

In accordance with the requirements of the *Aktiengesetz* (AktG — German Stock Corporation Act) and section 4.3.4 of the Code, members of the Executive Board may undertake secondary activities only with the permission of the Supervisory Board.

No conflicts of interest were reported by members of either the Executive Board or Supervisory Board during the reporting period.

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 members 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 469 employee questions in the reporting period.
 - The Compliance function held compliance awareness trainings for more than 2,090 employees (total to date: 18,646 employees) around the world in the year under review. These on-site training sessions focus on providing basic knowledge on antitrust law, data protection, combating corruption, and preventing money laundering. 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, 2,834 employees received in-depth instruction (total to date: 11,305 employees). Special classroom sessions were also held for 392 procurement employees and business partners in the period under review (total to date: 806 employees). The Compliance function also developed compliance training for managers. This program explores the specific compliance challenges faced by this group of employees and the correct approaches to these risks. During the reporting period, 306 employees underwent this training.
- In addition, 3,091 employees (total to date: 26,700 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 "Code of Conduct 1" course covers the fundamentals of antitrust law, data protection, and combating corruption. Since October 2014, employees have also taken part in the training module Code of Conduct 2, which covers conduct during police searches, dealing with conflicts of interest, and preventing money laundering. During the reporting period, 5,334 employees received this training (total to date: 25,818 employees). 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, 2,667 employees (total to date: 12,954 employees) took part in this training module. In the second quarter of 2015, the training module Anti-Trust Law: Preventing Violations of Competition Law was introduced. During the year under review, 11,364 employees received this training.

- The fifth regular Group-wide compliance risk assessment was conducted during the period under review. The aim of this review was to analyze compliance risks in the areas of anti-corruption, antitrust law, and preventing money laundering. A two-step approach was applied for the first time here: In the first stage, risk profiles of all 81 companies and Business Units were developed using centrally available information. On the basis of this research, 39 companies and Business Units were selected for additional risk-based analysis. This second step was based on a detailed survey answered by local management. Here, consideration was given to the specific business model, the respective business area, and self-evaluation regarding the awareness of and approaches to compliance risks. On the local level, compliance managers and the management team used the results of the compliance risk assessment to develop specific measures.
- 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.

Executive Board's assessment of the Group's risk and opportunity position

As in the previous year, market risk continues to outweigh the other risk fields. There have been no significant changes to the overall risk position. Risks may be able to be only partially offset by the opportunities identified. It must be borne in mind that the leveraging of market opportunities is already taken into account in the ambitious internal planning. With regard to the individual risks reported on in the MAN Group's Risk Board, the Executive Board is convinced that there are no major risks in the areas that are not covered individually or overall by the projected operating profit on the basis of the net assessment performed. This also applies to risks for which a higher gross impact was calculated since risk-mitigating measures were taken for these or the probability of occurrence was assumed to be low. In the risk fields, the Executive Board sees the most significant short-term risks in the market risk field. They are risks in the margin and unit sales development in the Commercial Vehicles business area and uncertainty and fierce competition in many of the markets relevant for Power Engineering. For product- and process-related risks, the focus is primarily on excess costs. Future currency developments are also an area of uncertainty with respect to financial risk. The short-term 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 2016 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 in 2015

MAN continuously updated the existing compliance program in the period under review. All four pillars of the program — anti-corruption activities, antitrust law, data protection, and prevention of money laundering and terrorism funding — are firmly established by now.

To verify the appropriateness, implementation, and effectiveness of the compliance program, a respected audit firm was engaged during the reporting period to audit the MAN Group's compliance management system. The audit was based on Auditing Standard 980 of the Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany) (IDW AuS 980) and addressed anti-corruption activities. Overall, no findings were made in relation to the MAN Group's compliance management system; MAN will take specific recommendations by the auditors into account as part of the continuous enhancement of the compliance program.

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. A total of 24 employees work in the Corporate Compliance Office, which is based at MAN SE and is responsible for designing and enhancing MAN's compliance system as well as for Group-wide compliance issues. 20 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.

During the reporting period, the Chief Compliance Officer informed MAN SE's full Executive Board about the status and ongoing activities of the compliance system and agreed on further action on a total of four occasions. At the subgroups, the compliance officers and managers regularly provided comparable reports to the executive boards and management of the relevant entity.

