

Slavery and Human Trafficking Statement of the MAN Group (fiscal year 2018)

This statement was issued in accordance with section 54 of the United Kingdom Modern Slavery Act 2015. It presents the measures implemented throughout the MAN Group to prevent any form of modern slavery and human trafficking.

Preface

We are aware of our global responsibility, including that to safeguard human rights, in view of advancing globalization and value being created increasingly in the respective sales markets. For us, that responsibility does not end at our plants' gates – it extends beyond their borders.

Organization and the supply chain

The MAN Group is one of Europe's leading players in the commercial vehicle industry. It aims to offer innovative transportation solutions for its customers as well as generating profitable international growth and a sustained increase in its enterprise value. In addition to consistent customer orientation, the key success factors are technology leadership and the continuous expansion of the after-sales business.

The MAN Group comprises two divisions: MAN Truck & Bus and MAN Latin America. MAN Truck & Bus is one of Europe's leading manufacturers of commercial vehicles and has production facilities in three European countries, as well as Russia, South Africa, and Turkey. Its product portfolio includes vans, trucks, buses/coaches, and diesel and gas engines, along with services relating to passenger and freight transportation. This makes MAN Truck & Bus a full-range provider of general-purpose commercial vehicles weighing between three and 44 tons and special-purpose vehicles with a gross vehicle weight of up to 250 tons. To complement its commercial vehicle portfolio, MAN Truck & Bus offers its customers an increasingly comprehensive range of services from a single source. As a result, MAN Truck & Bus is branching out from commercial vehicle manufacturing to become a provider of intelligent and sustainable transportation solutions. MAN Latin America is one of the largest manufacturers of trucks and buses in Brazil and can look back on a history spanning more than 35 years. The company produces trucks and buses in Resende, Brazil, and Querétaro, Mexico. MAN Latin America staff at the Resende plant, which has a modular production system, work together in close partnership with suppliers. MAN Latin America has a nationwide sales and service network in Brazil and neighboring countries. Sales are primarily generated under the Volkswagen Caminhões e Ônibus brand. MAN Latin America's key markets are Latin America and Africa. The extensive dealer network in these regions comprises 349 dealers, including 144 exclusive sales and service partners in Brazil. MAN Latin America also covers the Brazilian heavy-duty truck segment with power output in excess of 420 horsepower with the MAN TGX, which has been offered there since 2012. In doing so, it has established a dual-brand concept in Brazil and other Latin American countries. In addition, MAN has held a strategic interest of 25% plus one share in Sinotruk (Hong Kong) Limited, Hong Kong/China (Sinotruk), one of the largest truck manufacturers in China, since 2009.

Internal measures

Conduct guidelines of the MAN Group¹

The MAN Group's ethical conduct guidelines and basic compliance requirements are set out in its Code of Conduct, which also spells out the corporate values and establishes guidelines for the issue of integrity. The observance, protection, and promotion of human rights and the rejection of any forms of modern slavery and human trafficking are explicitly laid down in the Code of Conduct.

A revised version 2.0 of the MAN Group's Code of Conduct entered into force effective January 1, 2018, and was rolled out to all employees worldwide.

It is available to all employees on the intranet and to third parties on the Internet at all times.

Whistleblower system of the MAN Group²

The TRATON Investigation Office is responsible for processing and investigating tip-offs regarding potential regulatory and legal violations together with the Internal Investigations team of the MAN Corporate Audit department.

A violation of human rights is a strong indication of a serious regulatory and legal violation. Our employees, business partners, and other third parties can bring serious regulatory and legal violations committed by the Group employees to light using various channels. These include the online reporting channel, the hotline, the e-mail address, and getting in touch with the Investigation Office, either in person or via the Compliance organization. The online reporting channel, which has special protection, ensures that violations can also be reported to the Investigation Office anonymously. Tip-offs can be submitted in all the main Group languages and are treated as confidential. The main focus of the significant guidelines and guarantees of conduct is on protecting both the whistleblower and the individual affected. Disadvantaging whistleblowers is a serious regulatory violation that will not be tolerated.

Risk analysis

As part of established risk management processes which are reflected, among others, in opportunity and risk management and the annual standard GRC process, the main Group functions and companies also perform risk assessments on the subject of human rights and report on the counter-

¹ <https://www.corporate.man.eu/en/risk-and-compliance/publications/Publications.html>

² <https://www.corporate.man.eu/en/risk-and-compliance/speak-up/Speak-up.html>

measures that have been implemented. Additionally, the annual standard GRC process supports the detection of potential risks with a catalog of risk categories, which also includes potential risks arising as a result of human rights violations. Reporting to brand Board members, the Group's Executive Board, and the Audit Committee takes place on a quarterly or annual basis, and as dictated by circumstances.

