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**BayWa AG**  
**Munich/Germany**

Independent Practitioner's Report on a limited  
Assurance Engagement  
for the period  
from May 1 2021 to April 30 2022

**TRANSLATION**

– German version prevails –

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**INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT<sup>1</sup>**

To BayWa AG, Munich/Germany

**Our engagement**

We have performed a limited assurance engagement on the Green Bond Use of Proceeds and Impact Report (hereinafter: "Green Bond Report") of BayWa AG, Munich/Germany, (hereinafter: "the Company") in accordance with section iv. "Reporting" of BayWa AG's Green Bond Framework as of May 2019 (hereinafter: "BayWa Green Bond Framework"),<sup>2</sup> for the period from May 1, 2021 to April 30, 2022.

Our engagement has not covered whether the BayWa AG Green Bond, issued on June 17, 2019, has met the criteria of BayWa AG's Green Bond Framework. Furthermore, our engagement has not covered whether the BayWa Green Bond Framework has met the criteria of the Green Bond Principles as issued by the International Capital Markets Association (ICMA), Zurich/Switzerland. Our engagement has not covered the section "Introduction" on p. 2, that the Company has marked as "not within the scope of Deloitte's limited assurance engagement" nor any references to websites.

**Responsibility of the executive directors**

The executive directors of BayWa AG are responsible for the preparation of the Green Bond Report in accordance with the BayWa Green Bond Framework.

In preparing the Green Bond Report, the executive directors used BayWa AG's self-developed Green Bond Framework, building upon the Green Bond Principles as of June 2018 of the International Capital Markets Association (ICMA), and have indicated these within the Green Bond Framework.

This responsibility of the Company's executive directors includes the selection and application of appropriate methods for preparing the Green Bond Report as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. In addition, the executive directors are responsible for such internal control they have determined necessary to enable the preparation of the Green Bond Impact Report that is free from material misstatements, whether intentional or unintentional.

The accuracy and completeness of the environmental data in the Green Bond Report are inherently subject to limits that result from the manner in which data is collected and calculated and assumptions made.

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<sup>1</sup> We have issued an independent practitioner's assurance report in German language, which is authoritative. The following text is a convenience translation of the independent practitioner's assurance report.

<sup>2</sup> BayWa's Green Bond Framework is available at BayWa's website: [https://www.baywa.com/binaries/pdf/content/documents/baywacms-en/downloadcenter/other-ir/green-bond/green-bond/baywacms%3Adownloadpdf/Anleihe\\_2019\\_BayWa\\_e.pdf](https://www.baywa.com/binaries/pdf/content/documents/baywacms-en/downloadcenter/other-ir/green-bond/green-bond/baywacms%3Adownloadpdf/Anleihe_2019_BayWa_e.pdf)

**Practitioner's responsibility**

Our responsibility is to express a limited assurance conclusion on the Green Bond Report, based on the assurance engagement we have performed.

We are independent of the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit company applies the German national legal requirements and the German profession's pronouncements for quality control, in particular the by-laws governing the rights and duties of public auditors and chartered accountants (Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer) as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in Audit Firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)], which comply with the International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB).

We conducted our assurance engagement in compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement in a form that enables us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the information disclosed in the Green Bond Report has not complied, in all material respects, with the BayWa Green Bond Framework as of May 2019. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and, therefore, a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's professional judgment.

Within the scope of our limited assurance engagement, which was performed in May and June 2022, we conducted, amongst others, the following audit procedures and other activities:

- Interviews of relevant employees that participated in the preparation of the Green Bond Report about the process of preparation, the measures on hand and precautionary measures (system) for the preparation of the Green Bond Report as well as about the information within the Green Bond Report
- Identification of the risks of material misstatement within the Green Bond Report
- Assessing whether the proceeds raised from the green bond have been allocated in accordance with the BayWa Green Bond Framework
- Assessing the impact indicators of the selected green assets in service:
  - Total installed capacity as of April 30, 2022
  - Realized production for the period from May 1, 2021, to April 30, 2022
  - Theoretical GHG emissions avoided for the period from May 1, 2021, to April 30, 2022
  - Underlying assumptions in the models used for calculations by the Company

