

Corporate Governance

MAN has enhanced its uniform Group-wide integrity and compliance program focusing on combating corruption, antitrust law, and data protection and has rolled it out around the world.

Management and monitoring

In its management and reporting activities, MAN SE complies with the recommendations of the German Corporate Governance Code with only one temporary exception and has issued the appropriate Declaration of Conformity. MAN SE departed temporarily (until January 21, 2011) from the Code with regard to the number of Supervisory Board positions held by Prof. Dr.-Ing. Ekkehard D. Schulz. The Company's Supervisory Board has 16 members with equal numbers of shareholder representatives and employee representatives. In the reporting period the Supervisory Board held seven regular meetings and one constituent meeting. The attendance rate at the Supervisory Board meetings was 96%. The Chairman of the Supervisory Board does not hold any other positions within the MAN Group. Our subsidiary Renk AG has also issued a Declaration of Conformity with the German Corporate Governance Code. To document the absence of conflicts of interest among members of the Executive and Supervisory Boards, their memberships in other governing bodies are listed in the 2011 MAN Annual Report (→ page 174 et seq. of the 2011 MAN Annual Report).

Duties and responsibilities

The distribution of duties and responsibilities at the MAN Group is defined by our Industrial Governance System: The strategic management of the Group lies with the Management Board of MAN SE in which all divisions are represented. Operational management is the responsibility of the respective subgroups. In this, MAN strikes a balance between central strategic management and decentralized operating responsibility, complemented by an open leadership culture. This is founded on shared values for the brand and our corporate culture, and a commitment to corporate responsibility. Implementation is the responsibility of the Chief Human Resources Officer; decision-making authority rests with the Management Board. As a result, CR topics regularly appear on the agenda of MAN SE Executive Board meetings.

Remuneration of the Executive Board

The Supervisory Board's objective and duty is to set Executive Board remuneration at an appropriate amount. The criteria for doing so include in particular the tasks of the respective Executive Board member, their personal performance, the economic situation, the performance and outlook of the Company, and how customary the remuneration is when measured against its peer group as well as the remuneration structure that applies to other areas of MAN. The remuneration of Executive Board members comprises fixed salary payments and noncash benefits, pension and other benefit contributions, and performance-related components. The variable performance-related components comprise components linked to business performance and long-term incentive components that entail an element of risk. Against the backdrop of sustainability considerations, part of the remuneration is contingent upon the future success of the Company.

Values, goals, and policies

The reporting period saw the development of three additional compliance policies that apply across the Group. Our policy on compliance with antitrust regulations primarily comprises rules for dealing with competitors. With the policy on data protection, we have established uniform and globally binding protection for personal data in line with the high European standard. This was preceded by a data protection risk assessment covering 78 Group companies. At the same time, we set up a worldwide network of data protection coordinators. There is now a contact person for data protection issues at all larger MAN companies. Our policy on case management and compliance investigations ensures that reported cases of compliance violation are dealt with and systematically cleared up by the appropriate function in the Group. In addition, MAN has issued a code of conduct for suppliers and business partners that contains minimum ethical standards that MAN's suppliers and business partners undertake to observe. Finally, a project was also initiated to revise all MAN Group

policies with the aim of creating Group-wide standards for policies. To this end, in the reporting period MAN introduced the MAN 0.1 Policy, designed to facilitate simplification and harmonization across the MAN Group.

MAN's clear commitment to the UN Global Compact is underpinned by the Joint Declaration on Social and Corporate Responsibility in the MAN Group, which the Executive Board of MAN signed with the International Metalworkers' Federation in March 2012 as an international framework agreement.

Compliance organization

The new Compliance function established in 2010 was further expanded in the reporting period. The function is managed by the Chief Compliance Officer, who reports directly to the Chief Executive Officer of MAN SE and additionally to the Audit Committee of the Supervisory Board. The Compliance function currently comprises 43 staff, 17 of whom work in the subgroups.

The Compliance Board (previously: Compliance Steering Committee) met four times in the reporting period. The purpose of these meetings was to inform MAN SE's Executive Board and the heads of other functions on the progress of the development of the Compliance organization and the introduction of new compliance measures. In addition, further steps in the ongoing development of the MAN compliance program were also agreed.

A survey on compliance issues was conducted among managers in the reporting period. The findings confirmed the knowledge and acceptance among management of compliance measures across the organization.

