
 Overview

 Foreword

 Portrait

 Strategy

Integration

 Strategy & integration

 Compliance

 Stakeholder and
customer satisfaction

 Corporate citizenship

 People

 Production

 Products

 Annex

INTEGRATION

Our business practices are shaped by corporate responsibility (CR). It is our aim to live our responsibility every day. We continue to boost our competitive edge by anchoring CR firmly in the strategies of our divisions, our operating processes, and our vocational training and continuing professional development. Responsible corporate governance is the foundation on which we build. Systematic stakeholder dialog and open communication with our customers help us integrate CR in our core business activities. Through our corporate citizenship initiatives, we also make a lasting contribution to sustainable development. In 2015, our activities focused on providing aid for refugees in Germany.


Responsible corporate governance

Challenges and objectives

Our business success is achieved in compliance with the applicable laws and regulations. In managing and providing oversight of the Company, the aim is to ensure its continued performance and the sustained creation of value in accordance with the principles of the social market economy.

Principles and guidelines

Our management complies with internationally and nationally recognized standards of good and responsible corporate governance. Important policies and guidelines include:

- Corporate law and financial regulations
- German Corporate Governance Code
- UN Global Compact
-  Code of Conduct
- Articles of Association and internal policies

Compliance program

Challenges and objectives

MAN does not tolerate illegal or irregular conduct. Managers have a particular responsibility to lead by example, follow rules, and comply with the law.

Organization

The MAN Group's Compliance function is currently staffed by 48 employees and headed up by the Chief Compliance Officer (CCO). The CCO reports regularly to MAN SE's Executive Board and the heads of other functions on the current status of compliance activities. In addition to the Compliance function, MAN has a network of some 120 Compliance Champions, managers who are not full-time Compliance employees but who have taken on special responsibility for the topic. They support the Compliance organization in the implementation of compliance measures at Group companies that do not have their own local compliance managers in place.

Overview**Foreword****Portrait****Strategy****Integration** Strategy & integration Compliance Stakeholder and
customer satisfaction Corporate citizenship**People****Production****Products****Annex****Integration****Principles and guidelines**

Our Code of Conduct outlines standards of behavior that are binding for all our employees in their daily work. Our compliance policies also provide concrete instructions for handling ambiguous situations. Relations with our associates are regulated by our Code of Conduct for Suppliers and Business Partners, which requires them to comply with basic principles of corporate responsibility, transparency, fairness, and data protection.

Systems and instruments

Rolled out in 2010, the compliance program helps us detect non-compliance at an early stage and respond quickly, effectively, and consistently. In addition to combating corruption, antitrust law, and data protection, a fourth pillar has now been added to the compliance program: the prevention of money laundering and terrorism financing. In 2015, the part of our compliance management system aimed specifically at combating corruption was certified to the IDW PS 980 standard, which evaluates the concept, applicability, implementation, and effectiveness of the system.

The Disciplinary Sanction Committee is the body responsible for imposing internal sanctions in the event of compliance violations. It meets on an ad hoc basis and is made up of the Chief Executive Officer of the subgroup concerned, the Chief Human Resources Officer of MAN SE, the Chief Compliance Officer, and the Compliance Officer of the subgroup in question. The findings of misconduct investigations — as well as the results of regularly conducted compliance risk assessments — are used to continuously improve our compliance program and introduce selective compliance measures.

Memberships

MAN is a member of Transparency International, the World Economic Forum (WEF) Partnering Against Corruption Initiative, and the German Institute for Compliance (DICO). We are active in several different DICO committees and working groups. In addition, we support the Alliance for Integrity, an initiative of Germany's Federal Ministry for Economic Cooperation and Development, the Federation of German Industry, and numerous German companies, which promotes integrity in business practices.

Risk management**Challenges and objectives**

Operating a business entails constant exposure to risks. With a view to exploiting market opportunities, we consciously assume risk if we expect it to contribute sufficiently to increasing the value of our enterprise. As a basic principle, risk that could jeopardize the Group's continued existence may not be entered into; unavoidable risk must be minimized by taking appropriate measures. Global challenges such as climate change, demographic change, globalization, population growth, and urbanization represent opportunities and risks for MAN, as does the internationalization of our business activities.

