to the Executive Board



\* the allocation of responsibilities shown here will take effect when Angelika Zinkgräf is appointed to the Executive Board on December 1, 2025

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# Compensation system for Executive Board

## Legal framework

- MLP SE is the parent company of the MLP Financial Holding Group and compensation is therefore subject to more extensive requirements than would be the case under § 87a of the German Stock Corporation Act (AktG)
- These requirements arise, among other things, from the German Banking Act (KWG) and the Ordinance on the Supervisory Requirements for Institutions' Pay Systems (InstitutsVergV). These include, among other things:
  - The variable compensation may not, in principle, exceed 100 % of the fixed compensation (Section 25a (5) KWG); the Annual General Meeting may resolve to raise the cap to 200 %, what happened in 2014
  - The compensation systems must be appropriately designed (§ 5 InstitutsVergV). Among other things:
    - Incentives for employees to take disproportionately high risks must be avoided
    - The compensation systems must not run counter to the monitoring function of the control units and the member of the Executive Board responsible for risk management
    - They must take consumer rights and consumer interests into account
    - Be gender-neutral, so that there is no gender-based pay discrimination for the same work or work of equal value
- The appropriateness of Executive Board compensation is reviewed annually, both in terms of quality, in relation to compliance with general and specific legal requirements, and in terms of quantity, in relation to the external (horizontal compensation comparison) and internal (vertical compensation comparison) market
- Current version approved by the Supervisory Board on 15 December 2022 and approved by the Annual General Meeting on 29 June 2023
- The contracts of all members of the Executive Board of MLP SE comply with the requirements of the compensation system

# Compensation system for Executive Board

## MLP principles of compensation system

- **Simplicity**
  - No added value is seen in complex compensation structures; huge regulatory requirements are being met
- **Transparency**
  - Actual compensation is easy to understand for all stakeholders
- **Collaborative thinking**
  - Securing and strengthening the desired holistic thinking and acting within the collegial body of the Executive Board
- **Sustainability**
  - Deferred payment component promotes sustainable development of the company; ESG component ensures awareness of ESG goals
- **Long-term focus**
  - Compensation system has proven itself over the years and supports long-term value creation
- **Focus on strategy**
  - Compensation system supports strategic target of sustainable growth

# Compensation system for Executive Board

## Fixed compensation

### Principles

- Calculated in such a way that there is no significant dependency on the variable portions of compensation

### Components

- Monthly base salary
- Company car, also for private use
- Contribution to occupational pension scheme

## Variable compensation

### Principles

- Set in a way that encourages the seizing of opportunities but prevents taking disproportionate risks
- The predominant portion of the variable compensation is structured to stretch over several years

### Components

- Variable compensation linked to EBIT (immediate payment)
- Variable compensation linked to EBIT (deferred payment)

## Further benefits

### Principles

- Can be granted within the limits of the agreed maximum compensation

### Components

- In line with standard market practices

## Maximum compensation

- Chief Executive Officer: €2.7 million, other members of the Executive Board €1.8 million

# Compensation system for Executive Board

## Details on variable compensation

### Limits on variable compensation

- Should amount to 100 % of and no more than 200 % of the fixed compensation
- The portion of long-term variable compensation (deferred payment) should exceed the portion of short-term variable compensation (immediate payment)
- The variable compensation is taken into consideration in the target amount

### Calculation of variable compensation

- Group EBIT is used as a measure to calculate the variable compensation
  - EBIT is multiplied by an individual management bonus rate, which is between 0.4 % and 1.2 % depending on the member of the Executive Board
  - Split into immediate payment (45 %) and deferred payment (55 %)
    - The immediate payment is based on the EBIT of the respective financial year
    - The deferred payment is based on the average EBIT of the three years following the respective year

### ESG component

- The Supervisory Board sets sustainability targets for the Executive Board for each financial year. The immediate payout of the variable compensation is adjusted upwards or downwards depending on the degree of target achievement. The calculated immediate payout can be reduced by up to 20 % or increased by up to 10 %

### Adjustment right for variable compensation

- To take account of exceptional circumstances, the Supervisory Board can adjust the calculated immediate payout and/or deferred payout at its discretion: the adjustment of the immediate payout can be +/- 30 % and of the deferred payout +/- 10 %



# Compensation system for Executive Board

## Details on variable compensation

### Further details on ESG component

- MLP has strategically established sustainability throughout the group (MLP sustainability policy since the end of 2021)
- The ESG component was included in the contracts for the executive board in December 2022
- The supervisory board set ESG targets for the executive board for the first time in the 2023 financial year
- Specific targets and target values for the financial year 2024:

target	0 % target achievement	100 % target achievement	150 % target achievement	Weighting of targets
CO2 emission	3.41 tCO <sub>2</sub> /HC	2.84 tCO <sub>2</sub> /HC	2.56 tCO <sub>2</sub> /HC	50 %
Women in management	29.24 %	30.78 %	31.55 %	50 %

- The target values for the financial year are derived from target paths set by the Supervisory Board
- The ESG targets (including weighting) are set by the supervisory board with the support of the corresponding specialist departments
- First, a calculation of the target achievement rate is carried out, then the ESG factor is finally determined by the Supervisory Board and the corresponding specialist departments at their reasonable discretion. This allows special circumstances in the environment to be taken into account appropriately