Employee training

Preventive measures are used to encourage employees in the MAN Group to comply with regulations and to make them more aware of compliance issues. Target-driven communication and training measures tailored to employees across all levels of hierarchy play a central role in this respect. An integral part of these measures in the year under review was the revised version of the Code of Conduct, which was rolled out on a Group-wide basis. Compliance and integrity training was also carried out, including on the subject of the Code of Conduct, combating corruption, antitrust law, and preventing money laundering. A new online course was developed in the year under review, focusing on the prevention of money laundering and terrorism financing. The course is designed to raise awareness of certain high-risk scenarios among employees who could be exposed to particular risks in this area as a result of their work, and to teach them how to deal with potential suspicious cases properly.

Supply chain measures

Sustainability requirements for our suppliers³

The Volkswagen Group's suppliers must acknowledge the sustainability requirements before submitting a quote. If suppliers submit another quote after a twelve-month period has passed, they must update the acknowledgment of this information.

The requirements apply to all procured goods and services worldwide and are written into all supplier contracts (Code of Conduct for Suppliers and Business Partners). We also expect our tier 1 suppliers to pass these requirements on to their own suppliers. This helps ensure a consistently high quality of procured goods and services, while avoiding potential supply shortages and damage to our reputation.

The requirements span a range of issues, including environmental protection, employee rights, fair market conduct, and transparent business relations, and have been a mandatory element of all contracts since 2015. They set out expectations in terms of business partners' conduct with regard to central environmental and social standards. Among other things, they are based on the principles of the UN Global Compact, the International Chamber of Commerce's Business Charter for Sustainable Development, and the relevant conventions of the International Labour Organization. The observance of human rights is another key element, including the rejection of child, forced, and compulsory labor, and compliance with all other regulations on worker protection. These principles are supplemented by environmental targets, environmental and quality specifications, and the Volkswagen Declaration on Social Rights.

Risk analysis

As part of the Volkswagen Group, we have adopted the "Sustainability in Supplier Relations" concept. We are part of the Sustainability Procurement Network, which now comprises more than 40 experts from the brands and regions who exchange information on a regular basis. This allows us to identify future developments and challenges at an early stage and develop solutions together.

³ <https://www.volkswagenag.com/presence/nachhaltigkeit/documents/policy-intern/2016%20Code%20of%20Conduct%20for%20Business%20Partners%20DE-EN.pdf>

Supplier training and monitoring

Throughout all process steps and measures, the focus is on fair dialog between partners and on supplier development, in the interests of continuous, long-term collaboration. To ensure that the concept of sustainability is firmly anchored in our supply chain, all suppliers can access the e-learning module on sustainability.

We train all of our procurement employees on the basis of the “Code of Conduct for Suppliers and Business Partners”⁴ and the “Volkswagen Group’s requirements regarding sustainability in supplier relations” as an integral part of the training concept. A total of 193 new procurement employees were trained in 2018 in addition to the more than 300 procurement employees that have already undergone training.

We are aware that, in our industry, many of the potential effects on people and the environment arise primarily in the upstream value chains, for example in raw materials extraction or the production of primary products. As a manufacturer with a global supply chain, enforcing our sustainability requirements right down to the last link in the supply chain is a particular challenge.

The “Sustainability in Supplier Relations” concept means that we are well acquainted with the country-specific, industry-specific, or even supplier-specific facts and can take targeted action based on this information. Absolute certainty regarding the enforcement of our requirements, however, can only be achieved through direct communication and control.

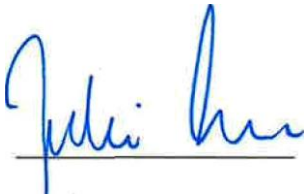
⁴ <https://www.corporate.man.eu/en/risk-and-compliance/publications/Publications.html>

Progress report

We will continue to expand our activities to implement sustainability in our supply chain over the coming year. To do this, we are taking steps toward a more transparent presentation of our supply chains and expanding the range of initiated activities to include additional raw materials. Our mission is to not just continue to identify risks in the future, but also to continuously minimize them further with the help of a variety of instruments such as audits, certification, and training.

MAN SE

Munich, July 2019



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