



Management Report on Sustainability
MAN SE
2008



The MAN Group

Please note: due to the divestiture of individual business areas during the course of the reporting period, including the majority of MAN's Ferrostaal business, the data assessment has undergone some significant changes.

MAN Nutzfahrzeuge

is the largest MAN Group company and is a leading supplier of commercial vehicles and transport solutions.

- Trucks from 7,5 to 44 t for all uses
- Buses for scheduled services through to luxury travel
- End-to-end vehicle services
- Vehicle, marine, and industrial engines

MAN Diesel

is the global market leader in two-stroke marine engines and a world-leading provider of four-stroke diesel engines.

- Two-stroke diesel engines for marine and power plant applications
- Four-stroke diesel engines for marine propulsion systems, onboard power generation, and power plants
- Turnkey power stations
- Combustion ignition and spark-ignited engines
- Exhaust-gas turbochargers and propulsion systems
- MAN Diesel PrimeServ: worldwide after-sales services

MAN Turbo

is a global leader in manufacturing thermal turbomachines with production plants in Germany, Switzerland, Italy, and China.

- Comprehensive product range of compressors, turbines, and chemical reactors
- Engineering, manufacture, installation, and servicing of complete machine lines and complexes for the oil and gas sector, primary materials and processing industry, and for power generation
- Testing centers for individual machines and complete machine units weighing up to 1,000 t

Renk

is a globally recognized manufacturer of high-quality special gear systems, propulsion components, and testing systems and has production facilities in Germany, Switzerland, France, and the United States.

- Global market leader in vehicle transmissions for medium and heavy tracked vehicles
- Special gear systems for specialist marine and stationary applications
- Standard gear systems, primarily for merchant shipping and industrial applications
- Slide bearings and industrial couplings
- Turnkey testing systems for the automotive, rail, and aviation industries

MAN Nutzfahrzeuge		
€ million	2007	2008
Order intake	12,684	9,130
Sales	10,410	10,610
Operating profit	1,039	1,062
Workforce (number on 31 December) ¹	36,591	36,251
Return on sales ROS (%)	10.0	10.0

¹including agency workers

MAN Diesel		
€ million	2007	2008
Order intake	3,371	3,089
Sales	2,179	2,542
Operating profit	313	390
Workforce (number on 31 December) ¹	7,383	7,986
Return on sales ROS (%)	14.4	15.4

¹including agency workers

MAN Turbo		
€ million	2007	2008
Order intake	1,454	1,426
Sales	1,108	1,328
Operating profit	104	148
Workforce (number on 31 December) ¹	4,011	4,493
Return on sales ROS (%)	9.4	11.1

¹including agency workers

Renk		
€ million	2007	2008
Order intake	439	443
Sales	430	527
Operating profit	68	80
Workforce (number on 31 December) ¹	1,854	2,041
Return on sales ROS (%)	15.7	15.1

¹including agency workers

MANAGEMENT REPORT ON SUSTAINABILITY

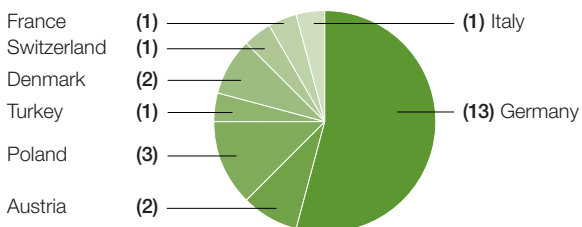
In selecting the data for this Management Report on Sustainability we adhered to the criteria and indicators of the Global Reporting Initiative (GRI, available online at www.globalreporting.org), insofar as they are meaningful and applicable to the MAN Group. Standard criteria cannot be applied with complete consistency throughout the Group as the various divisions are globally active in very dissimilar markets and base their operations on a large level of autonomy. We are working to further systematize our sustainability data capture process. This Management Report on Sustainability is available in printed format and as a PDF file on our website at www.man.eu in German and English; it is also available on the website as a PDF file in Portuguese. The reporting period is the financial year 2008.

Overview

The main focus of sustainability measures in 2008 was the further improvement in emissions and fuel consumption for our company products, as well as extensive optimization of the production structure and methods in order to further reduce the consumption of energy, materials and raw materials. We continued the restructuring of production processes at MAN Nutzfahrzeuge (especially in engine manufacture) and MAN Diesel that was commenced in 2007. This aims to make production more flexible so that it can adapt to changing market requirements while helping reduce energy and material consumption. In the field of personnel development, projects that were commenced in 2006 were continued and extended. Training and advanced training measures were reinforced even further.

Environmental reporting for the year 2008 covers 24 locations in eight different countries (see chart).

Locations by countries



Of a total area of 4.82 million square meters, about 60% of the production space under review is located in Germany, with the remaining 40% located in other European countries. Our environment report includes around 93% of the MAN Group's total sales, with the share certified on the basis of an environmental management system growing to 95%.

Sustainability management

Economic success is an important factor in the MAN Group's earning capacity. At the same time, sustainable success means ensuring conditions for profitable business are also secured for the future. These conditions are not only characterized by the economic environment, but also by ecological and social issues. Throughout its history, MAN has only been able to operate successfully in an intact environment and with social acceptance for what the company is about; this will also be essential if MAN is to enjoy a profitable future. The recent alarming status reports have placed the climate debate at the forefront of the sustainability discussion. As a company whose core expertise involves transport-related engineering, the MAN Group is conscious of its special responsibilities. Sustainable corporate management aims to combine the requirements of a mobile society and an increasingly global, transport-oriented economy with protection of the environment and resources.

In 2009 the Executive Board of the MAN Group decided to implement systematic sustainability management and to appoint a Corporate Responsibility Manager. First tasks will include the definition of a company-wide sustainability strategy with quantifiable objectives, and based on this a structure for implementing the strategy. The first results will be published in the 2009 Sustainability Report.

Sales: further rise

In 2008, sales of the MAN Group registered a further rise to € 15 billion, representing a 6% increase over the previous year. At the same time, however, the order intake fell by 21% to € 14 billion; in the second half of the year this had a particular impact on capacity utilization of the commercial vehicle plants.

