

# Deutsche Telekom AG Bonn

Assurance report by the independent German public auditor  
- short form report -  
on the appropriateness, implementation and effectiveness  
of the compliance management program  
in the area of anti-corruption  
for the period from 1 January 2012 to 31 December 2013

*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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*Translation from the German language*

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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 Programs [Grundsätze ordnungsmäßiger Prüfung von Compliance Management Systemen]
CMS	compliance management program (system)
EY	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf
GCM	group compliance management
IDW	Institute of Public Auditors in Germany [Institut der Wirtschaftsprüfer]
Telekom	Deutsche Telekom AG, Bonn
UK	United Kingdom
US	United States



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**A. Assurance engagement**

By letters dated 23 November 2011 and 17 July 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 program (“CMS”) described in the enclosed exhibit 1 in the area of anti-corruption.

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 be gained upon reading our long form report only.

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## **B. Purpose, nature and scope of the assurance engagement**

The assertions contained in the CMS description by Telekom on the area of anti-corruption attached as exhibit 1 were the subject of our assurance engagement. The following frameworks (the “frameworks”) were applied in establishing the CMS, which were the basis to the design of Telekom’s CMS in the engagement period:

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

The Company’s management is responsible for the CMS, the documentation of the CMS as well as for the content of the CMS description.

Our responsibility is to express a conclusion on the assertions made in the CMS description on the appropriateness, implementation and effectiveness on the area of anti-corruption 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 AssS 980. This standard requires 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 made 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



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both identifying in due time with reasonable assurance risks of material breaches in the anti-corruption area and for preventing such non-compliance, and that the policies and procedures were implemented as of 31 December 2011 and were effective for the selected units in the period from 1 January 2012 to 31 December 2013.

We divided our procedures into two stages. In the first stage, we assessed the appropriateness, implementation and effectiveness of the CMS at selected German companies for the period from 1 January 2012 to 31 December 2012. In the second stage, we assessed the appropriateness, implementation and effectiveness of the CMS at selected non-German companies for the period from 1 January 2013 to 31 December 2013.

We applied professional judgment in determining the procedures. During the assurance engagement we took knowledge of the legal and economic environment as well as 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 procedures specifically focused on the following:

- ▶ Assessing Telekom's CMS description and the explanations contained therein relating to the design of the CMS;
- ▶ Assessing the scope and appropriateness of the minimum requirements and implementation requirements for the group-wide CMS design based on Telekom's CMS description and set out in Telekom's certification manual;
- ▶ Evaluating the appropriateness of the requirements in the certification manual for Telekom's group-wide implementation;
- ▶ Assessing the proper implementation of the certification manual's minimum requirements for CMS components in the area of anti-corruption at group headquarters and as part of the assurance engagement relating to the Telekom entities that were selected with a view to risk;

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- ▶ Evaluating significant documentation and tools to confirm the operating effectiveness of selected Telekom compliance processes and structures as well as units selected on a risk-oriented basis;
- ▶ Interviewing employees of the compliance organization during the on-site engagement;
- ▶ Obtaining representation letters from compliance officers/managers including confirmation that no significant changes have been made to the compliance organization since the end of the engagement that would influence the engagement results;
- ▶ Assessing the appropriateness and implementation of the processes and controls prescribed by group compliance management (“GCM”) to confirm their suitability to prevent misconduct in the area of anti-corruption by means of policies and procedures and additionally to identify any misconduct at an early stage;
- ▶ Testing the operating effectiveness of selected corruption prevention processes and controls at Telekom on a sample basis in the areas:
  - Human resources;
  - The internal audit function;
  - Procurement<sup>1</sup>;
  - Sales organization;
  - Compliance organization’s central tasks.

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<sup>1</sup> Due to significant process modifications in the area of integrity checks for major suppliers together with a relocation of the process to the Telekom’s shared service center in Bratislava, Slovakia, during the engagement period, the test of controls for the German companies was performed in August 2013 for the period from 7 February to 19 June 2013.



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**C. Findings and recommendations regarding the compliance management program**

**I. Findings and recommendations**

Without qualifying our conclusion, we make the following findings and recommendations regarding the assessed elements of Deutsche Telekom AG's CMS.

