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RESPONSIBILITY FOR SOCIETY AND INTEGRITY

Our business practices are shaped by corporate responsibility (CR). It is our aim to put our responsibility into practice every single day. In addition to responsible corporate governance and compliance with applicable laws, this includes open dialog with our stakeholders. Our corporate citizenship initiatives and MAN aid to refugees also enable us to make a lasting contribution to sustainable development.

COMPLIANCE AND RISK MANAGEMENT

MAN does not tolerate illegal or irregular conduct. Compliance with applicable laws and the Code of Conduct, our guiding principles for acting with integrity, is the basic precondition for the success of our business.

“Compliance and integrity are core components of MAN’s corporate strategy. Each individual employee must be aware of their individual responsibility and make their contribution so that we can live up to our social responsibility together and be successful in the long run. Compliance with laws, fundamental ethical values, and internal policies is a matter of course for all of us – regardless of when and where we work. We operate a zero-tolerance policy for violations of the law,” says Joachim Drees, Chief Executive Officer of MAN SE and MAN Truck & Bus AG.

Organization

As part of its responsibility, which is also set out in the German Corporate Governance Code, the Executive Board of MAN SE has established the Governance, Risk & Compliance (GRC) Organization.

The GRC Organization is headed by the Head of GRC/Chief Compliance Officer of the MAN Group, who reports directly to the Chief Executive Officer of MAN SE as well as to the Audit Committee of the Supervisory Board. The GRC Organization is responsible for compliance and risk management issues throughout the Group.

The Corporate GRC Office performs central compliance and risk management tasks. This includes, for example, drafting policies and regulations that apply throughout the Group as well as designing training sessions for employees.

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Compliance and risk management

In addition, the Corporate GRC Office carries out a specific risk analysis on a regular basis to identify potential compliance risks for the Group and to align and further develop the Group-wide compliance management system based on these risks. The Corporate GRC Office also manages risk management processes in the divisions and is responsible for further developing the risk management measures in cooperation with the risk/ICS (internal control system) managers.

The GRC Organization is responsible for implementing the compliance management system and the risk management system in the Group companies. Each subgroup has a Head of GRC/Chief Compliance Officer who is supported by compliance officers and risk/internal control system managers in the different business units/regions.

Elements of the MAN compliance management system

The compliance management system developed by the GRC Office addresses the topics of white-collar crime (in particular combating corruption, preventing money laundering, and terrorism financing) and anti-trust law.

Code of Conduct

Ethical principles of conduct and fundamental compliance requirements for the MAN Group are laid down in the Code of Conduct. It also spells out the corporate values and establishes in-house guidelines for the issue of integrity. An updated version 2.0 of the MAN Group's Code of Conduct came into force effective January 1, 2018, and was rolled out to all employees worldwide.

Policies

The GRC Organization has also developed policies on issues such as combating corruption, antitrust law, and money laundering prevention. These policies represent uniform and binding requirements for all employees throughout the Group.

Business Partner Approval Tool

A Group-wide policy is used to check business partners providing sales support for compliance risks using a tool-based process before collaboration commences. In total, 1,364 checks were conducted using the Business Partner Approval Tool in the reporting period.

Compliance training

The GRC Organization conducts regular face-to-face and online training sessions on topics such as combating corruption, antitrust law, and money laundering prevention. A new online course was developed in the year under review, focusing on the prevention of money laundering and terrorism financing. The course is designed to raise awareness of certain high-risk scenarios among employees who could be exposed to particular risks in this area as a result of their work, and to teach them how to deal with potential regulatory violations properly.

Compliance Helpdesk

All MAN employees can contact the Compliance Helpdesk by phone or e-mail to obtain answers to compliance-related questions. This gives the GRC Organization an overview of frequently asked questions in order to develop further preventive compliance measures as and when required. In 2018, the Compliance Helpdesk in the central GRC Organization answered 474 requests.

