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# ***Report***

Malteser Hilfsdienst e.V.  
Cologne

Audit of Financial Information for the Malteser International  
Europa Accounting Unit  
for the Financial Year from January 1 to December 31, 2023

(Translation - the German text is authoritative)

Engagement: DEE00114457.1.1





Contents	Page
List of Abbreviations .....	4
A. Audit Engagement .....	5
I. Audit Engagement .....	5
II. Confirmation of Independence .....	5
B. Significant Business Transactions and Accounting Policy Decisions .....	6
C. Subject, Nature and Scope of the Audit.....	7
D. Findings Regarding Accounting Records.....	8
I. Adequacy of Accounting Records .....	8
1. Bookkeeping System and Other Audited Records.....	8
2. Financial Statements .....	8
E. Issuance of the Assurance Report .....	9

## Appendices (see separate table of contents)

<p>For computational reasons, rounding differences of <math>\pm</math> one unit (€, %, etc.) can occur in the tables.</p>
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**List of Abbreviations**

HGB	Handelsgesetzbuch [German Commercial Code]
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V. [Institute of Public Auditors in Germany, Incorporated Association], Düsseldorf
n.F.	Neue Fassung [new version]
PS	Prüfungsstandard des IDW [IDW Auditing Standard]

## A. Audit Engagement

### I. Audit Engagement

1. Following our election as auditors by the Board of Directors on June 16, 2023, the executive directors of

**Malteser Hilfsdienst e.V., Cologne,**  
(hereinafter referred to as "MHD e.V." or "the Association")

engaged us to audit the **financial information** for the Malteser International Europa Accounting Unit of Malteser Hilfsdienst e.V. – consisting of the balance sheet and the income statement as well as the explanatory notes – with consideration for the classification principles presented in the explanatory notes for the delimitation of the Malteser International Europa Accounting Unit for the period from January 1 to December 31, 2023.

2. We have prepared the following report on the nature and scope and the **results of our audit** in accordance with the principles set forth in IDW PS 450 new version (10.2021); the audited financial information is attached to this report as an Appendix.
3. The executive directors and the staff members of the Association authorized by them supplied us with all **information and supporting documentation** which we requested.
4. The executive directors of the Association submitted to us a standard **letter of representation** relating to our audit of the financial information.

### II. Confirmation of Independence

5. In accordance with Section 321 (4a) HGB, we confirm that we conducted our audit with due regard to the applicable provisions on independence.

## **B. Significant Business Transactions and Accounting Policy Decisions**

6. In financial year 2023, violations of the Code of Conduct were registered in some project regions at Malteser International. In all cases there is the suspicion that employees or former project partners have obtained unlawful financial advantages to the detriment of the Association. According to the Association, the damage thereby incurred is estimated to be around T€ 508. As soon as these incidents came to light, the Internal Audit function of Malteser International has immediately initiated internal investigations and terminated the cooperation with the persons and project partners under suspicion. In order to prevent such incidents from occurring in the future and ensure compliance with the Code of Conduct, training courses and awareness-raising measures for all employees as well as a more stringent review of external partners prior to the conclusion of a contract were implemented.

## C. Subject, Nature and Scope of the Audit

7. The subject of our audit was the **financial information** for the Malteser International Europa Accounting Unit – consisting of the balance sheet and the income statement as well as the explanatory notes – with consideration for the classification principles presented in the explanatory notes for the delimitation of the Malteser International Europa Accounting Unit for the period from January 1 to December 31, 2023.
8. The **starting point** of our audit was the financial information for the financial year from January 1 to December 31, 2022, which we had audited and provided with an unqualified assurance report.
9. We conducted our audit in accordance with the **generally accepted standards for the audit of financial statements** as set forth in the IDW Auditing Standards. We therefore have to adhere to our professional duties and plan and perform the audit such that we gain reasonable assurance that the financial information is free from material misstatement.
10. An **audit** entails the performance of audit procedures to obtain audit evidence in relation to the amounts recognized in the financial information. The procedures selected depend on the auditor's professional judgment.
11. In the course of our audit, we considered the knowledge of the business activities and the economic and legal environment of the Association. Furthermore, we assessed the systems for determining the disclosures in the financial information as well as the supporting documentation for the disclosures of MHD e.V. provided to us. This was primarily done on a test basis. In this context, we reviewed, among other items, supply and service contracts as well as other business documents. In order to identify potential risks from pending litigation, we requested attorneys' confirmations as of December 31, 2023. We obtained bank confirmations as of December 31, 2023 for the audit of the business relations with banks and financial services institutions.
12. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## D. Findings Regarding Accounting Records