- Assessing the impact indicators of the selected green assets under construction:
  - Estimated total installed capacity
  - Estimated future production p.a.
  - Estimated theoretical future GHG emissions avoided p.a.
  - Underlying assumptions in the models used for calculations by the Company
- Reconciliation of the disclosures within the Green Bond Impact Report with the respective data within the consolidated financial statements, the combined management report and the combined non-financial group report
- Review of the presentation of the disclosures

### **Practitioner's conclusion**

Based on the assurance work performed and evidence obtained, nothing has come to our attention that causes us to believe that the information disclosed in the Green Bond Report of the Company, for the period from May 1, 2021, to April 30, 2022 has not complied, in all material aspects, with section iv. "Reporting" of the BayWa Green Bond Framework.

Our opinion does not refer to whether the BayWa AG Green Bond, issued on June 17, 2019, has met the criteria of BayWa AG's Green Bond Framework. Furthermore, our opinion does not refer to whether the BayWa Green Bond Framework has met the criteria of the International Capital Markets Association's Green Bond Principles. Our opinion does not refer to the section "Introduction" on p. 2, that the Company has marked as "not within the scope of Deloitte's limited assurance engagement" nor any references to websites.

### **Specific purpose**

Without modifying our conclusion we call attention to Section iv. "Reporting" of the BayWa Green Bond Framework, where the applicable criteria are described. The Green Bond Report was prepared to report on the allocation of net proceeds and associated impact metrics of the BayWa Green bond, issued on June 17, 2019. Therefore, the Green Bond Report may not be suitable for another purpose.

### **Purpose of the assurance statement**

We issue this report on the basis of the engagement agreed with BayWa AG. The limited assurance engagement has been performed for purposes of BayWa AG and the report is solely intended to inform BayWa AG on the results of the assurance engagement.

## **Liability**

The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility exclusively refers to BayWa AG and is also restricted under the engagement agreed with BayWa AG on May 7, 2021 as well as in accordance with the "General engagement terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German public auditors and German public audit firms)" from January 1, 2017 of the Institut der Wirtschaftsprüfer in Deutschland e.V. We do not assume any responsibility to third parties.

Munich/Germany, June 17, 2021

**Deloitte GmbH**  
Wirtschaftsprüfungsgesellschaft

Signed: Sebastian Dingel

Signed: ppa. Dr. Matthias Schmidt



# **BayWa AG's Green Bond Use of Proceeds and Impact Report**

**May 1<sup>st</sup> 2021 –  
April 30<sup>th</sup> 2022**

**BayWa**

## Introduction <sup>1</sup>

The things that are important to people across the world – healthy nutrition, housing, energy, heat and mobility – are reflected in BayWa’s business model. Since its foundation in 1923, the company has focused on basic human needs. As an international group operating in the business areas of Energy, Agriculture and Building Materials, BayWa helps to shape the future of our world. It builds systems for generating electricity from renewable energy sources, develops solutions that make agriculture more sustainable both environmentally and economically and provides solutions for energy-efficient and healthy construction. In 2019, BayWa has issued its inaugural Green Bond to refinance renewable energy parks, such as Solar- and / or Wind Parks.



Andreas Helber, CFO, BayWa AG

“Everything that BayWa r.e. does directly contributes to the sustainability issue and is going to become even more important. In the future, we are going to get into producing even more of our own electricity with our Swiss partner and develop the business into an independent power producer. We want to run our own electricity generation projects on a scale of 2.5 to 3 gigawatts and invest massively – this is therefore going to be a very important milestone”, says Andreas Helber, Chief Financial Officer of BayWa AG.

The net issue proceeds of 498,15 mEUR are being used 100% to finance the development, the construction and expansion of wind and solar power plants throughout the world.

Compared to our last Green Bond Report from June 2021, there was no change in the financed projects, only in the attribution, as there are no funds from the Green Bond being attributed to the Solarpark Karadoc, Australia anymore.

This Impact Reporting provides you with information about how the funds are allocated. We believe that it is important to report not only on the key financial data, but also, and, on the added value from our projects in terms of benefit for the climate.