We identified the following specific findings:

- ▶ The enhancements to structures and processes made by Telekom to the compliance framework (CMS description) in the engagement period were implemented in the compliance organization and in structures/processes.
- ▶ The processes and controls for the prevention of bribery and corruption prescribed by GCM were tested for effectiveness at Telekom. The operating effectiveness of the bribery and corruption prevention and detection processes and controls was substantiated on a sample basis in the following areas:
  - Human resources;
  - The internal audit function;
  - Procurement;
  - Sales organization.

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We made the following recommendations for Telekom:

- ▶ 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 anti-corruption and for preventing such non-compliance. Telekom's CMS has preventive, detective and reactive controls to ensure the observance of compliance and integrity. As, in our view, this system has proven successful in the area of anti-corruption, we recommend integrating further group compliance risks into the program. Risks that could be integrated include risks related to antitrust law or data privacy.
  
- ▶ Telekom has an extensive internal and external compliance communication system within its compliance organization. Our assurance engagement has shown that the measures have a positive influence on values at Telekom and consistently promote ethical behavior. We recommend maintaining the communication measures at this level to sustain this high level and acceptance of integrity and values management at Telekom.

In addition, we made separate recommendations for the group companies assessed by us which are set out in the relevant short form reports for these companies.



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#### **D. Conclusion**

We conclude that, based on the findings of our assurance engagement in accordance with IDW AssS 980, the assertions contained in the CMS description about the CMS policies and procedures in the area of anti-corruption are appropriately presented in all material respects. The policies and procedures set forth in the CMS description are suitable, in accordance with the recognized CMS frameworks stated in IDW AssS 980 (US Federal Sentencing Guideline Manual, Sec. 8b, Australian Standard AS3806-2006, ZfW ComplianceProgramMonitor, Transparency International's Principles for Countering Bribery and the UK Bribery Act's Adequate Procedure Guidance) both for identifying in due time risks of material breaches in the area of anti-corruption with reasonable assurance and for preventing such non-compliance. The policies and procedures were implemented as of 31 December 2011 and were effective during the period from 1 January 2012 to 31 December 2013.

The CMS description for the area of anti-corruption at Telekom as amended was prepared as of 5 July 2012; the remarks on the procedures to assess the effectiveness of individual policies and procedures relate to the period from 1 January 2012 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 program which implies the event of material non-compliance breaches not prevented or identified by the system program.

Düsseldorf, 31 January 2014

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

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Wirtschaftsprüfer  
[German Public Auditor]

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## Exhibits

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## **Exhibit 1**

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Description of the CMS by Deutsche Telekom AG's management

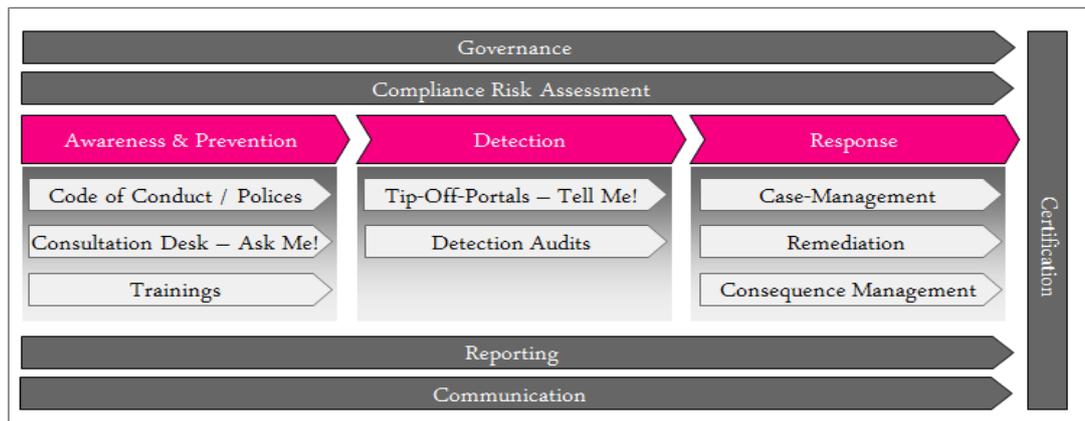


**Appendix: Description of the CMS at Deutsche Telekom AG**  
**["Mindestanforderungen an Compliance": Minimum Requirements for Compliance]**

The compliance organization at Deutsche Telekom is designed – through the implementation of group-wide compliance structures and procedures – to provide a suitable framework in order to identify risks of major compliance violations (non-compliance with the law, regulation and internal rules) 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.

