

REPORT OF THE SUPERVISORY BOARD¹

Dear Shareholders,

The Supervisory Board of MAN SE addressed the Company's position and development regularly and in detail in fiscal 2016. 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 strategies 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 Supervisory Board meetings.

During 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, planning and strategic projects, the risk position, risk management, and compliance.

The Supervisory Board held four regular meetings in fiscal 2016. In addition, resolutions on urgent matters were adopted in writing.

No members of the Supervisory Board attended only half or fewer of the meetings of the Supervisory Board and of the committees to which they belong.

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.

The chairman of the Audit Committee is Mr. Matthias Gründler. The Presiding Committee is always chaired by the Chairman of the Supervisory Board.

At the Supervisory Board meetings, the Chairman of the Audit Committee and I provided regular reports on the work of the committees.

A list of the members of the committees as of the end of 2016 is provided on [page 137](#) of this Annual Report.

The **Presiding Committee** held a total of four face-to-face meetings in 2016.

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 Presiding Committee was informed of the results of the site structure analysis and restructuring measures at MAN Diesel & Turbo SE separately in conference calls held in September and December 2016.

The **Nomination Committee** met once in 2016 due to the election of the new Supervisory Board.

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

The **Audit Committee** held a total of three 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 discussed the half-yearly financial report with the Executive Board prior to its publication. The Company did not prepare or issue financial reports for the first and third quarters following the change to the General Standard stock market segment in the year under review.

PwC reviewed the MAN Group's interim financial statements as of June 30, 2016. 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 2016, 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.

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.

Moreover, the Audit Committee discussed and resolved on the requirements of the *Abschlussprüfungsreformgesetz* (AReG — German Audit Reform Act) and its implementation in the MAN Group. For instance, the Audit Committee issued guidelines for services performed by the auditor of MAN SE and its global network for MAN SE and the companies controlled by it.

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 as well as programs for the future at MAN subsidiaries.

The following additional information relates to the Supervisory Board meetings held in 2016:

Supervisory Board meeting on March 4, 2016

Our meeting on March 4, 2016, focused on the annual financial statements for 2015. After detailed examination, we approved the consolidated financial statements prepared by the Executive Board and the annual financial statements of MAN SE for 2015, plus the Combined Management Report of MAN SE and the MAN Group.

Other topics addressed on March 4, 2016, included the agenda of the 2016 Annual General Meeting and our proposed candidates for the regular election of shareholder representatives.

Furthermore, we resolved to engage PwC to audit MAN SE's annual financial statements for 2016 and its risk early recognition system, provided the 2016 Annual General Meeting elects PwC as the auditors for fiscal 2016.

Supervisory Board meetings on June 15, 2016

Another regular meeting of the Supervisory Board was held immediately prior to the Annual General Meeting on June 15, 2016.

Among other things, we addressed the economic situation of and strategic matters relating to MAN Latin America. We also consented to Mr. Joachim Drees accepting a position on the supervisory board of Veritas AG.

We held a constituent meeting on June 15, 2016, immediately following the Annual General Meeting. The Supervisory Board again elected me as its chairman, Mr. Jürgen Kerner as the first deputy chairman, and Prof. Dr. Ekkehard D. Schulz as an additional deputy chairman.

Elections were also held in the Presiding Committee and in the Audit Committee.

Supervisory Board meeting on July 28, 2016

Our meeting on July 28, 2016 focused on the corporate strategies of MAN Diesel & Turbo SE and Renk AG.

Among other things, we also discussed the AReG and authorized the Audit Committee to issue guidelines on handling non-audit services performed by the MAN Group's auditor.

Supervisory Board meeting on October 21, 2016

At our meeting on October 21, 2016, we discussed the MAN Group's corporate planning for the years 2017 to 2021, among other things.

We also addressed strategic matters, in particular MAN Truck & Bus AG's corporate strategy and MAN Diesel & Turbo SE's "Basecamp 3000+" program for the future.

The meeting on October 21, 2016, also dealt with corporate governance issues.

The Chief Compliance Officer reported in person on the compliance organization and its activities.

We set a quota of zero percent for the percentage of women on the Executive Board of MAN SE, which must be defined by law, for the period up to December 31, 2021.

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

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 reported in the year under review and none have arisen.

Corporate governance and Declaration of Conformity

The implementation of the current version of the German Corporate Governance Code (the Code) at MAN was discussed at the Supervisory Board meeting on October 21, 2016.

In December 2016, the Executive Board and Supervisory Board issued the annual Declaration of Conformity in accordance with section 161 of the *Aktiengesetz* (AktG — German Stock Corporation Act). This is permanently available on MAN SE's website at www.corporate.man.eu.

According to this Declaration of Conformity, MAN SE will comply with the recommendations of the German Corporate Governance Code (the Code) as amended on May 5, 2015, with the exception of section 5.3.2 sentence 3 (independence of the Chairperson of the Audit Committee), section 5.4.1 paragraphs 5–7 (disclosure of election recommendations), and section 5.4.6 paragraph 2 sentence 2 (performance-related compensation of the Supervisory Board).

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 2016.

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

Changes to the composition of the Supervisory Board

There were various changes to the composition of the Supervisory Board in the year under review:

Mr. Detlef Dirks stepped down from the Supervisory Board on his retirement effective March 4, 2016. Effective March 5, 2016, the alternate member, Mr. Oskar Ritsch, who had already been elected, became his successor on the Supervisory Board.

The scheduled term of office of the entire Supervisory Board expired at the end of the Annual General Meeting on June 15, 2016.

By way of a resolution of the SE Works Council dated February 2, 2016, Ms. Irmgard Maucher and Messrs. Helmut Brodrick, Oskar Ritsch, Erich Schwarz, Athanasios Stimoniaris, and Steffen Zieger were appointed to the Supervisory Board as internal employee representatives, and Ms. Karina Schnur and Mr. Jürgen Kerner were appointed to the Supervisory Board as trade union employee representatives.

The Annual General Meeting elected Ms. Angelika Pohlenz and Ms. Julia Kuhn-Piëch, as well as Messrs. Michael Behrendt, Matthias Gründler, Dr. Dr. Christian Porsche, Mag. Mark Phillipp Porsche, Prof. Dr. Ekkehard D. Schulz, and I as shareholder representatives on the Supervisory Board.

Our thanks go to Mr. Marek Berdychowski and Mr. Nicola Lopopolo, who stepped down from the Supervisory Board at the end of the Annual General Meeting, and Mr. Detlef Dirks, who retired earlier in the year, for their many years of service on the Supervisory Board.

The term of office of the members of the Supervisory Board now in office runs until the end of the 2021 Annual General Meeting.

Audit of the annual and consolidated financial statements

In accordance with our proposal, the Annual General Meeting of MAN SE on June 15, 2016, elected PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich, ("PwC") as the auditors for fiscal 2016. 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 15, 2017, and February 16, 2017, 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 Supervisory Board's examination of the consolidated financial statements and the annual financial statements of MAN SE, as well as the Combined Management Report, and reported on them in the Supervisory Board meeting on February 16, 2017. After this, it recommended that the Supervisory Board 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 16, 2017, 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 16, 2017



Andreas Renschler

Supervisory Board Chairman