

REPORT OF THE SUPERVISORY BOARD¹

Dear Shareholders,

The Supervisory Board of MAN SE addressed the Company's position and development regularly and in detail over the course of fiscal 2014. In accordance with the recommendations of the German Corporate Governance Code and the legal requirements, we regularly advised the Executive Board in its management of the Company and monitored its activities.

We were involved in an advisory capacity in all matters and decisions of major importance to the MAN Group.

The Executive Board provided us with regular, comprehensive, and timely information, in both written and verbal form, on the development of the business, relevant business events, corporate planning, and deviations in the course of business from forecasts as well as their causes.

The Executive Board also reported to the Supervisory Board in particular on the MAN Group's strategy and the implementation status of strategic projects, the MAN Group's risk position and risk management, as well as compliance issues.

Documents relevant to our decisions were always made available to us in good time prior to the meetings.

During my regular talks with the Chief Executive Officer outside the Supervisory Board meetings, I also discussed matters and issues relevant to the Company, such as the development of the business, corporate planning and strategic projects, the risk position, risk management, and compliance.

The Supervisory Board held four regular meetings in fiscal 2014. In addition, resolutions on urgent matters were adopted in writing.

The attendance at all Supervisory Board meetings was 100%.

Committee activities

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.

Prof. Rupert Stadler is Chairman of the Audit Committee, while the Presiding Committee is always chaired by the Chairman of the Supervisory Board.

At the Supervisory Board meetings, Prof. Stadler and I provided regular reports on the work of the committees.

A list of the members of the committees as of the end of 2014 is provided on [page 181](#) of this Annual Report.

The **Presiding Committee** met a total of four times in 2014.

It dealt in particular with all the key issues to be discussed at the following full Supervisory Board meetings and prepared resolutions for them.

The **Nomination Committee** did not meet in 2014.

¹ In accordance with section 171 (2) of the **Aktengesetz** (AktG – German Stock Corporation Act)

The **Audit Committee** held a total of four meetings in the year under review.

It dealt in detail with financial reporting issues, the annual financial statements of MAN SE and the MAN Group, and the audit reports submitted by the auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich ("PwC").

The Committee regularly discussed the quarterly financial reports with the Executive Board prior to their issue.

PwC reviewed the MAN Group's interim financial statements as of June 30, 2014. This did not lead to any objections. The Committee discussed the findings of the review with the auditors in detail.

The Audit Committee also addressed the engagement of the auditors to audit the annual financial statements for 2014, the areas of emphasis of the audit, and the statement regarding the auditors' independence in accordance with section 7.2.1 of the German Corporate Governance Code.

The Committee regularly addressed the development of business in the MAN Group, the internal control system, risk management and the risk management system, and the MAN Group's risk position, among other issues.

In addition, the Audit Committee discussed corporate planning issues and financial and tax matters.

The Audit Committee also addressed compliance and internal audit issues, such as the MAN Group's internal audit system and the audit plan for MAN's Corporate Audit function, as well as its implementation status.

The head of MAN's Corporate Audit function and MAN's Chief Compliance Officer also reported in person to the Committee.

Issues addressed by the Supervisory Board

Topics discussed regularly by the Supervisory Board included trends with respect to orders, sales revenue, earnings, and employment within the MAN Group. We also regularly addressed key strategic matters and projects.

The following additional information relates to the Supervisory Board meetings held in 2014:

Supervisory Board meeting on February 7, 2014

Our meeting on February 7, 2014, focused on the annual financial statements for 2013. After detailed examination, we approved the consolidated financial statements prepared by the Executive Board and the annual financial statements of MAN SE for 2013, plus the combined management report of MAN SE and the MAN Group.

We also conducted our routine review of the basic remuneration awarded to the members of MAN SE's Executive Board and resolved to grant a performance-related, long-term remuneration component to the Executive Board for fiscal 2014. Further information is provided in the remuneration report for fiscal 2014, which has been published in the combined management report of MAN SE and the MAN Group, see also [pages 61 ff.](#) of this Annual Report, **MAN Group Management Report**.

Another focus of our February 7 meeting was the settlement agreements (the "individual settlements") with former Executive Board members, against whom the Company asserted claims for damages incurred as a result of and in connection with the ISAR compliance case, as well as the settlement agreements with the D&O insurers with respect to the ISAR case ("ISAR D&O Settlement"). We approved the agreements after reviewing them in detail. These ISAR settlements were also addressed in the resolution by the 2014 Annual General Meeting, the agenda for which was also discussed in our meeting on February 7.

Supervisory Board meeting on May 15, 2014

On May 15, 2014, we resolved to engage PwC to audit MAN SE's annual financial statements for 2014 and its risk early recognition system.

