

As per the resolution of the Annual General Meeting from June 29, 2017, the company is also authorised, pursuant to § 71 (1) No. 8 of the German Stock Corporation Act (AktG), to purchase up to € 10,933,468 – i.e. slightly less than 10% of the share capital during the authorisation period up to June 28, 2022. No shares were bought by the company on the basis of this authorisation up to December 31, 2017.

Significant agreements to which the company is a party that take effect in the event of a change of control of the company following a takeover bid

There are no significant agreements that take effect in the event of a change of control of the company following a takeover bid.

Settlement agreements between the company and Executive Board or employees in the event of a takeover bid

The contracts of employment between the company and the Chairman of the Board, Dr. Uwe Schroeder-Wildberg, and Executive Board members Manfred Bauer and Reinhard Loose contain a clause stating that said members are entitled to terminate their contracts with a notice period of one month in the event that a third party who had a share in MLP of less than 10% at the time at which the contracts were concluded acquires a share of at least 50% of the voting rights. If any of these Executive Board members chooses to exercise this right to terminate, MLP is obliged to pay said member remuneration corresponding to four times (4x) the respective fixed annual salary if the contract has not been terminated as a result of the change in control, provided that the respective contract is terminated more than two years before it reaches its normal termination date. For all members of the Executive Board, the remuneration to be paid in the event of a "change of control" corresponds to no more than twice the average remuneration, based on the total remuneration of the last full financial year prior to termination of their contract and the total anticipated remuneration for the year still in progress when their contract is terminated. The service contract of Dr. Schroeder-Wildberg is set to run until December 31, 2022, the service contract of Mr. Bauer is set to run until April 30, 2020 and the service contract of Mr. Reinhard Loose is set to run until January 31, 2019. In the case of a termination of contract within two years of the scheduled termination date, the severance payment will only be paid pro rata temporis.

Report on remuneration transparency – appendix to the management report

In line with the requirements of Section 21 of the Transparency of Remuneration Act (EntgTranspG), the following provides information on both equality and equal remuneration at MLP. Within MLP Group, only the subsidiary MLP Finanzberatung SE exceeds the legally stipulated threshold of 500 employees and only this company is therefore reportable. Despite this, reporting is still performed for the joint operations of MLP SE, MLP Banking AG and MLP Finanzberatung SE, as the relevant parameters are recorded on the basis of a company agreement governing these joint operations. In light of this, reporting is only performed with regard to employees that cannot be classified as executive employees pursuant to Section 5 (3) of the Works Constitution Act (BetrVG). They represent approximately 65% of all employees at MLP Group.

A remuneration system works agreement was concluded at MLP in November 2015. During this process, the various positions below the level of division leader were assessed based on abstract criteria before being assigned to a total of 10 salary brackets.

Gender-equal
remuneration at MLP

In the course of introducing the remuneration system at MLP, and in particular through the assignment of job types to the various salary brackets, MLP drew statistical conclusions that enable the provision of information regarding gender-equal remuneration at MLP.

Conclusions gained from the remuneration system works agreement

It should be pointed out here that the salary bracket assignment criteria are based on job types and are therefore essentially gender-neutral in the sense of the Transparency of Remuneration Act (EntgTranspG), as is MLP's remuneration system. This means that any notion of gender-based discrimination is already ruled out in the remuneration system employed by MLP.

At the same time, there is also a mature remuneration structure in place at MLP. With regard to the outcome from the introduction of the new remuneration system, the following three areas reveal differences in remuneration.

With regard to the brackets determined below, female employees were over-represented in terms of total numbers. This means that the predominant share of all employees receiving remuneration that was initially still below the lower salary bracket limit recognised as critical by the assessment committee for the respective job type were female. The Executive Board reacted to this finding and raised the salaries of all employees affected by this into the relevant salary bracket in the last financial year. By taking this voluntary step, the Executive Board made a contribution to increasing gender equality in terms of remuneration.

In the above brackets, female employees at MLP are slightly under-represented in terms of the number of persons affected – at least at company HQ. This means that there were, and still are, fewer women than men among MLP employees whose current annual remuneration is above the relevant salary bracket. From an employment law perspective, however, this can only partially be influenced by employers as salary cuts are generally not permitted. Due to the provisions of the company agreement, balancing this situation by raising the salary of women above the relevant salary bracket is not permitted and also cannot be demanded in line with the purpose and intention of the Transparency of Remuneration Act (EntgTranspG) as this law does not postulate any "equality in injustice".