Munich, June 2022

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<sup>1</sup> This introduction was not within the scope of Deloitte’s limited assurance engagement.




# BayWa Green Bond – Key Data

The successful placement of the first unrated EUR-Benchmark Green Bond in the amount of €500 million demonstrates that investors are very interested in green alternatives and view BayWa’s business model as very promising, especially in the field of renewable energies.

Green Bonds are issued on financial markets exclusively to fund climate-friendly projects.

Based on our Green Financing Framework, published in May 2019<sup>2</sup>, proceeds from our Green Bonds shall be used exclusively to finance or refinance, in part or in full, eligible Green Projects, as defined below:

Key Data on the Green Bond	
<b>Issuer</b>	BayWa AG
<b>Status</b>	Senior unsecured
<b>Issue Size</b>	€ 500 million
<b>Net proceeds</b>	€ 498,15 million
<b>Issue Date</b>	June 17 <sup>th</sup> , 2019
<b>Value Date</b>	June 26 <sup>th</sup> , 2019
<b>Term to maturity</b>	5 years
<b>Maturity</b>	June 26 <sup>th</sup> , 2024
<b>Cupon</b>	3,125 %
<b>Listing</b>	Luxembourg
<b>ISIN</b>	XS 2002496409

Green Bond Category	Description	Environmental benefits	UN SDG
<b>Renewable Energy</b>	<p>Projects aimed at increasing the production, connection and distribution of renewable energies, including:</p> <ul style="list-style-type: none"> <li>• Solar (photovoltaic)</li> <li>• Wind (onshore)</li> </ul>	<p>GHG emissions reduction</p> <p>-</p> <p>Climate change mitigation and adaptation through development of renewable energies</p>	

Projects financed and/or refinanced through the proceeds of the Green Notes are evaluated and selected by a working group of representatives with the required level of expertise and seniority from BayWa and BayWa r.e..

<sup>2</sup> <https://www.baywa.com/en/restcontent/downloadcenter/other-ir/green-bond.zip>

The role of the working group is to:

1. Review, select and validate the list of Eligible Green Projects, based on the Green Bond Framework;
2. Validate annual reporting for investors;
3. Review the Green Bond Framework to reflect any changes with regards to the Company's sustainability strategies and initiatives.

## BayWa Green Bond – Use of Proceeds and Impact

The projects re-/financed by the BayWa Green Bond cover the production of renewable energy from Solar and / or Wind Parks.

### a. Overall Portfolio as of April 30<sup>th</sup>, 2022

Category	Capital expenditure in total (€ million)	Capital expenditure attributable to the bond (€ million)	Thereof Proceeds used for financing (€ million)	Thereof Proceeds used for refinancing (€ million)
<b>Solar (PV)</b>	163,47	153,29	0,00	153,29
<b>Wind</b>	344,86	344,86	222,05	122,81
<b>TOTAL</b>	<b>508,33</b>	<b>498,15</b>	<b>222,05</b>	<b>276,10</b>

There are no unallocated proceeds.

### b. Breakdown Portfolio Renewable Energies as of April 30<sup>th</sup>, 2022

#### Solar Parks realized, partially or fully allocated to Green Bond

Project Name	Country	Installed capacity (MW)	Realized production (GWh)	Realized t CO <sub>2</sub> -eq. avoidance
<b>Yatpool</b>	Australia	106,00	136,91	116.642
<b>Hughenden</b>	Australia	21,16	19,09	16.268
<b>Fern</b>	USA	134,07	236,18	111.435
<b>TOTAL</b>		<b>261,23</b>	<b>392,18</b>	<b>244.345</b>

### Thereof attributable to Green Bond

Project Name	Country	In %	Realized production (GWh) <sup>3</sup>	Realized t CO <sub>2</sub> -eq. avoidance <sup>3</sup>
Yatpool	Australia	100,00	136,91	116.642
Hughenden <sup>4</sup>	Australia	68,98	13,17	11.222
Fern	USA	100,00	236,18	111.435
<b>TOTAL</b>			<b>386,26</b>	<b>239.299</b>

