
Report

Malteser International e.V.
Cologne

Audit of the Aggregated Financial Information for the Financial Year
from January 1 to December 31, 2021

(Translation - the German text is authoritative)

Engagement: DEE00066502.1.1



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

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. On December 15, 2021, the executive directors of

Malteser International e.V., Cologne,
(hereinafter referred to as "MI e.V." or "the Company")

engaged us to audit the aggregated financial information – consisting of the combined balance sheet and the combined income statement as well as the explanatory notes – for the organizational units Malteser International e.V., Cologne, Malteser General Secretariat Accounting Unit, Malteser International Europa Section of Malteser Hilfsdienst e.V., Cologne, Order of Malta Worldwide Relief Malteser International Americas Inc., Delaware (USA), for the period from January 1 to December 31, 2021.

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 aggregated financial information is attached to this report as an Appendix.
3. The executive directors and the staff members of the Company authorized by them supplied us with all information and supporting documentation which we requested.
4. The executive directors of the Company submitted to us a standard letter of representation relating to our audit of the aggregated 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. Subject, Nature and Scope of the Audit

6. The subject of our audit was the aggregated financial information – consisting of the combined balance sheet and the combined income statement as well as the explanatory notes – for the organizational units Malteser International e.V., Cologne, Malteser General Secretariat Accounting Unit, Malteser International Europa Section of Malteser Hilfsdienst e.V., Cologne, Order of Malta Worldwide Relief Malteser International Americas Inc., Delaware (USA), for the period from January 1 to December 31, 2021.
7. The starting point was the aggregated financial information for the financial year from January 1 to December 31, 2020, which Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, had audited and provided with an unqualified audit opinion.
8. 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. Those standards require that we comply with our professional duties and plan and perform the audit to obtain reasonable assurance as to whether the aggregated financial information is free from material misstatement.
9. An audit entails the performance of audit procedures to obtain audit evidence in relation to the amounts recognized in the aggregated financial information. The procedures selected depend on the auditor's professional judgment.
10. 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 aggregated financial information as well as the supporting documentation for the disclosures of the Company 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 records. We audited the financial statements underlying the aggregated financial information of Malteser International e.V. and the Malteser General Sekretariat Accounting Unit, Malteser International Europa Section of Malteser Hilfsdienst e.V. With respect to the financial statements of Order of Malta Worldwide Relief Malteser International Americas Inc. not audited by us, we conducted our own audit procedures in accordance with the principle of materiality, so as to ensure that the applicable provisions have been complied with. In order to identify potential risks from pending litigation, we requested attorneys' confirmations as of December 31, 2021. We obtained bank confirmations as of December 31, 2021 in order to audit the business relations with banks and financial services institutions.
11. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

C. Findings Regarding Accounting Records

I. Adequacy of Accounting Records

1. Bookkeeping System and Other Audited Records

12. 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

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

D. Issuance of the Assurance Report

Based on the final results of our audit we issued the following assurance report dated June 24, 2022:

Assurance Report of the Auditor

To Malteser International e.V., Cologne

We have audited the accompanying aggregated financial information – consisting of the combined balance sheet and the combined income statement as well as the explanatory notes – prepared by Malteser International e.V., Cologne (hereinafter referred to as "the Association"), for the organizational units Malteser International e.V., Cologne, Malteser General Secretariat Accounting Unit, Malteser International Europa Section of Malteser Hilfsdienst e.V., Cologne, Order of Malta Worldwide Relief Malteser International Americas Inc., Delaware (USA), for the period from January 1 to December 31, 2021.

Responsibilities of the Executive Directors

The executive directors of the Association are responsible for the preparation of the aggregated financial information. This responsibility includes ensuring that the aggregated financial information has been prepared in accordance with the accounting requirements and consolidation principles presented in the explanatory notes. The executive directors are also responsible for the selection and reasonableness of the accounting and consolidation principles presented in the explanatory notes as well as for such internal controls as they deem necessary to enable the preparation of the aggregated 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 this aggregated financial information based on 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). Those standards require that we comply with our professional duties and plan and perform the audit to obtain reasonable assurance as to whether the aggregated 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 in the aggregated financial information including the associated disclosures. The procedures selected depend on the auditor's professional judgment. This includes assessing the risks of material misstatement in the aggregated 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 aggregated 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 principles used, the reasonableness of the estimated values determined by the executive directors in the accounting records as well as assessing the overall presentation of the aggregated 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 aggregated financial information has been prepared, in all material respects, in accordance with the accounting requirements and consolidation principles presented in the explanatory notes.

