

Corporate Governance Statement in Accordance with Section 289a of the HGB for the Fiscal Year from January 1 to December 31, 2014

Engineering the Future – since 1758.

MAN SE



Corporate governance declaration in accordance with section 289a of the *Handelsgesetzbuch* (HGB — German Commercial Code)

(*Fußnote*: The corporate governance declaration in accordance with section 289a of the HGB is not included in the audit.)

Corporate management and supervision at MAN is focused on ensuring sustained value creation and an appropriate profit in line with the principles of the social market economy.

Corporate governance is shaped by the applicable laws, in particular the provisions of German stock corporation law, by our Articles of Association and internal regulations, and by nationally and internationally recognized standards of good and responsible corporate governance. The German Corporate Governance Code (the Code) represents the statutory provisions for the governance of German stock corporations that apply to MAN and provides recommendations and suggestions for applying corporate governance at MAN in accordance with recognized standards.

On April 26, 2013, MAN SE, as the controlled company, entered into a domination and profit and loss transfer agreement with Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen AG, as the controlling company. Profit transfer will occur for the first time in fiscal year 2014, whereas the part of the intercompany agreement relating to control (domination) became effective on July 16, 2013, when it was entered in MAN SE's commercial register. Since that date, Truck & Bus GmbH is authorized to issue instructions to the Executive Board of MAN SE.

These instruments are supplemented by MAN's "Industrial Governance" management principle, which defines MAN SE's responsibilities for Group management and the responsibilities of the divisions in more detail. It is presented on our website at www.corporate.man.eu/en under the "Investor Relations" heading. The ethical guidelines that apply to the MAN Group are laid out in our Code of Conduct, which is also available on our website www.corporate.man.eu/en under the "Company" heading. The Group's management principles are formalized in Group policies.

(1) Corporate governance at MAN

(*Fußnote*: Also the Corporate Governance Report of the Executive and Supervisory Boards in accordance with section 3.10 of the German Corporate Governance Code, as amended on June 24, 2014.)

Both MAN's Executive Board and its Supervisory Board have addressed in detail the corporate governance system and compliance with the recommendations and suggestions contained in the Code. They are aware that good and transparent corporate governance that complies with both national and international standards is of central importance for ensuring responsible management with a long-term focus.

Declaration of Conformity

In December 2014, the Executive and Supervisory Boards issued the Declaration of Conformity reproduced in the following: The reasons for the exceptions disclosed are given in the text of the declaration.

"The Executive and Supervisory Boards of MAN SE hereby declare that the recommendations of the Government Commission on the German Corporate Governance Code in the version dated May 13, 2013, published by the German Ministry of Justice in the official section of the Federal Gazette (*Bundesanzeiger*) on June 10, 2013, and in the version dated June 24, 2014, identical in wording with regard to the recommendations, published in the official section of the Federal Gazette on September 30, 2014, were complied with in the period since the last Declaration of

Conformity was issued in December 2013, and will continue to be complied with, except for section 5.3.2 sentence 3 (independence of the Chairman of the Audit Committee), section 5.4.1 paragraphs 4 through 6 (disclosure in the case of election recommendations), and section 5.4.6 paragraph 2 sentence 2 (performance-related Supervisory Board compensation).

- 1) The recommendation in section 5.3.2 sentence 3 of the Code is not followed only to the extent that the Chairman of the Audit Committee of the Supervisory Board, Prof. Rupert Stadler, cannot be considered “independent” within the meaning of section 5.4.2 sentence 2 of the Code in view of his functions within the VW Group.

Prof. Stadler has been Chairman of the Audit Committee since the middle of 2007 and is exceptionally suitable and qualified for this position, particularly given his expert and industry knowledge. We see continuity in chairmanship of the Audit Committee as a significant advantage to the body’s work and to the Company’s interests. Furthermore, it is not clear why an appointment at a controlling shareholder should rule out a position as Chairman of the Audit Committee.

- 2) The compensation of the Supervisory Board is regulated by the shareholders in Article 12 (2) of the MAN SE Articles of Association and is linked to the net income for the year among other things. We therefore assume that the variable compensation component will be oriented toward the sustainable growth of the enterprise within the meaning of section 5.4.6 paragraph 2 sentence 2 of the Code. However, as it cannot be ruled out that other views will be taken, a departure from the recommendation in the Code is being declared as a precautionary measure.
- 3) With regard to the recommendation in section 5.4.1 paragraphs 4 through 6 of the Code that certain circumstances be disclosed by the Supervisory Board when making election recommendations to the General Meeting, the requirements of the Code are vague and the definitions unclear. For this reason, we have declared a departure from the Code in this respect as a precaution. Notwithstanding the above, the Supervisory Board will endeavor to meet the requirements in section 5.4.1 paragraphs 4 through 6 of the Code.”

The Executive and Supervisory Boards of RENK Aktiengesellschaft, a listed subsidiary based in Augsburg, have also issued a declaration of conformity. This is published on the company’s website at www.renk.eu.

