

Report on the Preparation

of the

Annual Financial Statement

as at

31. December 2021



SRP

Sustainable Rice Platform e.V.

Bornheimer Str. 127

53119 Bonn

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1. Acceptance of the engagement

1.1 Client and definition of the engagement

The board of **Sustainable Rice Platform e.V., Bonn** engaged us to prepare the annual financial statements as at 31 December 2021 on the basis of the accounting records that we prepared, as well as the additional vouchers and inventory records provided to us, which we have not audited in accordance with the terms of our engagement, taking into account the information provided to us in accordance with the statutory requirements and in accordance with the instructions by the client within this framework to exercise existing accounting options. We performed this engagement to prepare the annual financial statements with no assessments from May to August 2022 in our offices in Trittau and Meerbusch.

Our engagement to prepare the annual financial statements did not comprise any activities over and above the engagement type and thus no extended responsibilities as tax advisory firm.

The duty to prepare the annual financial statements was the responsibility of the management of the company that engaged us to prepare the financial statements, which was required to decide on the exercise of all accounting options and legislative provisions related to preparation of the financial statements.

We informed our client about those matters that resulted in options and obtained from the client decisions relating to the exercise of material and formal accounting options (recognition, measurement and presentation options) and of management judgement.

Our engagement to prepare the annual financial statements comprised all activities necessary in order to prepare the annual financial statements legally required by the commercial law, comprising the balance sheet and income statement, on the basis of the accounting records and the inventory records as well as the information obtained by us on recognition, presentation and measurement issues and the accounting policies required to be applied, including preparation of the closing entries.

As the preparation of a report on the preparation of the annual financial statements was agreed, but the concrete nature and scope of our reporting were not expressly defined in the agreements governing our engagement, we have reported on the scope and results of our activities in accordance with customary professional standards within the meaning of the *Verlautbarung der Bundessteuerberaterkammer zu den Grundsätzen für die Erstellung von Jahresabschlüssen* (Pronouncement by the German Federal Chamber of Tax Advisers on the Principles for the Preparation of Annual Financial Statements) dated 12/13 April 2010.

Our agreements governing the engagement stipulate that a reference to our preparation activities may only be made in connection with the complete annual financial statements prepared by us.

On acceptance of the engagement, we received an assurance from our client that the documents and explanations necessary for the performance of the engagement would be provided to us in full.

General Engagement Terms

The *Allgemeine Geschäftsbedingungen für Steuerberater und Steuerberatungsgesellschaften* (General Engagement Terms for Tax Consultants) attached to this report, are decisive for the realization of the engagement and our responsibility, including those to third parties.

1.2 Performance of the engagement

In the course of the preparation of the annual financial statements and in our reporting on these preparation activities, we have complied with the relevant standards of the legislation regulating our profession and our professional obligations, including the principles of independence, diligence, confidentiality and personal professional responsibility (§ 57 of the *Steuerberatungsgesetz/StBerG* – German Tax Advisory Services Act).

Preparation of the annual financial statements does not include the necessary decisions on the exercise of material and formal accounting options (recognition, measurement and presentation options, as well as management judgement). We exercised existing accounting options in the course of preparing the financial statements as directed by the business owner or the management.

We have introduced arrangements at our professional services firm that provide a reasonable level of assurance that the statutory provisions and professional rules are complied with in the performance of the engagement to prepare annual financial statements, including reporting.

We observed the principles of cost-effectiveness and materiality when preparing the annual financial statements.

Preparation of the annual financial statements required us to be aware of and observe the applicable statutory provisions, including German Accepted Accounting Principles, relevant provisions of the partnership agreement, as well as the relevant professional pronouncements.

Representation letter

The company provided us in writing, as requested, with the standard professional representation letter in respect of the accounting records, vouchers and inventory records as well as the information provided to us, which we have stored in our files.

2. Basis of preparation of the annual financial statements

2.1 Accounting records and inventory records, information provided

The accounting was prepared using our IT systems. In accordance with a certificate issued by Ernst & Young GmbH on 28. February 2022, the DATEV eG "Kanzlei-Rechnungswesen" accounting software used for this purpose satisfies the requirements for proper financial accounting and preparation of the annual financial statements.

The asset accounting was prepared using our IT systems. In connection with a certificate issued by Ernst & Young GmbH on 28. February 2022 on the audit of the propriety of the "Kanzlei-Rechnungswesen" software, the DATEV eG "Anlagenbuchführung" asset accounting software used for this purpose satisfies the requirements for proper asset accounting.

