

Conditions for access to the report on the reasonable assurance engagement relating to the compliance management system in accordance with IDW AssS 980 (for the area of antitrust law) of Deutsche Telekom AG (dated 11 June 2015)

Deutsche Telekom AG engaged us, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (“EY”), to perform a reasonable assurance engagement relating to the design, implementation and effectiveness of its compliance management system described in the enclosed exhibit 1 for the area of antitrust law (“scope of the engagement”). We performed our audit procedures at three selected German and ten selected non-German entities. EY has prepared a short form report on the findings of the reasonable assurance engagement addressed to Deutsche Telekom AG which, at the request of Deutsche Telekom AG, is to be made available to the interested public under the following conditions.

- ▶ The scope of the reasonable assurance engagement in accordance with IDW AssS 980 was defined by our engagement agreement. This short form report is based on documents and information provided to EY. EY’s assurance engagement and reporting is merely suitable and intended for the purposes of Deutsche Telekom AG.
- ▶ The engagement between EY and Deutsche Telekom AG has no duty of care with regard to third parties. Neither a duty of care nor a contractual liability towards you is agreed on or wanted, in particular under an advisory and/or information agreement or an engagement agreement, in respect of you. It is your or sole responsibility or engage an expert to decide whether the short form report and the information therein may serve your purposes, are relevant for your decision-making and can be used by you. The reader shall maintain confidentiality in respect of the short form report and the contents thereof and shall not bring any claims against us for any loss or damage which occurs or may occur in connection with the use of the short form report and the information contained therein.
- ▶ This agreement is governed by German law.

I intend to read the short form report and hereby declare that I have acknowledged the above mentioned conditions and thus wish to be granted access to this short form report.

Deutsche Telekom AG Bonn

Assurance report by the independent German public auditor
- short form report -
on the appropriateness, implementation and operating
effectiveness of the compliance management system
in the area of antitrust law
for selected entities

Courtesy translation

*This is an English translation of the German short form report,
the German text being the sole authoritative version.*

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft



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Abbreviations

AssS 980	Assurance Standard IDW AssS 980, Principles for the Proper Performance of Reasonable Assurance Engagements Relating to Compliance Management Systems [Grundsätze ordnungsmäßiger Prüfung von Compliance Management Systemen]
CMS	compliance management system
EU	European Union
EY	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf
GCM	Group Compliance Management
ICC	International Chamber of Commerce
IDW	Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany]
Telekom	Deutsche Telekom AG, Bonn

A. Assurance engagement

By letter dated 28 October 2013, the management of Deutsche Telekom AG, Bonn ("Telekom" or the "Company") engaged us to perform a reasonable assurance engagement relating to the appropriateness, implementation and effectiveness of the compliance management system (CMS) described in the enclosed exhibit 1 in the area of antitrust law at the following selected entities:

- ▶ Deutsche Telekom AG, Bonn (group headquarters);
- ▶ T-Systems International GmbH, Frankfurt am Main;
- ▶ Telekom Deutschland GmbH, Bonn;
- ▶ T-Mobile Czech Republic a.s., Prague, Czech Republic;
- ▶ Slovak Telekom, a.s., Bratislava, Slovakia;
- ▶ Telekom Romania Communications S.A. (formerly SC Romtelecom S.A.), Bucharest, Romania;
- ▶ T-Mobile Polska S.A., Warsaw, Poland;
- ▶ OTE A.E./Hellenic Telecommunication Organization, Marousi, Greece;
- ▶ Cosmote Mobile Communication S.A., Athens, Greece;
- ▶ Hrvatski Telekom d.d., Zagreb, Croatia;
- ▶ Magyar Telekom Nyrt., Budapest, Hungary;
- ▶ T-Mobile Austria GmbH, Vienna, Austria;
- ▶ T-Mobile Netherlands BV, The Hague, Netherlands.

The audit procedures performed by EY and resulting findings on Telekom's CMS for the area of antitrust law are based on the findings of an assurance engagement relating to effectiveness carried out previously for the period from 1 January 2012 to 31 December 2013.