### I. Adequacy of Accounting Records

#### 1. Bookkeeping System and Other Audited Records

13. According to our findings, the **bookkeeping system** and the **voucher system** are proper and in compliance with the accounting requirements described in the explanatory notes in all material respects. The information which can be obtained from the other records audited is properly represented in the bookkeeping system and the financial statements.

#### 2. Financial Statements

14. The financial statements, consisting of the balance sheet and the income statement as well as the related explanatory notes, were properly derived from the bookkeeping system and the other audited records as described in the explanatory notes.



## E. Issuance of the Assurance Report

Based on the final results of our audit we issued the following assurance report dated May 15, 2024:

### **Assurance Report of the Auditor**

To Malteser Hilfsdienst e.V., Cologne

We have audited the appended financial information – consisting of the balance sheet and the income statement as well as the explanatory notes – prepared by Malteser Hilfsdienst e.V., Cologne, with consideration for the classification principles presented in the explanatory notes for the delimitation of the Malteser International Europa Accounting Unit for the period from January 1 to December 31, 2023.

#### *Responsibilities of the Executive Directors*

The executive directors of the Association are responsible for the preparation of the financial information. This responsibility includes ensuring that the financial information has been prepared in accordance with the accounting requirements contained in the explanatory notes and in accordance with the principles presented in the explanatory notes regarding the attribution of assets, liabilities, income and expenses to the Malteser International Europa Accounting Unit. The executive directors are also responsible for the selection and the reasonableness of the accounting and classification principles presented in the explanatory notes and for the internal controls that they consider necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

#### *Responsibility of the Auditor*

Our responsibility is to express an opinion on the financial information on the basis of our audit. We conducted our audit in accordance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We therefore have to adhere to our professional duties and plan and perform the audit such that we gain reasonable assurance that the financial information is free from material misstatement.

An audit entails the performance of audit procedures to obtain audit evidence in relation to the amounts recognized, including the associated disclosures, in the financial information. The procedures selected depend on the auditor's professional judgment. This includes assessing the risks of material misstatement in the financial information, whether due to fraud or error. In assessing these risks, the auditor takes the internal control system, which is relevant to the preparation of

financial information, into consideration. The objective here is to plan and perform audit procedures that are appropriate in the circumstances, but not to express an audit opinion on the effectiveness of the internal control system of the Company. An audit also includes assessing the accounting policies used and the reasonableness of the estimated values determined by the executive directors in the accounting records as well as assessing the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Audit Opinion*

In our opinion, on the basis of the knowledge obtained in the audit, the financial information has been prepared, in all material respects, in accordance with the accounting requirements contained in the explanatory notes and in accordance with the principles presented in the explanatory notes regarding the attribution of assets, liabilities, income and expenses to the Malteser International Europa Accounting Unit.

#### *Accounting Principles and Restriction on Distribution and Use*

Without qualification to our audit opinion, we make reference to the explanatory notes in which the attribution of assets, liabilities, income and expenses to the Malteser International Europa Accounting Unit as well as the relevant accounting principles are described. We note that the financial information does not constitute complete annual financial statements of the Malteser International Europa Accounting Unit in accordance with the provisions of German commercial law. Neither a management report nor notes to the financial statements have been prepared. The financial information is not intended to present a true and fair view of the net assets, financial position and results of operations of the Malteser International Europa Accounting Unit pursuant to the provisions of German commercial law.

The Malteser International Europa Accounting Unit did not operate as an autonomous legal entity.

The financial information is therefore not necessarily meaningful either with regard to the results that would have been achieved if the Malteser International Europa Accounting Unit had been an autonomous legal entity during the period under consideration or with regard to future results of the Malteser International Europa Accounting Unit.