Annual General Meeting

The Annual General Meeting is the forum where MAN shareholders can exercise their voting rights, obtain information, and engage in a dialog with the Executive and Supervisory Boards.

In organizing and conducting its Annual General Meeting, MAN SE aims to provide all shareholders with prompt, comprehensive, and effective information both before and during the event. The invitation to the Annual General Meeting is published in the *Bundesanzeiger* (the Federal Gazette) and is accessible to our shareholders and all other interested parties via the MAN website, together with all reports and documents relating to the Annual General Meeting.

To make it easier for shareholders to exercise their voting rights in person or by appointing a proxy, they may authorize a bank, shareholders’ association, or another person to represent them, or they can authorize an MAN employee, either in writing or by electronic means, to exercise their voting rights as their proxy. In addition, we enable all shareholders and the interested public to follow the Annual General Meeting live on the Internet.

Executive Board and Supervisory Board

MAN SE has a two-tier structure comprising an Executive Board and a Supervisory Board. Both governing bodies work closely together to the benefit of the Company and seek to achieve a sustained increase in enterprise value for its shareholders.

The Executive Board currently comprises three members. Please refer to the “Governing Bodies” section in the Annual Report for further information on its composition. The Executive Board is responsible for performing managerial and operational tasks. Its responsibilities extend in particular to the MAN Group’s strategic focus, which it agrees with the Supervisory Board. The Executive Board is also responsible for target-driven, active management and the central financing of the Group, the development and deployment of managers, and the preparation of the quarterly and annual financial statements. In addition, it ensures compliance with legislation, official regulations, and internal policies.

The various tasks are allocated to the individual Executive Board functions in accordance with the list of responsibilities. The full Executive Board addresses all key decisions and measures; the Executive Board’s Rules of Procedure define the decisions and measures that require the approval of the full Executive Board. Meetings of the full Executive Board are held at least once a month and additionally as needed. The Executive Board reports to the Supervisory Board. It consults the Supervisory Board on decisions of fundamental importance. The Executive Board also ensures open and transparent corporate communications.

The Supervisory Board has an oversight and advisory role. Certain important transactions laid down by the law, the Articles of Association, and the Supervisory Board’s Rules of Procedure require the Supervisory Board’s approval. Please refer to the report of the Supervisory Board for further information on the duties performed by the Supervisory Board and its cooperation with the Executive Board.

MAN SE’s Supervisory Board has equal numbers of shareholder and employee representatives. The eight shareholder representatives are elected by the Annual General Meeting and the eight employee representatives are appointed by the SE Works Council in accordance with the provisions of the Agreement on Arrangements for Employee Involvement in the SE dated February 18, 2009.

In light of the purpose and size of the Company and the proportion of its international business activities, MAN SE’s Supervisory Board aims to take the following factors into account on its composition:

- reserving at least two Supervisory Board positions — one of which is on the shareholder side — for persons who especially embody the criterion of internationality;
- reserving at least two Supervisory Board positions on the shareholder side for persons with no potential conflicts of interest who are independent within the meaning of section 5.4.2 of the Code;
- reserving at least two Supervisory Board positions for women, at least one of which is on the shareholder side;
- in addition, proposals for election should not, as a rule, include any persons who have reached the age of 70 at the time of the election.

All four aims have been fulfilled or taken into consideration respectively.

Please refer to the report of the Supervisory Board and the “Governing Bodies” section of the Annual Report for further information on the composition of the Supervisory Board and its committees.

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

In accordance with the age limit set by the Supervisory Board for members of the Executive Board, their appointments should normally end one year after the member has reached the age of 65. This age limit is being increased in line with the increase in the standard age limit in the statutory pension insurance system, and the Supervisory Board reserves the right to make exceptions in individual cases.

The Supervisory Board approved the secondary activities of Executive Board members falling within the scope of section 4.3.5 of the Code only where these involved management activities at Group companies and serving on other companies' supervisory boards. The Supervisory Board also gave its consent for Dr. Pachta-Reyhofen to serve as a member of the Volkswagen AG Group Management alongside his role on the Executive Board of MAN SE, and for Mr. Berkenhagen and Mr. Schumm each to become members of the Volkswagen Group's central coordination committee for commercial vehicles alongside their roles on the Executive Boards of MAN SE and MAN Truck & Bus AG.

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.

Transparency and financial reporting

The MAN Group publishes a financial diary with all the key dates for its shareholders on its website at www.corporate.man.eu/en under the “Investor Relations” heading. All other important information for the shareholders and the interested public is also available on this website. It includes annual reports, interim reports, as well as the invitations to and agendas for the annual general meetings, including other documents required to be published in connection with the annual general meeting.