Organization

Our Group-wide risk management system provides us with the necessary information at an early stage, allowing us to contain risk and take advantage of opportunities. Comprising key elements such as corporate planning — including the mid-year review process — risk and opportunity management, our internal control system, our continuous controls monitoring system, and our compliance system, it is an integral part of our corporate management and business processes.

Overview**Foreword****Portrait****Strategy****Integration** Strategy & integration Compliance Stakeholder and customer satisfaction Corporate citizenship**People****Production****Products****Annex****Integration****Instruments**

The assessment of climate-related risks and opportunities is part of the MAN Group's overall risk management. To this end, experts regularly conduct risk analyses, which have concluded that MAN is indirectly affected by climate change. One or more of the subgroups is subject to the following risks:

- Regulatory risks, particularly with regard to a CO₂ tax or emissions trading in the logistics sector
- Extreme weather events, such as severe storms, flooding, hail, or heavy snowfall, which could interrupt production or affect suppliers
- Risk of damage to reputation — because the use of our products generates greenhouse gas emissions and MAN can only achieve long-term market success if the Company invests in energy-efficient and low-carbon technologies

At the same time, the consistent continuation of the European climate-protection policy and the gradual implementation of similar policies in the BRIC countries will also yield new growth opportunities for MAN. These include:

- Increasing market share through early compliance with regulatory requirements
- Strengthening ties to customers and suppliers through joint efforts to cut CO₂ emissions
- Increasing competitiveness due to greater immunity to energy price fluctuations, resulting from increased reliance on internal energy generation and renewables

Corporate citizenship**Strategic approach**

At MAN we see ourselves as part of society. Our goal is to be a good corporate citizen and promote sustainable development. We can make the most valuable contributions to issues that relate to our core business areas. Our activities focus on long-term and sustainable education projects for children and young people. With our attractive initiatives, we are aiming to make a contribution to society and increase our employees' identification with the Company.

We have enjoyed a strategic partnership with SOS Children's Villages since 2008. In cooperation with this non-profit organization, we implement projects around the world — often with the help of volunteer work by our employees.

Policies

All donations and sponsoring activities must comply with our mandatory, Group-wide policy. Permissible fields of activity for donations include education, academia, the arts, and community programs (social welfare organizations, charitable and humanitarian projects, and disaster relief efforts).

Instruments

Most of our sponsoring activities and donations are long standing and closely related to our core business areas. We apply the internationally recognized standard of the London Benchmark Group (LBG) to measure the success of our community projects.

Overview

Foreword

Portrait

Strategy

Integration

Strategy & integration

Compliance

Stakeholder and customer satisfaction

Corporate citizenship

People

Production

Products

Annex

Compliance

SAFEGUARDING ETHICAL BUSINESS PRACTICES

German Corporate Governance Code

In its management and reporting activities, MAN SE largely complies with the recommendations of the German Corporate Governance Code (DCGK) as amended on May 5, 2015. The most recent Declaration of Conformity was issued in December 2015. MAN SE departed from the DCGK recommendations with regard to three points (→ 2015 Annual Report, page 15 ff.).

Business Partner Approval Tool

Our policy on engaging business partners regulates collaboration with business partners who support our sales activities. The Business Partner Approval Tool is used to check and approve their integrity. A list of all companies that we are not permitted to work with is updated on a monthly basis and communicated within the Group.

In total, over 1,825 checks were conducted using this tool in the 2015 reporting period. Because approvals are issued for a limited period, some of the checks were related to renewals of the approvals granted to individual business partners.

Compliance Helpdesk

All MAN employees can contact the Compliance Helpdesk by phone or e-mail to obtain answers to compliance-related questions. In the reporting period, 469 questions were answered.