The financial information has been prepared in order to present the financial figures of the Malteser International Europa Accounting Unit. Therefore, the financial information might not be suitable for purposes other than this.

Our assurance report is intended for the Association and may not be passed on to any third party without our prior written consent.

*Engagement Terms*

We issue this assurance report on the basis of the engagement agreed with the Association, which comprises the attached General Terms of Engagement for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften as of January 1, 2017, which are also applicable to third parties.

Frankfurt am Main, May 15, 2024

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

(sgd. Lars Müller)  
Wirtschaftsprüfer  
(German Public Auditor)

(sgd. ppa. Lucas Frank)  
Wirtschaftsprüfer  
(German Public Auditor)



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## ***Appendices***



<b>Table of Appendices</b>	<b>Page</b>
I Financial Information for the Financial Year from January 1 to December 31, 2023.....	1
1. Balance Sheet as of December 31, 2023.....	2
2. Income Statement for the Period from January 1 to December 31, 2023.....	5
Development of Fixed Assets for the Financial Year 2023.....	7
3. Explanatory Notes to the Financial Information for the Financial Year from January 1 to December 31, 2023.....	11
 General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften dated January 1, 2017	





**Financial Information for the Financial Year  
from January 1 to December 31, 2023**

**Malteser Hilfsdienst e.V., Cologne**  
**Malteser International Europa Accounting Unit**

**Balance Sheet as of December 31, 2023**

**Assets**

	<b>12/31/2023</b>	<b>12/31/2022</b>
	<b>€</b>	<b>€</b>
<b>A. Fixed assets</b>		
I. Property, plant and equipment		
1. Other equipment, operating and office equipment	<b>118.415,39</b>	<b>171.041,52</b>
<b>B. Current assets</b>		
I. Inventories	<b>81.750,98</b>	<b>50.319,44</b>
II. Receivables and other assets		
1. Trade receivables	136.919,70	10.475,64
2. Receivables from related corporate entities	3.781.227,39	4.641.309,27
3. Receivables from Malteser Hilfsdienst e.V. - internal -	5.589.261,70	2.031.782,96
4. Other assets	81.279.951,66	77.397.304,59
	<b>90.787.360,45</b>	<b>84.080.872,46</b>
III. Cash on hand and bank balances	30.442.653,14	23.729.085,93
	<b>121.311.764,57</b>	<b>107.860.277,83</b>
<b>C. Prepaid expenses and deferred charges</b>	<b>201.200,67</b>	<b>176.885,99</b>
	<b>121.631.380,63</b>	<b>108.208.205,34</b>

**Equity and Liabilities**

	<b>12/31/2023</b>	<b>12/31/2022</b>
	<b>€</b>	<b>€</b>
<b>A. Equity</b>		
I. Association assets	6.033.081,18	6.112.186,07
II. Net income for the year (prior year: net loss for the year)	480.583,28	-79.104,89
	<b>6.513.664,46</b>	<b>6.033.081,18</b>
<b>B. Provisions</b>		
1. Other provisions	<b>2.481.715,18</b>	<b>1.873.729,98</b>
<b>C. Liabilities</b>		
1. Trade payables	2.126.713,31	1.820.172,80
2. Payables to affiliated companies	0,00	7.408,84
3. Payables to related corporate entities	768.711,28	980.526,18
4. Payables to Malteser Hilfsdienst e.V. - internal -	94.279,47	161.264,53
5. Liabilities related to earmarked allocations	80.649.215,60	77.551.950,12
6. Other liabilities	28.997.081,33	19.780.071,71
	<b>112.636.000,99</b>	<b>100.301.394,18</b>
	<b>121.631.380,63</b>	<b>108.208.205,34</b>