Female employees are still generally under-represented in higher level management positions. The higher the hierarchy level, the lower the proportion of women within the joint operations of MLP SE, MLP Banking AG and MLP Finanzberatung SE. Unfortunately, rectifying this situation is difficult. There are limits as to what MLP can achieve in this regard as an employer - not least since it is common for fewer women to apply for vacant management positions than would be desirable, despite the fact that there are significantly more female than male employees at MLP. The intention is now to improve the concept for increasing the percentage of women at management levels in the 2018 financial year. The objective here is to encourage more women to apply for a management position. This is a necessary prerequisite for sustainably increasing the percentage of women in management positions.

The term "remuneration gap" is used in public discussion to describe the gap between the remuneration of men and women. Although there has not yet been a precise definition of this term or the factors to be taken into account, the German Federal Statistical Office has stated that there is currently an "adjusted remuneration gap" of 6% in Germany.

Remuneration gap

The remuneration monitor of Compensation Online for 2017 breaks down the adjusted remuneration gap by sector. Unfortunately, the financial services sector is not included as a dedicated sector in this remuneration monitor. Assuming that the financial services sector should be located between the banking and insurance companies sectors, the values from these two sectors allow an approximated value to be derived for our financial services sector.

For banks, the remuneration monitor shows a remuneration gap of 1.8% (for professionals with annual income between €30,000 and €35,000) and 3.1% (for professionals with annual income between €55,000 and €60,000). The corresponding figures for the insurance industry are stated as 4.5% and 6.4% respectively. Equal weighting of these results leads to an average of 3.95% as an approximated value for our financial services sector.

The unadjusted remuneration gap between men and women, weighted according to salary bracket and number of persons, was around 3.9% at MLP at the start of Q4 2017. To determine this percentage value, the average remuneration of men per salary bracket was compared with the corresponding average remuneration of women and the resulting individual values weighted based on the number of incumbents per salary bracket. The obvious adjustment factor is age. On average, men at MLP are approximately 2.4 years older than women. Accordingly, they tend to have enjoyed greater general and individual salary development (at MLP, yet potentially also at their previous employer, which typically also has an effect on the starting salary). For the purposes of adjustment, the long-term average of annual salary development was applied conservatively at 2% p.a. Adjusted in this way for this average age difference, the remuneration gap at MLP was therefore approximately 1.6%.

If a remuneration gap, adjusted for age differences, that disadvantages female employees exists at all at MLP, it would be significantly below the adjusted sector average applied here. Since further adjustment factors as also considered according to the German Federal Statistical Office, there are good reasons to suggest that a remuneration gap at MLP, if it even exists, is not of significant magnitude.

No systematic gender-specific remuneration discrimination that would disadvantage female employees can be detected within individual departments at company HQ. Generally speaking, there are job types with higher average remuneration for women alongside job types in which men generally receive higher average remuneration in large parts of MLP Banking AG and MLP Finanzberatung SE. However, no valid blanket statements can be made on this for the branch office staff which is spread out throughout Germany. The individual branch offices are too small and the positions are predominantly filled by women, meaning that a statistically sound salary comparison between men and women cannot be produced.

No gender-based remuneration discrimination at MLP

Most employees at company HQ are assigned to salary brackets 5 and 6 with their job types, whereby significantly more women than men are remunerated in these two salary brackets. At the start of Q4 2017, the average salary of all male employees in salary bracket 5 was higher than the average salary determined for all women in salary bracket 5. As regards salary bracket 6, the average salary of women is higher, although not quite as significantly. It cannot therefore be assumed that any kind of systematic gender-based remuneration discrimination is prevalent at MLP.

With the Transparency of Remuneration Act (EntgTranspG), employers with more than 500 employees are requested to conduct their own company audit with the aim of reviewing their remuneration systems with regard to compliance with the equal remuneration principle. The legislator's intention is for auditing processes of this kind to be conducted on a voluntary basis under the employer's own responsibility. The objective of the internal company auditing process is to identify individual women who are not receiving equal remuneration. Any disadvantage to individual female employees that is identified should then be addressed with suitable measures on the part of the employer.

The company auditing system

MLP conducted an audit process of this kind on a voluntary basis in the reporting period for the joint operations of MLP SE, MLP Banking AG and MLP Finanzberatung SE.

