

Remuneration system for the Executive and Supervisory Boards

Please refer to the Remuneration Report in the Annual Report for information on the remuneration system for the Executive and Supervisory Boards.

Compliance/risk management

MAN SE's Executive Board established a Compliance function as part of its responsibility for compliance as defined by the 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, data protection, and preventing money laundering. 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 Corporate Compliance Office are implemented locally and in a uniform manner by the compliance staff at the subgroups worldwide. All compliance organization staff are answerable 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:

- The Compliance function operates the Compliance Helpdesk, which all employees can contact with compliance-relevant questions. The Compliance Helpdesk answered 527 employee questions in the reporting period.
- The Compliance function held compliance awareness training for 1,916 employees around the world in the year under review. These on-site training sessions focus on providing basic knowledge on combating corruption and on antitrust law. The Compliance function also conducted special training sessions on antitrust law and combating corruption for employees who are particularly exposed to risks from these areas. As part of these special training sessions, 1,591 employees received in-depth instruction. Special classroom sessions were also held for 155 procurement employees and business partners in the period under review.

In addition, 4,082 employees received training on the Code of Conduct in the period under review as part of the first module of the e-learning compliance program. This e-learning course covers the fundamentals of combating corruption, antitrust law, and data protection. The second training module on the Code of Conduct was rolled out in the fourth quarter. In the reporting period, 22,370 employees received training on conduct during searches, dealing with conflicts of interest, and preventing money laundering. Finally, since August 2013, employees who are exposed to an increased corruption risk (e.g., in sales and purchasing) are trained on corruption prevention through an in-depth web-based training module. In the year under review, 3,989 employees took part in this e-learning course.

- A horizontal compliance risk assessment was conducted for the first time in the year under review. This analyzed in particular the superordinate responsibility structures for compliance-relevant areas. A total of 33 areas (e.g., employment law, tax compliance, environmental protection) were firstly identified and compiled in a legal register. The responsibility structures within the MAN Group were then evaluated with respect to all of these areas. In this way, the horizontal analysis complements the vertical compliance risk assessment conducted in the previous year, which evaluated specific compliance risks in the areas of combating corruption, antitrust law, money laundering, and data protection in over 100 MAN Group companies.
- The Business Partner Approval Tool is used to check and approve the integrity of business partners active in the area of sales support.
- The Continuous Controls Monitoring (CCM) electronic monitoring system was further expanded in the period under review. The CCM system ensures that potential compliance risks and policy violations in purchasing and payment processes are detected at an early stage.
- The Speak up! whistleblower portal again served to detect and prevent material risks to MAN in the reporting period. Speak up! is used to receive and analyze information relating to serious compliance violations, especially in the area of white collar crime (e.g., corruption offenses), antitrust law, data protection, and suspected money laundering activities.
- MAN does not tolerate compliance violations under any circumstances. Reports of possible violations are investigated in detail. Violations are dealt with and punished according to the penalties permitted under labor law.

MAN is a member of Transparency International, the United Nations Global Compact initiative, the World Economic Forum (WEF) Partnering Against Corruption Initiative, and the Deutsches Institut für Compliance (DICO). MAN also supports the Allianz für Integrität, an initiative of the German Federal Ministry for Economic Cooperation and Development, Deutsche Gesellschaft für Internationale Zusammenarbeit, Bundesverband der Deutschen Industrie, as well as a large number of German companies to promote economic integrity.

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

product-related risks, the focus is primarily on warranty issues. Future currency developments are also an area of uncertainty with respect to financial risk. The short-term quantified risks in the employee and process risk fields are of minor significance.

On the basis of the risk management system established by the MAN Group, the Executive Board has again determined that, at the present time, there are no identifiable risks that could have a material and long-term adverse effect on the net assets, financial position, and results of operations of the MAN Group. The risk management system introduced by the Group and the related organizational measures allow the Executive Board to identify risks rapidly and initiate appropriate measures. Given the uncertainty surrounding developments in some areas, activities in 2015 will continue to focus on market risk management.

Litigation/legal proceedings

Please see the “Notes to the Consolidated Financial Statements” for information relating to litigation/legal proceedings.