**Malteser Hilfsdienst e.V., Cologne**  
**Malteser International Europa Accounting Unit**

**Income Statement**  
**for the Period from January 1 to December 31, 2023**

	<b>2023</b>	<b>2022</b>
	<b>€</b>	<b>€</b>
1. Sales revenue	144.142,94	83.087,02
2. Other operating income	108.355.124,33	95.338.477,06
	108.499.267,27	95.421.564,08
3. Cost of materials		
a) Cost of raw materials and supplies and purchased merchandise	11.422.205,20	15.190.706,78
b) Cost of purchased services	5.811.656,05	4.495.929,34
	17.233.861,25	19.686.636,12
4. Personnel expenses		
a) Wages and salaries	18.493.681,90	14.931.310,91
b) Social security, pension and other benefits (of which relating to pensions: € 456,098.54; prior year: € 386,731.28)	1.694.983,93	1.364.377,18
	20.188.665,83	16.295.688,09
5. Amortization and depreciation of fixed intangible assets and property, plant and equipment	79.429,06	77.487,34
6. Other operating expenses	67.145.901,55	51.250.084,16
<b>Subtotal</b>	<b>3.851.409,58</b>	<b>8.111.668,37</b>
7. Other interest and similar income	39.767,71	6.386,71
8. Expenses due to the addition to liabilities related to earmarked allocations	3.097.265,48	7.921.211,27
9. Interest and similar expenses	22.995,73	60.054,56
<b>10. Earnings before taxes</b>	<b>770.916,08</b>	<b>136.789,25</b>
11. Other taxes	290.332,80	215.894,14
<b>12. Net income for the year (prior year: net loss for the year)</b>	<b>480.583,28</b>	<b>-79.104,89</b>



**Development of Fixed Assets  
for the Financial Year 2023**

**Malteser Hilfsdienst e.V., Cologne**  
**Malteser International Europa Accounting Unit**

**Development of Fixed Assets in Financial Year 2023**

	Cost			
	1/1/2023	Additions	Disposals	12/31/2023
	€	€	€	€
<b>I. Property, plant and equipment</b>				
1. Other equipment, operating and office equipment	893.996,85	34.312,59	105.102,47	823.206,97
	<b>893.996,85</b>	<b>34.312,59</b>	<b>105.102,47</b>	<b>823.206,97</b>



Accumulated amortization/depreciation					Net book values	
1/1/2023	Additions	Disposals	Write-ups	12/31/2023	12/31/2023	12/31/2022
€	€	€	€	€	€	€
722.955,33	79.429,06	97.592,81	0,00	704.791,58	118.415,39	171.041,52
<b>722.955,33</b>	<b>79.429,06</b>	<b>97.592,81</b>	<b>0,00</b>	<b>704.791,58</b>	<b>118.415,39</b>	<b>171.041,52</b>



**Malteser Hilfsdienst e.V., Cologne – Malteser International Europa Accounting Unit****Explanatory Notes to the Financial Statements of the Malteser International Europa Accounting Unit of Malteser Hilfsdienst e.V., Cologne, for the Financial Year from January 1 to December 31, 2023**

Malteser International Europa is a division of Malteser Hilfsdienst e.V. that operates autonomously and as such is responsible for the performance of assistance projects in Europe, Africa, Central and South America as well as Asia. Malteser International e.V. functions as an umbrella organization. Currently, there are 27 associations and priories of the Order of Malta belonging to the Association, including the Deutsche Assoziation des Souveränen Malteser Ritterordens, Cologne.

The financial statements of the Malteser International Europa Accounting Unit for the financial year from January 1 to December 31, 2023 serve the purpose of presenting the financial figures of this organizational unit as a component of Malteser Hilfsdienst e.V. The basis for this is the bookkeeping system of the Malteser International Europa Accounting Unit for the stated period. The bookkeeping system of this accounting unit is organizationally segregated from the bookkeeping system of Malteser Hilfsdienst e.V.

The financial statements consist of the balance sheet and the income statement. The financial statements are prepared in accordance with the provisions of German commercial law as well as the requirements for corporations with the following exceptions: In derogation from the requirements for corporations, no disclosures were provided in the case of the notes on eligibility for inclusion for the line items pursuant to Section 265 (3) and Section 275 (2) HGB, of the "of which" notes under other liabilities pursuant to Section 266 (3) HGB, of the residual terms for receivables and liabilities pursuant to Section 268 (4) and (5) HGB or of the "of which" notes under interest income/expenses from discounting/compounding or other operating income/expenses from currency translation pursuant to Section 277 (5) HGB and no management report or notes to the financial statements were prepared.