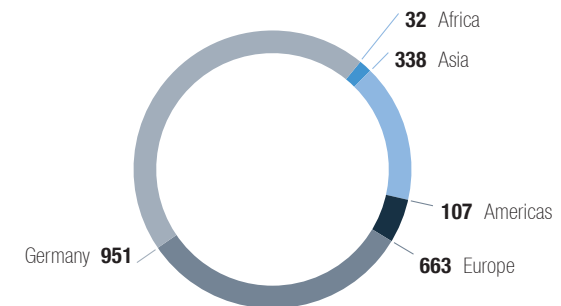
Compliance training

The Compliance function held compliance awareness training courses for 2,091 employees around the world in the year under review. These on-site training courses focus on providing basic knowledge on combating corruption and on antitrust law. We also conduct special training courses on antitrust law and combating corruption for employees who are particularly exposed to risks in these areas. In the year under review, these courses

provided in-depth training to 2,834 employees. Since 2015, we have been offering our managers special on-site compliance training courses. They focus on specific compliance risks and challenges as well as the special responsibilities that come with a leadership role. In the reporting period, 306 managers attended these courses. Special classroom training courses were also held for 392 procurement employees and 178 business partners in 2015.

Participation in on-site training courses in 2015

MAN Group 2,091



Furthermore, in the year under review 3,091 employees successfully completed the first compliance e-learning module on the Code of Conduct. This e-learning course covers the fundamentals of combating corruption, antitrust law, and data protection. In the second training module on the Code of Conduct, 5,334 employees were trained in correct conduct during searches, dealing with conflicts of interest, and preventing money laundering.

Overview

Foreword

Portrait

Strategy

Integration

Strategy & integration

Compliance

Stakeholder and customer satisfaction

Corporate citizenship

People

Production

Products

Annex

Compliance

Since 2013, employees who are exposed to an increased corruption risk (e.g. in sales and purchasing) have participated in an in-depth web-based training module on corruption prevention. In 2015, 2,667 employees completed this module. In addition, a training module called “Antitrust Law: Preventing Antitrust Infringements” was rolled out in the second quarter of 2015. In the reporting period, 11,364 employees took advantage of this training.

Compliance risk assessment

In 2015, we conducted our regular Group-wide compliance risk assessment for the fifth time. The aim was to analyze compliance risks in the fields of combating corruption, antitrust law, and money-laundering prevention. For the first time we applied a two-stage approach. In the first stage, we used centrally available data to draw up risk profiles for a total of 81 companies and business units. Based on this information, we identified 39 at-risk companies and business units for in-depth analysis. The second stage comprised a detailed questionnaire which was completed by the local management. It contained questions on their specific business model and business environment as well as their self-assessment of how they identify and handle compliance risks. The findings of the compliance risk assessments informed the definition of targeted measures at local level by the responsible compliance manager and the board of management.

Selected compliance measures

	2015
Business Partner Approval Tool	1,825 business partners checked
Helpdesk	469 questions handled
Risk Assessments	Vertical compliance risk assessment conducted
Preventive compliance audits	3 audits conducted with Internal Audit

Preventive audits

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

Preventing money laundering

Both the German Money Laundering Act (GwG — Geldwäschegesetz), and many laws in other jurisdictions require companies to introduce measures to prevent money laundering and terrorism financing. Among other things, our Group-wide money-laundering policy establishes minimum standards for handling suspicious business partners and requires investigation of ambiguous circumstances before a business transaction is concluded. We educate our employees on this topic as part of the training module on our Code of Conduct (→ page 16).

Reporting compliance violations

The MAN “Speak up!” whistleblower portal again helped to uncover and prevent risks in the year under review. “Speak up!” is used to accept and analyze information relating to serious compliance violations, especially in the areas of white-collar crime (e.g. corruption offenses and money laundering), antitrust law, and data protection. MAN employees and third parties can use “Speak up!” to report compliance violations — confidentially and regardless of time and location. 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.

Overview**Foreword****Portrait****Strategy****Integration**

Strategy & integration

■ Compliance

Stakeholder and
customer satisfaction

Corporate citizenship

People**Production****Products****Annex****Compliance****Data protection**

MAN stands for effective data protection in compliance with legal regulations, applied worldwide based on the rigorous European standards. To meet these stringent requirements, the MAN Group has a global network of data protection officers and coordinators. In Germany, four data protection officers work to ensure that the personal data privacy rights of employees, customers, and suppliers are respected. The network also includes 76 coordinators in 44 nations outside of Germany who work on data-protection issues in 90 companies.

Due diligence

CR and compliance risks can ensue from the acquisition or disposal of equity investments. To prevent such risks, the Compliance function is involved in acquisition projects from the start. The target company must complete a due-diligence questionnaire that addresses CR and compliance issues, and includes questions on human rights and environmental impacts.