Accounting Principles and Restriction on Distribution and Use

Without qualifying our audit opinion, we make reference to the explanatory notes, in which the organizational units included in the aggregated financial information and the relevant accounting principles are described. Furthermore, we draw attention to the fact that the aggregated financial information does not present a complete set of consolidated financial statements of the organizational units in accordance with the provisions of German commercial law and is not intended to give a true and fair view of the net assets and financial position of the organizational units as of December 31, 2021 or their results of operations for the financial year then ended in accordance with the provisions of German commercial law. The organizational units did not operate as an autonomous legal entity. The aggregated financial information is therefore not necessarily meaningful either with regard to the results that would have been achieved if the organizational units had been an autonomous legal entity during the period under consideration, or with regard to future results of the organizational units.

The aggregated financial information has been prepared in order to present the international activities of the Malteser Group as a whole, eliminating internal Malteser transactions. Therefore, the aggregated financial information might not be suitable for a purpose other than that mentioned above.

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, June 24, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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

(sgd. ppa. Stefan Wißenbach)
Wirtschaftsprüfer
(German Public Auditor)

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General Engagement Terms for Wirtschaftsprüfer and
Wirtschaftsprüfungsgesellschaften dated January 1, 2017

**Aggregated Financial Information for the Financial
Year from January 1 to December 31, 2021**

Malteser International, Cologne

Combined Balance Sheet as of December 31, 2021

Assets

	12/31/2021	12/31/2020
	€	€
A. Fixed assets		
I. Property, plant and equipment		
1. Other equipment, operating and office equipment	107.837,33	150.117,13
B. Current assets		
I. Inventories	1.065,34	0,00
II. Receivables and other assets		
1. Trade receivables	4.784,07	7.525,20
2. Receivables from related corporate entities	710.233,42	67.423,12
3. Receivables from Malteser Hilfsdienst e.V. - internal -	774.055,13	6.387.679,71
4. Other assets	91.806.943,44	72.365.529,11
	93.297.081,40	78.828.157,14
III. Cash on hand, bank balances	21.885.837,94	22.401.280,06
	115.182.919,35	101.229.437,20
C. Prepaid expenses and deferred charges	124.673,01	163.445,22
	115.415.429,69	101.542.999,55

Equity and liabilities		
	12/31/2021	12/31/2020
	€	€
A. Equity		
I. Combined assets	5.830.247,02	5.807.146,26
II. Equity difference from currency translation	-135.361,67	40.900,49
III. Net income (prior year: net loss) for the year	1.067.902,16	-18.833,78
	6.762.787,51	5.829.212,97
B. Provisions		
1. Other provisions	1.751.837,76	2.046.249,67
C. Liabilities		
1. Trade payables	1.093.518,78	1.451.533,24
2. Payables to affiliated companies	458,33	2.137,65
3. Payables to related corporate entities	0,00	1.523,06
4. Payables to Malteser Hilfsdienst e.V. - internal -	65.258,04	392.561,98
5. Liabilities related to earmarked allocations	74.342.817,58	71.510.777,75
6. Other liabilities	31.398.751,69	20.309.003,23
	106.900.804,42	93.667.536,91
	115.415.429,69	101.542.999,55

Development of Fixed Assets for Financial Year 2021

	Acquisition or manufacturing cost			
	1/1/2021	Additions	Disposals	12/31/2021
	€	€	€	€
I. Intangible assets				
1. Purchased software	488.599,12	0,00	0,00	488.599,12
II. Property, plant and equipment				
1. Other equipment, operating and office equipment	1.078.710,82	66.271,30	253.116,21	891.865,91
	1.567.309,94	66.271,30	253.116,21	1.380.465,03

Accumulated amortization/depreciation				Net book values	
1/1/2021	Additions	Disposals	12/31/2021	12/31/2021	12/31/2020
€	€	€	€	€	€
488.599,12	0,00	0,00	488.599,12	0,00	0,00
928.593,69	89.603,17	234.168,28	784.028,58	107.837,33	150.117,13
1.417.192,81	89.603,17	234.168,28	1.272.627,70	107.837,33	150.117,13

