



# Responsibility for Our Future

## MAN Corporate Responsibility Report 2010

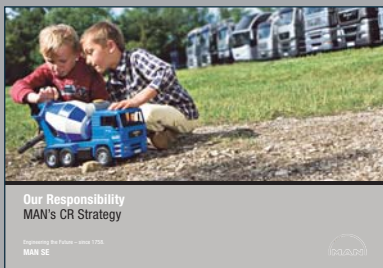
Engineering the Future – since 1758.

**MAN SE**



# 2010

## Highlights & Lowlights



### Highlights

### Lowlights

- 01 Jan. MAN launches worldwide compliance program.
- 12 Feb. MAN donates two trucks worth 100,000 euros to the SOS Children's Village in Santo, Haiti in the wake of the earthquake.
- 24 Mar. Searches take place at former MAN subsidiary Ferrostaal for the second time owing to suspected corruption.
- 04 May MAN helps supply the world's largest civil floating hospital Africa Mercy with four new auxiliary gensets, cutting the ship's CO<sub>2</sub> emissions by 20 percent.
- 25 May The first MAN hybrid city bus which emits up to 30 percent less CO<sub>2</sub> enters into service in Munich.
- 02 Jun. MAN Latin America launches dual-fuel truck that can run on pure biodiesel and thus emits up to 90 percent less CO<sub>2</sub>.
- 07 Jun. MAN wins prestigious EFMD Excellence in Practice Award 2010 for executive development.
- 02 Sep. At the SMM international shipbuilding fair in Hamburg MAN Diesel & Turbo showcases innovations that cut emissions.
- 09 Sep. MAN again fails to make the Dow Jones Sustainability Indexes.
- 13 Sep. At the International Commercial Vehicles Motor Show (IAA) MAN presents the Concept S study, with aerodynamics that cut CO<sub>2</sub> emissions by up to 25 percent.
- 15 Sep. MAN publishes its corporate responsibility strategy.
- 16/17 Sep. International investors and analysts meet up at the Capital Market Day in Brazil to hear about MAN's capital market-related issues.
- 15 Oct. CRF Institute names MAN Truck & Bus a top employer in Germany.
- 05 Nov. MAN makes the Carbon Disclosure Leadership Index of German companies.
- 06 Dec. MAN joins the United Nations Global Compact.

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The photos were taken at MAN's daycare center in Munich. They mark the start of each new section of the report. We'd like to thank the MAN lion cubs, as the children are known, their parents, the daycare center team and the center's management for the two fun photo shoots. Special thanks go to Arda, Begüm, Felix, Korbinian, Leah, Noah, Patrick, Rona and Sophia who are featured in the pictures.



# Foreword

**Frank H. Lutz**  
Chief Financial Officer  
MAN SE



**Dr.-Ing. Georg Pachta-Reyhofen**  
Chief Executive Officer  
MAN SE and MAN Truck & Bus



**Antonio Roberto Cortes**  
President  
MAN Latin America



**Jörg Schwitalla**  
Chief Human Resources Officer  
MAN SE

“In this report we provide transparent and honest information about what we plan to do.”

Management Board of MAN SE

## Dear Stakeholders,

2010 was a very good year for the MAN Group—in more ways than one: We grew our business, drove forward our internationalization, and anchored our corporate responsibility (CR) in a binding strategy. Our declared aim is to act as a driver of future-proof structures and a new way of thinking. With that in mind, we are now seeking to step up our involvement in stakeholder dialog. We are aiming to take our Company and its business forward together with our customers, business partners, and suppliers; to involve our employees; to be quick to identify new requirements on the part of government and non-governmental organizations; and to add value for society.

One important stakeholder group comprises investors, analysts and rating agencies, who evaluate our strategy and sustainability performance. Consequently, the priority issue section of this Corporate Responsibility Report centers on our strategy for the future and on dialog with analysts and investors. It takes up where our CR Strategy Report left off and presents some initial successes—among them our inclusion in the German Carbon Disclosure Leadership Index and the decision by oekom research to award us “Prime” investment status. These success stories tell us that we are on the right road, even if there is still a long way to go—not least in terms of supply chain management, voluntary employee engagement, and our climate strategy. We are currently drawing up the relevant concepts and initial results will be published in our 2011 CR Report.

### Investing in the future

We have kept our promise to work on innovations. Because we know that our future depends on whether and how we can realize environmentally-compatible transportation solutions and sus-

tainable energy generation. This report sets out the relevant approaches, such as the Concept S study that we presented at the International Commercial Vehicles Motor Show (IAA), which enables a marked reduction in fuel consumption, or our hybrid buses that are already in service in many cities. “Consistently Efficient” is a successful principle in the areas of marine engines and energy generation too, as illustrated by the Green Ship of the Future. The foundation for such successes is provided by our employees—across all divisions and sites. That they can be proud of their company and its products is something we consider important and this is also a driving factor in our CR strategy. Wherever we work, we aim to be an attractive employer, so that we can retain and motivate our employees and attract qualified young talents.

### Transparent communication

In our CR Roadmap we have set ourselves clear objectives that we are consistently pursuing. But we are well aware that we will only achieve our objectives if we earn the trust and support of our employees, customers, business partners, suppliers, and investors. That is why in this report we provide transparent and honest information about what we are doing and what we plan to do. This report is the first in which MAN has comprehensively applied the requirements of the Global Reporting Initiative, even if we are not yet in a position to supply the required data in every area. Parts of the report and selected performance indicators have been checked by the auditing firm PricewaterhouseCoopers. The report not only underpins our commitment to the ten principles of the UN Global Compact, to which we became a signatory in December 2010. It also presents our first Communication on Progress.

We have extensive plans for the future and would appreciate your feedback or critical comments along the way.

### The Management Board of MAN SE



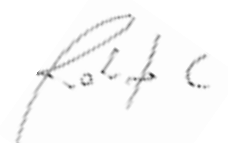
Dr.-Ing. Georg Pachta-Reyhofen



Frank H. Lutz



Jörg Schwitalla



Antonio Roberto Cortes

# About the Company

## Engineering the Future – since 1758.

**The MAN Group is one of Europe's leading industrial players in the field of transport-related engineering.**

As a supplier of trucks, buses, diesel engines, turbomachinery, and special gear units, MAN has more than 30 production sites in 13 countries. The Group's activities are focused on Latin America, Central and Eastern Europe, and Asia.

The MAN divisions hold leading positions in their markets. With 47,669 employees, the MAN Group posted revenue of around 14.7 billion euros in 2010 and an operating profit of 1,035 million euros. MAN SE is based in Munich and listed in the Dax (equity index).

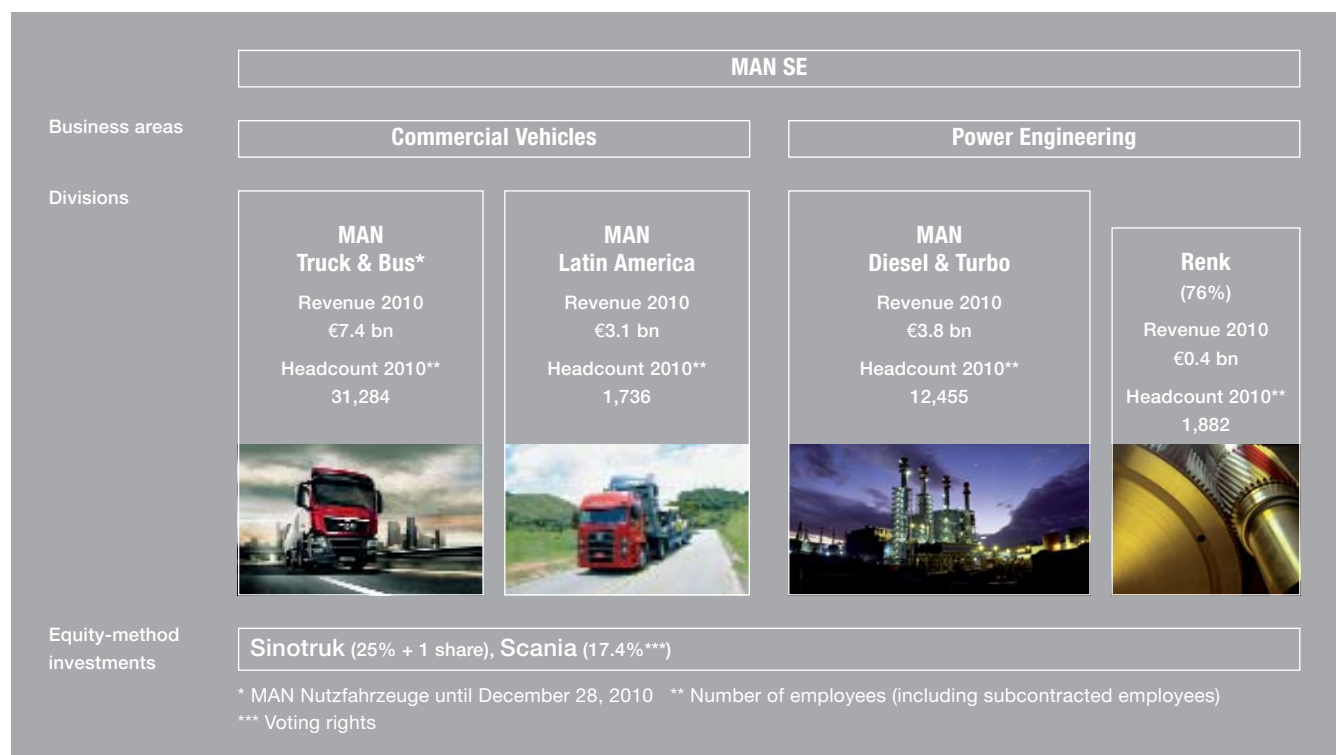
A marked capacity for innovation, adaptability and far-sighted thinking has ensured MAN's success for over 250 years. For us that is both a benchmark and an obligation. Even in turbulent times, MAN has invariably found forward-looking ways of harnessing innovation in response to new challenges. As a result, true to our slogan "Engineering the Future – since 1758." we have invariably emerged stronger from crises such as shortages

of raw material or capital. Looking to the future, the indispensable factors for the MAN Group include technical progress and profitable growth, while ecological and social developments pose the main challenges. Our corporate responsibility (CR) strategy is designed to respond to these challenges.

MAN takes up the requirements of the future and translates them into concrete fields of action. Megatrends such as climate change, demographic development, globalization and urbanization all give rise to their own special demands. Through our products and services we aim to continue making a decisive contribution to meeting these demands in the field of transport-related engineering.

### Corporate structure

MAN's activities are concentrated on two high-growth business areas: Commercial Vehicles with MAN Truck & Bus and MAN Latin America, and Power Engineering with MAN Diesel & Turbo and Renk. MAN holds investments in the Chinese truck manufacturer Sinotruk and the Swedish truckmaker Scania. A full list of shareholdings appears in our 2010 Annual Report (page 185 et seq.).



The Lion's City hybrid bus uses up to 30 percent less fuel, cutting CO<sub>2</sub> emissions by as much as 26 tons a year.



Strategic management of the MAN Group lies with the Management Board of MAN SE. The Board is tasked with driving forward the overall strategy of the Group. The Industrial Governance System is the MAN Group's management concept. It regulates the distribution of tasks and responsibilities between the MAN Group's headquarters and its divisions, striking a balance between central strategic management and decentralized operating responsibility.

**Further information on the Internet:**

- MAN Truck & Bus: [www.mantruckandbus.com](http://www.mantruckandbus.com)
- MAN Latin America: [www.man-la.com](http://www.man-la.com)
- MAN Diesel & Turbo: [www.mandieselturbo.com](http://www.mandieselturbo.com)
- Renk: [www.renk.biz](http://www.renk.biz)

**Shareholder structure**

The MAN Group conducts an annual survey of its shareholder structure. In the most recent survey in summer 2010, MAN identified over 85 percent of the owners of its common and preferred shares. The findings show that foreign investors hold about 42 percent of the share capital. These investors are predominantly based in the United Kingdom and the United States.

MAN enables its shareholders to participate in the Company's success by distributing an appropriate share of its profits, bearing in mind the economic environment. The dividend for 2010 is therefore higher than that for 2009. The amount distributed is not fixed; MAN generally aims for 30 to 60 percent of net income.

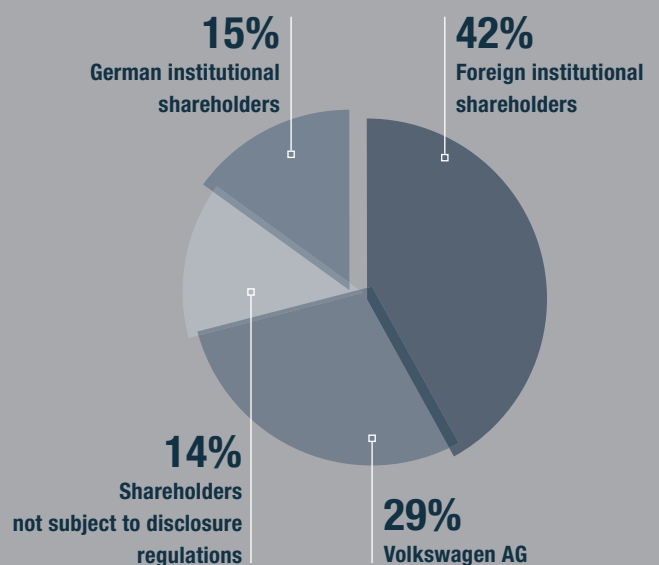
**Business areas**

For MAN, any future-oriented product policy must be based on sustainable transport and climate solutions that comply with economic, ecological and social needs. Consequently, the Company concentrates strictly on its core business.

**Commercial Vehicles:** Munich-based MAN Truck & Bus is one of Europe's leading manufacturers of commercial vehicles. Its products range from trucks with a total weight of 7.5 to 44 tons for all applications, special-purpose vehicles with a gross train weight of up to 250 tons, through buses and coaches, to combustion ignition and spark-ignited engines for on- and off-highway uses. For commercial vehicle customers MAN Finance International GmbH offers financing solutions such as leasing. MAN Truck & Bus also has its own international sales and service network.

AS OF JULY 2010

**Shareholder structure by country of domicile\***



\* Basis: 140,974,350 common shares and 6,065,650 preferred shares

Source: IPREO

# About the Company

## Engineering the Future – since 1758.

MAN Truck & Bus holds a 49 percent stake in Munich-based Rheinmetall MAN Military Vehicles GmbH, which was founded on May 1, 2010. The remaining 51 percent are held by Rheinmetall AG. The newly founded company unites Rheinmetall's technological know-how in the military field with MAN's automotive expertise in commercial vehicle manufacture.

Through the acquisition of MAN Latin America in 2009, MAN assumed a leading position in the commercial vehicle market in one of the high-growth BRIC regions. With its plant in Resende, MAN Latin America is Brazil's largest truck producer and in 2010 was the country's market leader in trucks with a gross vehicle weight of over five tons for the eighth year in succession. For the second time MAN Latin America was also market leader in trucks of over 3.5 tons. The vehicles are sold primarily in Latin America and Africa. The company has an extensive sales and service network in Brazil and neighboring countries.

In 2009, MAN took the logical next step in its international growth strategy, becoming a strategic investor in Sinotruk Ltd., Hong Kong, China by acquiring a 25 percent stake plus one share of Sinotruk's capital. MAN contributes its technological know-how to the partnership, while Sinotruk contributes the production facilities in China and its local expertise. Under the agreement, MAN will license its TGA truck, engine, chassis, and axle technologies as a basis for the production of a new truck series.

**Power Engineering:** On March 26, 2010 MAN Diesel SE and MAN Turbo AG merged to form a single company. Augsburg-based MAN Diesel & Turbo SE is the world's leading provider of large-bore diesel engines for marine and power-plant applications and one of the three leading manufacturers of turbomachinery.

The company has a strong market position in both the development of two-stroke diesel engines and the production of four-stroke diesel engines. While the two-stroke engines are produced by licensees, MAN Diesel & Turbo builds most of its four-stroke engines itself in Germany and France. From gensets to two-stroke engines for container ships, from power units to turnkey diesel power plants, from single compressors and turbines to complete machine trains for various industrial applications—MAN Diesel & Turbo has a suitable product solution for every application. And the MAN PrimeServ brand provides after-sales service for customers around the world.

Alexander Mærsk was the first vessel to be equipped with eco-friendly technology by MAN Diesel & Turbo.



MAN holds a 76 percent majority stake in Renk AG, a globally recognized producer of high quality special gears, propulsion components, and testing systems. The product range includes vehicle transmissions, special and standard gears, as well as slide bearings.

### Vision and strategy

The MAN Group's vision: "The best people, customer orientation as well as superior technology and services will make us number one in commercial vehicles and power engineering." is pursued through MAN's corporate strategy which comprises five goals:

### Concentration on Commercial Vehicles and Power Engineering

MAN focuses on market segments with sustainable, global growth opportunities in the fields of commercial vehicles and power engineering.

### Profitable international growth

MAN operates on all five continents and relies on a comprehensive internationalization strategy as the prerequisite for sustainable, profitable growth.

### Technology leadership

is a strategic success factor for MAN. We recognize future requirements early on and transform these into new, pioneering solutions.



### Customer orientation

At MAN we place customer requirements and expectations at the center of our corporate strategy. Top quality is the benchmark for our products, as well as for the services that accompany them throughout their entire life cycle.

### Sustainable value creation

MAN is committed to sustainable corporate management that takes into consideration the economic, environmental and social demands placed on the Company.

These strategic goals point to the markets of the future that MAN is accessing through internationalization and innovation. New technologies for hybrid buses, wind turbines and solar energy plants provide sustainable solutions for people and the environment.