In its decision to employ an internal audit process, the Executive Board was guided by the fact that simply complying with rights to information will not be effective in reducing any remuneration gap that women at MLP may encounter. MLP's assessment is that requests for information that have been refused are likely to be equally as demotivating and frustrating for the female employees who requested them as the requests that were granted, but which ultimately only provide meaningless medians from a comparison group. The approach to this internal audit process, described in more detail below, is intended to sustainably strengthen the trust of employees at MLP in the gender equality of MLP's remuneration system.

The internal audit process was performed as follows:

Group of persons included:

Only female employees at company HQ were included in the process. Male employees, as well as female employees from the branch offices, were not initially included in the scope of the audit (due to the low number of male employees at the offices).

Audit process stage 1:

- Determining the average salary of the men within the individual salary brackets, broken down by key positions (department head, team leader, specialist staff, employee).
- Identifying the women that receive a salary which is more than 20% below the relevant average salary of their male colleagues for their salary bracket and key position.
- Of these women, only those that are no more than five years younger than the average age of the male comparison group are taken into account at stage 1.

Audit process stage 2:

Individual review to identify indicators as to whether there is a material reason for the lower comparative remuneration.

A material reason for lower remuneration was in particular accepted if the actual qualification of the female employee was lower than the abstract requirement of the job type (whereby less emphasis was placed on this factor the longer the female employee had already been incumbent in the specific job type). In addition, the performance of the respective female employee was taken into account starting with the assessment from the staff appraisal but also including other experience. Other employment-related knowledge and experience with relevance for the specific job type were also taken into account.

A small number of female employees was identified on this basis.

Audit process stage 3:

An individual target salary was determined for the female employees identified at stages 1 and 2. This determination was performed as follows:

- The average salary of all employees holding the same job type as the person being examined was generally applied. In a few special cases, in which no other persons were assigned to the same job type or the other persons were themselves identified at audit stages 1 and 2, another appropriate benchmark group was used.
- Adjusting the average salary to include salaries of employees that earn more or less than 30% of the unadjusted average salary, in addition to adjusting for the salary of employees that previously held a higher-level job type (in particular former managers).

- The average salary adjusted in this way was then taken as the provisional target salary. To determine the final target salary, a correction was performed based on the professional experience assumed. In two cases, the adjusted target salary was actually lower than the current salary being paid. These two female employees were therefore no longer included.
- Female employees whose salary should be adjusted were then identified by comparing the actual current salary and adjusted target salary. The salaries of the female employees identified were then brought in line with the target salary (rounded up to the nearest full €10), whereby an adjustment was only made if the amount of increase was at least 2% of the individual annual salary of the female employee affected.

The result of these activities was that MLP increased the salary of these female colleagues in a range of 2.15% to 22.68% with an average increase of 11.05%.

As already mentioned, only female employees of MLP SE, MLP Banking AG and MLP Finanzberatung SE that work at company HQ were considered in this audit process. Since the staff working at the branch offices are almost all female, there is no suitable or statistically meaningful benchmark for men. However, since non-equal remuneration cannot be ruled out at the branch offices, the internal audits are to be continued with the objective of also specifying a suitable approach for branch office staff. In individual cases, there may also be men that appear to not receive equal remuneration. This is something we will also be addressing in future.

Alongside these purely remuneration-based measures, MLP offers a large number of further measures promoting a good work-life balance and thereby contribute to greater equality of remuneration. You can find further information on this in the management report under "Corporate governance report – Declaration on corporate governance (Section 289a of German Commercial Code (HGB))/Corporate management practices" which forms part of the Annual Report.

Further measures to promote equality of remuneration

For non-management employees in the joint operations of MLP SE, MLP Banking AG and MLP Finanzberatung SE, the following statistical information is provided as per the requirements of Section 21 (2) of the Transparency of Remuneration Act (EntgTranspG):

Statistical information pursuant to Section 21 (2) of the Transparency of Remuneration Act (EntgTranspG)

| | Number (total) | Number (full-time) | Number (part-time) | Quota (total) | Quota (full-time) | Quota (part-time) |
|-------|----------------|--------------------|--------------------|---------------|-------------------|-------------------|
| Men | 339.75 | 309.5 | 30.25 | 29.80% | 91.10% | 8.90% |
| Women | 800.25 | 336.5 | 463.75 | 70.20% | 42.05% | 57.95% |

These disclosures refer to the averages of the quarterly figures from the 2016 financial year, in each case excluding employees that were on parental leave on the reporting date.