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 coordinators. 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 76 data protection coordinators supervises data protection at 90 companies in 44 countries. Accordingly, MAN's data protection organization currently has a total of 80 formally appointed employees.

Compliance Helpdesk

The Compliance function continues to operate the Compliance Helpdesk, which all employees can contact with compliance-relevant questions. The Compliance Helpdesk answered 469 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 with an intermediary and/or representative function
- Policy on handling donations and sponsoring measures
- Policy on compliance with antitrust regulations
- Policy on internal investigations
- Policy on handling personal data and data protection organization
- 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, which contains minimum ethical standards that MAN's suppliers and business partners undertake to observe. The Compliance function policies and the Code of Conduct are continuously reviewed and updated or modified as required.

Compliance risk assessment

The fifth regular Group-wide compliance risk assessment was conducted during the period under review. The aim of this assessment was to analyze compliance risks in the areas of anti-corruption, antitrust law, and the prevention of money laundering. A two-step approach was applied for the first time here: In the first stage, risk profiles of a total of 81 companies and Business Units were developed using centrally available information. On the basis of this research, 39 companies and businesses were selected in a risk-based manner for additional analysis. This second step was based on a detailed survey completed by local management. Here, consideration was given to the specific business models, the respective business environment, and self-assessment as to how compliance risks are perceived and handled. On the local level, the compliance manager and the management team are using the results of the compliance risk assessment to develop specific measures.

Compliance training

The Compliance function held compliance awareness trainings for more than 2,090 employees (total to date: 18,464 employees) around the world in the year under review. These on-site training sessions focus on providing basic knowledge on combating corruption, antitrust law, the prevention of money laundering, and data protection. 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, 2,834 employees received in-depth instruction (total to date: 11,305 employees). Special classroom sessions were also held for 392 procurement employees and business partners in the period under review (total to date: 806 employees). The Compliance function also developed compliance training for managers. This program explores the specific compliance challenges faced by this group of employees and the correct approaches to these risks. During the reporting period, 306 employees underwent this training.

Moreover, in the period under review alone, 3,091 employees (total to date: 26,700 employees) received training on the Code of Conduct as part of the first module of the compliance e-learning program. This “Code of Conduct 1” course covers the fundamentals of anti-corruption activities, antitrust law, and data protection. Since October 2014, employees have also taken part in the “Code of Conduct 2” training module, which covers conduct during searches, the handling of conflicts of interest, and prevention of money laundering. During the reporting period, 5,334 employees received this training (total to date: 25,818). 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, 2,667 employees (total to date: 12,954 employees) took part in this training module. In the second quarter of 2015, the “Anti-trust law: preventing breaches of competition law” training module was introduced. During the year under review, 11,364 employees received this training.

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 the reporting period, the BPA tool was enhanced by adding an integrity search function, which allows business partners to be monitored continuously on the basis of publicly accessible sources of information. In total, over 1,825 checks were conducted using this tool in the period under review. As approvals are limited in duration, some of the checks involved 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. Another development in the reporting period was a new control to prevent money laundering, which is now being rolled out in stages. CCM is now in use at 50 MAN Group companies or sites; the parent company of the MAN Latin America subgroup was also connected to CCM in the reporting period.

Compliance in purchasing

Together with experts from the Purchasing department, a project was run to investigate which general compliance risks exist in procurement and which measures and controls have already been established. Following the completion of the project in the MAN Truck & Bus subgroup, the analysis of the procurement processes was also finalized in the MAN Diesel & Turbo and MAN Latin America subgroups in the reporting period. The project results are being discussed with the management responsible and suitable measures will be defined where necessary.

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 was 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. The house of policies is a central database created to manage all Group-wide policies, which employees can use to quickly and easily search and retrieve the policies relevant to them. The house of policies was rolled out in stages throughout the MAN Group and additional functions are being added step by step.

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 Alliance for Integrity, an initiative of the German Federal Ministry for Economic Cooperation and Development, Deutsche Gesellschaft für Internationale Zusammenarbeit, the Federation of German Industries, 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.