### Aims and values

Our declared aim is to make a top-class contribution to the field of transport-related engineering with our products and provide our customers with innovative solutions for existing tasks and

future challenges. Consequently, MAN engages in careful analysis of the key megatrends and the requirements of the individual markets. Our employees play a lead role in the future of MAN: their commitment, their knowledge, and their skills form the foundation for the enhanced solutions and new technologies that will ensure the Company's future success. MAN is shaped by four Corporate Values. It aims to be:

**Reliable**—we fulfill expectations and keep our promises.

**Innovative**—we create new solutions by applying fresh, creative and competent thinking.

**Dynamic**—we identify potential and take a flexible, solution-oriented approach.

**Open**—we work closely together across the Group, exchanging new ideas and information. This openness is a key prerequisite for dynamic action.

#### MAN production sites

Number of employees (not including subcontracted employees)

##### MAN Truck & Bus

###### Austria

Steyr (2,207)

Vienna (664)

###### Germany

Munich (6,779)

Nuremberg (3,601)

Plauen (410)

Salzgitter (2,312)

###### India

Pithampur (600)

###### Poland

Kraków (368)

Poznań and Starachowice (2,587)

###### South Africa

Olifantsfontein and Pinetown (725)

###### Turkey

Ankara (1,360)

##### MAN Latin America

###### Brazil

Resende (1,601)

###### Mexico

Querétaro (95)

##### MAN Diesel & Turbo

###### China

Changzhou (212)

Shanghai (214)

###### Czech Republic

Velká Bíteš (169)

###### Denmark

Copenhagen (1,173)

Frederikshavn (477)

###### France

Saint-Nazaire (674)

###### Germany

Augsburg (3,379)

Berlin (513)

Deggendorf (387)

Hamburg (590)

Oberhausen (1,873)

###### India

Aurangabad (232)

###### Switzerland

Zurich (829)

##### Renk

###### France

Saint-Ouen-l'Aumône (46)

###### Germany

Augsburg (947)

Hanover (300)

Rheine (408)

###### Switzerland

Winterthur (90)

# Priority Issue

## Investing in the Future





At MAN's daycare center the MAN lion cubs go shopping with play money. MAN, by contrast, invests real money in pioneering transportation solutions, growth markets, and innovations.



# Dialog

## Sustainability Drives Value



When people invest in a company, they want to know how future-proof it is. Initiatives such as the Carbon Disclosure Project (CDP) demonstrate the growing importance of sustainability in the capital markets. But what really counts? What do investors look for specifically? Frank H. Lutz, Chief Financial Officer of MAN SE (left), and Caspar von Blomberg, Managing Director of CDP Europe (right), provide some answers.



**C. von Blomberg:** When the CDP was founded by investors in 2000, we set out to learn more about how companies deal with the challenges of climate change and the low carbon economy. Since then, each year the CDP has rated companies according to the transparency of their climate strategy. We also score their climate performance.

**F. H. Lutz:** You gave us a very good rating, at least for transparency. And to this day, the diesel engine invented at MAN remains the most efficient internal combustion engine. But of course we still generate CO<sub>2</sub> in our core business areas of transportation and energy. Our CR strategy aims to address the topic of climate change alongside other key aspects such as employee

retention and social engagement. Because investors increasingly ask us what we do to live up to our responsibilities.

**C. von Blomberg:** It is true that, technologically speaking, you are well-positioned—especially because you have consistently adapted your products to comply with the increasingly strict regulatory framework set out for example in emissions standards. However, MAN could also ramp up its position as a provider of efficient, climate-friendly technology solutions. This could help to get you off the defensive—you wouldn't have to see yourself as representing a 'problem industry'.

**F. H. Lutz:** This is something we're working on already. At the last IAA we presented a





study for a new truck tractor unit that could run on 25 percent less fuel. Today you can find our hybrid buses on the streets of several European cities. And we offer good efficiency solutions in the marine engine and power generation sectors. But while it's true that customer interest in such products is growing, they also have to be willing to pay for them.

**C. von Blomberg:** It is important to formulate long-term goals. Where, how and to what extent a company can still cut its own emissions; how it plans to work with suppliers and customers to apply reduction strategies that encompass its access to raw materials, as well as the production, logistics and product use phases. In my opinion, we still need to see technological advances in the transportation sector—the volume of traffic is going to keep growing, and regulations are going to become more and more stringent.

**F.H. Lutz:** Of course we have to bundle our innovations and initiatives into an integrated climate protection strategy—which is something we are busy doing right now. And the next step is to communicate that strategy to investors. Despite—or maybe even because of—the crisis, their most frequently asked question in the past year was whether we invest sufficiently in technologies of the future. And this is an area where we have never slackened our efforts.

**C. von Blomberg:** Investors want to see resources going into R&D and innovation. Since this is linked to a clear focus on climate-compatible drive technologies at MAN, the Company is especially attrac-

tive to two groups of investors: people who factor sustainability aspects into their investment decisions; and pension funds, which are interested in low-risk, long-term investments. So it is important for large corporations to be listed in the key sustainability indexes.

**F.H. Lutz:** That's why it is our declared aim to get back into the Dow Jones Sustainability Indexes and strengthen our sustainability positioning in the investor relations sector. In Brazil, our most important growth market, we have found that investors attach great significance to the topic. They value the fact that we offer proven solutions, because with effect from January 1, 2012, the European Euro V emissions standard will be introduced in Brazil.

**C. von Blomberg:** This goes to show that in many areas, we are already moving toward a common regulatory framework—even without an international climate treaty in place. That's why I am confident that climate protection is on the right road. While government regulation will remain important because corporations need long-term security for their very large investments in the energy and transportation sectors, in the future many requirements will also be shaped by market forces.

**F.H. Lutz:** Yes, both legislators and international agreements are clearly influencing developments in this field. And we ourselves are subject to the same scrutiny as we apply to our suppliers; customers want to know to what extent we are complying with CR guidelines. But they also



look at the price tag and in this respect total cost of ownership is becoming a particularly important factor. In other words, when customers make a purchase they consider the costs incurred over the entire product life cycle.

**C. von Blomberg:** This means the customer will assume the role of regulator in the future, just like investors, the media and NGOs. As an investor initiative that is recognized today by 3,500 corporations around the world, the CDP is a good example of how a standard can be born out of necessity. I believe it is always better when the market sets the rules—because it is faster and impacts at international level.

**F.H. Lutz:** And speaking of value drivers, we should mention the importance of sustainability to recruitment. To remain attractive to talented candidates, being a responsible employer is today more important than ever.

# Markets of the Future

## Products for Tomorrow's World

Contributing to sustainable global development is integral to MAN's corporate strategy. Consequently, our core business is consistently aligned with environmental protection concerns and sustainable resource use.

### Challenges

The growth strategy of the MAN Group is based on the analysis of long-term challenges, enabling us to identify opportunities and risks. Five trends will shape the future market requirements in our sector:

- Increased freight volumes
- Higher transportation and energy costs
- Tighter emissions legislation
- Further easing of urban congestion
- Greater demand for safety

Increased energy consumption will be a mainstay of industrial growth, prosperity and mobility. The International Energy Agency predicts that world energy consumption will rise by 2.2 percent annually. Freight traffic in Europe alone will increase by 50 percent by 2030 according to the TRANSvisions report. And in emerging

countries like Brazil and China, energy consumption will continue to soar. These trends will trigger a sharp rise in energy and oil prices. In a survey entitled "Keeping traffic flowing" that was commissioned by MAN and conducted with the help of The Economist, 40 percent of the consulted CEOs and logistics managers said they saw transport energy costs as posing the biggest risk for their companies.

The world will not only need more energy, but more renewable energy. The International Energy Agency predicts that countries will invest a total of 5.7 trillion US dollars in the renewable energy sector between now and 2035. The transformation in the energy sector will also be driven by efforts to protect the climate and the resultant targets for CO<sub>2</sub> emissions. 86 percent of the consulted logis-

The MAN Concept S needs up to 25 percent less fuel than a comparable, conventionally designed 40-ton semitrailer tractor.



tics managers expect that emissions legislation will become stricter over the next five years.

### Innovation is key

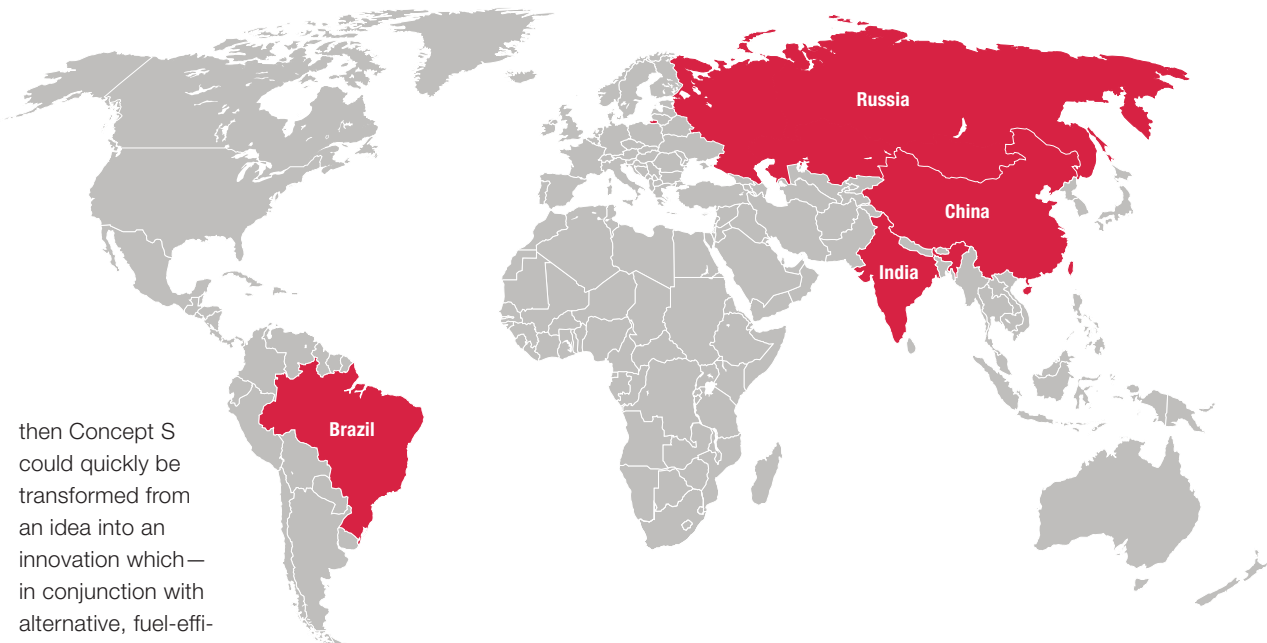
At MAN, our strategy for the future is clear: to grow our business based on clean and efficient technologies, to test new solutions and to contribute to sustainable development. The Company's research activities have been focused on these goals ever since the 1970s, resulting in a steady flow of new products and innovative approaches. Our most far-reaching vision for the future is the Concept S truck, which MAN presented at the International Commercial Vehicles Motor Show (IAA) in Hanover in September 2010. Aerodynamic truck design has the potential to set new standards in fuel efficiency. The MAN Concept S uses up to 25 percent less fuel than a comparable, conventionally designed 40-ton semitrailer tractor. At present, this visionary concept is still only at the idea stage, because regulatory requirements in conjunction with customer demands for maximized transport capacity strictly limit the scope for new truck designs. In future however, more and more importance will be placed on climate protection in this market. And

### Emission standards

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EU 27	Euro IV New types: 10/1/2005		Euro V New types: 10/1/2008 FR: 10/1/2009			Euro VI New types: 12/31/2012 FR: 12/31/2013				
Brazil	Euro III FR: 1/1/2006		Euro IV New types: 1/1/2009			Euro V New types & FR: 1/1/2012				
Russia	Euro II	Euro III		Euro IV New types: 1/1/2010 FR: 1/1/2012				Euro V		
India <sup>1</sup>	Euro II			Euro III Valid for date of production: 4/1/2010					Euro IV	
China <sup>2</sup>	Euro III		Euro IV FR: 1/1/2011		Euro V New types: 1/1/2012 FR: 1/1/2013					

Source: ESH

<sup>1</sup> Delhi and 10 large cities: 2007 = Euro III; as of 04/01/2010 = Euro IV (applicable for production date); 2016 = Euro V  
<sup>2</sup> Euro IV in Beijing, Shanghai and Guangdong: FR 01/01/2010 due to requirements by local environmental agencies  
 FR = First-time registration



then Concept S could quickly be transformed from an idea into an innovation which—in conjunction with alternative, fuel-efficient technologies—would revolutionize the transportation sector and generate new sales opportunities. Already, a range of new solutions for saving energy and harnessing eco-friendly energy sources are a reality at MAN, in both the Commercial Vehicles and the Power Engineering business areas.

#### Alternative energy concepts

In both business areas, MAN has been a pioneer in the use of natural gas and biofuels right from the start. In the Power Engineering business area for example, a plant built by MAN in the town of Fritzens (Austria) uses old cooking fat to generate power for around 3,000 households. And at MAN's wind-diesel power plant on the Caribbean island of Bonaire, the diesel engines only spring to life in a dead calm or in gale force winds. In the future, it is planned to run the engines on fuel produced from algae, making the vision of CO<sub>2</sub>-neutral power for the whole island a reality.

Additional improvements in the efficiency of large-bore diesel engines can be achieved by using waste heat from the engine to power a steam turbine. This principle, known as the Diesel Combined Cycle, can increase the amount of electricity generated by up to ten percent, with no increase in fuel consumption. Specially optimized steam turbines are used in Concentrated Solar Power (CSP) plants. MAN has already supplied such turbines for a number of large solar projects, including a 125-megawatt (MW)

steam turbine for what is currently the world's largest CSP plant in Abu Dhabi. MAN's VTA (Variable Turbine Area) turbocharger technology meanwhile is focused on the special requirements of the marine sector. It takes into account the fact that large-bore marine diesel engines run at varying loads, as opposed to the steady loads in power stations. VTA technology can enable the quantity of charge air to be adjusted under full electronic control so that it corresponds perfectly to the injected quantity of fuel. This reduces fuel consumption by up to 2.5 percent while at the same time cutting hydrocarbon, carbon monoxide and carbon black emissions.

#### Future-oriented transportation solutions

For a long time, development in the commercial vehicle sector was driven by increasingly strict pollutant emissions standards. As a result, while truck pollutant and noise emissions have fallen by more than 80 percent over the past twenty years, fuel consumption and CO<sub>2</sub> emissions have decreased by only 15 percent. Now, attention is increasingly focusing on fuel consumption and alternative drive technologies.

MAN's hybrid bus is one example in which our researchers have realized an innovative concept that captures braking energy and uses it not only to drive the vehicle but also to power electrical functions. The energy is stored in ultracaps, as they are known, which have a faster charging speed than batteries, and are more efficient. MAN's future work to improve

transportation efficiency will focus on improved drive technology and the use of alternative fuels such as hydrogen and biodiesel, backed up by our commitment to intelligent networking of vehicles and traffic management systems.

#### Focus on growth markets

All over the world, efficient, environmentally compatible technologies are now a basic requirement for success in the marketplace, and nowhere more so than in fast-growing economies like Brazil, Russia, India, and China (the BRIC countries). These dynamic markets, with an average annual growth rate of five percent, are at the heart of MAN's growth strategy. Already, one in every two heavy-duty trucks built by MAN Truck & Bus and MAN Latin America is sold in one of the BRIC markets.

We will continue to profit from this internationalization: for example in 2010, a new MAN production line with an annual capacity of 5,000 heavy-duty trucks went into operation in Resende, Brazil. We already supply more commercial vehicles to Russia than any other Western manufacturer. In India, our joint venture with Force Motors Ltd. is building heavy-duty trucks for the booming home market and for export to Asia and Africa. And in China, the world's largest and fastest-growing commercial vehicle market, MAN is partnering with Sinotruk Ltd. to launch a new truck brand.

# Our Investments

## Driven by Innovation

Innovation—and investment—in environmental protection is an opportunity to participate in new growth markets, while also reducing the business risks posed by rising energy and raw materials prices.

### Focus on research and development

An important aim and driver of our research work and ongoing technological development at MAN is to reduce the CO<sub>2</sub> emissions of our products. We are also already developing solutions to meet the Euro VI emissions standard due to come into effect in Europe in 2014, as well as the tighter emissions standards for ships scheduled for 2016. It is estimated by the European Automobile Manufacturers Association that achieving Euro VI compliance alone will cost the European commercial vehicle industry between six and eight billion euros.

Even in economically tough times, the MAN Group has not scaled back its spending on the development of innovative and environmentally compatible prod-

ucts. On the contrary, investment has been maintained at a consistently high level. In 2010 around 626 million euros, or around 4.3 percent of revenue, was spent on research and development. 75 percent of this spending was internally funded, 25 percent were external funds.

MAN is currently investing a total of 600 million euros in a four-year program aimed at improving the transportation efficiency of commercial vehicles. The development work is focused on further reducing the fuel consumption and pollutant emissions of trucks and buses. Projects being pursued under the “Consistently Efficient” motto include:

- Development and use of high-efficiency Euro V and Euro VI engines
- Market launch of systems to recuperate heat and energy
- Further development work on buses and trucks with hybrid drive
- Work to reduce vehicle weight, manage energy and optimize vehicle dynamics and control
- Development of innovative simulation techniques

MAN has received a 300 million euro credit line from the European Investment Bank (EIB) to help fund this work. This credit line is part of an EIB financing program for the European transportation sector.