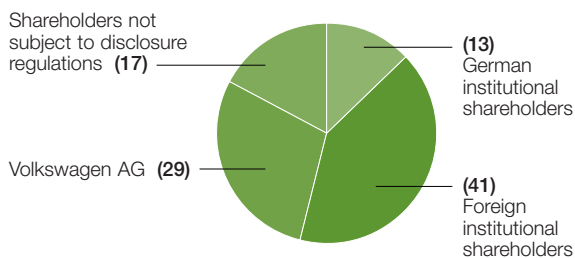
Financial figures		
€ million	2007	2008
Order intake	17,818	14,033
thereof Germany	4,549	3,306
thereof other countries	13,269	10,727
Sales	14,063	14,945
thereof Germany	4,073	3,704
thereof other countries	9,990	11,241
Operating profit	1,551	1,729

More detailed information about our economic key statistics can be found in our Annual Report (available online at www.man.eu)

Investor base: VW largest individual stockholder

MAN performs regular stockholder analyzes to help it communicate effectively with its investors. The survey conducted in summer 2008 identified more than 80% of the owners of MAN's common and preferred shares. According to this survey, foreign investors hold around 40% of the share capital. As in previous years, these investors are predominantly based in the United Kingdom and the United States. However, it is evident that, due mainly to the global financial crisis, U.S. and UK investors are represented less heavily than in 2007. This decrease is primarily attributable to sales by hedge funds. The largest single stockholder is Wolfsburg-based Volkswagen AG. It holds 29.9% of the voting rights of MAN.

Shareholder structure



Status: July 2008

Source: IPREO

Employees: slight increase

At the close of 2008, the MAN Group employed 51,321 people, including temporary workers. This represents a growth of 922 employees or 1.8% compared with the comparative reporting date in the previous year. Germany revealed a slight drop of 0.7%. By contrast, growth outside Germany was 5.3%. 44% of employees work for non-German companies, 1% more than the previous year. This confirms the company's trend towards internationalization. At the same time, the MAN Group employed 2,197 temporary workers. This is a fall of 38% on the previous year. The number of temporary employment relationships fell by 3% to 3,403. In 2008 we spent a total of € 2,804 million on personnel costs. Staff bonuses exceeding statutory obligations were made at the discretion of the business divisions.

Our relationship with trade unions is governed by the Basic Law of the Federal Republic of Germany as well as by international standards set out by the International Labour Organization (ILO). Agreements with employees and the rules applicable to European companies and national laws on co-determination allow employee representation on company supervisory bodies. Business principles and procedures for informing employees/employee representatives and consulting and negotiating with them regarding changes (e.g. restructuring measures) are defined in accordance with applicable regulations and laws on industrial co-determination. The staffing of health and safety committees in the business divisions with both management and employee representatives is laid down in labor protection laws. To protect the health of employees and ensure safety at work we have concluded local shop-floor agreements.

In terms of health management, MAN is focusing on maintaining the health of its workforce with its »Get Fit MAN« campaign. The medical services of the subgroups are working closely with health insurance funds and health protection organizations to run long-term campaigns to improve working conditions, create permanent health awareness, increase safety at work and encourage awareness about nutrition. Among other things, employees have been given information on flu as part of a Group-wide campaign and are benefitting from the flu vaccinations offered. Health figures corresponded to averages for the metal-working industry (95.7%). These are recorded and tracked locally by the

subsidiaries, as are accidents at work. Throughout the MAN Group, these are recorded in key figures of accidents per 1,000 employees, accidents per million work hours and absentee time per accident (seriousness of accident). For example, key statistics for MAN Nutzfahrzeuge for the period under review indicate an increase in accidents per 1,000 employees (+1.4%), more accidents per million working hours (+9.1%) and more serious accidents (+11.2%), in line with the average for the metal-working industry. Details may be found, for example, in the MAN Nutzfahrzeuge Social Report. The number of injuries and deaths in the workplace is likewise recorded locally by the sub-groups.

Equal opportunity between men and women remains a focus throughout the company. However, the proportion of women in management positions remains low, as does the proportion of females employed in the field of engineering. In 2008, this again corresponded with the continuing low number of female college graduates. The MAN Group is working to implement specific measures to remove this imbalance. Such measures include a mentoring scheme with other companies for young women, grants and mentor support for female students and females just starting out in their careers from the Technical University of Munich and diversity campaigns such as participation in the Germany-wide Girls Day and the establishment of company nurseries. As a result, MAN was included in the Genderdax by Hamburg's Helmut Schmidt University at the start of 2009. This information platform identifies the 100 best companies who actively promote qualified, career-minded women.

Pension provision: transferred to MAN Pension Fund

The pension system consistently applied throughout the MAN Group is based on a contribution-related individual guarantee of benefits, which calculates individual employee contributions on the basis of their annual salaries and wages. Upon reaching retirement age, employees now receive the individual plan assets, either as a lump sum or in installments.

Capital payments under the capital account plan for senior executives, CEOs and managing directors are linked to the development of certain capital market indices.

At the end of 2007, the pension obligations of MAN SE (which changed from a public limited company to a

	2007	2008
Total permanent workforce	46,880	49,124
thereof male	87.8 %	87.7 %
thereof female	12.2 %	12.3 %
Part-time workers	1.7 %	1.6 %

Permanent workforce by country 2008

Country		Ratio %
Germany	27,588	56.2
Poland	5,142	10.5
Austria	4,255	8.7
Denmark	2,817	5.7
Turkey	2,129	4.3
Great Britain	1,425	2.9
Switzerland	975	2.0
South Africa	823	1.7
France	682	1.4
Spain	561	1.1
	46,397	94.4
another 19 countries with a total of	2,727	5.6
Total	49,124	100

Status: December 31, 2008

European company in 2009) and other Group companies, which involve some 26,000 pensioners, were transferred to MAN Pensionsfonds AG and fully externally financed.

All important obligations of the MAN Group based on already existing pension provision agreements that are restricted to the life-long payment of pensions have thus been consolidated transparently in a single company.

Training and advanced training: further developed

In 2008, the training ratio of the MAN Group within Germany was around 5.5%. Since training and advanced training are organized at the local level, additional data is recorded at the business divisions. They offer a wide range of specific training and advanced training programs.

The MAN Group's »Leadership Supply« program identifies employees with leadership potential at an early

stage and offers systematic development of junior employees to ensure management positions can be filled internally. Among other things, the MAN Executive Academy offers customized programs for further training of employees from all divisions in Germany and other countries. In 2008, one in every three management employees participated in one of these programs. In addition, the MAN Executive Academy also offers open programs that focus on conveying management and leadership qualities, dialogue platforms for networking and strategic exchanges of ideas as well as feedback instruments (360° feedback, mentoring).

Two types of management audits were also conducted in 2008 to ensure sustained development of executives within the MAN Group and to ensure optimum decision-making when filling top management positions. Firstly, management development audits focused on regular, development-based analysis of strengths and areas for development based on the seven MAN skills, while management promotion audits objectivized appointment decisions for internal and external candidates.

