

# REPORT BY THE SUPERVISORY BOARD

In the financial year 2018, 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 business of the Company.

During 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 areas. Its work in the financial year 2018 focused in particular on supporting the Executive Board in the strategic development of the Company and of the MLP Group, implementing further measures to increase efficiency and both assessing and monitoring the opportunity and risk position of the Company and the Group. The Supervisory Board gave the Executive Board particularly detailed advice on potential M&A transactions.

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 2018, the Executive Board also reported to and advised the Supervisory Board on the content and anticipated effects of legislative or regulatory proposals at national and EU level, such as the legislator's evaluation and planned amendments to the Life Insurance Reform Act.

The election of new Supervisory Board members was held at the Regular Annual General Meeting in the last financial year. The newly formed Supervisory Board of MLP SE now comprises Dr. Peter Lütke-Bornefeld, Dr. Claus-Michael Dill, Ms. Tina Müller, Mr. Matthias Lautenschläger, as well as the employee representatives Mr. Burkhard Schlingermann and Mr. Alexander Beer. In a constitutive Supervisory Board meeting, Dr. Lütke-Bornefeld was appointed as Chairman and Dr. Dill as Vice Chairman of the Supervisory Board. No personnel changes to the Company's Executive Board were made in the last financial year.

The Supervisory Board held five regular meetings and one extraordinary meeting in the financial year 2018. With the exception of Ms. Müller, who attended two and therefore less than half of the meetings, all members of the Supervisory Board took part in the meetings either in person or via teleconference. In addition to this, the Supervisory Board of MLP SE convened in one constitutive meeting following the Annual General Meeting. All members of the Supervisory Board took part in this meeting. The Executive Board also informed the Supervisory Board of particularly important or urgent projects outside of the regular meetings. Where necessary, resolutions can also take the form of circular resolutions.

Two meetings and one constitutive meeting of the Audit Committee were also held in the financial year 2018. All committee members took part in each of these meetings. The Personnel Committee convened twice in the last financial year and held one constitutive meeting. All committee members took part in each of these meetings. Only Ms. Müller took part in just one of two regular meetings of the Personnel Committee. To prepare for the election of new Supervisory Board members, a meeting of the Nomination Committee, in which all members took part, was also held in the run-up to the Annual General Meeting. Following the Annual General Meeting of MLP SE, a constitutive meeting of the Nomination Committee was also held.

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 about the content of these meetings.

## Supervisory Board meetings and important resolutions

Following preparations in the meeting of the Audit Committee, the Supervisory Board meeting on March 14, 2018 focused on the audit and approval of the financial statements and the consolidated financial statements as of December 31, 2017. The auditors participated in the meeting and gave 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 of December 31, 2017. The Supervisory Board also reviewed the appropriateness of the Executive Board – as required in accordance with the German Corporate Governance Code (GCGC) – as well as the variable compensation components of the Executive Board for the financial year 2017 and approved these. The proposed resolutions for the Company's Regular Annual General Meeting were another item on the agenda. In the meeting held on March 14, 2018, and on proposal by the Personnel Committee, the Supervisory Board also passed a resolution on extending the appointment of Mr. Reinhard Loose as a member of the Executive Board up to January 31, 2024.

The regular Supervisory Board meeting on May 14, 2018 focused primarily on discussing the results and business development from the first quarter of 2018.

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 8, 2018.

The November meeting focused on the business results of the third quarter and the first nine months of the current financial year. This Supervisory Board meeting also focused on evaluating the leadership and performance of the members of the Executive Board. The discussion took place in a closed session without the members of the Executive Board being present. Compliance with the provisions of the German Corporate Governance Code (GCGC) was also a key topic of discussion in the MLP Group beside the resolution on the Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG). Extensive reporting was provided on the corporate governance process and the current Declaration of Compliance.

In the meeting held on December 18, 2018, the Supervisory Board addressed in detail and approved the strategy and budget of both the Group and the Company for the financial year 2019.

## Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2018. Within the scope of the election of new Supervisory Board members, the committees were also newly formed by the Annual General Meeting.

The members of the Audit Committee are Dr. Claus-Michael Dill, who is also Chairman of the Audit Committee, as well as Dr. Peter Lütke-Bornefeld, Mr. Matthias Lautenschläger and Mr. Alexander Beer. The Audit Committee held two regular meetings and one constitutive meeting in the financial year 2018. 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 SE and the 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 on legal and regulatory risks and risks to reputation.