### Investing in sites and environmental protection

All investment by MAN in new or existing plants is always at the same time an investment in environmental protection. One example is the new development center for commercial vehicle and industrial engines in Nuremberg, on which we

### IN SITES AND ENVIRONMENTAL PROTECTION

## Investments\*

2006

**464 million euros**

2007

**490 million euros**

2008

**750 million euros**

2009

**399 million euros**

2010

**396 million euros**

\* 2006–2009 excluding purchase of Scania shares  
2009 excluding purchase of MAN Latin America and Sinotruk  
Comparable values for all years excluding discontinued operations

### FUNDING INNOVATIONS

## R&D expenditures

2006

**393 million euros**

2007

**433 million euros**

2008

**493 million euros**

2009

**504 million euros**

2010

**626 million euros**

spent a total of 35 million euros. The center's 16 new engine test beds will allow us to transfer even more testing from the road to the laboratory, which means we will use less diesel fuel. Efficiency and sustainable resource use are also demonstrated in the technical infrastructure of this building, where energy is recovered not only from heat sources but also from refrigeration systems. Even the braking energy generated on the engine test beds is captured and fed back into the building's electric grid. Investment spending by MAN in the year under review totaled 396 million euros. The largest single item of almost 100 million euros was spent on the new production line at the Resende site in Brazil, which will create 800 new jobs.

### Investing in growth

Freight and traffic volumes will continue to increase. According to the Shell Goods Vehicle Study 2010, by 2030 freight transport volumes will increase by up to 70 percent in Germany and by 50 percent in Europe as a whole. Thanks to its intensive investment in new solutions, MAN is well prepared for such developments. Much of this investment went into further



development of hybrid technology, which is now on the brink of commercialization in the MAN Lion's City Bus. Munich's local public transport authority has been operating the first MAN Lion's City hybrid bus since May 2010. Further buses of this type are also operating in Barcelona, Paris, and Vienna. They consume up to 30 percent less fuel than diesel-only versions, which equates to a reduction in CO<sub>2</sub> emissions of 26 tons over an average of 60,000 kilometers on the road per year. As a result, MAN expects increased sales to local authorities that are committed to climate protection.

Today, urban traffic is subject to increasing regulation in the form of emissions limits, CO<sub>2</sub> taxation and local driving restrictions. MAN is therefore currently working on parallel hybrid technology for distribution trucks, with the aim of boosting efficiency. In the case of long-distance transportation, we believe drivetrain improvements and measures to reduce aerodynamic drag, as demonstrated with MAN's Concept S truck study, which was unveiled at the International Commercial Vehicles Motor Show (IAA) 2010, offer the greatest potential for improving efficiency.

Shipping traffic, too, has more than doubled over the last 20 years. Growth rates in this sector are expected to continue to increase, accompanied by a tightening of regulations on pollutant and CO<sub>2</sub> emissions. In order to test new solutions such as exhaust gas recirculation, and with a view to improving engine efficiency, in 2008 MAN and the Danish shipping companies A.P. Møller-Mærsk Group, Odense Steel Shipyard and Aalborg Industries launched the Green Ship of the Future initiative. This project aims to reduce CO<sub>2</sub> emissions by 30 percent and oxides of nitrogen and sulfur by 90 percent. The project now has

15 partners, including shipping companies, their suppliers and several Danish universities. The project received the Sustainable Shipping organization's International Environmental Award for the most environmentally friendly transportation initiative.

#### Investing in climate protection

One example of MAN's commitment to solutions with explicit climate benefits is our participation in the German Federal Ministry of Transportation long truck field trial. Long trucks have the potential to significantly improve road transportation effi-



Dr. Frank Appel,  
Chief Executive Officer,  
Deutsche Post AG

“As the largest logistics company in the world, we are committed to improving our CO<sub>2</sub> efficiency by 10% by 2012 and by 30% by 2020 through our GoGreen environmental protection program. To achieve that ambitious target, we need to improve efficiencies in our road transportation fleet. Driving the greening of the fleet requires a strong partnership with vehicle manufactures and policymakers. The challenges are considerable, so we need to work hand in hand to manage the change. MAN's commitment to sustainable technology makes it a vital ally in achieving a less-polluting vehicle fleet at Deutsche Post DHL.”

ciency. At present, in many European Union countries trucks are limited to a maximum length of 16.5 meters for tractor-semi-trailer combinations and 18.75 meters for truck-trailer combinations. Since we are convinced of the need for further improvements in transportation efficiency, we are urging the relevant political bodies to consider legalizing long trucks.

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#### Further information on the Internet

[www.transport-efficiency.com](http://www.transport-efficiency.com)  
[www.mantruckandbus.com](http://www.mantruckandbus.com)  
[www.mandieselturbo-greentechnology.com](http://www.mandieselturbo-greentechnology.com)

# The Capital Markets

## New Requirements

The way in which a company responds to its responsibility for sustainable development worldwide and for society is becoming an increasingly important factor for all those looking to make long-term investments in that company.

### Transparency is the benchmark

Shareholders, investors and analysts expect companies to communicate a clear strategy with quantifiable goals and transparent reporting. Only when this is the case can they actively monitor and assess the development of their investment in the long term. MAN has responded to this requirement with its corporate and CR strategy. Concrete goals in terms of environmental and climate protection, innovation and supplier management, industrial health and safety, and the promotion of diversity enable progress to be charted and permit a reliable appraisal of future prospects. This may well have been a contributory factor in investors' positive evaluation and appreciation of the Company: in fiscal 2010, with a total yield of around 64 percent, MAN was the fourth best performer in the Dax index.



Presentation of the CR strategy at the Capital Market Day in Brazil

### Sustainability as an investment factor

Through transparent and comprehensive sustainability reporting, MAN will in future be catering more extensively to the needs of sustainability-oriented investors. This comes in response to the further increase during the financial and economic crisis in the number of investors who pay attention to social and ecological aspects when purchasing shares or corporate bonds. Institutional investors, such as foundations and pension funds which have large volumes of assets under management, are increasingly signing up to the United Nations Principles for Responsible Investment (UNPRI). Alternatively, they refer to the findings of sustainability ratings in order to take account of sustainability criteria in their investment decisions. The Carbon Disclosure Project (CDP) is one example of how investors are having a growing impact on corporate policies: Founded by investment companies in 2000, every year the CDP initiative sends businesses a detailed questionnaire on their climate protection strategy.

### Capital Market Day sets the ball rolling

In the future, MAN will increasingly be spotlighting sustainability aspects in its relations with investors and analysts. The first step in this direction came at the Capital Market Day which took place on September 16–17, 2010 in Resende and Rio de Janeiro (Brazil). The event was mainly aimed at analysts, investors and fund managers to whom the Management Board duly presented the Company's new CR strategy. The focus was on the alignment of activities with a value-added

process that combines innovation, sustainability and values—an approach that, particularly in emerging growth markets like Brazil, China, and India, is becoming increasingly important and facilitates market access.

### Public reputation

With the brand-building and innovation “We are your MAN” campaign launched in the summer of 2010, the Company positioned itself in the public awareness as an innovation driver. The campaign proved very effective, both in the public domain and among MAN's customers: 16 percent of the public in Germany could recall seeing the TV ads and billboards that underlined the benefits our products deliver for society. This result is also significant for investors, because a company's reputation is becoming an increasingly important metric in predicting future yields.

### Sustainability ratings

Companies' sustainability ratings provide an independent assessment of their sustainability performance. The Dow Jones Sustainability Indexes (DJSI) form a widely recognized benchmark, and MAN has set itself the goal of returning to the DJSI rankings.

### Dow Jones Sustainability Indexes

According to the assessment performed by Zurich-based Sustainable Asset Management (SAM) for the Dow Jones Sustainability Indexes, MAN's performance in 2010 was unchanged from previous years. With a rating of 48 points out of a possible 100, MAN's score was slightly

#### Investor Dialog 2010

MAN Factbook:	February and November 2010
Annual Report 2009:	March 1, 2010
Roadshows & Conferences:	January to November 2010
Annual General Meeting for fiscal 2009	April 1, 2010
CR Strategy Report:	September 15, 2010
Capital Market Day:	September 16 and 17, 2010
IAA Analysts/Investors Meeting:	September 24, 2010
Meetings & Conference Calls:	Ongoing
Replies to questionnaires:	Ongoing
MAN Website:	Ongoing

above average, but significantly lower than the industry best of 72 points. While MAN scored top marks for risk management, eco-efficiency in production and HR development, other fields such as health management, occupational safety and climate strategy were still rated below average.

**Corporate Responsibility Rating:** In its 2010 Corporate Responsibility Rating, oekom research of Munich awarded MAN a score that was one-and-a-half grades better than its previous rating. An overall grade of C+ meant that MAN was granted the investment status “prime” for the first time. The oekom research Corporate Responsibility Rating evaluates both environmental and social factors. MAN received especially high marks for its reduction of energy and fuel consumption, its development activities in the field of alternative fuels as well as its safe handling of products. The rating agency sees room for improvement in product life cycle assessment and the avoidance of hazardous substances.

**Carbon Disclosure Project:** The Carbon Disclosure Leadership Index (CDLI), which was launched by the Carbon Disclosure Project, uses a questionnaire to evaluate companies’ transparency regarding data relevant to climate protection. Reaching 65 out of 100 points, MAN scored significantly higher than the industrial sector average (44 points) and has been listed in the CDLI. Of the 122 German companies that participated in the survey, 30 qualified for CDLI inclusion.

Based in Frankfurt, Sustainalytics performs a sustainability analysis that rates the environmental, social and governance (ESG) performance of companies. Of the 80 corporations assessed in 2010, MAN was ranked a solid number ten.

Silke Glitza-Stamberger,  
Head of Investor Relations,  
MAN SE



“Areas like sustainability and compliance are becoming more and more important in investment decisions. Over the last few years we have already seen investors from North America and the Middle East in particular take the lead in this respect. Using our CR strategy as a basis, we are aiming to use our activities in these areas to reinforce our position vis-à-vis the capital markets.”

**MAN sustainability ratings**

Rating agency	Index	Rating
Carbon Disclosure Project (CDP)	Carbon Disclosure Leadership Index (CDLI)	65 points out of 100 Listed for the first time in 2010
oekom research		Prime C+
Sustainable Asset Management (SAM)	Dow Jones Sustainability Indexes (DJSI)	48 points out of 100 Not listed
Sustainalytics		10 <sup>th</sup> place out of 80

CARBON DISCLOSURE PROJECT

Corporate Responsibility

Prime

rated by

oekom research



SUSTAINALYTICS



# Our CR Strategy

## Acting Responsibly







Many roads lead to sustainable development. The MAN lion cubs at the MAN daycare center plan their own routes to the future.

# CR Strategy: Living Up To Our Responsibilities as a Company

As a leader in the field of transport-related engineering, MAN takes its responsibility to the environment, to its employees, and to society seriously. Our corporate responsibility strategy is an expression of this commitment and makes the Company more visible—for young potentials, for investors, in our social environment and at our various sites.

## Setting a course for the future

In addition to its focus on the Commercial Vehicles and Power Engineering business areas, the MAN strategy includes the expansion of our Compliance function and the visible implementation of corporate responsibility in the form of a CR strategy. This builds on MAN's recognition over recent years that consistent and focused activity requires clear and transparent goals. In 2010 we defined and published a CR strategy that strategically bundled our existing activities and took them forward. This was very well received both internally and externally.

## Corporate responsibility as an element of corporate strategy

Corporate responsibility is part of the corporate and leadership culture at MAN and supports our strategic goals of profitable international growth, customer orientation and sustainable value creation. Finalized in 2010, the CR strategy is now being gradually rolled out across the Company and the business areas.

## Commitment to values

Our Management Board presented the CR strategy to around 450 executives from around the world at the annual MAN Management Summit in November 2010. All of these managers then also received the revised MAN Group Code of Conduct, which was distributed to all employees by the end of 2010. The revised Code provides background information, examples and concrete assistance and is available in eleven languages on the Internet and in printed form. It is intended as a tool for daily work, outlining standards for behavior that are binding for every employee. Last year, the MAN Executive Board also worked with the International Metalworkers' Federation to develop a Joint Declaration on Human Rights and Working Conditions in the MAN Group. This framework agreement will be applied around the world and lay further groundwork for the Company's responsible business practices. On December 6, 2010, MAN joined the United Nations Global Compact, expressing its commitment to the Compact's ten principles for responsible and sustainable corporate practices worldwide.

## Corporate governance and compliance

The global and Group-wide MAN compliance program, which was launched and implemented in 2010 under the supervision of the Chief Compliance Officer, is aimed at combatting corruption as well as preventing violations in the areas of antitrust law and data protection ('prevent'), identifying breaches early ('detect') and reacting quickly, effectively and consistently ('respond'). With these goals in mind, last year the Compliance function implemented various measures. They included a Group-wide risk assessment exercise and compliance awareness training for managers and employees at all our sites. New policies on handling gifts and invitations as well as on donations and sponsoring together with a policy on engaging business partners and the Code of Conduct provide employees with concrete instructions. A new helpdesk makes it possible for employees to obtain information on compliance-related issues. The implementation of our compliance program prompted Transparency International, an organization dedicated to the fight against corruption, to welcome MAN as a corporate member in September 2010.

## Supplier management

MAN also sets high standards for its suppliers in terms of environmental protection, employee rights and corruption prevention. These are defined in our new purchasing policy, which applies throughout the Group. In keeping with the responsibilities that accrue to a company with an annual purchasing volume of approximately 8.1 billion euros, our purchasing and procurement

## Integration of the CR strategy into MAN's corporate strategy

### MAN's vision:

The best people, customer orientation as well as superior technology and services will make us number one in Commercial Vehicles and Power Engineering.

### Corporate strategy

- Concentration on commercial vehicles and power engineering
- Profitable international growth
- Technology leadership
- Customer focus
- Sustainable value creation



### CR strategy







MAN's employer branding campaign

policy lays down the following principles: prohibition of forced or child labor, compliance with internationally recognized human and employee rights, compliance with environmental protection laws, use of eco-friendly technologies and processes as preventative environmental measures, as well as adherence to anti-corruption regulations in particular.

**Environmental and occupational safety management**

All MAN sites around the world are called on to demonstrate eco-friendly conduct and provide a safe working environment. Environmental management is part of the MAN Group's integrated management system, which also includes occupational safety, fire safety, hazard abatement, quality management and information security. We assess the use of hazardous substances in the workplace and work-related risks to employees, and conduct regular internal safety, environmental and health audits. The effectiveness of the management system at all production sites is regularly monitored by means of internal audits and external certification. Our goal is to have all facilities certified to the ISO 9000 (quality), ISO 14001 (environmental protection) and OHSAS 18001 (health and occupational safety) standards by 2015. As early as 1991, MAN began introducing quality and environmental management systems. These were gradually rolled out at 22 production sites. Since 2008, MAN Truck & Bus has been evaluating environmental performance using its own capability maturity model, which assesses the status quo and defines goals and actions for all sites. Already applied to energy management, in the future this model will be applied to occupational safety management as well.

**Human resources management**

The aim of HR management is to make certain that the Company has the professionals it needs to succeed in the future. MAN's corporate and leadership culture is shaped by the Company's commitment to values and outstanding engineering performance, which are made possible by its vocational training and continuous professional development programs. These are offered at all MAN sites. In Germany, over 700 young people entered professional life in September 2010 by embarking on an apprenticeship in one of over 30 different technical fields. In



Jörg Schwitalla,  
 Chief Human Resources Officer,  
 MAN SE

“We want our employees to be proud of our Company. Living values are firmly anchored in our corporate and leadership culture. And our responsibility to the environment and society stems from these values. We develop technologies for the future and we drive forward both future-proof structures and new ways of thinking; among our customers, our employees, and our other stakeholders.”

Resende, Brazil, MAN Latin America sponsors the Formare project, in which 14–17 year-olds from impoverished families participate in a one-year training program that qualifies them as assembly line technicians. A training center was also established there in 2009 for new hires with university degrees. At MAN's headquarters in Munich, the Campus Initiative enables students from Munich Technical University to participate in research projects, for example, while still attending university. In 2010 MAN launched an employer branding project aimed at continuing its recruitment of top talents and increasing diversity within the Company. We have positioned ourselves as an attractive employer that appeals to young men and women. The success of this initiative is reflected in the number of visitors to our career website, which has increased by more than 50 percent since it was launched.



# Dimensions of the CR Strategy and Fields of Action

The main hallmark of MAN's CR strategy is its integrated approach. Our goal is to enable sustainable value creation by ensuring that corporate responsibility is brought to bear on all corporate strategies and business processes. To this end, we have developed concrete programs based on the CR strategy's fields of action and the CR Roadmap.

**Integration:** We at MAN believe that an integrated approach is the key to success when it comes to fully living up to our responsibility within the Company and in our business environment on a daily basis.

**Economy:** MAN's success is founded on sustainable value creation. This is documented by our history and will continue to guide us in the future. Operating in all key regions and product segments in our industry worldwide ensures MAN's lasting success and creates added value for all our stakeholders.

**Environment:** Climate change and urbanization are core drivers of the MAN range of products and services. By developing solutions that offer greater resource efficiency and safety, we enable the realization of sustainable transportation concepts and future-proof energy supplies.