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Reporting regulatory violations

The process for dealing with potential regulatory violations, which is set out in a Group-wide policy, serves to help detect and prevent serious risks for MAN.

At MAN, all information relating to serious infringements of the law, especially in the areas of white-collar crime (e.g., corruption offenses, suspected money laundering activities, and terrorism financing), antitrust law, and data protection are investigated in detail and violations are dealt with and sanctioned in line with the penalties permitted under labor law. The Disciplinary Sanction Committee is the body responsible for imposing appropriate internal sanctions. In addition, findings from the investigation of compliance violations are used to continuously improve the compliance management system.

The processes and the corresponding Group policy were updated in the year under review. In addition to the Speak up! whistleblower portal, which has been in place for a number of years, a 24/7 whistleblowing hotline has also been introduced.

Compliance measures

	2018
Business Partner Approval Tool	1,364 business partners checked
Compliance training sessions	401 face-to-face sessions with 4,373 participants 20,047 employees participated in online training sessions
Compliance Helpdesk	474 questions answered by the central Compliance organization, another 1,972 questions answered locally
Compliance risk analysis	A horizontal compliance risk analysis was carried out in 2018 in order to ensure transparency regarding all of the compliance requirements that apply to the MAN Group, i.e., also those requirements that do not fall within GRC's central sphere of responsibility. The aim of the project was to identify clear organizational responsibilities at group/subgroup level for 33 areas of legislation that were classified as applicable.
Compliance Champions Conference	In October of the year under review, more than 130 Compliance Champions and GRC employees from 45 countries met for the two-day Compliance Champions Conference, which brings all TRATON brands together. Compliance Champions – usually Chief Financial Officers of the companies worldwide – support the GRC Organization in implementing compliance and integrity at the international sites and regions, and act as compliance and integrity ambassadors. The aim of the conference was to strengthen the Group-wide compliance network and to work together to come up with ideas for the further development of the existing compliance and integrity programs and measures.
Additional measures	Various communication measures were used to promote integrity in 2018. These include communication measures accompanying the worldwide rollout of the updated Code of Conduct to the employees, further use of the film on integrity as one of the corporate values, the development of a Dilemma Game to encourage dealing openly with risky dilemma situations in day-to-day work, publishing GRC Alerts and GRC Newsletters on current GRC and compliance issues, as well as events at the Group companies to mark International Anti-Corruption Day on December 9, 2018.

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Memberships

MAN is a member of Transparency International and the German Institute for Compliance (DICO). MAN also remains committed to the Ten Principles of the United Nations Global Compact and supports the Alliance for Integrity, which promotes integrity in business practices.

Data protection

MAN stands for effective data protection in compliance with legal regulations, applied worldwide based on the rigorous European standards. In order to meet both the statutory challenges and the challenges that MAN defines for itself, the MAN Group maintains a worldwide network of data protection officers and coordinators who work to ensure that the data protection-related privacy rights of employees, customers, suppliers, and business partners are protected. The global coordination of data protection activities is the responsibility of Group Data Protection, a central organizational unit reporting directly to the Chief Executive Officer of MAN SE.

In the year under review, the data protection activities of the MAN companies in the European Union were characterized in particular by the measures taken to implement the requirements of the EU General Data Protection Regulation (GDPR). As part of centrally coordinated GDPR projects in the subgroups, the Group companies took an in-depth look at the organizational, information, and documentation obligations resulting from the GDPR. This led to the implementation of newly required processes, structures, and documentation activities, as well as to corresponding adjustments to existing processes, structures, and activities. This allowed MAN to achieve the necessary policy compliance when the GDPR entered into force on May 25, 2018. Processes and structures are being optimized on an ongoing basis to ensure that the Company remains GDPR-compliant in the future, too. One focal point is the further development of internal organizational structures and processes in accordance with the privacy-by-design principles.

Developments in data protection legislation in countries outside of Europe are also monitored and analyzed on a regular basis. The new data protection legislation in Brazil, China, South Africa, and Turkey is particularly relevant to the MAN companies.