Compliance

MAN continuously updated the existing compliance program in the period under review. A fourth pillar has now been added to the MAN compliance program — the prevention of money laundering and terrorism financing — alongside combating corruption, antitrust law, and data protection.

Compliance organization

The Compliance 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 48 staff. 25 employees work in the Corporate Compliance Office that is based at MAN SE and is responsible for designing and enhancing MAN’s compli-

ance system as well as for Group-wide compliance issues. 23 staff provide compliance advice in the subgroups. Each subgroup therefore has a compliance officer, who is supported by compliance managers in various business units or sales regions. The compliance officers at the subgroups report directly to MAN SE’s Chief Compliance Officer, and the compliance managers in turn report directly to the responsible compliance officer. In addition to providing an in-depth advisory function, the compliance staff at the subgroups are responsible for implementing the centrally defined compliance measures in the respective business units or sales regions worldwide.

The Compliance Board met a total of two times in the period under review. At these meetings, the Chief Compliance Officer informed MAN SE’s full Executive Board and the heads of other functions on the progress made in setting up the Compliance organization and the introduction of new compliance measures, and agreed additional steps. At the subgroups, the compliance officers and managers regularly (i.e., twice a year) provided comparable reports to the executive boards and management of the relevant entity at meetings of the compliance review boards. In addition, the Chief Compliance Officer and the compliance officers report to the relevant Executive Board or management meeting every six months to ensure regular communication with the Executive Board and management.

The compliance champions appointed (managers who are not full-time compliance employees but who have assumed special responsibility for compliance issues) continued to support the Compliance organization in the year under review, for example in the implementation of compliance measures at Group companies that do not have their own local compliance managers in place. The compliance champions were regularly informed of current developments relating to MAN’s Compliance organization and compliance instruments in the period under review.

The MAN Group stands for effective data protection in compliance with legal requirements that is based on the strict European standards applied worldwide. To meet these stringent requirements, MAN has a global network of data protection officers and data protection coord-

dinators. In Germany, four data protection officers are dedicated to safeguarding the right to privacy of employees, customers, and suppliers as this relates to data protection. Outside of Germany, its network of 75 data protection coordinators supervises data protection at 89 companies in 44 countries. Accordingly, MAN's data protection organization currently has a total of 79 formally appointed employees.

Compliance Helpdesk

The Compliance function continues to operate the Compliance Helpdesk, which all employees can contact with questions about compliance. The Compliance Helpdesk answered 527 compliance-related questions from employees by phone or e-mail during the reporting period.

Code of Conduct and compliance policies

The MAN Group's ethical conduct guidelines and compliance requirements are described in its Code of Conduct. The provisions of the Code of Conduct are set out in greater detail in the following Compliance function policies:

- Policy on handling gifts, hospitality, and invitations to events
- Policy on engaging business partners
- Policy on handling donations and sponsoring measures
- Policy on compliance with antitrust regulations
- Policy on case management and compliance investigations
- Policy on handling personal data
- Policy on preventing money laundering and terrorism financing

Alongside the Code of Conduct for employees, 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 policies and the Code of Conduct were reviewed, updated, and modified in the year under review.

Compliance risk assessment

A horizontal compliance risk assessment was conducted for the first time in the year under review. This analyzed in particular the superordinate responsibility structures for compliance-relevant areas. A total of 33 areas (e.g., employment law, tax compliance, environmental protection) were firstly identified and compiled in a legal register. The responsibility structures within the MAN Group were then evaluated with respect to all of these areas. In this way, the horizontal analysis complements the vertical compliance risk assessment conducted in the previous year, which evaluated specific compliance risks in the areas of combating corruption, antitrust law, money laundering, and data protection in over 100 MAN Group companies.

Compliance training

The Compliance function held compliance awareness training for over 1,916 employees around the world in the year under review. These on-site training sessions focus on providing basic knowledge on combating corruption and antitrust law. The Compliance function also conducted special training sessions on antitrust law and combating corruption for employees who are particularly exposed to risks in these areas. As part of these special training sessions, 1,591 employees received in-depth instruction. Special classroom sessions were also held for 155 procurement employees and business partners in the period under review.