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften" [German Public Auditors and Public Audit Firms] dated 1 January 2002, which are attached to this report, are applicable to this engagement and also govern our relations with third parties in the context of this engagement.

We have issued a report on the nature and scope and on the results of our assurance engagement which is addressed solely to Telekom to be used for internal purposes. The content of that report exceeds this abbreviated version. A full understanding of our engagement, the approach we took to the assurance engagement and our conclusions can only be gained upon reading our long-form report.

B. Purpose, nature and scope of the assurance engagement

The assertions contained in the CMS description about the area of antitrust law attached as exhibit 1 were the subject of our assurance engagement. The following frameworks (the "frameworks") were applied in establishing the CMS which, alongside the fundamental design of the CMS¹, were key for Telekom's² area of antitrust law in the engagement period:

- ▶ EU - "Compliance Matters" (What companies can do better to respect EU competition rules), version 2012
- ▶ The ICC Antitrust Compliance Toolkit, International Chamber of Commerce, version dated 22 April 2013

The Company's management is responsible for the CMS, including the documentation of the CMS, and for the content of the CMS description.

Our responsibility is to express a conclusion on the assertions contained in the CMS description about the appropriateness, implementation and effectiveness of the area of antitrust law at the entities specified in section A. based on our assurance engagement. As a program-related engagement, the objective of the assurance engagement is not to identify individual incidences of non-compliance. Therefore it is not intended to obtain assurance on actual compliance with requirements.

We performed our assurance engagement on the basis of the professional duties applicable to public auditors and in accordance with IDW Assurance Standard, Principles for the Proper Performance of Reasonable Assurance Engagements

¹ Deutsche Telekom used the following standards as a basis for the design of the general compliance management system:

- US Sentencing Guideline Manual, section 8b.: Effective Compliance and Ethics Program (dated 1 November 2008)
- Australian Standard - Compliance Programs AS3806-2006, 2nd Edition
- Zentrum für Wirtschaftsethik gGmbH, Konstanz - ComplianceProgramMonitor (dated June 2009)
- Transparency International - Principles for Countering Bribery (dated June 2003)
- UK Bribery Act - Guidance about procedures which relevant commercial organisations can put into place to prevent persons associated with them from bribing (March 2011)

These standards were already the basis for the previous assurance engagement relating to the compliance management system.

² The entities T-Mobile Austria GmbH and T-Mobile Netherlands BV were not included in the scope of the assurance engagement relating to operating effectiveness for the period from 1 January 2012 to 31 December 2013. Supplementary audit procedures were therefore required in this context. Specifically, the implementation of the compliance components defined by GCM was assessed.

Relating to Compliance Management Systems [Grundsätze ordnungsmäßiger Prüfung von Compliance Management Systemen] (IDW AssS 980). This standard requires from us to plan and perform the assurance engagement to enable us to reach a conclusion with reasonable assurance about whether the assertions about the CMS policies and procedures contained in the CMS description are appropriately presented in all material respects and that the policies and procedures set forth are suitable, in accordance with the applied CMS principles from the frameworks stated above, for both identifying in due time with reasonable assurance risks of material breaches in the area of antitrust law and for preventing such non-compliance, and that the policies and procedures were implemented as of 31 December 2012 and were effective for the selected entities in the period from 1 January 2013 to 31 December 2013.

We performed our audit procedures in two stages. In the first stage, we assessed the appropriateness, implementation and effectiveness of the CMS for the period from 1 January 2013 to 31 December 2013 at selected German entities. In the second stage, we assessed the appropriateness, implementation and effectiveness of the CMS for the period from 1 January 2013 to 31 December 2013 at selected non-German entities.

We applied professional judgment in determining the audit procedures. During the assurance engagement we took knowledge of the legal and economic environment and the Company's compliance requirements into consideration. We assessed the policies and procedures set forth in the CMS description and the evidence presented to us primarily on a sample basis. We consider our assurance engagement to provide a reasonable basis for our conclusion.