# Compensation system for Executive Board

## Details on variable compensation

### Payments of variable compensation

- The variable compensation is generally granted as a monetary benefit; there is no plan to grant share-based variable compensation
  - Stipulations regarding what specific form variable compensation is to take after being granted are not deemed necessary
  - Each member of the Executive Board can determine this independently and is free to invest any compensation received in MLP shares
- Variable portions of compensation which are granted as immediate payment are paid out within the first half of the year following the end of the financial year for which the payment is granted
- Variable portions of compensation which are granted as deferred payment are paid out at the earliest three years and no later than four years after the end of the financial year for which the payment is granted

### Claim back of variable compensation

- The service contracts contain a regulation for claiming back variable portions of compensation that have already been paid out (clawback clause) in the event of serious infringements of legal duties or the rules of procedures for the Executive Board

# Compensation system for Executive Board

## Calculation example – variable compensation

Payout year (Y) 4: Immediate payment for Y3 and deferred payment for Y0

Assessment base for bonus:

Y1	Y2	Y3	Ø Y1-Y3
86,000,000.00 €	90,000,000.00 €	100,000,000.00 €	<b>92,000,000.00 €</b>

	Bonus rate (0.8 %)	Assessment base bonus	Adjustment ESG	Payment amount
Immediate payment (45 %)	0.3600 %	100,000,000.00 Euro	0.99	356,400.00 Euro
Deferred payment (55 %)	0.4400 %	92,000,000.00 Euro		404,800.00 Euro

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# Compensation report 2023

## Legal framework

- Fulfilment of the requirements of § 162 of the German Stock Corporation Act (AktG), annual resolution by the Annual General Meeting (§ 120a (4) AktG)
- The compensation report should be clear and understandable according to the legal mandate – the transparency that is fundamentally desired can easily lead to the opposite if the reporting is too extensive

## Overview

- The MLP SE compensation report contains all the legally required features and has been confirmed by the auditors
- MLP takes the criticism of the various stakeholders seriously and is happy to sharpen the statements made in the compensation report without endangering the objective of maintaining readability and, in particular, the willingness to read

# Compensation report 2023

## Compensation in 2023

	Dr Uwe Schroeder-Wildberg				Reinhard Loose				Manfred Bauer			
	2022 Absolute figure	2022 Percentage of total compensation	2023 Absolute figure	2023 Percentage of total compensation	2022 Absolute figure	2022 Percentage of total compensation	2023 Absolute figure	2023 Percentage of total compensation	2022 Absolute figure	2022 Percentage of total compensation	2023 Absolute figure	2023 Percentage of total compensation
All figures in €'000												
Fixed compensation	550	27.49 %	625	32.08 %	360	29.85 %	360	29.51 %	360	29.90 %	360	29.51 %
Benefits incl. company car	19	0.95 %	20	1.03 %	19	1.58 %	18	1.48 %	17	1.41 %	18	1.48 %
<b>Total</b>	<b>569</b>	<b>28.44 %</b>	<b>645</b>	<b>33.11 %</b>	<b>379</b>	<b>31.43 %</b>	<b>378</b>	<b>30.98 %</b>	<b>377</b>	<b>31.31 %</b>	<b>378</b>	<b>30.98 %</b>
One-year variable compensation	438	21.89 %	433	22.23 %	292	24.21 %	288	23.61 %	292	24.25 %	288	23.61 %
Multi-year variable compensation	577	28.84 %	606	31.11 %	385	31.92 %	404	33.11 %	385	31.98 %	404	33.11 %
<b>Total compensation (under §162 of the German Stock Corporation Act (AktG))</b>	<b>1,584</b>	<b>79 %</b>	<b>1,684</b>	<b>86 %</b>	<b>1,056</b>	<b>88 %</b>	<b>1,070</b>	<b>88 %</b>	<b>1,054</b>	<b>88 %</b>	<b>1,070</b>	<b>88 %</b>
Old-age provision	417	20.84 %	264	13.55 %	150	12.44 %	150	12.30 %	150	12.46 %	150	12.30 %
<b>Total compensation (incl. old-age provision)</b>	<b>2,001</b>	<b>100.00 %</b>	<b>1,948</b>	<b>100.00 %</b>	<b>1,206</b>	<b>100.00 %</b>	<b>1,220</b>	<b>100.00 %</b>	<b>1,204</b>	<b>100.00 %</b>	<b>1,220</b>	<b>100.00 %</b>

# Compensation report 2023

## Further information about compensation 2023

- **Maximum compensation**
  - Was not reached by any member of the Executive Board
- **Right to adjust the immediate variable payment depending on sustainability targets being achieved**
  - The target achievement level for the financial year 2023 was 93.2 %
  - The immediate payment of the variable compensation for the financial year 2023 (determined on the basis of EBIT) was reduced by 1.36 %
- **Right to adjust the immediate and deferred variable payment depending on exceptional circumstances**
  - Not applicable in 2023
- **Claim back**
  - No part of the variable compensation was withheld or reclaimed from any member of the Executive Board in the financial year 2023

# We are happy to answer any questions you may have

## Your contact



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