To recruit talented and highly qualified staff of the younger generation, MAN cooperates with universities across the globe. In 2008 the MAN Campus Initiative was continued with scholarships, innovation projects and a series of lectures. Among other things, 104 students of the mechanical engineering and electrical engineering and IT faculties at the Technical University of Munich received assistance in the form of a MAN scholarship during the 2008 financial year.

The fundamental principles of equal opportunity and programs for its implementation are regulated in the local works agreements of MAN's business divisions. These include measures to ensure compliance.

Compliance: Investigations by the Public Prosecution Office

At the start of 2006 MAN implemented a »Code of Conduct« for all employees; a Compliance Board was also established at the same time. The Code of Conduct – a behavioral code based on the MAN Group's mission statement (available online at www.man.eu) – lays down fundamental rules for employees, serves as an orientation guide and contains minimum standards that are mandatory for all MAN Group employees worldwide.

The aim of this behavioral guideline is to support employees in their encounters with legal and ethical challenges in their everyday work routine, to provide orientation and encourage appropriate conduct. A Compliance Board was also set up in 2006 comprising managers from the Controlling, Communications, HR, Legal and Auditing departments. The Compliance Board deals with issues relating to and further development of the Code of Conduct and with fundamental issues relating to compliance within the MAN Group. It also organizes training courses and studies. The Compliance Board has set up a hotline for reporting possible compliance infringements and to answer questions. An external ombudsman was also appointed to receive and assess reports of possible misconduct from employees; he can then forward such reports to the Compliance Board for further investigation, maintaining the anonymity of the informant where requested.

In 2008 executives and employees received intensive training on issues and procedures, in compliance with the law. All executives underwent mandatory web-based training that is now being extended to other groups of employees. Numerous training courses were also held locally in relevant departments. Compliance with the »Code of Conduct« is monitored by the Group's central Auditing department.

In May 2009 the Public Prosecutor's Office Munich I searched offices of MAN SE and MAN Nutzfahrzeuge AG in Munich along with branches of MAN Truck & Bus Deutschland. There was a suspicion that between 2002 and 2005, inadmissible consultancy/commission payments were made in connection with the sale of commercial vehicles in particular. Working closely with the investigating authorities, MAN immediately took measures to ensure the allegations made were quickly clarified in full.

MAN immediately began internal investigations by external lawyers and fiscal experts and started implementing five urgent measures to clarify the allegations of bribery and improve safeguarding against corruption at MAN:

- (1) Informing the public prosecution authorities in any future compliance cases
- (2) Reviewing and strengthening the compliance organization
- (3) Increasing staff in the Audit function

- (4) Reviewing the organization and processes of commercial vehicle sales
- (5) Dialogue with anti-corruption experts from non-governmental organizations (NGOs).

At the time of writing this report the investigations into suspected cases had not yet been concluded.

Code of Conduct: globally valid rules

Both the Code of Conduct and the MAN Group Mission Statement strictly oppose any form of discrimination. MAN's principles on the subject of human rights – also part of the Code of Conduct – are based on current international standards, i.e. the »Universal Declaration of Human Rights« and »Fundamental Human Rights Conventions«. In its Code of Conduct, MAN expresses the clear wish that its suppliers and partners also comply with these rules. Whilst it is aware that it is not always possible to verify this in detail, as far as possible it ensures that its partners comply with these criteria. In its international operations, MAN works closely with public authorities and institutions in its host countries.

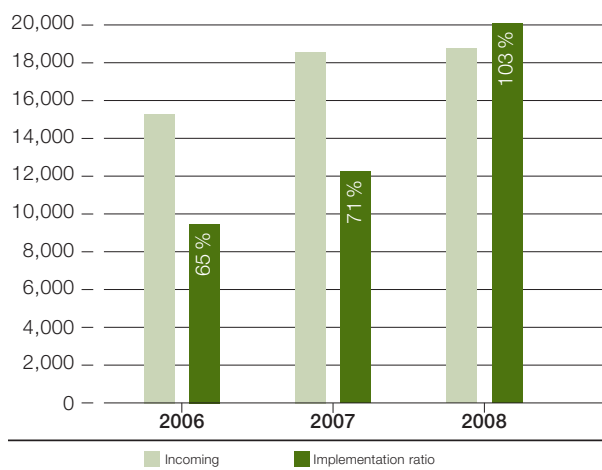
At their respective locations, the companies of the MAN Group consider themselves corporate citizens in their respective communities, with all the rights and obligations this entails. Corporate policy aims at assuming responsibility with regard to the local community at the company's various locations. In other words: wherever MAN generates value, the local community should also benefit. At the same time, the company is well aware of its social responsibility in the national and international regions in which it operates.

Internal suggestions program: very vibrant

Continuous change within the MAN Group depends on ideas from its employees. Due to varying conditions and history, the precise form of ideas management varies from division to division. 2008 saw a significant increase in suggestions (+372) within the MAN Group, and in persons submitting suggestions (+1,005). The high number of ideas (18,721) is in line with the rise in the number of submitters (7,905). Although the suggestions ratio rose by 4% to 42%, the ideas ratio fell by 3% to 55%. New IT applications reduced the processing time for the numerous ideas still further. For the first time ever, the implementation ratio rose to 103%; in other words, more suggestions from the past were processed than were submitted in total.

Ideas management

Suggestions for improvement



Knowledge management: new system expanded

The systematic transfer of knowledge at MAN focuses on the areas of market, product, process/production, employees/corporate culture and, since 2009, also execution excellence. Through the exchange of information, MAN makes knowledge available to all those who require it for their daily work, combining processes, methods and procedures within the company. This creates the conditions for an efficient optimization process.

MAN's knowledge transfer system comprises steering committees, symposia, expert groups and project teams. Steering committees are headed by members of the Group Executive Board and comprise top-ranking executives and experts in the various subject areas. They prescribe the direction for the work of the expert groups and identify the topic for the annual symposium. New project teams are created as required for clearly defined projects and submit recommendations for further action.

As part of this knowledge transfer system, a total of 360 executives from MAN participated in symposia in 2008, while 160 experts from the company were involved in expert and project groups. The symposium »Change Communication« dealt with the subject of employees/corporate culture and was designed to encourage participants to perceive change as a positive development within the company, to communicate openly about change and to

promote a feedback culture. »Winds of Change in After Sales« dealt with the market and was arranged by the expert group of the same name. It addressed the significance of after sales as a stable provider of earnings for the MAN Group. As part of the "process" segment of knowledge transfer, the symposium »Climate Change« dealt with climate change and its significance for MAN. Here, representatives from BP, GE and the TU Dresden spoke about their opinions and exchanged ideas and experiences with MAN managers. »Systems vs. Components Business« was the title of the symposium for the product segment; it considered whether the additional opportunities in the systems business justified the higher risks.