Supervisory Board meeting on September 26, 2014

At our meeting on September 26, 2014, we primarily dealt with the strategic focus of the Commercial Vehicles business area. For example, we addressed at length strategic matters relating to MAN Truck & Bus AG and MAN Latin America.

We asked MAN to establish efficiency programs, not least in light of the further deterioration in the economic outlook for MAN subsidiaries' key markets in the fall of last year.

We also resolved on September 26 to assert claims against another former Executive Board member for damages incurred by MAN as a result of and in connection with the Ferrostaal compliance case.

Supervisory Board meeting on November 14, 2014

At our meeting on November 14, 2014, we discussed in particular the status of the efficiency programs and the MAN Group's corporate planning for the years 2015 to 2019.

We also addressed strategic matters and corporate governance issues.

As a general rule, the shareholder and employee representatives met for separate preliminary discussions before each of the Supervisory Board meetings.

In urgent cases, we adopted authorization resolutions in writing in accordance with section 32 (1) of the *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act).

Conflicts of interest

No discernible conflicts of interest involving members of the Supervisory Board within the meaning of section 5.5 of the German Corporate Governance Code were notified in the year under review and none have arisen.

Corporate governance and Declaration of Conformity

The current version of the German Corporate Governance Code (the Code) and its implementation at MAN were discussed at the Supervisory Board meeting on November 14, 2014.

In December 2014, the Executive Board and Supervisory Board issued the annual Declaration of Conformity in accordance with section 161 of the AktG. This is permanently available on MAN SE's website at www.man.eu/corporate.

According to this Declaration of Conformity, MAN SE will comply with the recommendations of the German Corporate Governance Code (the Code) as amended on June 24, 2014, with the exception of section 5.3.2 sentence 3 (independence of the Chairperson of the Audit Committee), section 5.4.6 paragraph 2 sentence 2 (performance-related compensation of the Supervisory Board), and section 5.4.1 paragraphs 4–6 (disclosure of election recommendations).

Detailed explanations of and the reasoning behind the above-mentioned departures from the recommendations of the Code can be found in the Declaration of Conformity dated December 2014.

Further information on corporate governance at MAN is available in our Corporate Governance Report, see [pages 14 ff.](#) of this Annual Report.

Composition of the Supervisory Board and the Executive Board

The scheduled term of office of Dr. René Umlauf as a member of the Executive Board expired as of the end of August 31, 2014. Dr. Umlauf also left the Executive Board of MAN Diesel & Turbo SE. We would like to thank Dr. Umlauf for his dedication.

There were no changes to the composition of the Supervisory Board in the course of fiscal 2014.

Audit of the annual and consolidated financial statements

In accordance with our proposal, the Annual General Meeting on May 15, 2014, elected PwC as the auditors for fiscal 2014. The Supervisory Board issued the concrete audit engagement letter to PwC in line with the Audit Committee's recommendations and specified the areas of emphasis of the audit.

The auditors issued unqualified audit opinions on the annual financial statements of MAN SE and the consolidated financial statements for the MAN Group, plus the combined management report.

In addition, the auditors assessed the internal control system and the risk management system and concluded that the Executive Board had taken the measures required by section 91 (2) of the AktG to identify at an early stage risks that could endanger the Company's continuing existence.

The members of the Audit Committee and the members of the Supervisory Board received the documents relating to the annual financial statements and the audit reports prepared by the auditors in good time for the meetings of these committees on February 6, 2015, and February 9, 2015, respectively.

The auditors reported in detail in both meetings on the key findings of their audits and were available to provide additional information.

Based on the audit reports by the auditors and its discussion with them as well as its own findings, the Audit Committee prepared the documents for our own examination of the consolidated financial statements, the annual financial statements of MAN SE, and the combined management report for MAN SE and for the Group, and reported on them in our meeting on February 9, 2015. After this, it recommended that we approve the annual financial statements.

We examined these documents in depth in the knowledge of, and taking into account, the report by the Audit Committee and the auditors' report, and in our discussions with these. We came to the conclusion that the assessments by the Executive Board of the position of the Company and the Group presented in the combined management report are due and proper and correspond to those of the Supervisory Board.

We therefore concurred with the results of the audit by the auditors at our meeting on February 9, 2015, and approved the annual financial statements prepared by the Executive Board and the consolidated financial statements. The annual financial statements are thus adopted.

The Supervisory Board would like to thank all the members of the Executive Board and the management teams, as well as the employees of the MAN Group companies, for their achievements and active commitment. We also wish to extend our thanks to the employee representatives for their objective and constructive cooperation in the interests of our Company.

On behalf of the Supervisory Board:
Munich, February 9, 2015



**Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH
Ferdinand K. Piëch**

Supervisory Board Chairman