We also post without undue delay on our website www.corporate.man.eu/en under the “Investor Relations” heading information that is required to be published in accordance with capital market disclosure requirements. This refers in particular to the following information:

- 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 2014. According to the reports received, the Executive and Supervisory Board members’ direct and indirect holdings of shares or derivatives on shares additionally do not exceed 1% of the shares issued by the Company, either individually or in the aggregate.
- Section 15 of the WpHG requires domestic issuers of financial instruments to publish all inside information that directly affects them without undue delay.
- Section 26 of the WpHG requires domestic issuers to publish notifications they receive in connection with the shares of voting rights in the company that exceed or fall below the thresholds without undue delay.

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). In accordance with the recommendation in section 7.1.2 sentence 2 of the Code, the Audit Committee discusses MAN’s half-yearly and quarterly financial reports with the Executive Board prior to their issue. The Group complies with the deadlines laid down in section 7.1.2 sentence 4 of the Code for the publication of the consolidated financial statements and the interim reports.

(2) Other corporate governance practices

MAN SE is the holding company and parent of the MAN Group. The Group is managed as a group based on agreements between the companies (contractual group). This means that all significant German subsidiaries wholly owned by MAN SE are integrated in the Group via domination and profit and loss transfer agreements.

The “Industrial Governance” management principle governs how tasks and responsibilities are allocated within the MAN Group. It is presented online at www.corporate.man.eu/en under the “Investor Relations” heading. It specifies that the strategic management of the MAN Group is the responsibility of MAN SE’s Executive Board, while the divisions have operational responsibility for their own businesses.

The tasks of MAN SE (the Corporate Center) are to develop the Group’s overall strategy and structure, to develop and deploy managers, to provide target-driven, active management, and to provide central financing solutions for the Group. Controlling, the Corporate Audit function, Compliance Management, and Investor Relations are also central functions.

In order to ensure uniformity, the MAN Group applies the standards using Group policies.

The MAN Group's ethical conduct guidelines and compliance requirements are described in its Code of Conduct, which is published on our website at www.corporate.man.eu/en under the "Company" heading. The Code of Conduct lays down binding rules of conduct that embody core rules and minimum standards for all employees of the MAN Group. The goal is to provide all employees with guidance on legal and ethical challenges in their daily work and to promote proper conduct. In particular, the Code of Conduct includes a clear commitment to free and fair competition. Anti-competitive conduct and corruption of any kind are prohibited. The requirements of the Code of Conduct are set out in greater detail, for example, in the following Group policies: the policy on gifts, hospitality, and invitations to events, the policy on engaging business partners with an intermediary and/or representative function, the policy on donations and sponsorship activities, the policy on compliance with antitrust regulations, the policy on case management and compliance investigations, the policy on handling personal data, and the policy on preventing money laundering and terrorism financing.

In addition, the Executive Board, employee representatives, and MAN SE's international labor union network signed an international framework agreement in March 2012 under which MAN has committed to safeguarding basic human rights and employee rights applicable all around the world. The goal of the agreement is to provide a reliable minimum standard that all of the MAN Group's employees worldwide can refer to and that creates ethical foundations for actions taken by MAN companies and employees.

In addition to complying with core ethical rules for the MAN Group's own employees, MAN expects suppliers and business partners, as well as their employees, to act responsibly and to comply with the applicable laws at all times and everywhere. To achieve this, MAN has issued its own Code of Conduct for Suppliers and Business Partners and translated it into 16 languages. This document is also available on our website at www.corporate.man.eu/en under the "Company" heading.

(3) Working practices and composition of the Executive Board, Supervisory Board, and committees

The composition of the Executive Board, the Supervisory Board, and the Supervisory Board committees can be found in the notes to the financial statements.

Please refer to the corporate government report under (1) for information on the working practices of the Executive Board and the Supervisory Board.

The Executive Board does not have any committees.

Working practices of the Supervisory Board committees

The Supervisory Board established two committees – the Presiding Committee and the Audit Committee – on which shareholders and employees are represented equally, with three representatives in each case, as well as the Nomination Committee, which consists solely of shareholder representatives.

The main role of the committees is to prepare Supervisory Board resolutions. In some cases, the Supervisory Board's decision-making powers or tasks are transferred to committees.

The Nomination Committee is tasked with identifying candidates for Supervisory Board positions and recommending suitable candidates to the Supervisory Board as the latter's proposals for election at the Annual General Meeting. In this capacity, the shareholder representatives on the Presiding Committee act as the Nomination Committee.

As a rule, the Presiding Committee meets before every Supervisory Board meeting. The Audit Committee meets before the Supervisory Board financial statements meeting in connection with the preparation of the annual financial statements, and in connection with the interim financial statements. In addition, the Presiding Committee and the Audit Committee may convene additional meetings as needed.

Please refer to the report of the Supervisory Board for further information on the activities of the committees.

MAN SE

Ungererstraße 69

Munich 80805

Germany

Phone + 49 89 36098-0

Fax + 49 89 36098-250

www.man.eu