Compliance program

In the reporting period, MAN updated its uniform Group-wide integrity and compliance program addressing the issues of combating corruption, antitrust law, and data protection, and rolled it out worldwide. Toward the end of 2011, the second Group-wide compliance risk assessment was conducted, the results of which will be available early in 2012. The assessment covered and evaluated a total of 72 Group units across the four divisions (MAN Truck & Bus: 41, MAN Diesel & Turbo: 28, MAN Latin America: 2, Renk: 1). The aim is to identify potential compliance risks affecting business models in the various business units and/or sales regions. The results of the assessment will be used to determine the structure of the compli-

ance organization, align the compliance program with the needs of MAN, and derive further measures to prevent compliance risks.

Selected compliance measures

Helpdesk	1,405 questions were asked and dealt with
Training	5,470 employees (10%) worldwide were trained in 238 on-site compliance awareness sessions
Business Partner Approval Tool	1,258 employees were trained to use this tool and 1,509 business partners checked

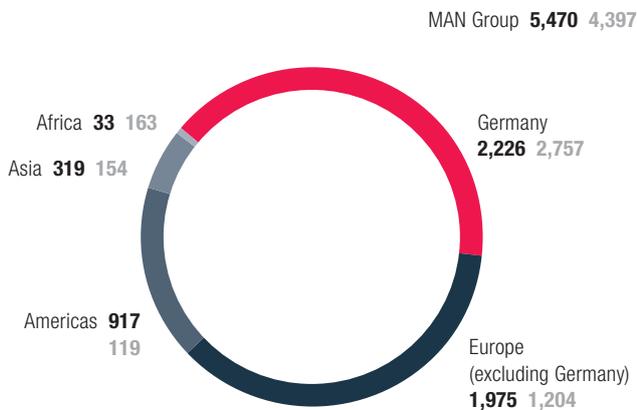
The Compliance Helpdesk answered 1,405 compliance-related questions by phone or e-mail during the reporting period. This brings the total number of questions dealt with since the Helpdesk was launched in February 2010 to 2,512.

On-site training courses on compliance issues are held for employees who are potentially exposed to compliance risks. These compliance awareness training sessions, which last several hours, introduce the employees to MAN's Compliance organization and teach them the fundamentals of combating corruption, antitrust law, and data protection. In addition, we stage a number of special antitrust law training sessions, each lasting several hours, in which employees who come into closer contact with competitors and antitrust issues learn about the contents of the new antitrust policy.

Additionally, half-day training sessions on the policy on handling personal data were conducted for the newly appointed data protection coordinators.

The Business Partner Approval Tool developed in 2010 was rolled out globally in 2011. The policy on engaging business partners requires it to be used to check the integrity of a business partner. A total of 1,258 employees have been trained to use this tool and 1,509 business partners checked.

We want to ensure that purchasing and payment processes at MAN comply with the policies, and that compliance risks in these areas are identified at an early stage. In 2011, MAN therefore started introducing an electronic monitoring system called Continuous Controls Monitoring (CCM) that supplements the internal control system. If specific process test items do not correspond to the prescribed procedures, the CCM system generates an alarm for the appropriate functions. The system thus ensures that any compliance risks and

Number of employees trained in compliance

2010 values in gray

policy violations in the MAN Group's purchasing and payment processes are detected at an early stage. In all of its export business, MAN complies rigorously with all national and international export regulations.

CR and compliance risks can ensue from the acquisition or disposal of equity investments. MAN has therefore laid down specific CR and compliance requirements for the due diligence review of the companies concerned. Thus, we also check on certification and require the provision of environmental and social indicators to enable any compliance risks to be identified at an early stage.

At the quarterly meetings of the Compliance Board the Group-wide compliance measures are agreed with the Executive Board and the heads of department. In addition, we also meet regularly with industry and academic experts to discuss current compliance-related topics, thereby contributing to the public debate.

The MAN compliance program is currently focused on the topics of combating corruption, antitrust law, and data protection. If, however, the Compliance organization receives a report of suspected workplace bullying, for example, or other violations of Compliance rules, these reports are treated in confidence and with sensitivity, and passed on to the HR or specialist function responsible. In 2011, the Compliance organ-

ization received three reports of suspected workplace bullying. The organization also received a further 14 reports on general HR issues, all of which were fully resolved.

Violations and investigations

No fines or sanctions on account of the violation of legal provisions were imposed on MAN in Germany in the reporting period. In the antitrust proceedings concerning several European truck and/or engine manufacturers, including MAN in each case, the Company is cooperating fully with the antitrust authorities of the European Union.

In view of suspected irregularities in the handover of four-stroke marine diesel engines at MAN Diesel & Turbo SE, the Executive Board of MAN SE launched an investigation by the MAN SE Compliance function and external consultants. In this case too, MAN is cooperating with the relevant authorities.

No fines were paid for environmental incidents in the reporting period. Our reporting of such fines covers production sites that together account for approximately 87% of revenue.