



MHP SE

DIRECTOR'S REMUNERATION POLICY

THE BOARD OF DIRECTORS

Date: 26 November 2021

Version 1.0.

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Directors' Remuneration Policy

This part of the Directors' Remuneration report sets out the Directors' Remuneration Policy (the "Policy"), which, subject to shareholder approval at the Extraordinary General Meeting, shall take effect from the close of that meeting.

The Policy is determined by the Company's Nominations and Remuneration Committee (the "Committee").

Whenever companies want to introduce a new remuneration policy or make changes to an existing policy they will need to put the remuneration policy to shareholders for approval; and

The Company will put remuneration policy to shareholders for approval at least every three years.

The Remuneration Policy for Directors has been designed with the following aims:

- to attract, retain and motivate Executive and Non-Executive Directors to establish and deliver the Company's short and long-term business strategy;
- to reward and support high performance by linking reward to the achievement of the Company's and personal objectives;
- to provide a clear and transparent remuneration framework;
- to encourage fairness and recognise individual contribution whilst being aligned to the strategy of the Company;
- to have a competitive mix of fixed remuneration and short-term and long-term incentives, with an appropriate proportion of the package determined by stretching targets linked to the Company's performance;
- to align the interests of the Executive Directors with those of shareholders and appropriate alignment with strategic goals; and
- to ensure that remuneration and incentives adhere to the principles of good corporate governance, support good risk management practice and promote the Company's sustainable performance.



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Policy for Executive Directors

Component	Purpose and link to strategy	Description	Maximum opportunity	Performance measures
Base salary	Core element of fixed remuneration reflecting individual's role and experience.	The Committee ordinarily reviews base salaries annually taking into account a number of factors including (but not limited to) the value of the individual's performance, the scope of their role, their skills and experience and performance. The Committee also takes into consideration: <ul style="list-style-type: none"> • pay and conditions of the workforce generally; and • Group, profitability and prevailing market conditions 	Whilst there is no maximum salary, increases will normally be within the range of salary increases awarded to other employees of the Group. However, higher increases may be awarded in certain circumstances.	Salary reviews will take into account individual and Company performance
Benefits	Fixed remuneration provided on a market competitive basis.	Benefits are provided consistent with those typically offered in the country of residence and other appropriate benefits determined by the Committee. These include medical insurance, life insurance, travel insurance. Additional benefits may be provided based on individual circumstances, including the location of the executive director.	There is no predetermined maximum but the totals are reviewed annually by the Committee.	Not applicable.
Annual Bonus	The bonus scheme rewards Executive Directors for performance in the relevant year against targets and objectives linked to the delivery of the Company's strategy.	Annual bonuses for the Executive Directors are determined by the Committee after the year end. The amount of bonus awarded depends on the	The maximum annual bonus opportunity is up to 100% of base salary. Discretion to award a higher bonus in exceptional circumstances, when OKRs are substantially over achieved.	The performance is assessed by achievement of OKRs, which are linked to delivery of the Company's strategy.



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		achievement of the Objectives and Key Results (OKRs) and is paid after the publication of the annual audited financial statement. The Committee has discretion to cancel or reduce any annual bonus before the payment date (see recovery provisions detailed below).		
Long- term incentives	Long-term incentive plan to incentivise and reward performance in the relevant period, linked to delivery of the Company's long-term strategy	To be determined in 2022-2023 When developing the Long-term incentive plan, the possibility of granting the Company's shares (or virtual shares) will be considered.	To be determined in 2022-2023	To be implemented in 2022-2023

Recovery provisions

The Committee has discretion to cancel or reduce any annual bonus or/and long-term incentive before the payment date.

These recovery provisions may be applied in the event of material misstatement of the Company's financial statements, serious reputational damage to the Company, material corporate failure, gross misconduct on the part of the Executive Director, or if an annual bonus and/or long-term incentive award has paid out at a higher level than would have been the case but for a material misstatement or serious reputational damage.

Explanation of Performance Metrics

Performance measures for the annual bonus are selected to reflect the Company's strategy and determined on Objective and Key Results (OKRs). OKRs are set each year by the Committee taking into account a number of different factors (including ESG principles).

The Committee may vary or substitute any key results if an event occurs which causes it to determine that it would be appropriate to do so (including to take account of acquisitions or divestments, a change in strategy or a change in prevailing market conditions), provided that any such variation or substitution is fair and reasonable and (in the option of the Committee) and the change would not make the measure less demanding than the original measure would have been but for the event in question. If the Committee were to make such a variation, an explanation would be given in the next Directors' Remuneration Report.

Recruitment remuneration policy



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Should it become necessary to recruit a new Executive Director, the Committee would ordinarily negotiate the remuneration package of the new director from the same elements described in the policy table as are applied to existing directors.

The Committee's overarching principle for recruitment remuneration is to pay due to market data or above to attract an executive director of the calibre required to shape and deliver the Group's business strategy. In determining each element of pay and the package as a whole upon recruitment, the Committee will take into account all relevant factors including, but not limited to, the skills and experience of the individual, the market rate for an individual of that experience, as well as the importance of securing the best person for the role.

The Committee may make payments or awards in respect of hiring an employee to 'buyout' remuneration arrangements forfeited in connection with leaving a previous employer.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue in accordance with their terms.

Fees payable to newly appointed Non-executive Director will be in line with the policy in place at the time of the appointment.

Policy on payments for loss of office

The following table summarises the Company's policy on the determination of payments for loss of office by Executive Directors.

Provision	Treatment
Fixed remuneration	Salary/fees and benefits will be paid to the date of termination.
Payments in lieu of notice	Where a payment in lieu of notice is made, this may include salary and benefits (or a cash equivalent) for up to twelve months. Any payment in lieu of notice are taking account of the performance in role, time in role and any other relevant factors.
Variable pay	This will be reviewed on an individual basis taking into account the terms of the relevant service agreement. The decision whether or not to award variable pay in full or in part will be dependent on a number of factors including the circumstances of the departure, contribution to the business during the period and the terms of the service agreement.
Other payments	The Committee reserves the right to make additional exit payments. Payments may include, but are not limited to, paying any fees for outplacement assistance and/or the director's legal and/or professional advice fees in connection with his/her cessation of office or employment and payments in respect of accrued but untaken holiday.

Policy for Non-Executive Directors

Component	Purpose and link to strategy	Description	Maximum opportunity
Basic fees	To attract individuals with the necessary skills and experience by paying fees within a market competitive range that reflect the responsibilities of a Non-Executive Director and the expected time commitment.	The fees of the Non-Executive Directors are determined by the Board	No performance measures although performance of Non-Executive Directors is assessed annually.



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<p>Additional fees and benefits</p>	<p>Additional fees within a market competitive range to reflect additional responsibilities. To provide benefits where appropriate which are relevant to the requirements of the role.</p>	<p>Additional fees are paid to Non-Executive Directors for participation in the Audit & Risk Committee, the Nominations & Remuneration Committee and the IGR&PA Committee, and for the role of Senior Independent Director, and are determined as a fixed percentage of the base fee.</p> <p>Non-Executive Directors may be reimbursed for reasonable business-related expenses including travel and travel insurance.</p> <p>Non-Executive Directors are not eligible for any bonus or long-term incentive scheme.</p>	<p>Fees for chairing or membership of board committees are reviewed periodically to reflect the responsibilities and expected time commitment. Chair fees are up to 35%, and member fees up to 20%, of base NED fees.</p>
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Non-Executive Directors are not entitled to compensation on termination of their appointment.