Malteser International, Cologne

**Combined Income Statement
for the Period from January 1 to December 31, 2021**

	2021	2020
	€	€
1. Sales revenue	112.993,98	260.096,43
2. Other operating income	90.946.155,30	104.949.832,26
	91.059.149,28	105.209.928,69
3. Cost of materials		
a) Cost of raw materials and supplies and purchased merchandise	10.489.129,97	11.581.333,63
b) Cost of purchased services	4.841.717,55	4.286.217,84
	15.330.847,52	15.867.551,47
4. Personnel expenses		
a) Wages and salaries	15.301.649,07	14.877.121,14
b) Social security, pension and other benefits	1.340.156,67	1.290.551,82
(of which relating to pensions: € 361,714.88; prior year: € 352,443.80)	16.641.805,74	16.167.672,96
5. Income from the release of liabilities related to earmarked allocations	70.708.030,24	69.941.438,95
6. Expenses due to the addition to liabilities related to earmarked allocations	73.310.327,00	96.828.296,64
7. Amortization and depreciation of fixed intangible assets and property, plant and equipment	89.603,17	135.425,98
8. Other operating expenses	55.000.653,65	45.810.585,68
Subtotal	1.393.942,44	341.834,91
9. Other interest and similar income	7.950,77	6.415,95
10. Interest and similar expenses	68.232,87	16.769,62
11. Earnings after taxes	1.333.660,34	331.481,25
12. Other taxes	265.758,19	350.315,03
13. Net income (prior year: net loss) for the year	1.067.902,16	-18.833,78

Malteser International, Cologne**Explanatory Notes to the Combined Financial Statements for the Financial Year from January 1 to December 31, 2021**

The combined financial statements of Malteser International serve the purpose of presenting the international activities of Malteser as a whole, eliminating internal Malteser International transactions.

The financial statements of the following organizational units have been included:

- Malteser International e.V., Cologne (briefly referred to as "MI e.V.")
- Malteser General Sekretariat Accounting Unit, Malteser International Europa Section of Malteser Hilfsdienst e.V., Cologne (briefly referred to as "MI Europa"),
- Order of Malta Worldwide Relief Malteser International Americas Inc. Delaware (USA) (briefly referred to as "MI Americas").

The financial statements are prepared in accordance with the requirements of German commercial law applicable to all merchants.

Material accounting and valuation principles are presented in the following:

Intangible assets and 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 average useful lives. Depreciable movable items of property, plant and equipment 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. If such an asset is taken out of the assets, the 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. Identifiable individual risks are taken into account through itemized valuation allowances. All receivables and other assets have a residual term of up to five years.

Receivables from other accounting units of Malteser Hilfsdienst e.V. are shown separately in the balance sheet as "internal".

Receivables from foundations and associations that are related to Malteser Hilfsdienst e.V. are reported under receivables from related corporate entities.

Allocations, which are not earmarked for any special purpose, are reported in net income/loss for the year and used in the following years for projects of Malteser International Europa.

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, 2021 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. Liabilities with a residual term of more than five years do not exist.

Payables to other accounting units of Malteser Hilfsdienst e.V. are shown separately in the financial statements of Malteser International as "internal".

Payables to foundations and associations that are related to Malteser Hilfsdienst e.V. are reported under payables to related corporate entities.

Prepaid expenses and deferred charges relate to payments made before the balance sheet date which represent expenditure for a specific period after that date.

Receivables and liabilities denominated in foreign currency as well as equity are translated pursuant to or in analogous application of Section 308a HGB in conjunction with Section 256a HGB at the average spot exchange rate. 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. The acquisition cost principle pursuant to Section 253 (1) Clause 1 HGB and the principle of imparity pursuant to Section 252 (1) No. 4 sub-clause 2 HGB are not applied for foreign currency receivables and liabilities with a residual term of one year or less.

Income statement items denominated in foreign currency are translated at the annual average rate. Any resulting translation difference is shown within equity in the combined balance sheet under the item "Equity difference from currency translation".

Income from the release of liabilities related to earmarked allocations and expenses due to the addition to liabilities related to earmarked allocations are reported separately in the combined income statement.

Malteser International 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 is usually required to provide a certain fraction of financing from its own funds. This is mostly done using funds from the non-dedicated or earmarked 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.

The combination of the financial statements was based on the following principles:

Receivables and liabilities as well as income and expenses between the organizational units were eliminated. Equity was determined by adding the equity positions of the organizational units included.

In derogation from the requirements for corporations, no disclosures were provided in the case of the notes on eligibility for inclusion for the balance sheet items pursuant to Section 265 (3) HGB, of the "of which" notes under other liabilities pursuant to Section 266 HGB, of the residual terms for receivables and liabilities pursuant to Section 268 (4) and (5) HGB and no notes to the financial statements or management report were prepared.