Products: economical and reliable

The MAN Group is aware of its responsibility for the health and safety of those who use its products and protects them by subjecting its products to elaborate tests and lengthy scrutiny before actually delivering them to customers. MAN products conform to currently applicable regulations on safety and emission levels. MAN supplies its customers with comprehensive product information and instruction on how to use its products in a safe and environmentally compatible way. In order to constantly improve its products to meet its customers' requirements, MAN obtains feedback from them by conducting personal interviews or methodical surveys. Numerous prizes and awards have also attested to the high quality and user-friendliness of our products. Our trucks and buses are named »Truck of the Year« and »Coach of the Year« on a regular basis, for example. Most recently, the TGX and TGS truck series were honored as »Truck of the Year 2008«.

At the IAA 2008 in Hanover, MAN Nutzfahrzeuge presented two different hybrid drive concepts: a Lion's City municipal bus with serial hybrid drive and ultracaps to store energy, as well as a TGL model distribution truck with parallel hybrid drive plus the latest battery technology. MAN's engineers calculate the municipal bus offers a 25 to 30% saving in fuel and significantly reduced emission figures. The TGL hybrid concept does not offer the same potential in terms of savings. It does, however, offer fuel savings of up to 15%.

In 2008, MAN Diesel's presence at the world's most important shipbuilding fair SMM (Shipbuilding, Machinery and Marine Technology) in Hamburg also

focussed on emission reductions and fuel savings. A highlight was provided by the common rail version of the proven MAN Diesel four-stroke engine 48/60B. Although common-rail injection technology is already in widespread use within the automotive industry, product developers face major challenges when applying it to large-bore engine manufacture. The high-pressure injection system must withstand the special operating conditions created with the combustion of viscous heavy fuel oil. The common-rail injection system enables optimum fuel injection for the whole operating range of large diesel engines, with positive effects for fuel consumption and emissions. The world's first electronically controlled two-stroke engine with »small bore« of 35 cm offers similar benefits: with its electronically controlled injection, it is already equipped for the next level of the International Maritime Organization's emission-control regulations (»Tier II«).

MAN Diesel presented another important innovation in the field of turbocharger technology. In a similar way to the common rail system for fuel, the new VTA system (»Variable Turbine Area«) offers flexible, electronically controlled adaptation of the combustion air supplied. Once again, this results in reduced fuel consumption and lower emissions.

R&D expenses: further rise

MAN is aware that the Group's main impact on the environment comes from the use of MAN products throughout their life cycle. Turbines, large-bore diesel engines, gear units and reactors have an extremely long service life. Consequently, MAN considers research and development in relation to its products a matter of great importance. The main objectives of research are to reduce fuel consumption and emissions, as well as cutting the use of operating resources and allowing for longer maintenance intervals.

In 2008, the MAN Group maintained a high level of expenditure on the development of innovative products with high customer benefits and on improving production: 3.3% of sales (i.e. a slightly higher proportion than 2007's figure of 3.1%) equating to € 493 million was invested in research and development.

The MAN divisions allocate their research and development operations to the production sites. This allows for the experiences gathered by the service units and also

customer requirements to be rapidly integrated into product development. Any environmental impact caused by the utilization of products, irrespective of the type of operation, can thus be eliminated very quickly.

The increasing global scarcity of fossil fuels has led to special emphasis on hybrid drive technology, especially in the development of commercial vehicles. MAN Nutzfahrzeuge has identified opportunities for the future in local and distribution transport in particular. It is here that vehicles with hybrid drives burn significantly less fuel, thus contributing to increased transport efficiency and helping mitigate the CO₂ problem. MAN is a pioneering force in the development of these drive concepts. As early as the seventies, developers were working on various technologies for utilizing braking energy. To date the solutions have not been able to overcome the problem of their complexity, a barrier against cost-attractive implementation.

In September 2008, the world's two largest producers of marine diesel engines, MAN Diesel and Wärtsilä, launched the € 25 million research project HERCULES-Beta. It is a joint project aimed at developing the diesel engine generation of the future with fuel efficiency and low emissions below all of the IMO's specifications. The project consortium comprises 32 participants, including component suppliers, universities, research institutes and shipping companies from 10 European countries. The project is now receiving support from the European Union.

Another pioneering project is the Danish project »The Green Ship of the Future«, which was launched by the A.P. Moller-Maersk Group, Odense Steel Shipyard, MAN Diesel and Aalborg Industries in 2008. The initiative's challenge and objective consists in reducing industrial CO₂ emissions from ocean-going vessels by 30% and oxides from nitrogen and sulphide by 90%. The initiative focuses on both existing and also new technologies.

In August 2009 the project was given the International Environmental Award by »Sustainable Shipping« for the most environmentally friendly transport initiative. Sustainable Shipping is one of the leading organizations promoting sustainable use of the seas.

In 2008 the MAN Group also focussed research work on renewable energies: MAN Turbo will supply a steam

Research and development

€ million	2007	2008
R&D expenditures	433	493
R&D expenditures by manufacturing business divisions as a % of sales	3.1	3.3
R&D funded internally	331	381
R&D workforce (annual average)	3,127	3,135

generator turbo set with a capacity of 50 megawatts for the Spanish solar power station Andasol 3. The machine train with intermediate superheating was specially designed for use in this solar thermal application. For the design of Andasol 3, MAN Turbo contributed its extensive expertise in the construction of complete turbo machine trains and extended the area of use of its steam turbines. Working in cooperation with the customer, the entire water-steam circuit was optimized and the steam turbine adapted accordingly. This concept achieves significant improvements in effectiveness with a significant increase in the efficiency of the entire solar power station. This is also reflected in a higher current efficiency, with part of the solar energy generated during the day being fed into thermal storage units. This enables energy production and power supply to be planned, even during the night.

Production: systems revised

The MAN Group continuously examines and reviews all production processes to increase efficiency and flexibility and thus reduce environmental impact as far as possible. Major successes in 2008 included the introduction of cold tests by MAN Nutzfahrzeuge and reorganizing the production structure at MAN Diesel.

The increased demand for trucks and buses resulted in a continuous rise in the production volume of the MAN Nutzfahrzeuge engine plant from 2003 to 2008.