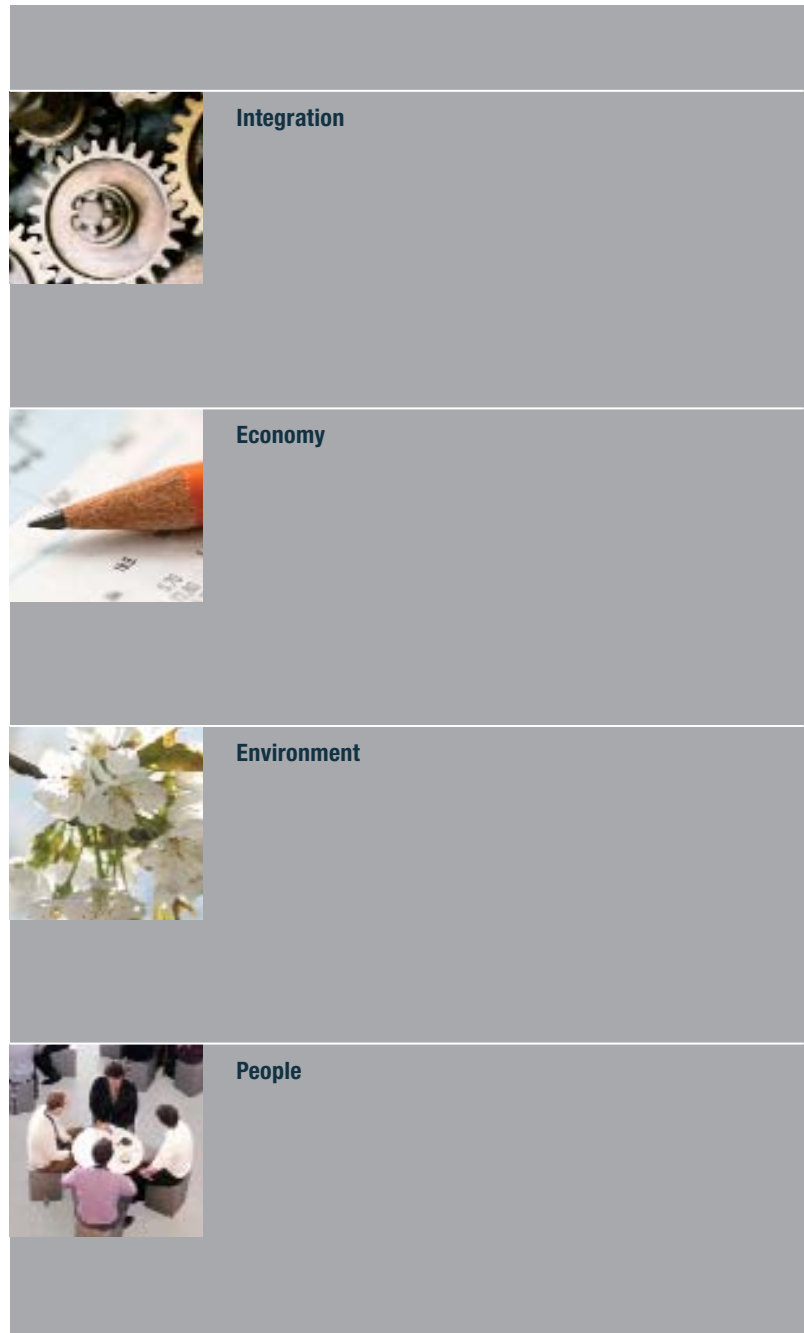
**People:** At MAN we take our responsibility to all our employees worldwide seriously. Together, demographic trends and our internationalization are driving the activities that position us as an attractive employer worldwide, capable of recruiting and retaining the best minds.

## Organization and coordination of corporate responsibility

At MAN the Chief Human Resources Officer is ultimately responsible for CR. Reporting directly to him is the CR Manager, a position which was created at the beginning of 2010 in the interests of strategic development and coordination, and as a central point of contact. The CR Manager is supported by the CR Excellence Team, which is made up of experts from Corporate Human Resources, Investor Relations, Corporate Communications, Environmental Management, MAN Truck & Bus, MAN Diesel & Turbo and MAN Latin America. The responsibilities of the CR Excellence Team include reporting as well as monitoring and supervising the implementation of the strategy. The MAN Management Board serves as a steering committee for the most important CR decisions. MAN's CR structure is described in detail in the CR strategy report (see page 21).

## MAN's CR Roadmap

The CR Roadmap adopted in 2010 outlines MAN's long-term objectives extending to 2015.





## By December 31, 2015

- Integration of CR into business strategies, operational business and internal processes
- Integration of CR into basic and advanced training as well as management development
- Further development of CR organization with CR managers in divisions
- Integration of CR report and annual report with assurance by external auditor
- Implementation and monitoring of a systematic stakeholder dialog

- Identification and monitoring of non-quantifiable risks
- Implementation of supplier CR assessment program
- Systematic data management and monitoring of key performance indicators

- Implementation of climate strategy
- Enlargement of our resource-efficient product and service portfolio
- ISO 14001 certification for all European sites and all sites in BRIC countries

- Monitoring of employee satisfaction and implementation of employee survey results worldwide
- Implementation of diversity management
- Preparation and roll-out of OHSAS 18001 certification
- Strengthening of employee volunteering
- Enlargement of cooperation with SOS Children's Village International in BRIC countries

## Objectives

- We are best-in-class in terms of our CR strategy and its implementation within the MAN Group.
- CR has changed the employee mind-set and is an integral part of our corporate and leadership culture.
- Our image and reputation have improved.
- In terms of CR reporting and stakeholder dialog we serve as an example.

- CR is integrated into risk management.
- 100% of suppliers have been assessed.
- We are sector leader in the Dow Jones Sustainability Indexes.

- Our different stakeholder groups perceive us as a resource-efficient company.
- CR is a driver for innovations towards resource efficiency.
- 100% of our sites are certified to ISO 14001.

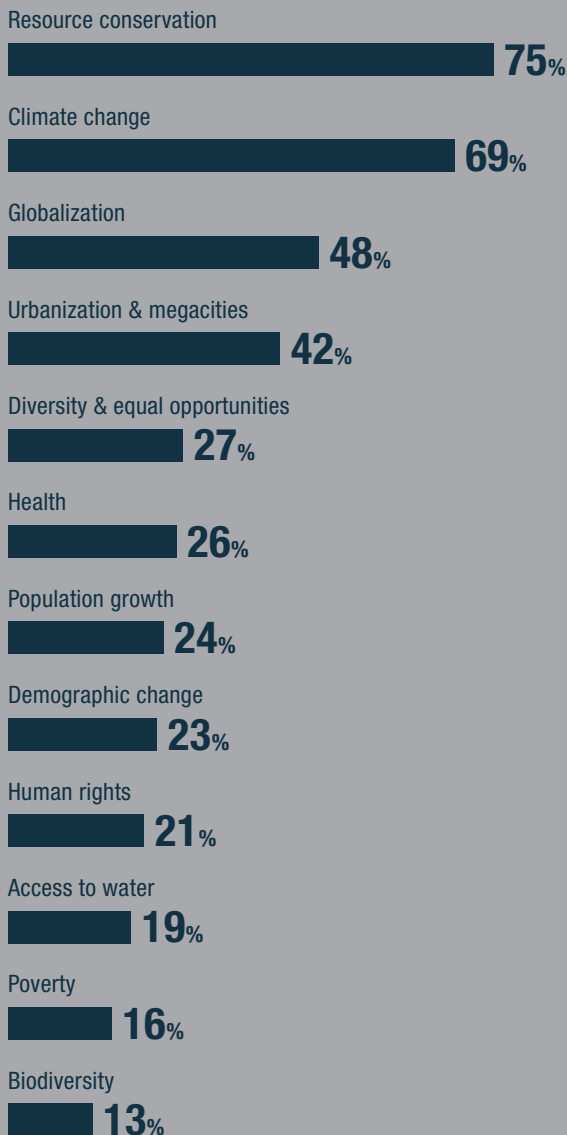
- Our employee satisfaction index has been measured and improvements have been implemented.
- Measures for supporting diversity management and flexibility for families are in place.
- 100% of our sites are certified to OHSAS 18001.

# Core Principles: Stakeholder Dialog and Materiality

MAN's CR strategy addresses the challenges of the future and the expectations of the interest groups that are impacted by the Company's actions: customers and employees, suppliers and other business partners, analysts and investors, science and government, municipalities and non-governmental organizations.

FROM THE VIEWPOINT OF OUR STAKEHOLDERS

## Challenges for MAN



### Handling external expectations

MAN faces a wide range of requirements from different stakeholder groups. Trust and acceptance can be built by taking these into account. That is why our stakeholders and their expectations play an important role in our Guiding Principles. All MAN divisions have a responsibility to consider these diverse needs, to integrate them into business processes and to mediate where conflicts of interest arise. Our CR Excellence Team is tasked with CR coordination as well as with identifying new challenges. To this end, we aim to hold regular discussions with stakeholders; for instance, we are currently engaged in intensive dialog with customers, analysts, and investors. The unveiling of the new CR strategy in 2010 put a spotlight on MAN's corporate responsibility, both at the International Commercial Vehicles Motor Show (IAA) in Hanover, Germany, and at the Capital Market Day in Brazil.

### International stakeholder survey

In fall 2010, MAN used an international web-based survey to analyze the extent to which our CR strategy met stakeholder expectations and to gather additional ideas for future corporate strategy. Of the approximately 400 selected stakeholders, 40 percent participated in the survey. The most answers came from Germany (23 percent), Brazil (18 percent) and China (17 percent). The largest participating group was employees (40 percent), followed by suppliers (19 percent) and business partners (13 percent). Additional participants included customers, analysts and investors, and representatives of government, the sciences and the media.

### Challenges for MAN

When asked to name the biggest challenges faced by MAN, the different stakeholder groups were largely of one mind: resource conservation (75 percent) and climate change (69 percent) are the topics they would most like to see us address.

### Evaluation of our CR strategy

The majority of stakeholders saw our CR strategy as a good approach to addressing issues related to sustainable business practices. Only four percent of those surveyed were of the opinion that the strategy is not conducive to achieving this purpose. Despite the positive feedback, the results of the stakeholder survey also show that the implementation of the CR strategy will require further effort and more concrete measures.



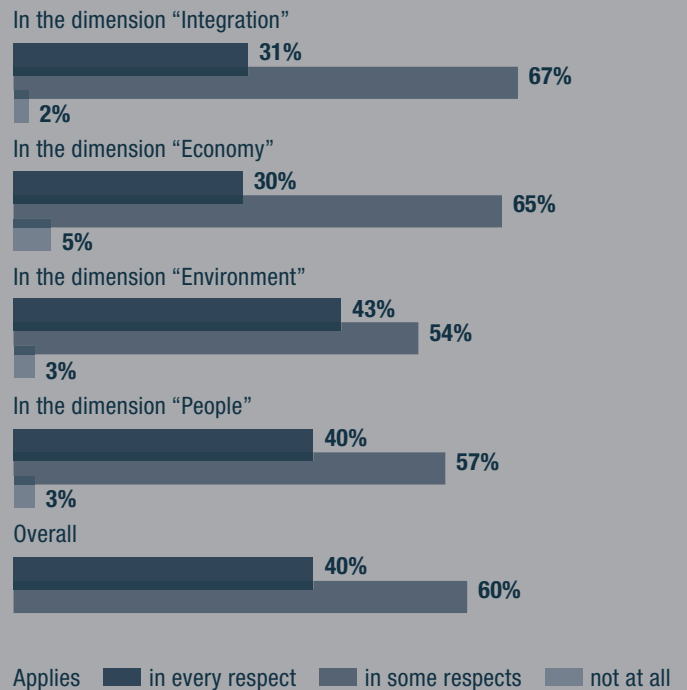
### Materiality analysis

The results of the stakeholder survey were a significant factor in identifying which CR topics are of particular importance to MAN. For the Company's internal workshops, the spectrum of topics was defined based on the criteria of the Global Reporting Initiative and supplemented by a number of industry-specific sustainability issues. The Fields of action diagram below shows areas in which stakeholders have particularly high expectations and which MAN considers especially important to our future business success.

This materiality analysis provides solid guidance for our CR management, helping to keep our strategy in line with the most important challenges and opportunities and to reliably integrate important aspects of CR into our business processes. The validity of our CR strategy was reconfirmed by the high degree of overlap between areas that stakeholders weighted highly and those in which we had already set ambitious targets.

### OUR STAKEHOLDERS' ASSESSMENT OF HOW MAN DEALS WITH SUSTAINABILITY CHALLENGES

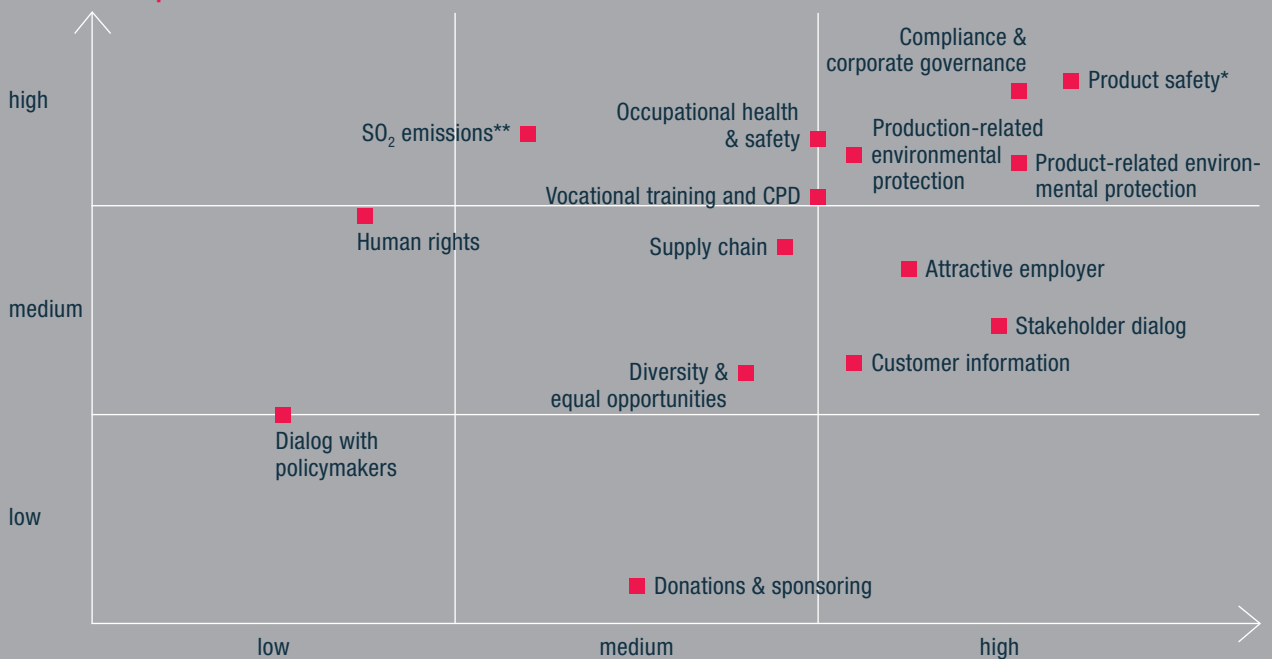
## Appropriateness of CR strategy



### THE FINDINGS OF OUR MATERIALITY ANALYSIS

## Fields of action

#### Stakeholder expectations



\* Refers to MAN Truck & Bus \*\* Refers to MAN Diesel & Turbo

#### Business relevance for MAN

# CR Roadmap: A Blueprint for the Future

## A program for continuous improvement

MAN has laid down how and when which objectives are to be implemented in its CR Roadmap. For each year, programs are derived from the Roadmap, broken down into measures and assigned deadlines.

The overview set out below is designed to show our stakeholders how far we have progressed with our CR program and which steps we have planned for 2011. The program for 2011 which has been approved by the Executive Board of MAN represents a core basis for the development of our activities going forward.