To this end, minimum requirements were defined by Deutsche Telekom which are based on the current group-wide organization and process model in place and must be fulfilled by the group entities.

**COMPLIANCE MANAGEMENT SYSTEM DEUTSCHE TELEKOM**



The minimum requirements set out by Telekom were derived on the basis of the generally accepted international frameworks listed below:

- US Sentencing Guideline Manual, Section 8b.: Effective Compliance and Ethics Program,
- Australian Standard – Compliance Programs AS3806-2006,
- Zentrum für Wirtschaftsethik gGmbH, Konstanz – ComplianceProgramMonitor,
- Transparency International – Principles for Countering Bribery,

- UK Bribery Act – Guidance about procedures which relevant commercial organizations can put into place to prevent persons associated with them from bribing.

The main components of the compliance management program are:

- Suitable personnel resources and inclusion of the compliance organization in Telekom's corporate governance (reporting lines to the management board and supervisory board, interaction and reporting with/to management committees),
- Risk-based definition of a compliance program,
- Rigorous implementation via policies, training events and advice offerings  
and
- Integration of preventive and detective compliance controls in internal processes,
- Ensuring an appropriate reaction to non-compliance,
- Risk-based implementation by business partners, HR and M&A Compliance Due Diligence.

This document provides the framework for a description of the compliance management program in accordance with IDW AssS 980. Further specifics of the compliance program – in particular the design of the individual components – are described in other internal documents. These primarily include:

- The current Compliance Management process manual,
- The Compliance Management certification manual including minimum requirements for Telekom,
- Key (group-wide) policies as well as guidelines and other operational documents of Telekom,
- Other additional documents describing the organizational and procedural design of compliance measures.

Together with the aforementioned documents, Telekom's compliance management system establishes a framework that covers the seven basic components in accordance with IDW AssS 980. These are:

- **Compliance culture:**  
The compliance culture forms the basis for the appropriateness and effectiveness of the CMS. It is shaped by management's attitudes and behavior and by the role of the supervisory body ("tone at the top"). The compliance culture influences the significance the entity's employees attach to compliance with requirements and thus their willingness to behave compliantly.
- **Compliance objectives:**  
Based on the general corporate objectives and an analysis and weighting of those requirements that are significant to the entity, the officers define the objectives to be attained from using the CMS. This especially includes defining the relevant areas and the requirements to be complied with in these areas. The compliance objectives form the basis for assessing compliance risks.
- **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 is implemented for this purpose. The identified risks are analyzed in terms of their probability of occurrence and possible consequences.
- **Compliance program:**  
Policies and procedures which are designed to mitigate compliance risks and thus prevent non-compliance are 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 is documented to ensure that the CMS functions independently of specific individuals.
- **Compliance organization:**  
Management defines roles and responsibilities, tasks, structures and procedures in the CMS as an integral part of the entity's organization and makes available the resources necessary for an effective CMS.
- **Compliance communication:**  
The employees concerned and, where appropriate, third parties are informed about the compliance program and the defined roles and responsibilities so that they sufficiently understand their tasks within the CMS 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).
- **Compliance monitoring and improvement:**  
Appropriateness and effectiveness of the CMS are monitored in a suitable manner. Sufficient documentation of the CMS is essential for monitoring purposes. Any weaknesses within the CMS or non-compliance identified during the monitoring process are reported to management or the designated office within the entity.

The officers ensure that the CMS system is enforced, any weaknesses are remedied and that the system is improved.

Deutsche Telekom covers these seven basic components in different parts of the CMS description (framework document and additional documents) as well as via organizational and procedural activities.



## **Exhibit 2**

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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.