Our audit procedures focused on internal CMS components, processes and controls such as:

- ▶ Antitrust Law Policy
- ▶ Classroom training/eLearning
- ▶ Communication/awareness measures
- ▶ Compliance Risk Assessment

Our audit procedures also focused on projects selected on a sample basis with specific antitrust relevance at selected entities. The population of the relevant projects for subsequent sampling was identified using criteria determined based on the business of the individual entities and the resulting risks of potential breaches of antitrust law.

The following formed the basis of our assurance engagement:

- ▶ Review of selected documents and tools to assess the compliance structures and operating effectiveness of the processes and controls.
- ▶ Information provided by the local managers responsible for the observance of relevant antitrust risks and by employees from the areas and departments from which the projects with specific antitrust relevance were selected.

In addition to our audit procedures for the area of antitrust law, the proper implementation of the requirements and implementation instructions for the compliance organization centrally defined in Telekom's certification manual "Compliance management system of Deutsche Telekom AG" including minimum requirements (version 1.0 dated 16 October 2009) was assessed for two non-German entities.³

³ In this regard please also see footnote 2.

C. Findings regarding the compliance management system

Significant findings

We made the following significant findings regarding the parts of Telekom's CMS which we assessed. These findings did not result in a qualified or adverse conclusion.

- ▶ The policies and procedures set out in the CMS description are suitable for both identifying in due time with reasonable assurance breaches in the area of antitrust law and for preventing such non-compliance. Telekom's CMS has preventive, detective and reactive controls to address compliance.
- ▶ The requirements and implementation instructions for the compliance organization defined centrally in Telekom's certification manual "Compliance management system of Deutsche Telekom AG" including minimum requirements (version 1.0 dated 16 October 2009) were fully implemented at the two non-German entities assessed in this respect.
- ▶ Training was carried out in all selected German and non-German entities. Both classroom trainings and risk-group-based eLearning sessions were carried out at the majority of the selected entities. For two selected entities, eLearnings are planned for 2015.
- ▶ Telekom's central compliance program requires for a participation rate of 80% in classroom training for a predefined target group. Telekom's centrally defined requirements were therefore not fully met at two of the selected entities up to December 2014. The outstanding training sessions are expected to be completed at the two entities by mid-2015.

Material recommendations

We have made the following material recommendations:

- ▶ In our opinion, the described system in place has proved to be successful for the area of antitrust law. In order to provide reasonable assurance for the protection of the Group against breaches of antitrust law in the future, the system set out in the CMS description should be taken into account in the integration phase of companies acquired or established in the context of Mergers & Acquisitions and joint venture activities.

In addition to our findings and recommendations, we made separate recommendations for some of the selected Group entities which are set out in the relevant short form reports for these entities.

D. Conclusion

We conclude that, based on the findings of our assurance engagement, the assertions contained in the CMS description about the CMS policies and procedures in the area of antitrust law are appropriately presented in all material respects. The policies and procedures set forth in the CMS description are suitable, in accordance with the frameworks stated above, for both identifying in due time with reasonable assurance risks of material breaches in the area of antitrust law and for preventing such non-compliance. The policies and procedures were implemented as of 31 December 2012 and were effective for the selected entities during the period from 1 January 2013 to 31 December 2013.

The CMS description for the area of antitrust law at the Company as amended was prepared as of 14 July 2014; the remarks on the procedures to assess the effectiveness of individual policies and procedures relate to the period from 1 January 2013 to 31 December 2013. Any extrapolation of this information to a future date could lead to false conclusions being drawn if the CMS has changed in the interim.

An otherwise effective CMS is subject to inherent limitations within the system which implies the event of material non-compliance not prevented or identified by the system can occur.

Düsseldorf, 11 June 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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Deutsche Telekom AG Bonn

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Exhibit 1

Description of the CMS by Deutsche Telekom AG's management

Compliance management system of Deutsche Telekom AG

Area of anti-trust law

1) Objective of the compliance management system

Deutsche Telekom aims – through the implementation of group-wide compliance structures and procedures – to provide a suitable framework in order to identify risks of violations of anti-trust law with reasonable assurance, to minimize these risks by taking appropriate measures and thus to protect the Company, its corporate bodies and employees from incurring reputational damage and/or liability-related losses. For this reason, the compliance management system (CMS) is designed to enable all employees entrusted with matters relevant for anti-trust law to obtain legal advice and guidance on practical courses of action from the anti-trust unit on a proactive as well as reactive basis.