Objectives	Deadline	Status in 2010	Measures in 2011
<b>Integration</b>			
Integration of CR into business strategies, business operations and internal processes	2015	CR strategy and CR Roadmap approved by Executive Board CR strategy communicated and discussed with top managers Roadshow to communicate CR strategy in key departments of corporate divisions CR strategy report published CR website updated	Anchoring CR strategy in strategies of corporate divisions Developing strategic programs in corporate divisions Evaluating CR strategy with various stakeholder groups
Integration of CR in vocational training, continuous professional development (CPD), and management development	2015	380 sales staff from MAN Truck & Bus attended CR training MAN stand personnel for IAA in Hanover briefed on CR Discussion of CR strategy and CR Roadmap with the Chief HR Officer included in key top management programs	Developing a concept for integrating CR into vocational training Continuing discussion of CR content in international management development programs
Further development of CR structure by CR managers in the divisions	2015	Central CR manager position created CR Excellence Team established Regular CR Excellence Team meetings held	Continuing to hold regular CR Excellence Team meetings on implementation of CR strategy Involving additional managers and experts
Integration of CR report and annual report with auditor's assurance	2015	Collection of data for 2010 CR report began Audit for assurance of 2010 CR report performed by auditor	Publishing 2010 CR report including attaining GRI B+ application level and assurance Significantly improving the reporting process with further quantifiable goals
Implementation and monitoring of systematic stakeholder dialog	2015	Group Works Council briefed Started disseminating information for employees on Group intranet Stakeholder expectations assessed using questionnaire in CR strategy report and international online survey CR strategy discussed at Capital Market Day in Brazil CR strategy communicated at IAA in Hanover and integrated into trade-show questionnaire	Communicating results of stakeholder survey internally and externally Communicating CR issues to employees, especially in corporate divisions around the world Holding 1 <sup>st</sup> Stakeholder Forum
<b>Economy</b>			
Identification and monitoring of non-quantifiable risks	2015		Defining interfaces between CR and risk management
Introduction of supplier evaluation system	2015	CR integrated into Group purchasing and procurement policy	Developing concept for evaluating CR performance of key suppliers
Systematic acquisition of CR data and monitoring of performance indicators	2015	Evaluation by Sustainable Asset Management 2010 analysed and improvements for 2011 identified	Return to the Dow Jones sustainability Indexes

Objectives	Deadline	Status in 2010	Measures in 2011
<b>Environment</b>			
Implementation of climate strategy	2015	CR strategy with environmental and occupational safety officers at MAN Truck & Bus European facilities discussed  Kicked off climate strategy with CR Excellence Team	Revising environment and occupational safety policy  Developing and adopting climate strategy for the MAN Group
Expansion of the portfolio of resource-efficient products and services	2015	Decision to take part in Germany-wide field testing of long trucks	Defining resource-efficient product and service portfolio
All European sites and all sites in BRIC countries to be certified to ISO 14001	2015	MAN Truck & Bus site in Kraków, Poland, earned ISO 14001 certification	Achieving ISO 14001 certification at the St. Nazaire, Deggendorf, Augsburg (Renk), and Rheine production sites
<b>People</b>			
Measurement of employee satisfaction and worldwide deployment of findings of employee survey	2015	MAN SE and MAN Truck & Bus recognized as top German employers in 2010  MAN Latin America recognized as Great Place to Work	Carrying out a Group-wide employee survey
Introduction of a diversity management program	2015	Measures for ensuring compliance with the German Corporate Governance Code discussed	Developing a concept for promoting diversity
OHSAS 18001 certification for all sites	2015		Preparing selected production sites for OHSAS 18001 certification
Strengthening employee volunteering	2015	Talks with German UNESCO Commission and SOS Children's Villages held	Developing a concept for employee volunteering with SOS Children's Villages
<b>Corporate Governance</b>			
Commitment of MAN Group to international regulations	2011	International Framework Agreement for basic human and employee rights negotiated  Joined UN Global Compact and reported on implementation of the principles of the Global Compact  Principles of Global Compact integrated into Group purchasing and procurement policy	Signing and implementing the International Framework Agreement for basic human and employee rights
Implementation of compliance program	2011	Compliance organization set up Compliance risk assessment conducted Compliance helpdesk launched Business partner approval tool revised Compliance awareness training rolled out worldwide New Code of Conduct communicated	Introducing a code of conduct for suppliers Introducing a Group-wide whistleblower portal Introducing online compliance training Introducing additional compliance policies Conducting an employee survey on the topic of compliance Introducing compliance champions and an early warning system
<b>Corporate Citizenship</b>			
Expansion of cooperation with SOS Children's Villages International to the BRIC countries	2015	Strategy workshop held with SOS Children's Villages	Stepping up internal communication Launching employee volunteering program Supporting first graduates of SOS Vocational Training College Kaliti, Ethiopia Defining a beacon project in BRIC country



# Our Projects

## Living Up To Our Responsibilities Worldwide

Training people,  
developing regions and contributing  
to environmentally compatible progress.

**Adding value for society is important to MAN and one of the objectives of our CR strategy. Wherever we work, we aim to be a reliable partner and create benefits.**

As an international corporate player we consider ourselves under an obligation to contribute to sustainable development worldwide, through concrete local projects wherever we are needed or in demand on account of our expertise. Many of the projects that our divisions, our subsidiaries or our production sites have initiated or support are directly related to our core business. Others have arisen to meet a need, where fast and practical help was required. The outcome is a kaleidoscope of activities across the globe, only a few of which are portrayed here by way of example

### Setting an example

This selection illustrates the diversity of the projects in which we strive to contribute to sustainable development and communicate ideas—because we explicitly support and foster voluntary social engagement even if it is not associated with business opportunities. We are convinced that in the long term we will reap the benefits of these activities in terms of trust and acceptance, the motivation of our employees, and inspiration for innovations.

By these exemplary projects we also want to inspire the exchange of experience for issues of social engagement among employees and our international sites.

### Networking different perspectives

Innovations arise out of exchanges with society and its requirements. The precondition here is a willingness to learn from and with one another. While we have a long tradition of social engagement, the same does not apply to the international exchange of experience. This was kicked off through our CR strategy and the CR Excellence Team. We are now out to expand that exchange in the future and trigger a more intensive networking process on social issues and potential solutions in the world of MAN.

### Employee volunteering

Some of the projects described here would never have happened without the commitment of individual employees. Enthusiasm and passion are defining characteristics of our employees, which is why they show such impressive commitment outside their direct area of responsibility as well—be it within the Company, in their community or in society at large. In the future we are aiming to foster such engagement even more strongly, because employees who assume responsibility and live up to it, are the best possible ambassadors of our Company.

**Project 03: MAN lion cubs serve as inspiration**

In Munich, MAN Truck & Bus helps employees to strike a balance between family and career by offering a daycare program for their children. The MAN lion cubs, as the children are known, are cared for in a daycare center directly adjacent to the MAN Truck & Bus facilities, shortening commuting times for their parents. Guided by the center's special educational concept, professional German- and English-speaking childcare workers encourage the children's natural curiosity, eagerness to experiment and joy in learning. The daycare center has flexible opening hours and space for 86 children aged six months to six years. Taking their cue from the Munich program, MAN Diesel & Turbo in Augsburg laid the cornerstone in July 2010 for a daycare facility that will offer 42 crèche places and 34 preschool places when it opens in the summer of 2011. A total of 2 million euros has been invested.

**Project 04: Eco-friendly construction for plant in China**

In a large-scale project in Changzhou, MAN Diesel & Turbo had an opportunity to build new facilities on a greenfield site. The challenge was creating a new production plant that is not only energy efficient, but also provides employees with a healthy and comfortable working environment despite the region's very hot summers and cold winters. It was met with energy management measures that allow the heating, ventilation and air conditioning (HVAC) systems to operate at optimal efficiency. Effective insulation helps to keep temperatures pleasant in the offices and reduces the energy consumption of the HVAC systems by 25,000 kilowatt hours (kWh) each month. Modern, lighter-weight cranes and equipment save an additional 45,800 kWh per month compared to conventional equipment.

**Project 05: Yabonga means thank you in South Africa**

In the South African township of Mfuleni, 40 kilometers from Cape Town, 70,000 people live in extreme poverty. Many of them are HIV positive. An organization called Yabonga—Zulu for thank you—was founded to offer them support. With the help of MAN Diesel & Turbo South Africa, Yabonga opened its first youth center in 2009. The drop-in center serves around 50 young people who come here after school for a hot meal, psychosocial assistance, and help with their homework. The center was set up close to the community hospital to provide ready access to medical care for the young people, many of whom are HIV positive. Yabonga's goal is to give them hope for the future. To date MAN has invested 55,000 euros in the project.

**Project 06: Energy from the Spanish sun**

Andalusia in Southern Spain enjoys around 3,000 hours of sunshine per year. At the Andasol 3 solar power plant, this solar energy is captured by 312 rows of collectors with parabolic mirrors that concentrate the sun's rays. These heat absorber tubes filled with synthetic oil to temperatures of over 400 degrees Celsius. The hot oil is then pumped in a closed loop to a heat exchanger in the central power plant, where an MAN steam turbine drives the generator. Part of the thermal energy is stored in giant tanks containing molten salt, from where it can be called up several hours later to power the turbine. Each year, Andasol 3 can be relied upon to supply up to 200,000 people with solar power. The high-performance turbine for the power plant was built by MAN Diesel & Turbo in Oberhausen, Germany.

**Project 07: Running on Brazilian biodiesel**

In 2010, MAN Latin America also began supplying customers with trucks that can be operated on 100 percent biodiesel (B100) fuel. This is made possible by new dual-fuel technology which gives the customer the flexibility to run the truck on biodiesel or conventional diesel fuel—stored in two separate tanks—in line with fuel prices and availability. This way, operations continue to run smoothly even in places where biodiesel is not available. Running on biodiesel only, the dual-fuel trucks help cut CO<sub>2</sub> emissions by up to 90 percent. MAN Latin America is pioneering the use of biodiesel in Brazil.

**Project 08: CO<sub>2</sub>-neutral in the Caribbean**

The world's largest wind-diesel power plant is located on the Caribbean island of Bonaire. Twelve wind turbines, each 55 meters high, supply 15,000 inhabitants and the island's many tourists with eco-friendly power. But even on the windswept Northern coast of Bonaire periods of calm can bring the wind turbines to a standstill. Moreover, during storms the turbines shut down automatically to prevent damage to the rotors. At times like these and during peak demand, the engines at the diesel power plant start up in next to no time, ensuring reliable power supplies for the island around the clock. At present the engines still run on conventional diesel fuel. In the future it is planned to use locally produced biodiesel obtained from seaweed, sustainably providing Bonaire with CO<sub>2</sub>-neutral electricity and cutting emissions by around 70,000 tons of CO<sub>2</sub> a year.

# Our Projects

## Creating Local Benefits



### Project 03

#### Germany: Daycare

MAN Truck & Bus helps employees at its Munich site to strike a balance between family and career by offering a daycare program for their children.



### Project 06

#### Spain: Andasol 3

Andalusia in Southern Spain enjoys around 3,000 hours of sunshine per year. At the Andasol 3 solar power plant, this solar energy is captured. A MAN steam turbine drives the generator there.



### Project 08

#### Caribbean: Wind-diesel power plant

The world's largest wind-diesel power plant is being built on the Caribbean island of Bonaire. The wind turbines supply 15,000 inhabitants. When there's no wind, MAN diesel engines cut in.

### Project 07

#### Brazil: Biodiesel truck

In 2010, MAN Latin America also began supplying customers with trucks that can be operated on 100 percent biodiesel (B100) fuel. This is made possible by new dual-fuel technology.



### Project 01: Training for young people in Ethiopia

The SOS Vocational Training College Kaliti is located in the outskirts of Addis Ababa, the capital of Ethiopia. It is a sign of hope in one of the poorest countries in the world. Here, young people from the SOS Children's Villages have the opportunity to receive vocational training as automobile mechanics, general mechanics and woodworkers.

Providing the students with tools and objects on which to practice as well as regular teaching in technical skills lets them obtain additional qualifications in the commercial vehicles field. This significantly increases their chances of finding employment and improving their quality of life. With the support of MAN Truck & Bus an additional college building has been erected. MAN has contributed 200,000 euros to this project annually since 2008.





#### Project 04

##### China: Building project in Changzhou

In a large-scale project in Changzhou, MAN Diesel & Turbo had an opportunity to build new facilities on a greenfield site. The new production plant provides employees with a healthy and comfortable working environment.

#### Project 02

##### India: Cooperation with university

It is essential for MAN to recruit qualified personnel locally. This prompted MAN Diesel & Turbo to cooperate with university institutes in the region of Aurangabad, India.



#### Project 01

##### Ethiopia: Training for young people

The SOS Vocational Training College Kality is located in the outskirts of Addis Ababa, the capital of Ethiopia. Here, young people can train as automobile mechanics.



#### Project 05

##### South Africa: HIV/AIDS

In the South African township of Mfuleni, 40 kilometers from Cape Town, 70,000 people live in extreme poverty. Many of them are HIV positive. MAN Diesel & Turbo helped Yabonga open its first youth center here.



#### Project 02: Engineering expertise for India

It is essential for MAN to recruit qualified personnel locally—and this has prompted MAN Diesel & Turbo to cooperate with five technical university institutes in the region of Aurangabad, India. As part of this partnership, 15 advanced students have been given the opportunity to acquire hands-on job experience in MAN production facilities while still working on their degrees.

In return, MAN employees have the option of attending continuing education courses at these institutes and earning certificates. This cooperation has already reaped its first rewards—two Indian students who participated in the exchange were hired by MAN after graduating. This project allows MAN to create forward-looking educational opportunities and at the same time support economic development in the region.

# Performance Report

## CR Figures







The lion cubs at the MAN daycare center show real determination. To get results, it takes patience and inspiring goals—no matter if you're big or small.

# About this Report

We have divided our 2010 Corporate Responsibility Report into three sections to better respond to the various needs and expectation of our stakeholders: the Investing in the Future priority issue, our CR strategy, and the Performance Report. As a company listed in the Dax 30, we reach out to investors and analysts through our report. At the same time we address our employees, and customers, policymakers, local authorities and NGOs, as well as the people who live in the regions where we operate.

## How this report was drawn up

This CR Report provides all our stakeholders with a detailed and comparable overview of our performance in the area of sustainability/corporate responsibility. In preparing this report we adhered to the guidelines of the Global Reporting Initiative (GRI-G3) published in 2006 and have met the requirements of the second-highest reporting level (B+). Wherever possible, we provide indicators for the past three years.

Thus, this report complements our Annual Report for 2010 and at the same time represents our Communication of Progress for the UN Global Compact. It was drawn up in conjunction with the CR Excellence Team, which comprises the persons responsible for all areas with a bearing on CR. This report has been approved by the Executive Board of MAN SE.

## Reporting period and boundary

The 2010 reporting period is identical to the 2010 fiscal year, which ran from January 1 through December 31, 2010. The information in this report relates to all divisions of the MAN Group. We have collated data from 27 production sites of MAN Truck & Bus, MAN Latin America, MAN Diesel & Turbo, and Renk. Together they represent approximately 80% of the revenue of MAN SE. Financial data is presented in euros, with foreign currencies translated at annual averages for 2010.

Compared to 2009, the consolidated figures for 2010 in the Environment section also include the Changzhou (China) and Velká Bíteš (Czech Republic) sites, but the Pilsting (Germany) site is no longer included. We report indirect emissions in line with the emission factors of the International Energy Agency and direct emissions in line with the emission factors of the German Federal Environment Agency.

## Independent Assurance Report

We have had substantial parts of our report verified by the auditing firm PricewaterhouseCoopers (PwC). Their audit included all information and charts for 2010 marked with a , as well as the following chapters:

- CR Strategy: Living Up To Our Responsibilities as a Company (pages 20 and 21)
- Dimensions of Our CR Strategy and Fields of Action (pages 22 and 23)
- Core Principles: Stakeholder Dialog and Materiality (pages 24 and 25)
- CR Roadmap: A Blueprint for the Future (pages 26 and 27)

The independent assurance report for these selected indicators and sections appears on pages 51 and 52.

## Editor's note

This report is published in German, English, Portuguese, and French. The closing date for contributions was January 31, 2011. In future we will publish these reports annually. The next report will appear in early 2012. In the interests of readability, we have not used the full legal names of MAN SE and the sub-groups.

## Additional information

This printed report is supplemented by additional information on our website at [www.man.eu/MAN/en/CR/](http://www.man.eu/MAN/en/CR/). Cross-references in the report facilitate direct access to the relevant information. On our CR website we report continuously on current developments concerning our corporate responsibility.



# Corporate Governance

**When MAN AG changed its legal form to a Societas Europaea (SE) in 2009, we retained our two-tier management structure comprising an Executive Board and a Supervisory Board. The 16-strong Supervisory Board is made up of an equal number of shareholder representatives and employee representatives. The Chairman of the Supervisory Board holds no other position within the MAN Group.**

## Management and monitoring

In its management and reporting activities, MAN SE complies with the recommendations of the German Corporate Governance Code with only one exception and has issued the appropriate Declaration of Conformity. MAN SE departed temporarily from the Code in respect of the number of Supervisory Board positions held by Dr.-Ing. Ekkehard D. Schulz. The Code underlines the obligation of the Executive and Supervisory Boards to safeguard the continued existence of the Company and ensure its sustained value creation, in line with the principles of the social market economy. In other words, the Executive Board must pursue the future-oriented management of the Company, while the Supervisory Board monitors the activities of the Executive Board and advises it. At MAN this is ensured through at least four Supervisory Board meetings per year. At these meetings important decisions are discussed with the Executive Board, which is under obligation to keep the Supervisory Board regularly informed and can convene Supervisory Board meetings ad hoc to discuss important issues. Our subsidiary Renk AG has also issued a Declaration of Conformity with the German Corporate Governance Code. To document the absence of conflicts of interest among members of the Executive and Supervisory Boards, their memberships in other governing bodies are listed in the MAN Annual Report 2010 (page 189 et seq.).

## Tasks and responsibilities

The distribution of tasks and responsibilities at the MAN Group is regulated by our Industrial Governance System: The strategic management of the Group lies with the Management Board of MAN SE in which all divisions are represented. Operational management is the responsibility of the respective subgroups. In this, MAN strikes a balance between central strategic management and decentralized operating responsibility, complemented by a modern leadership culture. This is founded on shared values, a corporate culture that has evolved over time, and a commitment to corporate responsibility. Implementation is the responsibility of the Chief Human Resources Officer; decision-making authority rests with the Management Board. As a result, CR topics regularly appear on the agenda of MAN SE Executive Board meetings.

## Remuneration of the Executive Board

The remuneration of Executive Board members comprises fixed salary payments and non-cash benefits, pension and other benefit contributions, and performance-related components. The variable performance-related components comprise components linked to business performance and long-term incentive components that entail an element of risk. Against the backdrop of sustainability considerations, part of the remuneration is contingent upon the future success of the Company.

## Values, goals, and guidelines

MAN has four defining corporate values. It aims to be reliable, innovative, dynamic, and open. Our vision for the coming years is: "The best people, customer orientation as well as superior technology and services will make us number one in commercial vehicles and power engineering." From this we derive our strategic goals which are complemented by the CR strategy newly defined in 2010. In the year under review we also updated our Code of Conduct for the targeted prevention of corruption and distributed it to all employees. The Code of Conduct is available in eleven languages. Additional new central compliance policies on dealing with gifts, invitations, donations, sponsoring, and relations with business partners apply across the Group.