All requested information, explanations and documentary evidence were readily provided by the management and the employees nominated as information providers.

2.2 Findings on the basis of preparation of the annual financial statements

The annual financial statements were prepared using our IT systems. In accordance with a certificate issued by Ernst & Young GmbH on 28. March 2021 the DATEV eG, Nuremberg, "Kanzlei-Rechnungswesen" accounting software used for this purpose satisfies the requirements for proper financial accounting and preparation of the annual financial statements.

We agreed any entries arising during the course of our annual financial statement preparation with the management of our client. The closing entries were prepared by the date of completion of our activities.

The applicable measurement provisions of Commercial Law were observed in compliance with the going concern assumption. Adequate provisions and valuation allowances were recognised to take account of all risks existing at the balance sheet date that were identifiable by the date of preparation of the annual financial statements.

The individual items of the balance sheet and the income statement are presented in detail in the explanatory section.

3. Legal and tax position

3.1 Legal position

Association name:	Sustainable Rice Platform e.V.
Legal form:	e.V.
Date of formation:	30.09.2019
Registered office:	Bonn
Address:	Bornheimer Str. 127 53119 Bonn
Entered in commercial register:	Association register
Register court:	Bonn
No. of register court:	VR11584
Statute:	Valid in the version dated 01.04.2020
Financial year:	01 January to 31 December
Duration of the company:	unlimited
Purpose of the Articles of Association:	supporting ongoing development of science-based standards and recommendations for sustainable, resource-saving and environmentally friendly rice cultivation, in particular the SRP Standard and Performance Indicators for Sustainable Rice Cultivation
Board:	Matthias Bickel, Bangkok/Thailand 1st chairman (until 13.01.2022) Keith Andrew Jones, Brüssel/Belgien 1st chairman (from 13.01.2022) Louke Koopmans, Oud-Beijerland/Niederlande (vice chairman until 22.03.2021) Paul Nicholson, Singapur/Singapur (vice chairman from 22.03. until 20.10.2021) Vita Jarolimkova, Prag/Tschechische Republik (vice chairwoman from 20.10.2021)

3.2 Tax position

Responsible tax office:	Bonn-Innenstadt
Tax no.:	205/5769/3778

The association has been granted non-profit status in accordance with § 60a para. 1 of the German Tax Code (AO) by the Bonn-Innenstadt tax office with effect from 01.01.2021 by notice dated 14.10.2021. It includes the popular and vocational education, the environmental protection and the development cooperation.

4. Nature and scope of the preparation work

Unless documented in this report on the preparation of the annual financial statements, we documented the nature, scope and results of the individual preparation activities performed during of our engagement in our working papers.

Our engagement to prepare the annual financial statements in accordance with the legal requirements on the basis of the documents provided, taking into account the information received and the closing entries prepared, did not extend to the assessment of the appropriateness and function of internal controls and of whether the accounting records have been properly compiled. In particular, the assessment of the stock-taking records, of correct application of the accrual and matching principle, and of recognition and measurement did not fall within the scope of our engagement.

If closing entries were prepared, e.g. the calculation of depreciation, amortisation and write-downs, valuation allowances, and provisions, these were based on the documents and information provided without any assessment of their accuracy.

Although we do not assess the vouchers, accounting records and inventory records in the course of the preparation with no assessments in accordance with the terms of our engagement, we draw our client's attention to evident inaccuracies in the documents provided that become apparent to us as professional practitioners in the course of performing the engagement, make suggestions as to how they can be corrected and monitor that they are implemented appropriately in the annual financial statements.

5. Comments regarding the vouchers, accounting records and inventory records provided

Comments on the accounting records maintained by ourselves as well as on the vouchers and inventory records provided are not necessary in the case of our engagement to prepare the annual financial statements with no assessments because no matters requiring comment were identified.

6. Results of work and attestation report

The attestation report on the annual financial statements prepared by ourselves does not contain any additions.

7. Notes to the balance sheet and income statement

7.1 Notes to the balance sheet

ASSETS

A. NONCURRENT ASSETS

I. Tangible assets

1. Other equipment, factory and Office equipment

Association equipment

	31.12.2021 €	31.12.2020 €
Association equipment	<u>2,00</u>	<u>1.522,00</u>
	2,00	1.522,00

This item includes IT and telecommunications equipment acquired in the year under review. The acquisition costs were reduced by scheduled depreciation. They were written down to a memo value.