2) Allocation of tasks

As in other risk areas, matters relevant for anti-trust law are addressed by a unit that is not part of the compliance department and is specialized solely in the area of anti-trust law. This unit liaises closely with the compliance department, which coordinates the compliance measures that are applied to the individual risk areas, e.g., the compliance risk assessment or the whistleblowing and advice tools ask-me and tell-me.¹

Deutsche Telekom's anti-trust law unit (International Competition Policy and Projects, GPRA-CPP) is in charge of and responsible for all matters relevant for anti-trust law for the business in Germany and makes recommendations for action to the board of management and the international group entities. This includes handling all official and judicial anti-trust proceedings for the business domiciled in Germany and for Deutsche Telekom AG, evaluating risks and preparing strategies in connection with mergers and acquisitions as well as developing, transforming and ensuring a group-wide strategy on matters relating to anti-trust law policy and managing them consistently and sustainably, also in communications with anti-trust and supervisory authorities on behalf of the entire Group.

3) Components of the CMS

The minimum requirements set by Telekom for a compliance management system for the area of anti-trust law were derived on the basis of multi-risk, risk-specific and generally accepted international frameworks. In addition to its own published document "Compliance Matters,"² the European Commission refers to other documents published by associations and anti-trust authorities, which describe the required components of an effective compliance program. Apart from the Antitrust Compliance Toolkit published by the International Chamber of Commerce (ICC) in 2013, the ICC in particular has published several other relevant documents. There are also reference documents published by the French and British anti-trust authorities.³

The main components of the CMS pertaining to anti-trust law are:

- Suitable personnel resources and inclusion of the anti-trust organization in the Telekom Group's corporate governance (reporting lines to the board of management and supervisory board, interaction and reporting with/to management committees)
- Risk-based definition of a compliance program in the area of anti-trust law
- Rigorous implementation via policies, training events, communications and advice offerings
- Integration of preventive compliance processes and controls pertaining to anti-trust law into internal processes

¹ Please see the CMS description of Deutsche Telekom AG – Minimum Requirements for Compliance and additional internal documentation on the compliance organization.

² http://ec.europa.eu/competition/antitrust/compliance/index_en.html.

³ An overview of the abovementioned reference documents is available at

http://ec.europa.eu/competition/antitrust/compliance/compliance_programmes_en.html.

- Establishment of a process that sets out the circumstances in which involvement of the anti-trust unit is necessary with a view to anti-trust risks (implemented in particular by the Group Anti-Trust Law Policy as well as other guidance focused on specific topics)
- Ensuring an appropriate response to potential national and international breaches of anti-trust law

This general document forms the basis of the CMS. It is supplemented by a large number of other internal documents of Deutsche Telekom on anti-trust and general compliance requirements. Together, these documents represent the individual components of the compliance program for the area of anti-trust law. They include:

- The Group Anti-Trust Law Policy, which provides basic information about anti-trust law and links it with practical policies and procedures and also defines a code of conduct for employees which stipulates when the anti-trust law unit must be involved.
- The current “Compliance Management” process manual as amended.
- The CMS anti-trust law concept⁴ as amended and the underlying internal documents as well as other documents providing guidance for various anti-trust risk areas such as rules of conduct in the event of searches and investigations by anti-trust authorities.

4) Coverage of the basic components of an effective CMS in accordance with IDW AssS 980

Together with the aforementioned documents, the anti-trust compliance program constitutes a comprehensive system as part of and in combination with Deutsche Telekom’s compliance program and possesses the seven basic components of an effective CMS in accordance with IDW AssS 980.



*Umsetzungsübersicht (nicht abschließend)

These components are:

- **Compliance culture:**
The compliance culture forms the basis for the appropriate design and operating effectiveness of the compliance management system. It is shaped by management’s attitudes and behavior and by the role of the supervisory bodies (“tone from/at the top”). The compliance culture influences the significance Deutsche Telekom’s employees attach to compliance with requirements and thus their willingness to behave compliantly.