In December 2010 MAN became a signatory to the United Nations Global Compact, making a commitment to comply with and foster ten principles in its business processes. These fall under the headings of human rights, labor standards, the environment, and anti-corruption. This report represents our first Communication of Progress for the Global Compact.



This commitment is underpinned by the Joint Declaration on Social and Corporate Responsibility in the MAN Group, which the Executive Board of MAN negotiated with the International Metalworkers' Federation in 2010 as an international framework agreement.

### Compliance program

MAN does not tolerate illegal or irregular conduct and encourages its employees—as well as its customers, suppliers and other business partners—to use the required sources of information and advice in order to avoid breaching rules and regulations. Not least as a result of the investigations following the allegations of corruption, the Supervisory Board and Executive Board of MAN have driven forward the enhancement of the compliance system, to definitively prevent any recurrence of such incidents. A new Compliance function managed by the Chief Compliance Officer has been set up and an extensive and global integrity and compliance program put in place. The focus here is on combating corruption as well as on the areas of antitrust law and data protection.

In order to prevent conflicts of interest, the Chief Compliance Officer reports to the Executive Board as well as to the Audit Committee of the Supervisory Board. The adoption of Group-wide compliance measures takes place at the monthly meetings of the Compliance Steering Committee (the Compliance Board from 2011) comprising the Executive Board and the heads of the other functions.

In 2010 numerous compliance measures were introduced. Examples included conducting a Group-wide compliance risk assessment to identify Group-specific risks; the Group-wide implementation of compliance awareness training sessions; and the issuing of new policies that apply across the Group (on handling gifts and invitations, on donations and sponsoring measures, and on engaging business partners). The Code of Conduct, which was updated last year, sets out binding guidelines for situations in which employees must pay particular attention to responsible behavior and gives examples that illustrate how to deal with conflict situations. Employees can contact the Compliance Helpdesk established at the beginning of 2010 at any time with questions relating to compliance.

An innovative web-based application supports the new process for verifying the integrity of business partners. This process, which applies across the Group, is designed to minimize the risk that business partners use the remuneration paid by MAN for the purposes of corruption.

### Selected compliance measures



<b>Helpdesk</b>	1,107 questions were asked and processed
<b>Training</b>	4,397 employees (9%) attended 166 compliance awareness training sessions worldwide

Along with preventing compliance violations (Prevent) and detecting misconduct (Detect) the third pillar of the MAN compliance program is a rapid and rigorous response (Respond). Individual compliance violations are examined on a case-by-case basis either centrally by employees from the Case Management department or at local level by the responsible specialist function of the relevant subgroup. At what level the case is examined depends on the extent of the potential financial losses and possible risks. Imposing internal sanctions in the event of compliance violations is the responsibility of the Disciplinary Sanction Committee. The findings of investigations of misconduct are used by the Compliance function to continuously improve our compliance program or introduce selective compliance measures. The Company is now set up in such a way that such incidents can be avoided.

### Violations and investigations

No fines or sanctions were imposed on the MAN Group in Germany in the reporting period on account of the violation of legal provisions. Our reporting of fines for environmental incidents covers sites that together account for approximately 80% of revenue. No violations were reported in the reporting period.

# Integration

In July 2010 the Executive Board of MAN SE finalized the Company's CR strategy, which took immediate effect. It adopts an integrated approach, anchoring corporate responsibility in our management systems and our dialog with stakeholders.

## MAN Principles of Corporate Responsibility

As we anchor corporate responsibility in all areas and at all levels of MAN, we are guided by the following principles:

### Reliable, innovative, dynamic and open

Our four Corporate Values are the pillars of our corporate responsibility activities. They guide our CR strategy and programs and shape our communications with all of our stakeholders.

### Employee awareness

Our employees live corporate responsibility in their day-to-day work and act as CR ambassadors.

### Product responsibility

Given the nature of our product and service portfolio we have a special responsibility towards the environment. Environmental care and safety form integral parts of our CR strategy and programs.

### Stakeholder dialog

Intensive dialog with all of our stakeholder groups ensures that we understand their expectations and enables the continuous development of our CR strategy and programs.

## Quality, environmental and occupational safety management

The MAN Group has set up an integrated management system which includes environmental protection, occupational safety, fire safety, hazard abatement, quality management and information security. Our aim is to have all sites certified to the ISO 9001, ISO 14001 or OHSAS 18001 standards by 2015. The effectiveness of our management system is verified on-site by regular external and internal audits. The latter are also carried out at our non-certified production facilities. At the end of the year under review, 22 sites had ISO 14001 or EMAS certification. In addition, the MAN Diesel & Turbo Deggendorf and Renk Augsburg sites carried out internal audits without ISO/EMAS. MAN's vocational training and continuing professional development programs also include aspects of environmental protection and safety.

MAN Diesel & Turbo has created a HSE-Q handbook which combines health, safety, environmental and quality aspects in a single reference work to guide employees in their daily work. The division has ISO 9001 certification, and some sites have already been certified to ISO 14001 and OHSAS 18001. All MAN Truck & Bus production sites have ISO 14001 certified environmental management systems. In addition, the production facilities in Munich, Nuremberg, Salzgitter (Germany), Vienna and Steyr (Austria) all comply with EMAS (the EU Eco-Management and Audit Scheme) standards and regularly publish site-specific environmental statements.

### Percentage of employees covered by management systems

Management system	Distribution	2008	2009	2010
ISO 9000/9001	Number of sites	25	27	27
	Employee coverage	72%	84%	82%
ISO 14001	Number of sites	19	21	22
	Employee coverage	67%	79%	77%
EMAS	Number of sites	5	5	5
	Employee coverage	34%	36%	36%
OHSAS 18001	Number of sites	3	3	5
	Employee coverage	9%	8%	7%

## Emergency management

A policy on hazard response and crisis management has been in place at MAN since January 1, 2010, with the goal of having plans ready for handling dangers and crisis situations and communicating consistently at such times. All MAN Truck & Bus sites have hazard and emergency response plans in place. Larger facilities such as those in Munich, Nuremberg and Steyr have their own fire brigades, which are also trained to handle environmental incidents.

## Supplier management

MAN also expects its suppliers to follow responsible business practices. On November 1, 2010, the Executive Board signed off on the Conduct and Procedure for Purchasing and Order Processes Group Policy. These are based on our CR strategy, the MAN Code of Conduct, International Labor Organization

(ILO) standards and the ten principles of the UN Global Compact. In the future, compliance with such central regulations will be monitored using a supplier assessment system. However, we have not yet developed a definitive system and process and therefore cannot report any figures at this time.

### Stakeholder dialog and memberships

The starting point for our systematic stakeholder dialog was the questionnaire included in our CR Strategy Report in September 2010. The process was continued and globalized using a web-based international stakeholder survey, in which around 400 individuals were invited to participate. At 40%, the participation rate was more than satisfactory.

In 2010 our stakeholders were provided with targeted information on various topics using a variety of media. The table below gives an overview of our stakeholder communications in the year under review.

MAN is a member of numerous associations that support dialog and communication between business, government and society. Our most important memberships are:

- Association of Employers' Associations for the Metal and Electrical Industry
- Bavarian Business Association
- DEKRA
- European Automobile Manufacturers' Association
- Federation of German Industry
- German Association Materials Management, Purchasing and Logistics
- German Association of Business, Transportation and Logistics
- German Association of the Automotive Industry
- German Engineering Federation
- German Transportation Forum
- International Chamber of Commerce Germany
- Transparency International Deutschland e.V.

### Stakeholder Communication 2010

Target group	Media	Topics
<b>Customers and business partners</b>	<ul style="list-style-type: none"> <li>■ IAA 2010, incl. trade-fair questionnaire</li> <li>■ SMM 2010 (shipbuilding industry trade fair)</li> <li>■ "We are your MAN" brand campaign</li> <li>■ MAN Forum—the MAN Group Magazine</li> <li>■ Customer Relationship Management</li> </ul>	Concept S, alternative drive technologies, CR strategy
<b>Employees</b>	<ul style="list-style-type: none"> <li>■ HR Summit, Compliance Summit, MAN Summit</li> <li>■ Group Works Council meeting, works meetings</li> <li>■ Employee newsletters, MAN intranet, MAN TV, manager newsletter, MAN Forum—the MAN Group Magazine</li> <li>■ "We are your MAN" brand campaign</li> <li>■ Regular presentations in departments</li> </ul>	CR strategy and CR Roadmap, UN Global Compact, Code of Conduct
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>■ Group-wide purchasing policy</li> <li>■ "We are your MAN" brand campaign</li> </ul>	CR strategy and CR Roadmap, Code of Conduct
<b>Analysts and investors</b>	<ul style="list-style-type: none"> <li>■ Annual General Meeting, Capital Market Day, IAA Analyst /Investor Meeting, roadshows</li> <li>■ MAN Factbook</li> </ul>	CR strategy and CR Roadmap, CR performance
<b>Politics</b>	<ul style="list-style-type: none"> <li>■ Personal encounters</li> <li>■ Memberships in associations</li> <li>■ MAN Politics Newsletter</li> </ul>	CR strategy, environmental protection, competitive behavior
<b>Media</b>	<ul style="list-style-type: none"> <li>■ "We are your MAN" brand campaign</li> <li>■ MAN Forum—the MAN Group Magazine</li> <li>■ Press releases, press newsletter</li> <li>■ Interviews</li> </ul>	CR strategy and CR Roadmap, UN Global Compact
<b>General public</b>	<ul style="list-style-type: none"> <li>■ "We are your MAN" brand campaign</li> <li>■ Sponsorships</li> <li>■ Press releases</li> </ul>	CR strategy and CR Roadmap, environmental protection, CR initiatives



# Economy

MAN has emerged stronger from the financial and economic crisis, aiming for and achieving significant growth in the BRIC countries in particular.

## Business performance

At €14.7 billion, revenue for MAN SE in 2010 returned to levels previously achieved in 2008, prior to the economic crisis. 21% of this figure was generated by MAN Latin America and 26% by MAN Diesel & Turbo, but MAN Truck & Bus continues to account for the highest proportion of revenue at 51%. At €1,035 million, operating profit more than doubled over the previous year. Dividends totaling €37 million were paid out to shareholders in 2010, equivalent to €0.25 per share. Net interest expense during the year under review amounted to €-158 million. Detailed information on the Group's business performance can be found in MAN's 2010 Annual Report (page 54 et seq.).

## Business performance in 2010

€ million	2009	2010
<b>Order intake</b>	<b>9,860</b>	<b>15,072</b>
of which: Germany	2,388	3,489
of which: Other countries	7,472	11,583
<b>Revenue</b>	<b>12,026</b>	<b>14,675</b>
of which: Germany	2,751	3,058
of which: Other countries	9,275	11,617
<b>Operating profit</b>	<b>504</b>	<b>1,035</b>

## Taxes and subsidies

In 2010 the MAN Group's tax expenses amounted to some €311 million, primarily in those regions where we add value; we have avoided taking extensive steps to optimize our tax liabilities. During the year under review we were granted public subsidies by, among others, the European Investment Bank (EIB) in Luxembourg, which extended a €300 million credit line in support of research in the commercial vehicles field.

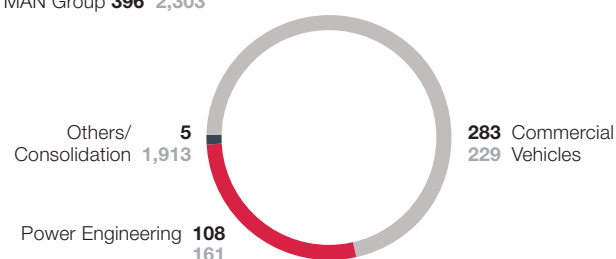
## Capital expenditures

MAN invested a total of €283 million in the Commercial Vehicles business area in 2010, compared to €229 million in the previous year. MAN Truck & Bus made some necessary replacement and maintenance investments, and also invested in enhancing productivity and quality, as well as exploiting new opportunities for growth and developing new products to comply with Euro VI. The main focus of this investment activity was on our Munich and

## Capital expenditures by business area in 2010

€ million

MAN Group **396** 2,303



2009 values colored silver

Nuremberg sites. Capital expenditures by MAN Latin America were driven by the Euro V emissions standard, the technical integration of products and components with MAN Truck & Bus, and investment in the expansion of our production facility in Resende.

We invested €108 million in the Power Engineering business area, as against €161 million in the previous year. MAN Diesel & Turbo made replacement and maintenance investments and invested in enhancing the efficiency of its production sites, as well as its after-sales network. Renk invested primarily in test systems for wind-power gear units at the Rheine site (Germany).

## Capital expenditures

€ million


	2009	2010
Property, plant and equipment, and investment property	283	235
Intangible assets	83	156
Investments	1,937	5
<b>Total</b>	<b>2,303</b>	<b>396</b>
of which: acquisition of MAN Latin America less cash and cash equivalents	1,333	-
of which: acquisition of Sinotruk	567	1
of which: Scania share purchase	4	-
of which: other capital expenditures	399	395
of which: Germany	280	264
of which: Other countries	119	131
<b>Depreciation, amortization and impairment*</b>	<b>360</b>	<b>368</b>
<b>Capital expenditure ratio in %**</b>	<b>111</b>	<b>107</b>

\* Excluding earnings effects of purchase price allocations (2010: €99 million, 2009: €62 million) and in the previous year excluding write-downs on investments of €382 million.

\*\* Excluding the acquisitions of MAN Latin America, Sinotruk and Scania shares.

## Research and development

In 2010 MAN invested some €626 million—equivalent to approximately 4% of revenue—in research and development. The investment focused in particular on improving the efficiency of our solutions, and on the use of renewable fuels in large-bore diesel engines, as well as on alternative drive technologies for buses and trucks.

Research and development 		
€ million	2009	2010
R&D expenditures	504	626
of which: Commercial Vehicles	237	328
of which: Power Engineering	267	313
of which: Consolidation	–	- 15
R&D expenditures of the manufacturing divisions (% of revenue)	4.2	4.3
Internally funded R&D	382	469
R&D employees (annual average)	3,791	3,944

## Climate-related risks and opportunities

While indirect, the impact of climate change on the MAN Group's activities is significant, not least due to the resulting regulatory changes and energy price movements. At present, our Group-wide risk management strategy does not make provision for these longer-term risks, which will be subsumed into our climate strategy, due to be finalized in 2011. One of the goals of this strategy is to extend our risk management concept to include sustainability considerations. On the other hand, the direct effects of climate change on our operations are limited. The MAN Group does not, for example, own any production sites in areas threatened by flooding. Assuming that our European climate policy is applied systematically over the next few years, and that the BRIC countries implement similar strategies, MAN is likely to benefit from new opportunities for growth.

## Product responsibility

Most MAN products have a very long service life, during which they see intensive use. Consequently, viewed over the entire product lifecycle, the greatest proportion of each product's environmental impact is produced during this working phase, as a result of energy consumption, emissions, use of lubricants, maintenance and servicing, and so on. One of the primary imperatives for our development engineers is to reduce this impact as much as possible by taking a forward-looking attitude to product development. Key product development criteria include quality and safety, as well as efficiency and marketability. We use analyses of future energy prices, raw materials availability, relevant

legislation and customer needs to plan our products for the future. The product development process at MAN Truck & Bus breaks down into five stages:

1. Analysis of future scenarios and technological trends
2. World markets forecasts
3. Identification of future business segments
4. Harmonization with portfolio strategy
5. Identification of customer needs

## Customer focus

MAN makes comprehensive product details and user guides available to customers as a matter of course. They show the safest, most environmentally acceptable ways to operate MAN products. We take customer complaints very seriously and use them as important indicators of ways in which we could improve our products and services: MAN Truck & Bus set up an integrated complaint management system in 2008, with the aim of processing all complaints as smoothly and speedily as possible. But in any case, we act as partners to our customers throughout each product's lifecycle: MAN Diesel & Turbo, for example, provides a worldwide after-sales service under the MAN PrimeServ brand. MAN Support offers fleet operators a mobile tracking and vehicle management tool in the form of TeleMatics, as well as comprehensive fleet management support. MAN Truck & Bus is also involved in a research project exploring smart traffic assistance technology, which could eventually enable vehicles to make more efficient use of infrastructure, make driving easier and enhance road safety.

## Customer satisfaction

Customers are our most important stakeholders, because they drive our business success. In order to maintain close contact with our customers and stay sensitive to their needs, we conduct regular surveys across all our business areas to find out how satisfied customers really are with our products and services. MAN Truck & Bus, for example, has been tracking customer loyalty and customer satisfaction relating to sales and servicing since 2006. We also address specific customer requirements in our product studies. Thus for the seventh year in a row, MAN Latin America led the field for customer satisfaction in the light and heavy truck market segments.

## Product marketing

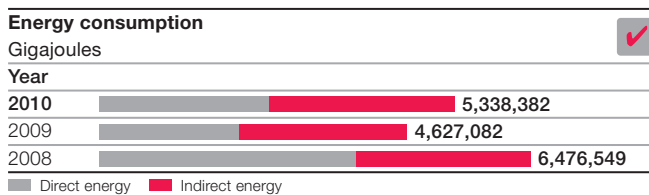
We base all our business activities, advertising and product marketing on a philosophy of total compliance with legislation. In Germany, we follow the recommendations of the German Advertising Council, and ensure that any information we provide to customers complies with all relevant legal requirements.

# Environment

As is clear from the 22% growth in revenue, production output at the MAN Group rose substantially in 2010. This was reflected in increased resources consumption. As a result, the effect of the efficiency measures implemented under our environmental management system is not directly apparent in the figures for this period. Nevertheless, the environmental management system is making an important contribution to reducing our operating costs and achieving acceptance for our activities among communities close to our sites.