B. CURRENT ASSETS

I. Receivables, other assets

1. Trade receivables

	31.12.2021 €	31.12.2020 €
Receivables from membership fees	<u>93.250,00</u>	<u>67.000,00</u>
	93.250,00	67.000,00

2. Other assets

	31.12.2021 €	31.12.2020 €
Creditors with debit balances	<u>76,88</u>	<u>0,00</u>
	76,88	0,00

II. Cashier, Bank		373.004,95	€
	Vorjahr:	179.665,92	€
	31.12.2021	31.12.2020	
	€	€	
Volksbank Köln Bonn eG, Acc. 4913468010		<u>373.004,95</u>	<u>179.665,92</u>
		373.004,95	179.665,92
Total assets		466.333,83	€
	Previous year:	248.187,92	€

EQUITY AND LIABILITIES:**A. ASSOCIATION CAPITAL****I. Association capital****1. Own capital § 62 Abs. 3 AO**

	31.12.2021 €	31.12.2020 €
Own capital	<u>196.382,50</u>	<u>0,00</u>
	196.382,50	0,00

II. Revenue reserves**1. Restricted revenue reserves**

	31.12.2021 €	31.12.2020 €
Operation funds reserve	<u>107.926,25</u>	<u>0,00</u>
	107.926,25	0,00

2. Free reserve

	31.12.2021 €	31.12.2020 €
Free reserve (§ 62 AO)	<u>38.212,50</u>	<u>0,00</u>
	38.212,50	0,00

III. Annual result

	31.12.2021 €	31.12.2020 €
Annual result	<u>0,00</u>	<u>196.382,50</u>
	0,00	196.382,50

B. PROVISIONS**1. other accruals**

	31.12.2021 €	31.12.2020 €
other accruals	<u>11.600,00</u>	<u>6.100,00</u>
	11.600,00	6.100,00

The other provisions relate to accounting and year-end closing costs for 2020 and 2021.

C. LIABILITIES**1. Liabilities from
Trade payables**

	31.12.2021 €	31.12.2020 €
Liabilities from Trade payables	<u>112.212,58</u>	<u>45.705,42</u>
	112.212,58	45.705,42

Total liabilities and equity

Previous year:	466.333,83	€
	248.187,92	€

7.2 Notes to the profit and loss account

A. NON-PROFIT PART

I. Non-taxable income

1. Membership fees

	2021 €	2020 €
Membership fees	<u>382.125,00</u>	<u>321.000,00</u>
	382.125,00	321.000,00

II. Expenses not to be recognized

1. Other expenses

	2021 €	2020 €
Costs member management	35.790,00	21.031,22
Short term exp./consultants	37.565,32	0,00
Insurances and contributions	<u>2.256,04</u>	<u>0,00</u>
	75.611,36	21.031,22

Profit/loss idealistic area

	306.513,64	€
Previous year:	299.968,78	€

B. WEALTH MANAGEMENT**I. Revenue****1. Income tax exempt revenue****Interest earnings**

	2021 €	2020 €
Interest earnings	<u>0,28</u>	<u>0,00</u>
	0,28	0,00

**Other income tax-exempt
Income**

	2021 €	2020 €
Income from exchange differences	<u>8,40</u>	<u>0,00</u>
	8,40	0,00

II. Expenses**1. Expenses****Other expenses**

	2021 €	2020 €
Expenses from currency differences	<u>24,10</u>	<u>0,00</u>
	24,10	0,00

**Profit/Loss
Wealth management**

Previous year:	15,42-	€
	0,00	€

C. OTHER SPECIAL PURPOSE ENTITIES**I. Other special purpose entities
(VAT-free)****1. Sales revenue**

	2021 €	2020 €
Income from training courses	<u>15.591,47</u>	<u>16.491,00</u>
	15.591,47	16.491,00

Income from training relates to workshops on rice cultivation.