At Deutsche Telekom, the compliance culture is set out and described first and foremost in the Code of Conduct. The Code of Conduct is the framework for all people in the Telekom Group. It links our standard of respecting laws and regulations with the special requirements regarding ethical behavior and with the five Guiding Principles that enable our success in business. It is Deutsche Telekom’s cultural mission statement. In the Code of Conduct,

⁴ The CMS concept also includes process guidelines for involving the anti-trust law unit either directly or via the other units such as the legal department (Group Headquarters Legal, Group Legal Services) and Group Public and Regulatory Affairs.

Deutsche Telekom acknowledges open competition as an elementary component of the free-market system. The Code of Conduct describes the binding management commitment to consistently observe the anti-trust requirements in business relationships with third parties.

▪ **Compliance objectives:**

Based on the general corporate objectives and an analysis and weighting of those requirements that are significant to the entity, Deutsche Telekom defines the objectives to be attained from using the compliance system. This especially includes defining the relevant areas and the requirements to be complied with in these areas. For the purposes of weighting, the area of anti-trust law is absolute top priority due to the significant potential risks. The compliance objectives form the basis for assessing compliance risks.

The business mandate sets out the tasks and responsibilities of Deutsche Telekom's anti-trust law unit. Based on this business mandate, the anti-trust law unit aims to prevent all anti-trust risks or limit them as far as possible by taking

- (1) proactive measures to prevent risks by providing advice on anti-trust matters in the project phase prior to the launch of the product, for transactions or other forms of cooperation as well as during the enforcement of claims arising under anti-trust law as well as
- (2) by handling all official and judicial anti-trust proceedings to which Deutsche Telekom is party.

▪ **Compliance risks:**

Taking the compliance objectives into account, compliance risks are identified which could lead to violations of requirements which are to be observed and thus to failure to attain the compliance objectives. A procedure for systematic risk identification and reporting was implemented for this purpose. The identified risks are analyzed in terms of their probability of occurrence and possible consequences and incorporated into the compliance program.

Anti-trust risks are particularly relevant for Deutsche Telekom and are therefore considered to be one of the main compliance risks. Group Compliance Management is responsible for identifying and embedding risks in the Group's compliance program.⁵

▪ **Compliance program:**

Policies and procedures which are designed to mitigate compliance risks and thus prevent non-compliance were implemented on the basis of the assessment of compliance risks. The compliance program also includes the measures to be taken in the event of identified non-compliance. The compliance program was documented to ensure that the compliance program functions independently of specific individuals.

In addition to the measures repeated on a regular basis such as the national and international rollout of a Group Anti-Trust Law Policy as well as e-learning on anti-trust law, customized classroom training, the provision of a large number of other guidelines on specific topics and training for facility managers on what to do in the event of searches by anti-trust authorities, specific measures are initiated annually based on current compliance risk assessments.