The members of the Personnel Committee are Dr. Peter Lütke-Bornefeld, who is also Chairman of the Personnel Committee, as well as Ms. Tina Müller, Mr. Matthias Lautenschläger and Mr. Burkhard Schlingermann. The Personnel Committee convened for two regular meetings and one constitutive meeting, focussing 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 Mr. Reinhard Loose as member of the Executive Board should be extended to January 31, 2024.

The members of the Nomination Committee are Dr. Peter Lütke-Bornefeld, who is also Chairman of the Nomination Committee, as well as Ms. Tina Müller, Dr. Claus-Michael Dill and Mr. Matthias Lautenschläger. The Nomination Committee held one regular and one constitutive meeting in the financial year 2018, in which a decision was taken on the proposals by the Supervisory Board to the Annual General Meeting on June 14, 2018 regarding the election of Supervisory Board. All committee members took part in each of these meetings.

## Corporate governance

During the financial year, the Supervisory Board also addressed the application of the corporate governance principles.

Last year, the Supervisory Board once again dedicated its meeting on November 13, 2018 to detailed discussion of the requirements of the German Corporate Governance Code (GCGC) in the version dated February 7, 2017.

In the meeting held on November 13, 2018, 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 established.

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 (GCGC) as per its Declaration of Compliance pursuant to § 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 (GCGC) in the version dated February 7, 2017. In November, the Supervisory Board and Executive Board issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) for the financial year 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 interest when these express diversity in terms of the Supervisory Board composition required 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 November 13, 2018, can be found in the Executive and Supervisory Board's corporate governance report. All relevant information is also available on our website at [www.mlp-se.com](http://www.mlp-se.com).

The members of the Supervisory Board independently participated in training measures to help them fulfil their responsibilities – as required by the Corporate Governance Code. In this endeavour, they are adequately supported by the Company. In addition to this, a further training event was held for the Supervisory Board on November 13, 2018 to help members maintain the necessary professional expertise. During this training, various topics were addressed, including the German implementation of the second European Markets in Financial Instruments Directive (MiFID II), implementation of the General Data Protection Regulation (GDPR) in the Group, as well as the planned new rulings associated with the Act on the Implementation of the Second Shareholders' Rights Directive (ARUG II).

## Audit of the annual financial statements and consolidated financial statements for 2018

The financial statements and the joint management report of MLP SE as of December 31, 2018 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, 2018 were drafted as per § 315e of the German Commercial Code (HGB) in line with international financial reporting standards (IFRS) as applied in the EU. As of December 31, 2018, 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, reported to the Supervisory Board on its audit and explained its audit opinion. 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 in regard to compliance. The Audit Committee also reviewed the risk management system, the accounting processes and the effectiveness of the internal monitoring systems, 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, as well as the additional services performed by the auditor. The Supervisory Board also checked and discussed the documentation and reports in detail. Within this scope, the Supervisory Board also addressed the key audit matters described in the audit opinion, including the audit procedures undertaken by the auditor. 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 13, 2019. The auditor reported on the scope, the key focuses, as well as the significant results of the audit, going into particular detail regarding the key audit matters and the audit procedures employed. Particularly with regard to the annual financial statements of MLP SE, these key audit matters encompassed "the carrying amount of shares in affiliated companies" and with regard to the consolidated financial statements of MLP SE "the carrying amount of goodwill", as well as the commission income from the brokering of old-age provision products". At this meeting, the Executive Board also explained the financial statements of MLP SE and the MLP Group, the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management system, audit system and compliance, and gave detailed reports on the scope, focuses and costs of the audit.

The Supervisory Board concurred with the outcome of the auditor's audit. On the basis of the final outcome of the Audit Committee's audit and its own audit, the Supervisory Board found no grounds for raising an objection. Accordingly, at its meeting on March 13, 2019, the Supervisory Board approved the annual financial statements and the joint management report of MLP SE, as well as the consolidated financial statements and the joint management report prepared by the Executive Board in accordance with IFRS. The annual financial statements are therefore approved. The Executive Board is also required to submit a report on a non-financial declaration or a non-financial Group declaration as per § 289b, § 315b of the German Commercial Code (HGB). The Supervisory Board reviewed the non-financial report – prepared by a meeting of the Audit Committee – and did not raise 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 financial year 2018. In its deliberations, the Supervisory Board factored in the equity and liquidity situation, future regulatory requirements, the Company's budget, as well as the shareholders' interest in an appropriate dividend.

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 financial year 2018.

Wiesloch, March 2019  
The Supervisory Board

A handwritten signature in blue ink, appearing to read 'Lütke-Bornefeld', is centered on the page.

Dr. Peter Lütke-Bornefeld  
Chairman