

# REPORT OF THE SUPERVISORY BOARD<sup>1</sup>

## Dear Shareholders,

The Supervisory Board of MAN SE addressed the Company's position and development regularly and in detail in fiscal 2018. In accordance with the recommendations of the German Corporate Governance Code and the legal requirements, we regularly advised the Executive Board in its management of the Company and monitored its activities.

We were involved in an advisory capacity in all matters and decisions of major importance to the MAN Group.

The Executive Board provided us with regular, comprehensive, and timely information, in both written and verbal form, on the development of the business, relevant business events, corporate planning, and deviations in the course of business from forecasts as well as their causes.

The Executive Board also reported to the Supervisory Board, in particular, on the MAN Group's strategies and the implementation status of strategic projects, the MAN Group's risk position and risk management, as well as compliance issues.

Documents relevant to our decisions were always made available to us in good time prior to Supervisory Board meetings.

During regular talks with the Chief Executive Officer outside the Supervisory Board meetings, I also discussed matters and issues relevant to the Company, such as the development of the business, planning and strategic projects, the risk position, risk management, and compliance.

The Supervisory Board held five regular meetings in fiscal 2018, one of which was a conference call. In addition, resolutions on urgent matters were adopted in writing.

No members of the Supervisory Board attended only half or fewer of the meetings of the Supervisory Board and of the committees to which they belong.

## Committee activities

The Supervisory Board established two committees — the **Presiding Committee** and the **Audit Committee** — on which shareholders and employees are represented equally, with three representatives in each case, as well as the **Nomination Committee**, which consists solely of shareholder representatives.

The main role of the committees is to prepare Supervisory Board resolutions. In some cases, the Supervisory Board's decision-making powers or tasks are transferred to committees.

The Nomination Committee is tasked with identifying candidates for Supervisory Board positions and recommending suitable candidates to the Supervisory Board as the latter's proposals for election at the Annual General Meeting. In this capacity, the shareholder representatives on the Presiding Committee act as the Nomination Committee.

Mr. Matthias Gründler was Chairman of the Audit Committee until he left the Supervisory Board on May 17, 2018. The Committee elected Ms. Annette Danielski as its new chair. Prior to this, Mr. Kerner chaired the Audit Committee on an interim basis.

The Presiding Committee is always chaired by the Chairman of the Supervisory Board.

At the Supervisory Board meetings, the chairperson of the Audit Committee at the time and I provided regular reports on the work of the committees.

A list of the members of the committees as of the end of 2018 is provided on [page 150](#) of this Annual Report.

The **Presiding Committee** held a total of four face-to-face meetings in 2018.

It dealt, in particular, with all the key issues to be discussed at the following full Supervisory Board meetings and prepared resolutions for them.

The **Nomination Committee** met once in the reporting period due to the election of Ms. Porsche-Schröder to the Supervisory Board as a replacement member.

<sup>1</sup> In accordance with section 171 (2) of the *Aktienengesetz* (AktG – German Stock Corporation Act)

The **Audit Committee** held a total of four meetings in the reporting period, one of which was a conference call.

It dealt in detail with financial reporting issues, the annual financial statements of MAN SE and the MAN Group, and the audit reports submitted by the auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich ("PwC").

The Committee discussed the half-yearly financial report with the Executive Board prior to its publication.

PwC reviewed the MAN Group's interim financial statements as of June 30, 2018. This did not lead to any objections. The Committee discussed the findings of the review with the auditors in detail.

The Audit Committee also addressed the engagement of the auditors to audit the annual financial statements for 2018, the areas of emphasis of the audit, and the rotation of the auditors from fiscal year 2020 onward.

The Committee regularly addressed the development of business in the MAN Group, the internal control system, risk management and the risk management system, and the MAN Group's risk position, among other issues.

The Audit Committee also addressed compliance and internal audit issues, such as the MAN Group's internal audit system and the audit plan for MAN's Corporate Audit function, as well as its implementation status.

The head of MAN's Corporate Audit function and MAN's Chief Compliance Officer also reported to the Committee in person.

The state of progress in implementing the General Data Protection Regulation (GDPR) was also reported to the Audit Committee.

#### Issues addressed by the Supervisory Board

Topics discussed regularly by the Supervisory Board included trends with respect to orders, sales revenue, earnings, and employment within the MAN Group. We also regularly addressed key strategic matters and projects, as well as programs for the future at MAN subsidiaries.

In general, the shareholder and employee representatives met for separate preliminary discussions before each of the Supervisory Board meetings.

The following additional information relates to the Supervisory Board meetings held in 2018:

#### Supervisory Board meeting on February 28, 2018

Our meeting on February 28, 2018, focused on the annual financial statements for 2017. After detailed examination, we approved the consolidated financial statements prepared by the Executive Board and the annual financial statements of MAN SE for 2017, plus the Combined Management Report of MAN SE and the MAN Group.

We also dealt on February 28, 2018, with the agenda of the 2018 Annual General Meeting.

In addition, we resolved to engage PwC to audit MAN SE's 2018 financial statements and its risk early recognition system — provided the 2018 Annual General Meeting elects PwC as the auditors for the year under review.

A diversity concept for the Supervisory Board and the Executive Board was also resolved at the meeting.

#### Supervisory Board meeting on May 16, 2018

At the meeting following the Annual General Meeting, we dealt, in particular, with business developments in the MAN Group and the status of the programs to improve efficiency.

#### Supervisory Board meeting on July 25, 2018

The July meeting focused on the discussion of the business performance of MAN SE in the first half of the year and on the corporate strategies of MAN Energy Solutions SE and Renk AG.

#### Supervisory Board meeting on November 22, 2018

In addition to business developments and the 2018–2022 corporate planning, we held in-depth discussions of the corporate strategy of MAN Truck & Bus AG and the status of the restructuring of MAN Energy Solutions SE.