Although the new MAN Nutzfahrzeuge production system created additional capacities, the test beds came up against physical boundaries. Instead of constructing a large test-bed facility, MAN Nutzfahrzeuge decided on innovative test-bed technology. After assembly, the D 08 small engine series no longer runs through all test cycles for 120 minutes on the hot test bed. Instead, it undergoes cold testing using sensor technology. This test cycle takes

about three minutes. Reference values give a clear indication whether the engine is in order. In 2008, the fuel saving compared with hot tests was 586,000 liters. CO₂ emissions fell by 1,500 tonnes. This success prompted the construction of an additional cold test bed, which will be used for testing the large engine series.

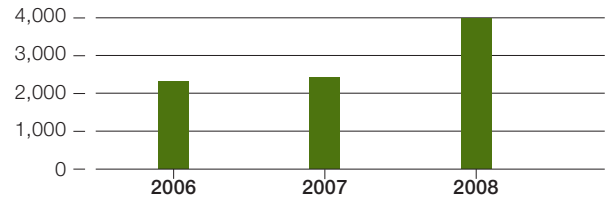
MAN Diesel revised its entire manufacturing structure. Its large-bore diesel engine product range was re-allocated across the production sites of Augsburg, Frederikshavn (Denmark), Saint-Nazaire (France) and Velká Bíteš (Czech Republic). In future, extremely large marine engine models will undergo final assembly in the coastal town of Saint-Nazaire rather than in Augsburg. This will avoid long transport routes with heavy loads and will reduce the environmental impact considerably. At the same time, all divisions reviewed their processes for the order processing chain. Modernization had a particularly positive impact on energy consumption. The establishment of a new paint center at MAN Diesel's Augsburg plant had a particular impact on environmental protection, with engine throughput time reduced from five to two working days. The conversion to ultra-high-solid paint and solvent-free cleaners reduces emissions of highly volatile organic substances by 85% or 34,000 kilos per year. At the same time, the new painting booths improve industrial safety as the air is replaced 100 times an hour.

Significant rise in environmental investments

In 2008, environmental investments at MAN's sites were in the order of € 4 million; these investments focused on production and research facilities, and to a lesser extent on decontamination. As well as promoting the ecologically and economically efficient operation of production facilities, these investments were principally directed towards the environmentally sensitive further development of all MAN products. MAN is constantly raising its standards in terms of the functional efficiency, economy, safety and environmental friendliness that it expects from its products. Sustainability aspects are an essential component of MAN's production processes – from the drawing board to manufacturing and marketing right up to operation by customers.

Environmental investments

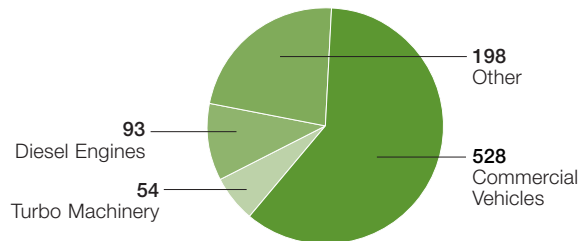
€ thousands



Capital expenditures

€ million	2007	2008
Property, plant, and equipment and investment property	393	518
in intangible assets	66	85
in participating interests	259	270
Investments	718	873
of which acquisition of Scania stock purchase	228	123
Amortization/depreciation/impairment	397	324

Capital expenditure in 2008 for tangible and intangible assets by business area, in € million

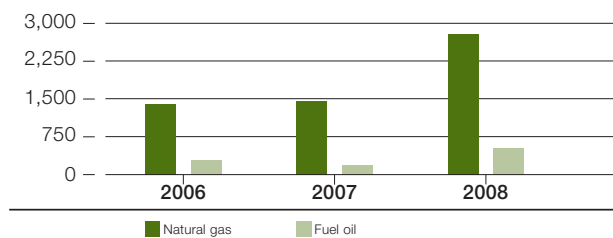


Energy consumption: higher due to restructurings

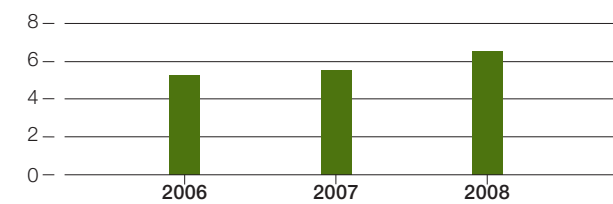
In 2008 energy consumption by the MAN Group rose by 17.7% compared with the previous year. This was firstly due to the high order-related levels of production, and secondly to the fact that the data for 2008 included additional energy-intensive plants operated by MAN Nutzfahrzeuge. MAN considers the efficient use of energy a mandatory obligation. This makes sense not only on ecological but also on economic grounds. Consequently, almost all locations of the

MAN Group introduced specific measures to encourage more efficient use of energy. Energy management measures encompass the important areas of pressurized air production, the heating of production halls and lighting. The feeding of secondarily generated power into its own power network is yet another efficiency measure practiced at MAN. In 2008, energy consumption amounted to 6.5 million gigajoules (GJ), 2.8 million gigajoules of which was supplied by natural gas; this increased its percentage in overall energy consumption to almost half at 43%. The percentage of fuel oil in total consumption rose by 5%, due in particular to use by MAN Diesel. The proportion of diesel in total energy consumption fell by 5%. Overall, this combination of energy types meant the MAN Group achieved a significant reduction in its carbon dioxide emissions. Other indirect forms of energy consumption arising from travel and transport or product use are not registered for the Group as a whole.

Natural gas/fuel oil
in thousands of gigajoules



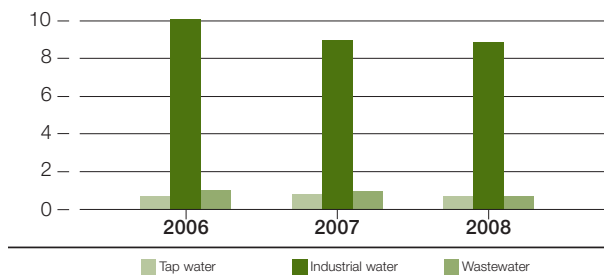
Energy consumption
in millions of gigajoules