In addition, 4,082 employees received training on the Code of Conduct as part of the first module of the e-learning compliance program in the year under review. This e-learning course covers the fundamentals of combating corruption, antitrust law, and data protection. The second training module on the Code of Conduct was rolled out in the fourth quarter of 2014. In the reporting period, 22,370 employees received training on conduct during searches, dealing with conflicts of interest, and preventing money laundering. Finally, since August 2013, employees who are exposed to an increased corruption risk (e.g., in sales and purchasing) are trained on corruption prevention through an in-depth web-based training module. In the year under review, 3,989 employees took part in this e-learning course.

Business Partner Approval Tool

The Business Partner Approval Tool is used to check and approve the integrity of business partners active in the area of sales support, as required by the policy on engaging business partners. In total, over 2,033 checks were conducted using this tool in the period under review. As approvals are limited to two years, some of the checks related to renewals of the approvals granted to individual business partners.

Continuous Controls Monitoring (CCM)

The Continuous Controls Monitoring (CCM) electronic monitoring system ensures that potential compliance risks and policy violations are detected at an early stage. It comprises a set of purchasing and payment process controls and general IT controls. The general IT controls were implemented at the companies in the period under review. CCM is now used at 49 MAN Group companies.

Compliance in purchasing

The Compliance function completed the analysis of the MAN Truck & Bus subgroup's procurement processes in the year under review. Together with experts from the Procurement department, it investigated which general compliance risks exist in procurement and which measures and controls have already been established. The project was extended to the MAN Diesel & Turbo subgroup in the year under review. The function plans to evaluate the procurements processes in the MAN Latin America subgroup in the same way in 2015.

Prevention of money laundering

Both the *Geldwäschegesetz* (GwG — German Money Laundering Act), and many laws in other jurisdictions require companies to introduce measures to prevent money laundering and terrorism financing. In the year under review, targeted communication measures informed more than 3,500 employees in total about the new money laundering policy introduced in November 2013 and the associated obligations. Furthermore, a total of three money laundering officers within the meaning of the GwG were appointed by the executive boards of MAN SE, MAN Truck & Bus AG, and MAN Diesel & Turbo SE and their appointment reported to the relevant authority in each case.

Reporting compliance violations

The "Speak up!" whistleblower portal again served to detect and prevent material risks to MAN in the reporting period. "Speak up!" is used to accept and analyze information relating to serious compliance violations, especially in the area of white-collar crime (e.g., corruption offenses and money laundering), antitrust law, and data protection. This offers MAN employees and third parties a facility for providing information about compliance violations confidentially, worldwide, and at any time. MAN does not tolerate compliance violations under any circumstances. Reports of possible violations are investigated in detail, and violations are dealt with and punished according to the penalties permitted under labor law. In addition, findings from the investigation of compliance violations are used to continuously improve the compliance system.

Compliance audits

The Compliance function again conducted three preventive compliance audits at selected Group companies together with the Internal Audit function in the period under review. The specific aim of these audits is to review the local implementation status of the MAN compliance program, as well as employee awareness of compliance issues at the entity concerned.

Policy management

The Compliance function coordinates a central project to improve policy management in the MAN Group. The project aims to simplify and harmonize the Group's policy landscape. To this end, uniform guidelines were created on the hierarchy of regulations and on preparing, implementing, announcing, and communicating policies. The existing policies are currently being reviewed by the functions and amended in line with the new guidelines. The Compliance function also developed a central "house of policies" database in which all policies are recorded. The aim of the house of policies is to create a central platform to manage all Group-wide policies, which employees can use to quickly and easily search and retrieve the policies relevant to them. Testing of the house of policies began at MAN SE in the fourth quarter of 2014.

Public commitment to compliance

MAN is also actively committed to compliance outside the Group. MAN is a member of Transparency International, the United Nations Global Compact initiative, the World Economic Forum (WEF) Partnering Against Corruption Initiative, and the Deutsches Institut für Compliance (DICO). MAN also supports the Allianz für Integrität, an initiative of the German Federal Ministry for Economic Cooperation and Development, Deutsche Gesellschaft für Internationale Zusammenarbeit, Bundesverband der Deutschen Industrie, as well as a large number of German companies to promote economic integrity. In addition, the Compliance function regularly engages in dialog with industry experts and academic researchers on current compliance issues in order to promote public debate and progress in the field of compliance.