### Wind Parks realized, fully allocated to Green Bond

Project Name	Country	Installed capacity (MW)	Realized production (GWh) <sup>3</sup>	Realized t CO <sub>2</sub> -eq. avoidance <sup>3</sup>
Mozart	USA	30,00	58,81	27.748
Chopin	USA	10,00	31,48	14.852
Kamionka	Poland	30,00	56,07	48.491
Stormon	Sweden	16,00	49,35	2.013
Ferguson <sup>5</sup>	Australia	12,00	37,77	32.178
Diapur <sup>6</sup>	Australia	8,00	16,96	14.449
<b>TOTAL</b>		<b>106,00</b>	<b>250,44</b>	<b>139.742</b>

### Wind Park under construction, fully allocated to Green Bond

Wind Projects	Country	Estimated installed capacity (MW)	Estimated production (GWh p.a.)	Estimated t CO <sub>2</sub> -eq. avoidance p.a.
Strauss	USA	99,00	285,50	134.705
Ferguson <sup>7</sup>	Australia	12,00	7,42	6.319
Diapur <sup>8</sup>	Australia	8,00	21,05	17.934
<b>TOTAL</b>		<b>119,00</b>	<b>313,97</b>	<b>158.958</b>

<sup>3</sup> Realized production and tCO<sub>2</sub> equivalent avoidance refer to the period from May 1<sup>st</sup> 2021 – April 30<sup>th</sup> 2022

<sup>4</sup> Exact percentage of allocation: 68,9869953%

<sup>5</sup> "Ferguson" was realized in Jul 21, "realized production" and "realized t CO<sub>2</sub> – eq.avoidance" refer to the period from Jul 2021 – Apr 2022

<sup>6</sup> "Diapur" was realized in Nov 2021, "realized production" and "realized t CO<sub>2</sub> – eq.avoidance" refer to the period from Nov 2021 – Apr 2022

<sup>7</sup> "Ferguson" was realized in Jul 21, "estimated production" and "estimated t CO<sub>2</sub> – eq.avoidance" refer to the period from May 2021 – Jun 2021

<sup>8</sup> "Diapur" was realized in Nov 21, "estimated production" and "estimated t CO<sub>2</sub> – eq.avoidance" refer to the period from May 2021 – Oct 2021

Following methodologies have been applied for the calculation of “Realized / Estimated Production GWh p.a.” resp. “Realized / Estimated t CO<sub>2</sub>-eq. avoidance p.a.”:

Realized Production of GWh p.a.: The realized production is based on the monthly operation reports of the respective Solar and Wind Parks.

Estimated Production of GWh p.a.: The estimated production is calculated on a project by project basis as a result of a long term yield forecast study of the specific site as well as the installed capacity of solar modules and wind turbines.

Realized t CO<sub>2</sub>-eq. avoidance p.a.: The realized avoidance is calculated by the realized net energy production of a project times the country specific avoidance factor (Scope 2). For the calculation, BayWa is using Umweltbundesamt (Federal Environment Agency) methodology<sup>6</sup> with Verband der Automobilindustrie (German Association of the Automotive Industry, VDA, 01<sup>st</sup> of July 2019) factors<sup>7</sup>.

Estimated t CO<sub>2</sub>-eq. avoidance p.a.: The estimated avoidance is calculated by the estimated/ realized net energy production of a project times the country specific avoidance factor (Scope 2). For the calculation, BayWa is using Umweltbundesamt (Federal Environment Agency) methodology<sup>9</sup> with Verband der Automobilindustrie (German Association of the Automotive Industry, VDA, 01<sup>st</sup> of July 2019) factors<sup>10</sup>.

Munich, June 17<sup>th</sup>, 2022

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<sup>9</sup> [https://www.umweltbundesamt.de/sites/default/files/medien/1410/publikationen/2019-11-07\\_cc-37-2019\\_emissionsbilanz-erneuerbarer-energien\\_2018.pdf#page=20](https://www.umweltbundesamt.de/sites/default/files/medien/1410/publikationen/2019-11-07_cc-37-2019_emissionsbilanz-erneuerbarer-energien_2018.pdf#page=20)

<sup>10</sup> <https://www.vda.de/de/services/Publikationen/Publikation.-1597-.html>

# 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 the 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 of 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.