Water consumption: marked increase in efficiency

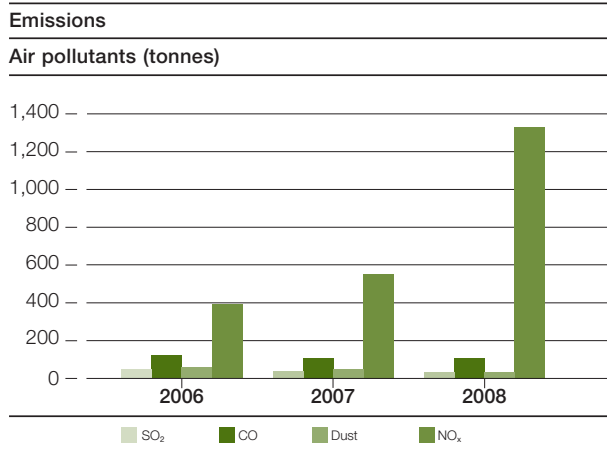
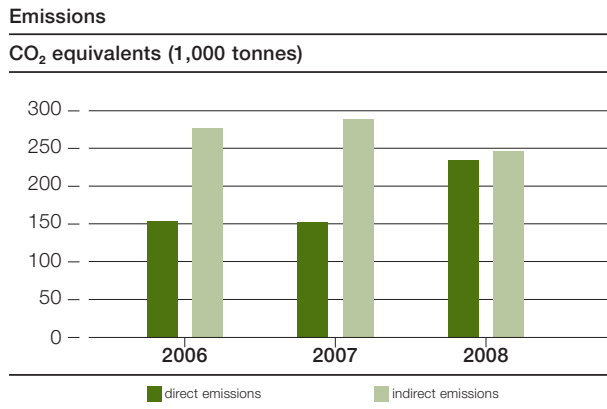
The cool temperatures and fall in production during the fourth quarter led to a slight reduction in water consumption in 2008 (-2%). The sharper fall in drinking water consumption was due to minor economy measures and to short-time working at MAN Nutzfahrzeuge towards the close of the year. Spring water and surface water are mostly used for cooling in closed and open-loop coolant circuits. Drinking water sources and groundwater are not impacted by our production sites. Measured in terms of the total volume of water required, 92% was sourced from MAN's own springs and streams and only 8% from municipal networks. The water use of the MAN Group does not significantly burden ecosystems. At the same time, there was a large fall of 33% in the volume of wastewater, proving the sensible use of water in circuits or the efficiency of the cooling tower systems. The reduction in drinking water consumption also produced a reduction in wastewater.

Water consumption/wastewater volume
million cubic meters



Emissions: rise due to high production levels

Emissions are calculated on the basis of the German Federal Environmental Agency's emission factors. Direct emissions of climate-relevant gases rose by 55% to 235,521 tonnes of CO₂ equivalents. This reflects the increased use of fuel oil and diesel by MAN Diesel due to the significant rise in production in 2008. Indirect emissions of climate-relevant gases through the consumption of power and remote heating were around 243,062 tonnes of CO₂ equivalents. This is 16% less than the amount generated in the previous year. This was due to the reduction in production at MAN Nutzfahrzeuge at the close of 2008 and to disinvestments.



The figure does not include indirect emissions due to travel, transportation or product utilization. The MAN Group does not use any consumables or resources containing CFCs or SF₆, which would generate further climate-relevant emissions. The sharp rise of almost 140% in NO_x emissions is the result of the consumption of diesel fuel and fuel oil at MAN Diesel SE and MAN Nutzfahrzeuge, due to the increase in production. In proportionate terms, however, the increase in emissions is less than the increase in production. At MAN's Nuremberg site alone, the introduction of cold testing technology resulted in a saving of around 586,000 liters of diesel in 2008. The result is affected by extended data capture at MAN Nutzfahrzeuge locations. Adjusted values for the prior years up to 2006 are now available.

Solvents: Use of new paints

All MAN locations record their solvent consumption in accordance with the Volatile Organic Compounds (VOC) ordinance, in force since 2001. This applies to surface cleaning and coatings. In 2008 solvent consumption was recorded across all locations for the third time. It fell by 68% to 757 tonnes. The marked reduction was due to the reduction plans contained in the VOC and to the increased use of water-soluble paints or high-solid paints.

Consumption of materials: rise in expenditure

One of the express aims of the MAN Group's production locations is to reduce the consumption of raw and input materials. A reduction in the weight of products and in the consumption of input materials also provides cost benefits. In addition, any organization validated by EMAS (the Eco Management and Audit Scheme) is required to formulate quantifiable goals. These include a reduction in operating resources, raw materials and energy. The MAN Group mainly processes steel, copper, aluminum, mineral oil and a variety of plastics. This consumption cannot be allocated to products across the Group as considerable differences exist depending on the corporate division and location. In 2008, expenditure on materials rose from € 7,524 million to € 8,335 million due to the sharp rise in production volume.

Waste: negative effects due to building measures

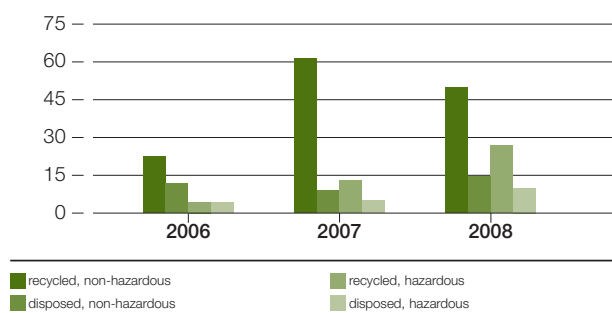
The European Waste Catalog Ordinance that was introduced in 2007 was used for the second time. According to this ordinance, all waste to be disposed of in the EU has to be subject to uniform classification. It is therefore possible to compare the 2008 figures with those for 2007.

The long service life of the products and product systems offered by the MAN Group result in correspondingly long disposal cycles. The products themselves chiefly comprise easily recyclable materials such as metals, plastics and mineral oil products. The amount of waste accruing during production processes within the MAN Group is heavily influenced by production by MAN's commercial vehicles business. In 2008 the quantity of waste totalled just under 186,000 tonnes, 83.4% of which was recycled.

The fall in the recycling ratio compared with the previous year was due to greater registration of data by

Quantity of waste

in thousands of tonnes



foreign locations where recycling facilities are not so well developed as in Germany. Non-hazardous and hazardous waste for recycling contain building rubble and excavated soil from construction measures. They are the result of active construction measures by MAN Nutzfahrzeuge and occur only once. MAN commissions licensed specialists to remove hazardous waste, which is then disposed of by professional waste companies.

MAN places particular emphasis on recycling metals. The Group's foundries and casting shops are prime recycling operators. The MAN Group sources most input metals from the external recycling process, but also reclaims up to 2,400 tonnes of metal shavings and scrap by reincorporating it in the casting process.

Other environmental factors

The MAN Group does not keep a record of the pollution caused by vehicles used for logistical purposes. In most cases, multimodal systems are employed with several means of transport involved in the shipment of a commodity. The direct impact of MAN products on biodiversity (diversity of species) cannot be realistically quantified as the effect of products very much depends on how they are used by the individual customer.