## Energy consumption

Total energy consumption at MAN rose by 15% over the previous year's level, to 5.3 million gigajoules. Direct energy consumption, i.e. consumption of primary energy sources such as fuel oil, natural gas and diesel, increased by 21%. Indirect energy consumption, comprising consumption of electricity and heat, including process heat, rose by 10%. Increased testing at the Nuremberg Development Center and at the Steyr (Austria) and Poznań (Poland) sites caused our diesel consumption to rise by 29% compared with the previous year. Natural gas consumption by the MAN Group increased by 31%, and gasoline consumption by 172%. This was due to doubled production in Latin America.

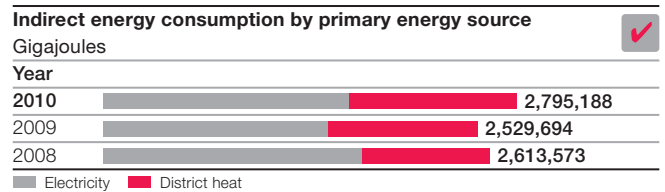


**Direct energy consumption by primary energy source**

Gigajoules

	2008	2009	2010
Fuel oil	529,369	420,002	337,825
Natural gas	2,777,904	1,276,352	1,666,644
Diesel	533,414	348,977	449,227
Gasoline	2,437	2,095	5,697
LPG	7,616	7,502	5,864
Acetylene	6,433	1,233	1,206
Hydrogen	695	38	6
Methanol	971	2,253	2,925
Heavy fuel oil	1,245	0	11,280
Lubricating oil	2,893	38,936	62,520

In its efforts to reduce energy consumption at the production stage, MAN focuses particularly on compressed air systems and production shop heating and lighting systems. In 2008 an energy management system was adopted at the production sites of MAN Truck & Bus. Following an energy efficiency review at all sites, improvement measures were derived and initiated in 2010. In the MAN Diesel & Turbo division an expert network, formed in 2009, meets regularly to look at ways of improving energy management.



## Energy efficiency at the service-life stage

In the Commercial Vehicles business area, up to 90% or more of the products' total life cycle energy consumption and CO<sub>2</sub> emissions occur during the service life of the vehicles. MAN is therefore carrying out intensive research into ways of reducing fuel consumption and emissions in this phase of the life cycle. In this context, the hybrid technology which entered production in 2010 can bring savings of up to 30% for both buses and delivery trucks. MAN systematically integrates environmental considerations into the product development process using the Total Cost of Ownership approach, which highlights costs and energy consumption for the entire product life cycle.

## Efficient and eco-friendly innovations

Model	Market launch	Environmental benefit
<b>Commercial Vehicles</b>		
TGX Efficient Line	IAA 2010	2-3 liters less diesel/100 km
EEV Enhanced Environmentally Friendly Vehicles	IAA 2008	Meets and exceeds Euro V standard
Lion's City Hybrid Bus	2010	30% reduction in fuel consumption
<b>Power Engineering</b>		
VTA turbocharger technology	2008	500 ton reduction in annual fuel consumption
Exhaust gas scrubber	2009	90% reduction in SO <sub>x</sub> emissions
Diesel Combined Cycle	2010	28,000 ton reduction in annual fuel consumption

Our customers too can contribute to efficient resource use, by correct operation of our products. We therefore inform them about the influence of factors like rolling resistance and drag on the fuel consumption and emissions of their vehicle. Our MAN Support ProfiDrive courses provide training to help professional drivers adopt a fuel-saving driving style. Around 1,500 drivers take part in these courses every year, after which they are able to cut their fuel consumption by approximately 5%, and so cut costs.

MAN Diesel & Turbo provides training for both customers and employees in correct, fuel-efficient operation of large-bore diesel engines. Last year, 13 MAN PrimeServ Academies offered 16 different courses and training programs worldwide.

### Greenhouse gas emissions

The increase in energy consumption also led to an increase in CO<sub>2</sub> emissions at our production sites. By the end of 2010 the combined heat and power plants at the Nuremberg and Munich sites, which are subject to the European Emissions Trading System (ETS) had used 17,686 out of their total of 24,004 allocated annual permits under the second phase of the ETS. No permits were sold. In late 2010, MAN formed a Climate Expert Team, with a view to developing a Group-wide climate strategy.

#### Direct emissions

Tons of CO<sub>2</sub> equivalent

Year	Tons of CO <sub>2</sub> equivalent
2010	158,184
2009	132,281
2008	235,521

#### Indirect emissions

Tons of CO<sub>2</sub> equivalent

Year	Tons of CO <sub>2</sub> equivalent
2010	296,600
2009	291,357
2008	243,062

■ Indirect emissions from electricity consumption

■ Indirect emissions from district heating

#### Emissions per €1 million revenue

Tons

Year	Tons
2010	31
2009	35
2008	32

■ Direct emissions

■ Indirect emissions

### Pollutant emissions and noise

The rise in sulfur dioxide emissions from our production sites over recent years is mainly attributable to the MAN Latin America sites now included in the figures. Refrigerants containing chlorine that represent a hazard to the ozone layer and are still used in some old equipment and a few sites are currently being phased out. Small amounts of this chlorodifluoromethane (R22) are used in closed loop systems in the air-conditioning equipment at these sites. In the course of normal operations, no emissions occur. By-products within the production process can, however, show traces of other ozone-depleting substances. We monitor our consumption of solvents (Volatile Organic Compounds, VOC) at all sites. These substances are used for surface cleaning and coating. VOC consumption in 2010 increased more slowly than production output, rising 24% from 1,050 to 1,304 tons. At this point our environmental management was effective: solvent content in paints, preservatives, and cleaning agents was reduced.

#### SO<sub>2</sub> emissions

Tons

Year	Tons
2010	210
2009	133
2008	34

#### NO<sub>x</sub> emissions

Tons

Year	Tons
2010	633
2009	440
2008	1,357

#### CO emissions

Tons

Year	Tons
2010	92
2009	80
2008	103

#### Particulate emissions

Tons

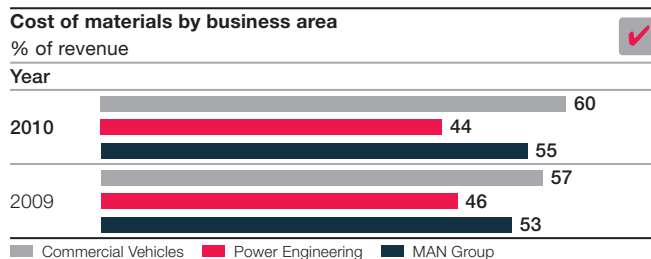
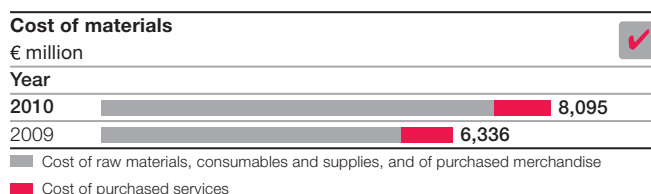
Year	Tons
2010	91
2009	81
2008	34



Noise pollution is a potential problem for neighboring communities mainly at sites where, for historical reasons, production buildings are situated in immediate proximity to residential areas, as is the case for example at the Munich, Nuremberg, and Steyr sites. These problems have been solved by organizational measures and construction work, such as the erection of noise barriers. In Munich, an existing noise barrier was extended by approximately 15 meters in 2010 following demolition of a warehouse. We immediately investigate any new complaints about noise, track down the source and take steps to prevent any further peaks in noise levels.


### Raw materials consumption

Economical use of raw materials and consumables is a Group-wide objective at MAN. The principal raw materials used in the production process are steel, copper, aluminum, and various plastics. Increased production output caused the cost of materials to rise last year from €6,336 million to €8,095 million. MAN is aware that rising prices and supply shortages in the commodities market pose a potential risk. To reduce copper consumption, we are increasingly replacing copper with fiber optic cables in data and electrical wiring in our trucks. We are also increasingly substituting stainless steel for copper intercooler piping in marine engines.



### Waste and recycling

MAN products have a very long life expectancy. By the same token, it is a long time before they need to be disposed of or recycled. When that time comes, however, the end-of-life product constitutes an important source of raw materials, since for the most part the constituent materials are readily recyclable. In the interests of resource conservation, the MAN Group attaches great importance to the use of recycled metals in its foundries. A large proportion of these recycled metals are externally sourced. At the same time, we also return up to 2,400 tons of swarf and scrap a year from our own production lines to the production cycle.

**Waste by type of treatment** 

Tons	2008	2009	2010
<b>Total</b>	<b>185,852*</b>	<b>84,346</b>	<b>104,070</b>
Total non-hazardous	64,623	29,115	45,457
of which: recycled	49,937	24,254	40,403
of which: disposed of	14,687	4,861	5,054
Total hazardous	30,895	12,300	12,188
of which: recycled	26,944	8,047	9,103
of which: disposed of	3,951	4,253	3,085
Metal scrap	78,076	42,931	46,425
Recycling	154,957	75,232	95,931
<b>Recycling ratio in %</b>	<b>83</b>	<b>89</b>	<b>92</b>

\* The deviation in 2008 in total volume of waste of 12,258 tons resulted from different calculation bases.

In 2010, the total volume of waste generated at MAN was 104,070 tons, of which 92% was recycled—a three percentage-point increase on the previous year. 69% of waste was generated by MAN Truck & Bus. Most of it was non-hazardous waste for recycling. Increased use of packaging material by MAN Truck & Bus in Germany, and construction work in Nuremberg, led to a 56% increase in the total volume of non-hazardous waste. At all plants, hazardous waste for disposal and hazardous waste for recycling was dealt with in accordance with waste legislation. The relevant waste management certificates were obtained.

### Water and wastewater

The water used at our production sites mainly comprises process water for washing and cooling purposes, and drinking water for sanitary purposes. Due to increased production output in the year under review, total water consumption rose by 41%, to 5,810,202 cubic meters. We extracted 56% more water from wells than in the previous year. By contrast, consumption of drinking water fell by 16%. The volume of wastewater grew 11%

**Water consumption**

Cubic meters



Year

2010		5,810,202
2009		4,130,438
2008		4,083,747

■ Drinking water ■ Well water

**Groundwater and surface water extraction**

Cubic meters



Year

2010		14,374,516
2009		9,492,189
2008		8,761,652

■ Surface water ■ Well water

**Wastewater**

Cubic meters



Year

2010		1,136,208
2009		1,019,161
2008		770,031

throughout the Group. Cooling water is largely kept in close cycles. Some sites use groundwater for this, which is drained away again after use. At other sites, surface water from nearby streams is used. The Ankara (Turkey), Munich (Germany), Nuremberg (Germany), Starachowice (Poland), and Steyr (Austria) plants operate their own treatment plants for contaminated wastewater from painting operations. The Group also operates many other types of wastewater treatment facility, such as neutralization systems, osmosis systems and separators, all of which are monitored. The in-house and external monitoring mechanisms ensure reliable compliance with wastewater standards.

**Transport and logistics**

In the MAN Truck & Bus division, which has been measuring the carbon footprint of its products since 2008, logistics is responsible for around 2% of product life cycle CO<sub>2</sub> emissions. Road transport by truck accounts for the largest share (85%) of this. To reduce CO<sub>2</sub> emissions within our own transport chain, we supply our regional freight forwarders via freight hubs, which consolidate shipments, optimize vehicle capacity utilization and avoid vehicles having to make empty runs. As a commercial vehicle manufacturer, we expect our service providers to use state-of-the-art trucks that conform to the latest emissions standards.

In 2010, MAN drew up a Group-wide travel policy for its employees regarding travel by air, hire car and train. Journeys should only be undertaken when unavoidable, and only after first considering alternatives such as video- or telephone conferencing. Wherever economically feasible, the most environmentally friendly form of transport should always be used. The policy comes into force in 2011.

**Conservation and biodiversity**

The production sites owned by MAN cover a total area of around eight square kilometers. No operational areas at these sites are located in protected natural areas, water catchment areas or areas of high biodiversity. Last year MAN Truck & Bus underwent a biodiversity check as devised by the European Business and Biodiversity Campaign (EBBC). In addition to a recommendation that further assessments be carried out, the biodiversity check also recommended a catalog of individual measures, which we are now implementing.

**Environmental protection investment and expenditures**

During the year under review, we invested €6.09 million in environmental protection, to ensure that production facilities conform to the highest standards of environmental technology and resource efficiency and with a view to systematically integrating environmental considerations into the development of our products.

**Environmental investment**

€ million

Year

2010		6.09
2009		2.68
2008		3.84

**Environmental incidents**

A minor incident occurred at MAN Truck & Bus while a tank was being filled with diesel fuel. However, at no time was there any risk of long-term environmental consequences.

# Employees

Employees are the foundation upon which the success of our company is built. In addition to our active commitment to equal opportunity and non-discrimination policies, our professional development program, fair compensation and career opportunities help MAN to reach the highest standards of productivity, creativity and efficiency.

## Employee structure

On December 31, 2010, the MAN Group employed 47,669 people. Our workforce in Germany grew by 2%, while in other countries it decreased by 3%; our total headcount therefore remained fairly constant compared with 2009. Women make up 12% of our total workforce. The number of employees with fixed-term contracts increased by 2%. In the year under review, the Group spent €2,187 million on salaries and wages and €462 million on social security contributions, pensions, and other benefits.

### Employee structure (Group-wide, including Renk)

	2008	2009	2010
Total	51,321	47,743	47,669
Germany	28,753	26,768	27,354
Other countries	22,568	20,975	20,315
Women	6,024	5,662	5,943
Subcontracted employees	2,197	1,643	1,976
Part-time employees	801	764	709
Employees on fixed-term contracts	3,403	2,002	2,035

### Age of employees, 2010 (Group-wide, including Renk, excluding subcontracted employees)

	< 30	31-40	41-50	51-60	> 60
Total	9,040	13,183	13,351	8,913	1,206

### Employee turnover (Group-wide, including Renk, excluding subcontracted employees)

	2008	2009	2010
New hires	6,737	2,692	3,906
Persons leaving	4,980	6,361	4,510
Employee turnover in %	10.6	14.0	9.9

## Employee satisfaction

In the year under review, MAN SE and MAN Truck & Bus were recognized as top employers by the CRF Institute. MAN Latin America was named a Great Place to Work. In 2011 we plan to conduct a Group-wide survey of our employees to measure their job satisfaction; we will then plan follow-up measures.

The MAN Executive Academy feedback instruments contribute to an open culture of constructive feedback as part of our corporate and leadership culture. Feedback tools such as 360° reviews ensure a high standard of leadership. Not only does the Company profit, but each participating manager does as well.

## Remuneration

Remuneration at MAN is based on a fair reflection of market rates and performance. Participation in Company profits on the part of employees, managers and the Executive Board is founded on the same principles across the Group. Equal treatment of women and men is assured. A system for ranking management positions has been in place since 2007. It factors in employee competencies, contribution to value creation and management and budget responsibilities. Around the world, employee remuneration packages are made up of comparable elements, with provisions for country-specific differences (e.g. in pensions). At our German sites, salaries and wages are governed by collective bargaining agreements.

## Diversity and equal opportunity

Guidelines for management hiring were introduced in November 2010. Diversity and the placement of qualified women in particular are to be given special consideration. With the aim of further increasing the proportion of women in management positions, we offer mentoring and coaching programs for women, compile a pool of female candidates, and agree with executive search firms on a specific percentage of female candidates when filling management positions. Despite these measures, the percentage of women in management positions remains low, a clear sign that more must be done to address this issue. There are no women on the Executive Board of the MAN Group; one woman sits on the MAN SE Supervisory Board.

### Women in management positions (Group-wide, excluding Renk, excluding subcontracted employees)

		2008	2009	2010
Group-wide (levels 1-3)	Number	54	41	63
	Percentage	5.0	5.0	6.1

### Balancing work and family

In September 2009 we opened a daycare center at the MAN Truck & Bus Munich site, which can care for up to 86 children. In 2010 the cornerstone was laid for a similar facility for MAN Diesel & Turbo employees in Augsburg; the on-site daycare center will open in summer 2011 and provide care for 76 children. In Latin America, we offer employees six-months' maternity leave.

### Flexible working hours

We have introduced a Group-wide model of flexitime accounts to increase the flexibility of our employees. Flexitime allows employees to work more or fewer hours per day as their current workload demands, and to be compensated for overtime with time off. At MAN, permanent employees may also request to work from home. The number of telecommuters remains low at present; the number of employees on sabbatical has increased.

#### Telecommuting and sabbaticals in Germany (excluding Renk)



		2008	2009	2010
Telecommuters	Number	5	5	5
Employees on sabbatical	Number	0	5	37

#### Flexitime accounts of employees (excluding Renk)

		Number of employees	Employees with flexitime accounts	Percentage
2008	Germany	25,840	25,096	97
	<b>Total</b>	<b>47,218</b>	<b>31,781</b>	<b>67</b>
2009	Germany	24,247	23,746	98
	<b>Total</b>	<b>44,232</b>	<b>29,880</b>	<b>68</b>
2010	Germany	24,391	23,749	97
	<b>Total</b>	<b>43,879</b>	<b>31,720</b>	<b>72</b>

### Vocational training and continuous professional development

With a view to our future success, for many years we have been training more young people than we need. In 2010 we (excluding Renk) offered permanent jobs to almost 50% of our vocational trainees in Germany. That compares to 36% in the previous year. Our employees are regularly given the opportunity to attend continuing education and professional development courses.

