

Compliance/risk management

MAN SE's Executive Board established a Compliance function as part of its responsibility for compliance defined by the German Corporate Governance Code. This function, which reports to the Chief Compliance Officer (CCO), is responsible for developing and implementing a uniform Group integrity and compliance program, focusing on fighting corruption, infringements of antitrust law, and on data protection. The Compliance function consists of MAN SE's central Corporate Compliance Office and the compliance organization at the subgroups. The central compliance measures developed by the CCO are implemented locally and in a uniform manner by the compliance staff at the subgroups worldwide. All compliance organization staff are subordinate to the CCO, who regularly reports to MAN SE's Executive Board and to the Audit Committee of the Supervisory Board.

The key compliance measures developed and implemented by the Compliance function in the reporting period include the following:

- Another Group-wide compliance risk assessment was conducted in the reporting period. The aim of this was to identify potential compliance risks affecting objective business models in the Group. The results of the compliance risk assessment are used to determine measures to prevent compliance risks, among other things. A risk assessment relating to data protection was also conducted to identify focus areas for the global data protection program.
- To supplement the policies developed in the previous year, the Compliance function developed three additional compliance policies: a policy on compliance with antitrust regulations, a policy on handling personal data, and a policy on case management and compliance investigations. 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.
- The Compliance function continues to operate the Compliance Helpdesk, which all employees can contact with compliance-relevant questions. The Compliance Helpdesk answered over 1,400 employee questions in the reporting period.
- The Compliance function held compliance awareness training around the world in the form of classroom sessions for all employees who may be exposed to compliance risks in their day-to-day work. The training sessions focus on providing basic knowledge on anticorruption and infringements of antitrust law. The Compliance function also conducted special antitrust law training sessions for employees who come into close contact with competitors and antitrust issues, as well as special half-day training sessions to familiarize data protection coordinators with the Group's data protection policy.
- The Business Partner Approval Tool developed in 2010 was rolled out globally. The policy on engaging business partners requires it to be used to check the integrity of a business partner.
- 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, MAN started introducing an electronic monitoring system during the reporting period that supplements the controls imposed by the internal control system. This system is designed to detect any compliance risks and policy violations in the MAN Group's purchasing and payment processes at an early stage.
- To prevent MAN being exposed to compliance risks from the acquisition or disposal of equity investments, MAN implemented a process in 2011 that involves the Compliance function in any M&A projects in the MAN Group from the start.

- The Speak up! whistleblower portal introduced during the reporting period serves to identify and prevent material risks to MAN. It accepts and analyzes tip-offs relating to serious compliance violations, especially in the area of white collar crime (e.g., corruption offenses), antitrust law, and data protection.
- Compliance violations are not tolerated at MAN. Reports of possible violations are investigated in detail, dealt with, and punished according to the penalties permitted under labor law.

A detailed description of MAN's compliance organization and the compliance measures implemented in the reporting period can be found in the Group Management Report.

Risks resulting from compliance violations and other business risks were assessed under the risk management system and addressed in detail by the Executive Board and Supervisory Board, and in particular by the Audit Committee. Please refer to the description of MAN's risk management system and the risk report contained in the Management Report.

Directors' dealings (reportable securities transactions)

Section 15a of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) requires individuals with management tasks and certain related parties to report dealings in MAN shares and related financial instruments to the issuer and the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin – German Federal Financial Supervisory Authority). No transactions were reported in fiscal 2011. Any disclosures are published on the website at the following address:

→ www.man.eu/MAN/en/Investor_Relations/Corporate_Governance/Meldepflichtige_Wertpapiergeschaefte/.

According to the reports received, the Executive and Supervisory Board members' direct and indirect holdings of shares and derivatives on shares do not exceed 1% of the shares issued by the Company, either individually or in total.

Financial reporting

The year-end consolidated financial statements of the MAN Group are prepared by the Executive Board on the basis of the International Financial Reporting Standards (IFRSs), while the single-entity financial statements of MAN SE are prepared in accordance with the *Handelsgesetzbuch* (HGB – German Commercial Code). The financial statements are examined and approved by the Supervisory Board. All deadlines for the publication of financial statements and interim reports were met during the reporting period. In accordance with the recommendation in section 7.1.2 of the Code, the Audit Committee discusses MAN's half-yearly and quarterly financial reports with the Executive Board prior to their issue.

Audits

In the reporting period, the Supervisory Board proposed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich (PwC), as auditors of the financial statements; the Annual General Meeting endorsed its proposal. PwC provided MAN's Audit Committee with confirmation of its independence. It was also agreed that the Chairman of the Audit Committee would be immediately informed of any grounds for disqualifying the auditors or questioning their impartiality that might occur during the audit, unless such grounds could be immediately eliminated.