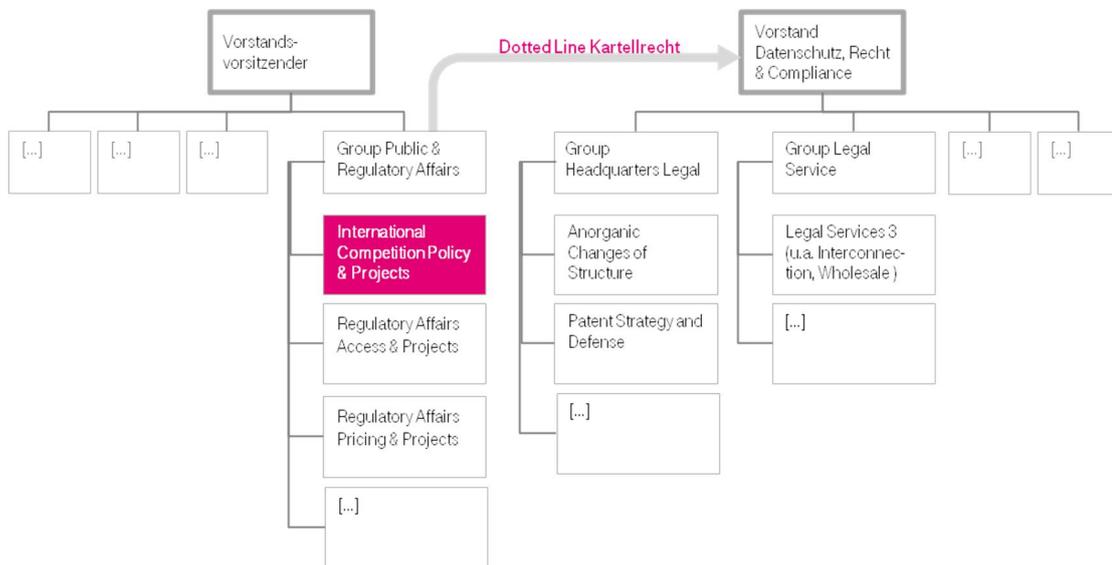
▪ **Compliance organization:**

Deutsche Telekom's management defines roles and responsibilities (tasks) and structures and procedures in the CMS as an integral part of the entity's organization and makes available the resources necessary for an effective compliance management system.

The anti-trust law unit is located in Deutsche Telekom's regulatory affairs department, in the CEO area. This is due to its relationship to the regulatory affairs in the telecommunications network industry which are closely linked to anti-trust law. The board member for data

⁵ See GCM process manual, March 2014.

privacy, legal affairs and compliance is ultimately responsible for the area of anti-trust law via a dotted line. This allows in particular for close cooperation on specific topics with the legal areas related to anti-trust law as well as the compliance organization of the data privacy, legal affairs and compliance board area. There is also close cooperation (on a case-by-case basis) with other departments in the Deutsche Telekom Group.



As it reports directly to the board of management, the anti-trust law unit is able to escalate critical topics promptly and effectively in order to minimize anti-trust risks. In the anti-trust law unit, there is a clear allocation of topics and responsibilities for supporting the subsidiaries.

- **Compliance communication:**

The employees concerned and, where appropriate, third parties are continuously informed about the compliance program and the defined roles and responsibilities so that they sufficiently understand their functions in the compliance system and carry them out properly. The entity defines how compliance risks and indications of potential and identified non-compliance are reported to the designated unit or department responsible within the entity (e.g., the officers and, if necessary, the supervisory body).

The compliance program as well as the defined roles and responsibilities are communicated on the one hand via the rollout of the Group Anti-Trust Law Policy, regularly held e-learning sessions and through the continuously enhanced scope of the classroom training sessions. The intranet site also fulfills this purpose by presenting topics and responsibilities which can be viewed by the Group's employees. Publications on individual topics posted on the intranet also serve to raise anti-trust awareness.

- **Compliance monitoring and improvement:**

Appropriate design and operating effectiveness of the compliance system are monitored in a suitable manner. Sufficient documentation of the compliance system is essential for monitoring purposes. Any weaknesses within the compliance system or non-compliance identified during the monitoring process are reported to Deutsche Telekom's management or the designated office within the entity. The officers ensure that the compliance management system is enforced, any weaknesses are remedied and that the system is improved.



Exhibit 2

General Engagement Terms for Wirtschaftsprüfer
and Wirtschaftsprüfungsgesellschaften [German
Public Auditors and Public Audit Firms] dated
1 January 2002 (IDW Engagement Terms)

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services - not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires - except for financial attestation engagements - an express written agreement.

(3) The engagement does not extend - to the extent it is not directed thereto - to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer - even without his special request - is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations - especially quantity and cost computations - prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected - and also be applicable versus third parties - by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw - also versus third parties - such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(1) *The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.*

(2) *Liability for negligence; An individual case of damages*

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind - except for damages resulting from injury to life, body or health - for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages 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 without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) *Preclusive deadlines*

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim - at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client - especially numerical disclosures - are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records - especially tax assessments - material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
- b) examination of tax assessments in relation to the taxes mentioned in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
- e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

- a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax
- b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
- c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled - within the purposes stipulated by the client - to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement - that had been provided to him and that he has prepared himself - as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.