The Supervisory Board also discussed corporate governance matters.

The Chief Compliance Officer reported in person on the compliance organization and its activities.

We also addressed the settlement between MAN SE and D&O insurers in connection with the Ferrostaal compliance case. Following an in-depth examination, we approved the settlement.

We also adopted a resolution relating to the rotation of the auditors from fiscal year 2020 onward.

Supervisory Board conference call on December 13, 2018

During the conference call, we dealt in detail with the planned sale of the Power Engineering companies to Volkswagen Klassik GmbH, a subsidiary of Volkswagen AG.

### Conflicts of interest

No conflicts of interest involving members of the Supervisory Board within the meaning of section 5.5 of the German Corporate Governance Code were reported in the year under review.

### Corporate governance and Declaration of Conformity

The implementation of the current version of the German Corporate Governance Code at MAN SE was a topic of the Supervisory Board meeting on November 22, 2018.

In December 2018, the Executive Board and Supervisory Board issued the annual Declaration of Conformity in accordance with section 161 of the *Aktiengesetz* (AktG — German Stock Corporation Act). This is permanently available on MAN SE's website at [www.corporate.man.eu](http://www.corporate.man.eu).

According to this Declaration of Conformity, MAN SE will comply with the recommendations of the German Corporate Governance Code in the version dated February 7, 2017, with the exception of section 5.3.2, paragraph 3, sentence 2 (independence of the Chairman of the Audit Committee), section 5.4.1, paragraphs 6 through 8 (disclosure in the case of election recommendations), section 5.4.6, paragraph 2, sentence 2 (performance-related Supervisory Board compensation), and section 7.1.1, sentence 2 (financial information during the year).

Detailed explanations of and the reasoning behind the departures from the recommendations of the German Corporate Governance Code can be found in the Declaration of Conformity dated December 2018.

Further information on corporate governance at MAN is available in our Corporate Governance Report, see [pages 14ff.](#) of this Annual Report.

### Changes to the composition of the Supervisory Board and Executive Board

There were the following changes to the composition of the Supervisory Board in the year under review:

On application by the Executive Board, the Munich Commercial Register Court appointed Ms. Stephanie Porsche-Schröder as a member of the Supervisory Board effective January 23, 2018. MAN SE's Annual General Meeting on May 16, 2018, confirmed the election of Ms. Porsche-Schröder as a member of MAN SE's Supervisory Board for the remaining term of office of the Supervisory Board. Ms. Porsche-Schröder succeeds Dr. Dr. Christian Porsche, who stepped down from the Supervisory Board in 2017.

Mr. Oskar Ritsch resigned from the Supervisory Board with effect from midnight on March 31, 2018.

Mr. Werner Wiedemann joined the Supervisory Board effective April 1, 2018, as a replacement for Mr. Oskar Ritsch.

Mr. Matthias Gründler resigned from the Supervisory Board effective May 17, 2018.

On application by the Executive Board, the Munich Commercial Register Court appointed Ms. Annette Danielski as a member of the Supervisory Board by way of a resolution on November 5, 2018.

Mr. Helmut Brodrick and Mr. Werner Wiedemann left the Supervisory Board with effect from midnight on December 31, 2018.

Dr. Uwe Lauber resigned as a member of the Executive Board of MAN SE with effect from midnight on December 31, 2018.

We would like to thank the members who departed from the Supervisory Board and the Executive Board during the year under review for their service to the Company.

### Audit of the annual and consolidated financial statements

In accordance with our proposal, the Annual General Meeting of MAN SE on May 16, 2018, elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the auditors for fiscal 2018. The Supervisory Board issued the concrete audit engagement letter to PwC in line with the Audit Committee's recommendations and specified the areas of emphasis of the audit.

The auditors issued unqualified audit opinions on the annual financial statements of MAN SE and the consolidated financial statements for the MAN Group, plus the Combined Management Report.

In addition, the auditors assessed the internal control system and the risk management system and concluded that the Executive Board had taken the measures required by section 91 (2) of the AktG to identify at an early stage any risks that could endanger the Company's continuing existence.

The members of the Audit Committee and the members of the Supervisory Board received the documents relating to the annual financial statements and the audit reports prepared by the auditors in good time for the meetings of these committees on February 19, 2019.

At both meetings, the auditors reported in detail on the key findings of their audits and were available to provide additional information.

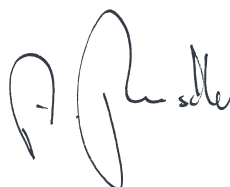
Based on the audit reports by the auditors and its discussion with them as well as its own findings, the Audit Committee prepared the Supervisory Board's examination of the consolidated financial statements and the annual financial statements of MAN SE, as well as the Combined Management Report, and reported on them in the Supervisory Board meeting on February 19, 2019. After this, it recommended that the Supervisory Board approve the annual financial statements.

We examined these documents in depth in the knowledge of, and taking into account, the report by the Audit Committee and the auditors' report, and in our discussions with these. We came to the conclusion that these reports are due and proper and that the assessments by the Executive Board of the position of the Company and the Group presented in the Combined Management Report correspond to those of the Supervisory Board.

We therefore concurred with the results of the audit by the auditors in our meeting on February 19, 2019, and approved the annual financial statements prepared by the Executive Board and the consolidated financial statements. The annual financial statements are thus adopted.

The Supervisory Board would like to thank all the members of the Executive Board and the management teams, as well as the employees of the MAN Group companies, for their achievements and active commitment. We also wish to extend our thanks to the employee representatives for their objective and constructive cooperation in the interests of our Company.

On behalf of the Supervisory Board:  
Munich, February 19, 2019



**Andreas Renschler**

Chairman of the Supervisory Board