2. Other operating income

	2021 €	2020 €
other income	<u>0,00</u>	<u>25,00</u>
	0,00	25,00

3. Cost of materials**Cost of purchased
Services**

	2021 €	2020 €
External services	<u>67.832,00</u>	<u>58.293,79</u>
	67.832,00	58.293,79

4. Depreciation**Depreciation of intangible
tangible and intangible assets
and property, plant and equipment**

	2021 €	2020 €
Depreciation	<u>1.520,00</u>	<u>306,32</u>
	1.520,00	306,32

5. Other operating Expenses

	2021 €	2020 €
Cost of trainings	52.831,77	518,96
Advertising costs	13.809,95	1.770,59
Legal and consulting fees	38.828,62	57.857,66
Incidental costs of monetary transactions	<u>1.128,60</u>	<u>1.354,96</u>
	106.598,94	61.502,17

Profit/loss**Other special purpose entities**

Previous year:	160.359,47-	€
	103.586,28-	€

D. ANNUAL RESULTS

	2021 €	2020 €
ANNUAL RESULTS	<u>146.138,75</u>	<u>196.382,50</u>
	146.138,75	196.382,50

1. Transfer to restricted revenue reserves

	2021 €	2020 €
Transfer to restricted revenue reserves	<u>107.926,25</u>	<u>0,00</u>
	107.926,25	0,00

2. Allocations to the free revenue reserves (§ 62 Abs. 1 Nr. 3 AO)

	2021 €	2020 €
Allocations to the free revenue reserves	<u>38.212,50</u>	<u>0,00</u>
	38.212,50	0,00

E. RESULTS BROUGHT FORWARD

	2021 €	2020 €
Results brought forward	<u>0,00</u>	<u>0,00</u>
	0,00	0,00

8. Annexes

FINANCIAL STATEMENT as at 31. December 2021

Sustainable Rice Platform e.V.

ASSETS				EQUITY AND LIABILITIES			
	€	Financial year €	Prev. Year €		€	Financial year €	Prev. Year €
A. NONCURRENT ASSETS				A. ASSOCIATION ASSETS			
I. Tangible assets				I. Association capital			
1. Other equipment, factory and Office equipment				1. Own capital § 62 Abs. 3 AO		196.382,50	0,00
Association equipment		2,00	1.522,00	II. Revenue reserves			
				1. Restricted revenue reserves	107.926,25		0,00
				2. Free reserves	<u>38.212,50</u>	146.138,75	0,00
				III. Annual result		0,00	196.382,50
B. CURRENT ASSETS				B. PROVISIONS			
I. Receivables, other assets				1. Other accruals		11.600,00	6.100,00
1. Trade receivables	93.250,00		67.000,00				
2. Other assets	<u>76,88</u>	93.326,88	0,00	C. LIABILITIES			
II. Cashier, Bank		373.004,95	179.665,92	1. Liabilities from Trade payables		112.212,58	45.705,42
		<u>466.333,83</u>	<u>248.187,92</u>			<u>466.333,83</u>	<u>248.187,92</u>

Bonn, 25.08.2022

Bruno Fischer
Treasurer

Fixed Asset Schedule as of 31 December 2021

Sustainable Rice Platform e.V.

	acquisition -, production - costs 01.01.2021	additions	disposals	transfers	acquisition -, production - costs 31.12.2021	accumulated depreciations 01.01.2021	depreciations Geschäftsjahr	depreciations	transfers	accumulated depreciations 31.12.2021	write-ups financial year	book value 31.12.2021
	€	€	€	€	€	€	€	€	€	€	€	€
NONCURRENT ASSETS												
Tangible assets												
Other equipment, factory and Office equipment Association equipment	1.828,32	0,00	0,00	0,00	1.828,32	306,32	1.520,00	0,00	0,00	1.826,32	0,00	2,00
Total tangible assets	1.828,32	0,00	0,00	0,00	1.828,32	306,32	1.520,00	0,00	0,00	1.826,32	0,00	2,00
Total noncurrent assets	1.828,32	0,00	0,00	0,00	1.828,32	306,32	1.520,00	0,00	0,00	1.826,32	0,00	2,00

PROFIT AND LOSS STATEMENT

Sustainable Rice Platform e.V.