#### Vocational training (excluding Renk)

		2008	2009	2010
Total	Number of employees	47,218	44,232	43,784
	Number of vocational trainees	2,800	2,730	2,740
	Percentage of total	5.9	6.2	6.3
Germany	Number of employees	25,840	24,247	24,391
	Number of vocational trainees	2,008	1,951	1,962
	Percentage of total	7.8	8.1	8.0

MAN Latin America has launched a scholarship program to support outstanding employees in their professional development, MBA and PhD programs. 85 employees took advantage of these scholarships in 2010. MAN Latin America also offers post-graduate management courses for its employees at a continuous education center. In 2009, 34 employees participated, rising to 40 in 2010. Short-time work led to a high continuing education rate of 58 hours per employee at MAN Truck & Bus in 2009. When employees returned to working regular hours in 2010, the number of continuing education hours per capita declined, but remained significantly higher than 2008 levels.


#### Continuing education hours per employee (excluding headquarters and Renk)

	2008	2009	2010
MAN Truck & Bus (Germany only)	20	58	38
MAN Diesel & Turbo	12	15	13
MAN Latin America	-	40	54

### Short-time work


We took advantage of the short-time work model at different sites as needed. Depending on capacity take-up at the various facilities, we were able to use flexitime accounts and cross-compensation to offset decreased production. In 2010 we were able to ramp up production in many plants and discontinue short-time work.



<b>Participating employees in MAN Truck &amp; Bus continuing education courses during short-time work</b> 			
Subject matter	2008	2009	2010
Leadership/soft skills	1,487	889	974
IT	3,047	1,820	2,577
Management and organization	1,238	452	3,418
Health/labor law	1,251	740	1,179
Language training	643	758	904
Technical/quality	998	8,707	5,783
<b>Total</b>	<b>8,664</b>	<b>13,366</b>	<b>14,835</b>

### Occupational health and safety

Although the MAN Truck & Bus workplace injury rate has decreased steadily over the last five years, there was a fatal accident in the Ankara (Turkey) facility in 2010, which we deeply regret. The entire site was subject to a new hazard assessment and the results of the analysis were passed on to all relevant sites. Across the MAN Group, the number of workplace injuries that resulted in the employee missing work for more than three days increased by 12% compared with the previous year. Following the economic crisis of 2009, the economy was back in growth in 2010 and as production increased, so did the number of workplace injuries. MAN does not have a Group-wide health management program at present. The health services of each plant have individual responsibility for health measures. At our German facilities we have launched a campaign to encourage employees to get in shape. It focuses on preventive health measures, exercise and nutrition. Works agreements on health and safety are in place at various sites, as are workplace safety committees.

<b>Lost-time injuries (including Renk, excluding headquarters)</b> 			
	2008	2009	2010
Lost-time injuries resulting in more than three days of missed work (number)	1,201	781	871

### High potentials

We launched our international "Personalities wanted" campaign to position ourselves as an attractive employer. Our Campus Initiative gives talented young people the chance to get to know MAN while still attending university. MAN offers students at Munich Technical University the opportunity to participate in projects, a lecture series and a scholarship program. We have installed a potential assessment system to identify employees with leadership potential at an early stage.

### Employee rights

The MAN Code of Conduct guides our daily behavior and activities. We respect human rights, do not tolerate discrimination and are committed to transparency. No cases of discrimination were reported in the year under review. MAN recognizes the rights of workers to form and participate in unions and to conduct collective bargaining.

### Employees with collective-bargaining agreements (excluding Renk)

		Number of employees	Number covered by collective-bargaining agreements	Percentage
2008	Germany	25,840	25,840	100
	<b>Total</b>	<b>47,218</b>	<b>42,640</b>	<b>90</b>
2009	Germany	24,247	24,247	100
	<b>Total</b>	<b>44,232</b>	<b>39,315</b>	<b>89</b>
2010	Germany	24,391	24,391	100
	<b>Total</b>	<b>43,879</b>	<b>39,151</b>	<b>89</b>

### Social security

Retirement provision that goes beyond the statutory pension systems is usually essential for MAN Group employees to ensure the standard of living to which they are accustomed when they retire. The MAN Group therefore contributes to its employees' retirement provision by granting pension commitments and similar benefits that are structured to country-specific and market requirements.

Once their active working life finishes, employees in Germany receive benefits provided by a modern and attractive occupational pension system that constitute a key element of MAN's remuneration policy. These benefits offer a reliable additional income on retirement and also protect them against the risk of permanent disability or death during their active employment. Employees receive employer contributions that are tied to their remuneration and can make additional provision through deferred compensation—which is employer-subsidized for staff subject to collective bargaining agreements. Comprehensive provisions for disability and old age do not exist in many other regions, spotlighting the need for internationally active companies to set minimum standards that apply to their employees around the globe. MAN has not yet defined such minimum standards and is aware of the need for action. As a step in this direction, for employees at sites outside Germany we currently contribute to third-party pension plans, retirement investment funds, or defined-benefit pension plans.

# Corporate Citizenship

**At MAN, we see ourselves as part of society. Business success not only ensures our Company's future, but also creates benefits for the regions in which we operate. Our goal is to be a good corporate citizen in all sites and regions around the world. Wherever MAN creates value, we want the people of that region to profit as well.**

## Responsibility for society

MAN is involved in the well-being of the community in many ways. Some of our numerous, often long-term activities are centrally managed, whereas others are initiated locally. We are still developing an overarching strategy to provide guidance and define areas of focus. However, today most of our activities are already closely related to our core business areas. This includes the relief fund that we maintain through MAN Trucker's World, our international drivers' club. Membership fees and donations are channeled to provide immediate financial assistance to professional truck drivers or their direct families following accidents, if legally mandated benefits prove inadequate. Since it was founded in 2006, the Trucker's World—Drivers helping Drivers program has paid out almost €80,000 in assistance.

Trailer Odontológico is an excellent example of the many community projects run by MAN Latin America. Truck drivers are provided with free dental services in a converted truck that travels along the Presidente Dutra Highway between São Paulo and Rio de Janeiro in Brazil. More than 6,000 truckers have taken advantage of this offer since 2008. In addition, since 2009 we have provided support for a samba school in Latin America that caters to persons with disabilities. It aims to bring together disabled and non-disabled dancers to enjoy samba. We also sponsor a wheelchair-basketball project. MAN Latin America supports Federal Capital, a Brazilian team.

MAN has a long-term global partnership with SOS Children's Villages, a non-governmental development assistance organization. As part of this cooperation, in 2008 we began funding the expansion of the SOS Vocational Training College (VTC), an accredited technical college in Kality, Ethiopia. MAN experts are providing ongoing technical training for the college's instructors, adding to the long-term benefits of our involvement. After our partnership with VTC ended as planned at the end of 2010, an

MAN employee carried out an on-site evaluation of the project. His positive assessment led to an extension of the project until 2012, with a budget totaling €200,000. Within the framework of our partnership with SOS Children's Villages, last year we also donated two trucks for use in areas affected by the earthquake in Haiti.

## Regional responsibility

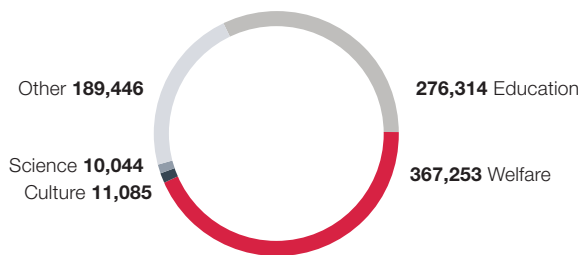
The companies of the MAN Group are closely integrated in their regions and make an important contribution to economic and social development there. As an employer, MAN not only creates skilled, fairly paid jobs for local employees and managers; suppliers and service providers also benefit from our presence in the region. MAN has been present in China since 1983, for example, and has numerous license agreements with local suppliers. In recent years we have steadily expanded our local production capacity. The most recent example was the 2008 opening of the new MAN Diesel & Turbo plant in Changzhou, where 200 employees manufacture turbo compressors. Today MAN employs a workforce of 438 in China.

In all our sites around the world, we fill the majority of management positions with local people. Accordingly, the number of German expatriate managers across the Group totals just 195.

## Donations and sponsoring

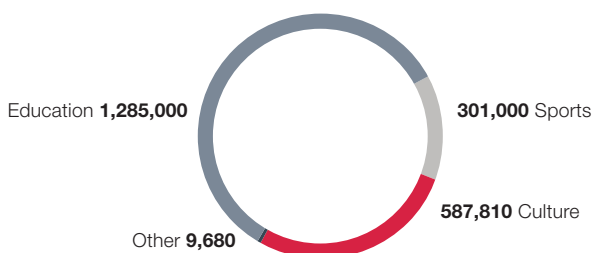
As a good corporate citizen, MAN donates to charitable institutions and sponsors community projects. In donating and sponsoring, all employees must comply with Group-wide guidelines that define procedures and permissible fields of activity. For donations, these include education, the sciences, the arts and community charities; sponsorship may also include business and sports. Activities that could damage our reputation are not acceptable, nor is support for political parties or their affiliated organizations. MAN discloses all expenditures for donations and sponsoring in a yearly report. In 2010 our cash and non-cash donations totaled approximately €854,000.

**2010 Cash and non-cash donations by area**  
in €



In 2010 MAN spent around €2.2 million on sponsorship. Our focus was on educational partnerships, usually long-term. As part of the MAN Campus Initiative, which was founded in 2008, over the past two years MAN provided scholarships totaling €165,600 to 140 students at Munich Technical University. An additional €45,000 went into a mentoring program for undergraduate and graduate students at the University. MAN has a scholarship foundation that focused on promoting diversity in 2010. In Latin America we have sponsored theater visits for disadvantaged children and teenagers since 2008. This project was funded with €500,000 in the year under review.

**2010 Sponsorship by area**  
in €



**Political dialog**

When the government and society debate current issues that affect our core business areas, we contribute our expertise, ideas and project proposals on environmental protection, energy, transport and foreign trade. To this end, we maintain an ongoing dialog with the responsible ministries at federal state, national and EU levels, as well as with elected representatives and opinion leaders from the government and the opposition. We also represent our interests through our memberships in various organizations.

The MAN guidelines for lobbying are defined in the MAN Code of Conduct and apply Group-wide. This Code explicitly outlines our commitment to nonpartisanship and to making our positions transparent to our stakeholders at all times. In 2010 MAN spent around €80,000 on direct lobbying activities. To promote transparency, we advocate a mandatory registry of all lobbyists. MAN has been listed in the EU lobby register since February 2009.

**Our positions**

At MAN it is our objective to work actively with others to find solutions to sustainability problems. In Germany we are a partner in nationwide field trials, initiated by the Federal Ministry of Transport, that aim to improve transport efficiency. The long truck project was launched in the expectation that the authorization of longer vehicles could significantly cut the CO<sub>2</sub> emissions produced by the freight transport sector and reduce the amount of traffic on the roads. The field trial tested trucks that are up to 6.5 meters longer than is currently permitted. This means that two long trucks can transport the same amount of cargo as three conventional trucks—without needing more fuel. In addition, MAN is a political advocate of electromobility, focusing on heavy commercial vehicles. Heavy hybrid trucks will be essential to urban logistic concepts in the near future, and hybrid buses will soon be playing an important part in the mass transit sector. Our involvement here derives from our conviction that transportation must be made as efficient and environmentally compatible as possible. There is no direct correlation to an increase in business for MAN as a truck manufacturer.

# UN Global Compact Communication on Progress

In December 2010 MAN became a signatory to the United Nations Global Compact. We thereby made an express commitment to the ten principles of the Compact in the areas of human rights, labor, the environment and anticorruption. The following table represents our first Communication on Progress and provides an overview of the measures we have implemented to date and the results (performance) we have achieved or are aiming to

achieve. In this context, our activities are always based on the MAN Code of Conduct, our purchasing and procurement policy, and our integrated management system. Moreover, our activities are aligned with the Guiding Principles of the MAN Group, our CR strategy and the International Framework Agreement for basic human and employee rights.

Principle	Implementation	Page	Achievements	Page
<b>Principle 1</b> Support for human rights	International Framework Agreement for basic human and employee rights negotiated Global Compact Principles embedded in the MAN purchasing and procurement policy	20	89% of employees worldwide are covered by collective bargaining agreements	45
<b>Principle 2</b> Exclusion of human rights abuses		20		
<b>Principle 3</b> Ensuring freedom of association				
<b>Principle 4</b> Elimination of all forms of forced labor				
<b>Principle 5</b> Abolition of child labor				
<b>Principle 6</b> Elimination of discrimination	Measures to comply with the German Corporate Governance Code in respect of diversity discussed Code of Conduct updated and communicated	43	Proportion of women in management positions increased by 1.1 percentage-points	43
		33		
<b>Principle 7</b> Precautionary environmental protection	Establishment and verification of environmental management systems at the sites	21	22 sites are certified to ISO 14001 82% of the workforce are covered by ISO 9000/9001	35
				35
<b>Principle 8</b> Initiatives to promote greater environmental responsibility	CR Excellence Team kicks off climate strategy "Consistently Efficient" program Research into alternative energy concepts	40	Transport efficiency of commercial vehicles increased and reduction of fuel consumption	14
		14		
		13		
<b>Principle 9</b> Diffusion of environmentally friendly technologies	Presentation of the Concept S study Market launch of the Lion's City hybrid bus Green Ship of the Future project	12	Lion's City hybrid bus cuts fuel consumption by up to 30% Green Ship of the Future designed to cut CO <sub>2</sub> emissions by 30% and emissions of oxides of nitrogen and sulfur by 90% Eco-efficient and eco-friendly innovations	39
		15		15
		15		39
<b>Principle 10</b> Measures to combat corruption	Compliance Helpdesk established, compliance risk assessment conducted, Business Partner Approval Tool developed, compliance awareness training started worldwide	34	The Helpdesk received 1,107 questions and 4,397 employees (9%) were trained worldwide in 166 compliance awareness training sessions	34



This index shows where the relevant information can be found in the CR Report. All standard indicators are included. Non-consecutive numbering is due to the fact that no information is provided

on supplementary indicators. According to our own estimate, this report complies with GRI-G3 application level **B+**. Further information can be found on the Internet at [www.man.eu/MAN/en/CR/](http://www.man.eu/MAN/en/CR/).

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# Independent Assurance Report

The audit performed by PwC relates exclusively to the German print version of the CR Report. The following text is a translation of the original German Independent Assurance Report.

To MAN SE, Munich

We have been engaged to perform a limited assurance engagement on selected data of the Corporate Responsibility Report 2010 (the "CR Report") for the financial year 2010 of MAN SE, Munich.


## Management's Responsibility

The Managing Board of MAN SE is responsible for the preparation of the CR Report in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3 (pp. 7–17) of the Global Reporting Initiative (GRI):

- Materiality,
- Stakeholder Inclusiveness,
- Sustainability Context,
- Completeness,
- Balance,
- Clarity,
- Accuracy,
- Timeliness,
- Comparability and
- Reliability.

This responsibility includes the selection and application of appropriate methods to prepare the CR Report and the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the CR Report.

## Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed as to whether any matters have come to our attention that cause us to believe that the selected data for the financial year 2010 of the CR Report have not been prepared, in all material respects, in accordance with the abovementioned criteria of the Sustainability Reporting Guidelines Vol. 3 of the GRI. The selected data comprise the data and chapters for the financial year 2010 marked with . We also have been engaged to make recommendations for the further development of CR management and CR reporting based on the results of our assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to express our conclusion with limited assurance.

In a limited assurance engagement the evidence-gathering procedures are more limited than in a reasonable assurance engagement (for example, an audit of financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code")), and therefore less assurance is obtained than in a reasonable assurance engagement.

The procedures selected depend on the practitioner's judgement.

Within the scope of our work we performed amongst others the following procedures:

- Inquiries of personnel in the central function responsible for the preparation of the CR Report regarding the process to prepare the CR Report and the underlying internal control system;
- Inquiries of personnel in the corporate functions that are responsible for the topics CR strategy, Corporate Governance, Economy, Ecology and Employees;
- Inspection and sample testing of the systems and process documentation for collection, analysis and aggregation of sustainability data;
- Site visits as part of the inspection of processes for collecting, analysing and aggregating the selected data:
  - in the corporate headquarter,
  - at the national sites
    - MAN Truck & Bus AG, Nuremberg,
    - MAN Truck & Bus AG, Munich,
    - MAN Diesel & Turbo AG, Augsburg,
    - MAN Diesel & Turbo AG, Oberhausen,
  - at the international sites
    - MAN Truck & Bus Österreich AG, Steyr (Austria),
    - MAN Diesel & Turbo France SAS, Saint Nazaire (France),
    - MAN Diesel & Turbo Schweiz AG, Zürich (Switzerland).
- Inspection of internal documents, contracts and invoices/reports of external service providers;
- Analytical Review of selected CR data;
- Comparison of selected data with corresponding data in the MAN SE Annual Report 2010;
- Inspection of documents regarding the description and approval of the CR strategy and CR programme as well as understanding the CR management structure and the stakeholder dialogue of MAN SE.

## Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the selected data for the financial year 2010 in the CR Report have not been prepared, in all material respects, in accordance with the criteria of the Sustainability Reporting Guidelines Vol. 3 (pp. 7–17) of the GRI.

## Emphasis of Matter—Recommendations

Without qualifying our conclusion above, we make the following recommendations for the further development of CR management and CR reporting:

- Further integration of the CR strategy in MAN Group;
- Enhancement of the CR management for the efficient steering of the CR performance of MAN SE;
- Extension of standardized CR reporting processes and controls to all reporting areas, especially on division and site level.

Munich, March 31, 2011

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Wirtschaftsprüfer

(German Public Auditor)



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