The total combined area of the MAN Group's production sites is 4.82 million square meters, none of which, however, is inaccessible or impenetrable. The areas used by the MAN Group are not biodiverse. MAN does not produce in protected zones. Since there are currently no active or planned production sites in protected or

sensitive areas, there are overall no changes to natural habitats. Consequently, MAN has only adopted sustainability standards in relation to its own locations, but not to biodiversity as such. Any species on the Red List found in areas where business activity is carried on are registered by the locations in question. No fines were imposed for breaches of environmental law in 2008, nor were there any environment-related criminal proceedings.

Suppliers: sustainability as a factor in selection

In order to achieve its corporate targets and sustainability goals, the MAN Group applies high standards not only to itself but also to its key suppliers whose materials and services are directly used in its production processes. These suppliers must implement environmental rules and disclose any important environmentally relevant aspects in the manufacture of the products they supply. They must ensure compliance with current environmental regulations and statutes in all their operating areas and processes and they must create the preconditions for ongoing improvements in environmental conservation.

All this forms part of the certification process according to EMAS/DIN EN ISO 14001 and DIN EN ISO 9001 and MAN SE's Risk Management Manual. In the divisions of the MAN Group, purchasing is integrated into the environmental and quality management systems. Hence, environmentally sensitive and quality-conscious purchasing is an essential component of the Purchasing Guidelines and Process Instructions for locations validated and certified according to EMAS/DIN EN ISO 14001.

In 2008, the MAN Executive Board specified Group-wide factors for selecting suppliers («Purchasing Principles»). The purchasing managers of the sub-groups were instructed that when making purchasing decisions, they must consider if the MAN Group's Code of Conduct is complied with and also if the supplier meets the standards of the International Labour Organization (ILO) and considers sustainability, environmental protection and social responsibility aspects.

Outlook: stability through a strong Group structure

The MAN Group continued to invest in sustainable development in 2008. The company was therefore not unprepared for the financial crisis, with adjustments in production (e.g. short-time working) and a strong

Group structure helping the company through the difficult times. Research and development will continue to focus on reducing fuel consumption and emissions as well as on product safety and reliability. The company considers the development of alternative sources of energy as a promising area of activity. During the period under review the MAN Group strengthened its commitment to sustainability with a wide range of

measures. In production, the company exercised due care in its use of resources, an endeavor supported by process optimization. It has also achieved significant progress in the development of new products, with positive implications for the environment. The MAN Group has defined relevant environmental targets for each of its individual locations for the coming years. These mainly involve energy efficiency.

ENVIRONMENTAL ACTIVITIES ACCORDING TO GRI GUIDELINES (GLOBAL REPORTING INITIATIVE)

Energy

	2006	2007	2008
Energy consumption (gigajoules)			
Total	5,354,592	5,501,529	6,476,549
Direct energy consumption, classified by primary energy source (gigajoules)			
solid fuels	20,477	17,845	60
liquid fuels	993,720	920,494	1,070,269
gaseous fuels	1,394,930	1,462,173	2,785,032
propane	2,363	3,128	7,616
Total	2,411,489	2,403,639	3,862,976
thereof			
fuel oil	295,434	185,119	529,369
natural gas	1,393,624	1,458,544	2,777,904
diesel	680,825	721,246	533,414
fossil fuels	20,477	17,845	60
gasoline (petrol)	6,186	5,280	2,377
liquid gas	2,363	3,128	7,616
acetylene	1,303	2,953	6,433
hydrogen	3	676	695
methanol	782	1,009	971
heavy fuel oil	9,637	6,221	1,245
lubricant	856.8	1,618.8	2,892.9
Indirect energy consumption (gigajoules)			
electricity	1,835,982	1,958,604	1,751,543
district heat	1,107,120	1,139,285	862,030
Total	2,943,103	3,097,889	2,613,573

Water

	2006	2007	2008
Water consumption (cubic meters)			
Total	10,882,007	9,739,610	9,553,721
drinking	776,716	856,533	792,069
industrial water	10,105,291	8,883,077	8,761,652
Annual extractions of ground and surface water (cubic meters)			
spring water	3,757,086	2,963,872	3,291,678
process	6,348,205	5,919,205	5,469,974
Wastewater (cubic meters)			
Total	1,323,164	1,141,971	770,031

Emissions

	2006	2007	2008
Emissions of gases relevant to the climate (tonnes of CO₂ equivalents)			
Total	427,686	440,118	478,583
thereof direct	153,977	152,014	235,521
thereof indirect	273,709	288,104	243,062
through consumption of electricity	170,746	182,150	162,893
through consumption of district heat	102,962	105,954	80,169
NO_x, SO_x and other significant air emissions by type of emission			
SO ₂	43	36	34
NO _x	395	567	1,357
CO	120	110	103
Dust	46	45	34

Waste

	2006	2007	2008	
by type and form of treatment (tonnes)				
Total	189,512	197,037	185,852	Total
thereof recycling	180,937	179,224	154,957	recycling
not in need of monitoring	146,856	70,300	64,623	Total non-hazardous
in need of monitoring	22,398	61,352	49,937	recycled, non-hazardous
particularly in need of monitoring	11,682	8,948	14,687	disposed, non-hazardous
thereof removal	8,576	17,813	30,895	total hazardous
in need of monitoring	4,381	12,930	26,944	recycled, hazardous
particularly in need of monitoring	4,195	4,883	3,951	disposed, non-hazardous
recycling ratio	95.5 %	91.0 %	83.4 %	