Cologne, June 9, 2022

Clemens Graf von Mirbach-Harff

Derivation of the Combined Balance Sheet as of December 31, 2021

Assets

	MI Europa Cologne	MI Americas Delaware	MI e.V. Cologne	Total balance sheets
	€	€	€	€
A. Fixed assets				
I. Property, plant and equipment				
1. Other equipment, operating and office equipment	97.960,19	9.877,14	0,00	107.837,33
B. Current assets				
I. Inventories	1.065,34	0,00	0,00	1.065,34
II. Receivables and other assets				
1. Trade receivables	4.784,07	0,00	0,00	4.784,07
2. Receivables from related corporate entities	966.675,61	2.605.253,92	0,00	3.571.929,53
3. Receivables from Malteser Hilfsdienst e.V. - internal -	774.055,13	0,00	0,00	774.055,13
4. Other assets	89.331.773,12	2.475.170,32	0,00	91.806.943,44
	91.077.287,93	5.080.424,25	0,00	96.157.712,18
II. Cash on hand, bank balances and checks	21.196.780,88	504.617,68	184.439,38	21.885.837,94
	112.275.134,15	5.585.041,93	184.439,38	118.044.615,46
C. Prepaid expenses and deferred charges	116.666,30	8.006,71	0,00	124.673,01
	112.489.760,64	5.602.925,78	184.439,38	118.277.125,80

Elimination of internal transactions	Malteser International 12/31/2021	Malteser International 12/31/2020
€	€	€
0,00	107.837,33	150.117,13
0,00	1.065,34	0,00
-2.861.696,11	4.784,07	7.525,20
	710.233,42	67.423,12
	774.055,13	6.387.679,71
	91.806.943,44	72.365.529,11
-2.861.696,11	93.296.016,06	78.828.157,14
0,00	21.885.837,94	22.401.280,06
-2.861.696,11	115.182.919,35	101.229.437,20
	124.673,01	163.445,22
-2.861.696,11	115.415.429,69	101.542.999,55

**Derivation of the Combined Income Statement
for the Period from January 1 to December 31, 2021**

	MI Europa Cologne	MI Americas Delaware	MI e.V. Cologne	Total income statements	Consolidation	2021	2020
	€	€	€	€	€	€	€
1. Sales revenue	112.993,98	0,00	0,00	112.993,98	0,00	112.993,98	260.096,43
2. Other operating income	86.752.950,78	7.839.036,73	54.000,00	94.645.987,51	-3.699.832,21	90.946.155,30	104.949.832,26
	86.865.944,76	7.839.036,73	54.000,00	94.758.981,49	-3.699.832,21	91.059.149,28	105.209.928,69
3. Cost of materials							
a) Cost of raw materials and supplies and purchased merchandise	9.932.385,42	556.744,55	0,00	10.489.129,97	0,00	10.489.129,97	11.581.333,63
b) Cost of purchased services	4.830.478,27	11.239,28	0,00	4.841.717,55	0,00	4.841.717,55	4.286.217,84
	14.762.863,69	567.983,83	0,00	15.330.847,52	0,00	15.330.847,52	15.867.551,47
4. Personnel expenses							
a) Wages and salaries	13.574.499,73	1.727.149,34	0,00	15.301.649,07	0,00	15.301.649,07	14.877.121,14
b) Social security, pension and other benefits	1.260.343,52	79.813,15	0,00	1.340.156,67	0,00	1.340.156,67	1.290.551,82
	14.834.843,25	1.806.962,49	0,00	16.641.805,74	0,00	16.641.805,74	16.167.672,96
Subtotal	57.268.237,82	5.464.090,40	54.000,00	62.786.328,22	-3.699.832,21	59.086.496,01	73.174.704,26
5. Income from the release of liabilities related to earmarked allocations	70.708.030,24	0,00	0,00	70.708.030,24	0,00	70.708.030,24	69.941.438,95
6. Expenses due to the addition to liabilities related to earmarked allocations	69.630.738,85	3.679.588,15	0,00	73.310.327,00	0,00	73.310.327,00	96.828.296,64
7. Amortization and depreciation of fixed intangible assets and property, plant and equipment	85.689,24	3.913,93	0,00	89.603,17	0,00	89.603,17	135.425,98
8. Other operating expenses	57.179.043,11	1.463.434,83	58.007,92	58.700.485,86	-3.699.832,21	55.000.653,65	45.810.585,68
Subtotal	1.080.796,86	317.153,50	-4.007,92	1.393.942,44	0,00	1.393.942,44	341.834,91
9. Other interest and similar income	7.950,77	0,00	0,00	7.950,77	0,00	7.950,77	6.415,95
10. Interest and similar expenses	68.232,87	0,00	0,00	68.232,87	0,00	68.232,87	16.769,62
11. Results on ordinary activities	1.020.514,76	317.153,50	-4.007,92	1.333.660,34	0,00	1.333.660,34	331.481,24
12. Other taxes	264.230,75	1.527,44	0,00	265.758,19	0,00	265.758,19	350.315,03
13. Net income/net loss for the year	756.284,01	315.626,07	-4.007,92	1.067.902,16	0,00	1.067.902,16	-18.833,79

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.