Pursuant to Section 265 (5) HGB, these line items and "of which" notes were included in the balance sheet and income statement: The classification of the income statement was supplemented with the expenses due to the addition to liabilities related to earmarked allocations. Receivables and liabilities from/to as well as income/expenses from accounting units of Malteser Hilfsdienst e.V. have been disclosed in the balance sheet as well as the income statement as "internal" in separate line items and "of which" notes.

Material accounting and valuation principles are presented in the following:

Property, plant and equipment are recognized at acquisition cost less scheduled straight-line amortization and depreciation. The scheduled straight-line amortization and depreciation are based on the useful lives stipulated in the depreciation tables of the tax authorities. Depreciable movable items of fixed assets which are capable of being used independently, the acquisition costs of which amount to more than EUR 250.00 and do not exceed EUR 1,000.00 net of VAT, were recorded in a compound item which is written down by one fifth in the year of acquisition and each of the following four financial years with the effect of reducing profit. In case an asset item is eliminated from operating assets ahead of schedule, the respective compound item is not reduced.

The composition of fixed assets is attached as an appendix to the balance sheet.

Receivables, other assets and liquid funds are generally recognized at their nominal values. Value adjustments due to individual risks have been taken into account. All receivables and other assets have a residual term of up to one year.

Allocations and donations without conditional repayment obligations are, provided they are not used in the financial year under consideration, recognized through the net income/loss for the year and thus become a component of equity.

Provisions are recognized at the settlement amount required in accordance with reasonable commercial assessment. They consider all discernible risks and contingent liabilities. Adequate cost increases are taken into account in the valuation of settlement amounts. Provisions for vacation as well as variable wage and salary components have been determined based on the claims held by employees as of December 31, 2023 per employee, with due regard being given to the individual remuneration amount and employer's contribution to social security.

Liabilities are recognized at their settlement amounts. Of the liabilities, EUR 87.5 million have a residual term of up to one year and EUR 25.2 million have a residual term of between one and five years.

Trade receivables include receivables from affiliated companies in the amount of EUR 5,452.41.

Receivables and liabilities denominated in foreign currency are translated at the mean spot exchange rate pursuant to Section 256a HGB. Foreign currency receivables with a residual term of more than one year are valued at the exchange rate applicable at the date of invoicing or the lower average spot exchange rate at the balance sheet date. Foreign currency liabilities with a residual term of more than one year are valued at the exchange rate applicable at the date of invoicing or the higher average spot exchange rate at the balance sheet date.

Malteser International Europa finances itself in particular via allocations and donations. While non-dedicated donations are not earmarked for any special purpose and are immediately recognized through income, earmarked allocations and donations can only be used in accordance with the contributors' conditions and for the assistance projects specified in the respective contributors' agreements. These are initially recognized with no effect on profit or loss. The receipt of earmarked allocations and donations is recognized through income at the date on which the corresponding expenses are incurred for the assistance projects. Under the contributors' agreements concluded, Malteser International Europa is usually required to provide a certain fraction of financing from its own resources. This is mostly done using funds from non-dedicated donations. Some of the receivables from state grant authorities are subject to the reservation of the estimated budgetary funds being available. At present, there are no indications from the current political and economic situation of the Federal Republic of Germany that the reserved legal claim will be exercised for any receivables from grant providers.

Cologne,

Dr. Elmar Pankau  
(Chair of the Management Board)

Ulf Reermann  
(Management Board Member)

Douglas Graf von Saurma-Jeltsch  
(Management Board Member)

Thomas Kleinert  
(Management Board Member)

# General Engagement Terms

for

## Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]  
as of January 1, 2017

### 1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

### 2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

### 3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

### 4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

### 5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

### 6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

### 7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: The German term "*Textform*" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

### 8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

### 9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

## 10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

## 11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

## 12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

## 13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement expenses is admissible only for undisputed claims or claims determined to be legally binding.

## 14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

## 15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