SELECTED CONSOLIDATED COMPANIES

Status: December 31, 2008

	Shareholding %	Sales € million	Headcount at 31.12.2008
MAN Nutzfahrzeuge AG, Munich	100	9,559	13,574
MAN Truck & Bus Deutschland GmbH, Munich	100	2,806	5,064
MAN Nutzfahrzeuge Österreich AG, Steyr, Austria	100	1,889	3,351
MAN Truck & Bus UK Limited, Swindon, Wiltshire, Great Britain	100	868	1,080
MAN Nutzfahrzeuge Vertrieb Süd AG, Vienna, Austria	100	837	899
MAN Trucks Sp. z o.o., Niepolomice, Poland	100	800	645
MAN Vehículos Industriales (España) S.A., Coslada (Madrid), Spain	100	469	548
MAN-STAR Trucks & Busses Sp. z o.o., Tarnowo Podgórze, Poland	100	476	3,938
MAN Avtomobili Rossiya, Moscow, Russian Federation	100	414	428
MAN-STAR Trucks Sp. z.o.o., Nadarzyn, Poland	100	340	307
MAN Türkiye A.S., Akyurt, Ankara, Turkey	100	287	1,967
MAN Automotive (South Africa) (Pty.) Ltd., Johannesburg, South Africa	100	271	756
NEOPLAN Bus GmbH, Pilsting	100	262	440
MAN Last og Bus A/S, Glostrup, Denmark	100	216	207
MAN Kamyon ve Otobüs Ticaret A.S., Ankara, Turkey	100	167	150
MAN Nutzfahrzeuge (Schweiz) AG, Otelfingen, Switzerland	100	142	112
MAN užitková vozidla Česká republika spol.s.r.o., Cestlice, Czech Republic	100	136	94
MAN Last og Buss A/S, Lorenskog, Norway	100	121	221
Neoplan Omnibus GmbH, Plauen	84	94	422
MAN Veículos Industriais (Portugal) S.U. Lda., Algés (Lisbon), Portugal	100	87	99
MAN Kamion és Busz Kereskedelmi Kft., Dunaharaszti, Hungary	100	71	114
MAN Úžitkové Vozidlá Slovakia s.r.o., Bratislava, Slovakia	100	50	55
MAN Gospodarska vozila Slovenija d.o.o., Ljubljana, Slovenia	100	45	37
MAN Truck&Bus Mexico S.A. de C.V., El Marques, Mexico	100	44	91
MAN Engines & Components Inc., Pompano Beach, USA	100 ⁴	41	46
MAN Hellas Truck & Bus S.A., Peristeri-Athens, Greece	100	29	22
MAN Diesel SE, Augsburg¹	100	2,293	5,593
MAN Diesel SAS, Villepinte, France	100	168	565
MAN Diesel Ltd., Stockport, Great Britain	100	92	258
MAN Diesel North America Inc., New York, USA	100 ⁴	73	145
MAN Diesel Singapore Pte. Ltd., Singapore, Singapore	100	54	163
MAN Diesel Canada Ltd., Oakville, Canada	100	23	63
PBS Turbo s.r.o., Velká Bíteš, Czech Republic	100	23	184
MAN Diesel Benelux NV, Antwerp, Belgium	100	21	52
MAN Diesel Australia Pty. Ltd., North Ryde, Australia	100	15	40
Rostock Diesel Service GmbH, Rostock	100	14	28
MAN Diesel Benelux B.V., Wassenaar, Netherlands	100	13	47
MAN Diesel India Ltd., Aurangabad, India	73	7	194

Status: December 31, 2008

	Shareholding %	Sales € million	Headcount at 31.12.2008
MAN Turbo AG, Oberhausen	100	823	2,277
MAN Turbo AG Schweiz, Zurich, Switzerland	100	424	767
MAN DWE GmbH, Deggendorf	100 ⁵	103	405
MAN Turbo S.r.l. De Pretto, Schio, Italy	100	53	239
MAN Turbo (Changzhou) Co. Ltd., Changzhou, China	100	0	92
MAN Turbo Inc. USA, Houston, USA	100 ⁴	31	186
MAN Turbo South Africa (Pty) Ltd., Elandsfontein, South Africa	100	12	67
MAN Limited, London, Great Britain	100	10	49
Renk Aktiengesellschaft, Augsburg²	76	550	1 906
MAN Finance International GmbH, Munich³	100	-	44
MAN Financial Services GmbH, Munich	100	-	78
MAN Financial Services España S.L., Coslada, Spain	100	-	13
MAN Financial Services SpA, Agrate Brianza MI, Italy	100	-	12
MAN Financial Services plc, Swindon, Wiltshire, Great Britain	100	-	38
MAN Financial Services GesmbH, Eugendorf, Austria	100	-	5
MAN Financial Services SAS, Evry Cedex, France	100	-	10
MAN Financial Services Tüketici Finansmani A.S., Ankara, Turkey	100	-	12
MAN Financial Services OOO, Moscow, Russian Federation	100	-	23

¹ MAN Diesel A/S, Copenhagen, Denmark, merged into MAN Diesel SE, Augsburg, in the financial year 2008.

² Sales and headcount include companies under operational management.

³ Selected based on level of finance volume; proceeds from financial services are shown in other operating income, therefore no sales.

⁴ The shares are held by MAN Capital Corporation, New Jersey.

⁵ The shares are held by MAN AG.

Contact persons

In our sustainability report, we provide the public – particularly our shareholders, customers and employees, as well as public authorities and the media – with information on our sustainability activities and invite them to engage in constructive dialogue.

You are welcome to contact us for any additional questions, suggestions and critique.

Corporate Communications:

Andreas Lampersbach
Ungererstraße 69
80805 Munich, Germany
Tel.: +49. 89. 36098-380
public.relations@man.eu

Investor Relations:

Silke Glitza-Stamberger
Ungererstraße 69
80805 Munich, Germany
Tel.: +49. 89. 36098-334
investor.relations@man.eu

Environmental and Safety

Management:

Georg Stember
Vogelweiherstraße 33
90441 Nuremberg, Germany
Tel.: +49. 911. 420-3333
georg.stember@man.eu

Human Resources:

Jörg Schwitalla
Ungererstraße 69
80805 Munich, Germany
Tel.: +49. 89. 36098-220
joerg.schwitalla@man.de

IMPRINT**Publisher:**

MAN SE
Andreas Lampersbach
Corporate Communications
Ungererstraße 69
80805 Munich, Germany

Editorial Department:

Inés Gutiérrez (resp.)
phone: +49. 89. 36098-357
Georg Stember

Publisher:

BurdaYukom Publishing GmbH
Konrad-Zuse-Platz 11
81829 Munich, Germany,
Phone +49. 89. 30620-0

Managing Editor: Marlies Viktorin

Graphics: Robert Neuhauser

Proofreading: Jill Henne, Asa Tomash

Production: Wolfram Götz (resp.),
Franz Kantner, Cornelia Sauer

Printer: Pinsker Druck und Medien,
Pinskerstraße 1, 84048 Mainburg, Germany

The contents of this publication can be
downloaded from the website at
www.man.eu. It is also available in German
and Brazilian Portuguese.

**Mixed Sources**

Product group from well-managed
forests and other controlled sources
www.fsc.org Cert no. GFA-COC-001415
© 1996 Forest Stewardship Council

Management Report on Sustainability

MAN SE

2008

MAN SE

Ungererstraße 69

80805 Munich, Germany

Tel.: +49. 89. 36098-0

Fax: +49. 89. 36098-250

www.man.eu