from 01.01.2021 to 31.12.2021

	€	Financial year €	%	Prev. year €
A. NON-PROFIT PART				
I. Non-taxable income				
Membership fees		382.125,00	261,48	321.000,00
II. Expenses not to be recognized				
Other expenses		75.611,36	71,74	21.031,22
Profit/loss idealistic area		<u>306.513,64</u>	209,74	<u>299.968,78</u>
B. WEALTH MANAGEMENT				
I. Revenue				
Income tax exempt revenue				
Interest earnings		0,28	0,00	0,00
Other income tax-exempt income		<u>8,40</u>	0,01	<u>0,00</u>
		8,68	0,01	0,00
II. Expenses				
Expenses				
Other Expenses		24,10	0,02	0,00
Profit/Loss Wealth management		<u>15,42-</u>	0,01	<u>0,00</u>
C. OTHER SPECIAL PURPOSE ENTITIES				
1. Sales revenue		15.591,47	10,67	16.491,00
2. Other operating income		<u>0,00</u>	0,00	<u>25,00</u>
		15.591,47	10,67	16.516,00
3. Cost of materials				
Cost of purchased services		67.832,00	46,42	58.293,79
4. Depreciation				
Depreciation of intangible, tangible and intangible Assets and property, plant and equipment		1.520,00	1,04	306,32
5. Other operating expenses		<u>106.598,94</u>	72,94	<u>61.502,17</u>
		175.950,94	120,40	120.102,28
Profit/loss Other special purpose entities		<u>160.359,47-</u>	101,17	<u>103.586,28-</u>

D. ANNUAL RESULTS	146.138,75	100,00	196.382,50
1. Transfer to restricted revenue reserves	107.926,25	73,85	0,00
2. Allocations to the free revenue reserves (§ 62 Abs. 1 Nr. 3 AO)	38.212,50	26,15	0,00
E. RESULTS BROUGHT FORWARD	0,00	0,00	0,00

Bonn, 15.08.2022

Bruno Fischer
Treasurer

Attestation report on preparation by the tax advisory firm

In accordance with the terms of our engagement, we have prepared the preceding annual financial statements – comprising the balance sheet and income statement – of the Sustainable Rice Platform e.V. for the financial year from 01 January 2021 to 31 December 2021 in accordance with the provisions of German commercial law.

The basis of preparation was the vouchers, accounting records and inventory records provided to us, which we have not audited in accordance with the terms of our engagement, as well as the information provided to us.

The accounting records and the preparation of the inventory records and the annual financial statements in accordance with the provisions of German commercial law are the responsibility of the Company's Management.

We performed our engagement in accordance with the Verlautbarung der Bundessteuerberaterkammer zu den Grundsätzen für die Erstellung von Jahresabschlüssen (Pronouncement by the German Federal Chamber of Tax Advisers on the Principles for the Preparation of Annual Financial Statements). This engagement comprises the preparation of the balance sheet and income statement, as well as the notes to the financial statements, on the basis of the accounting records, the inventory records and the accounting policies required to be applied.

Trittau, 08.08.2022

Jens Dühring
Steuerberater



edp Elsner Dühring & Partner
Steuerberatungsgesellschaft

9. Additional Annexes

ASSETS

Account	Designation	Financial Year €	Prev. Year €
	Other equipment, factory and Office equipment		
	Association equipment		
0300	Association equipment	2,00	1.522,00
	Trade receivables		
0650	Receivables from membership fees	93.250,00	67.000,00
	Other assets		
1340	Creditors with debit balances	76,88	0,00
	Cashier, Bank		
0945	Volksbank Köln Bonn eG, Acc. 4913468010	373.004,95	179.665,92
		_____	_____
	Total assets	466.333,83	248.187,92
		=====	=====

Equity and liabilities		Financial year	Prev. Year
Account	Designation	€	€
	Association Assets § 62 Abs. 3 AO		
1170	Own capital	196.382,50	0,00
	Restricted revenue reserves		
1002	Operation funds reserves	107.926,25	0,00
	Free reserves		
1070	Free reserves (§ 62 AO)	38.212,50	0,00
	Annual result		
	ANNUAL RESULT	0,00	196.382,50
	Other provisions		
1220	Other provisions	11.600,00	6.100,00
	Account payable		
1340	Account payable	<u>112.212,58</u>	<u>45.705,42</u>
		_____	_____
	Total equity and liabilities	<u>466.333,83</u>	<u>248.187,92</u>

Account	Designation	Fiscal Year €	Prev. Year €
	NON-PROFIT PART		
	Membership fees		
2110	Membership dues	382.125,00	321.000,00
	Other expenses		
2700	Costs of Membership	35.790,00	21.031,22
2894	Short term exp./Consultants	37.565,32	0,00
2753	Insurances, contributions	2.256,04	0,00
		75.611,36	21.031,22
	WEALTH MANAGEMENT		
	Interest earnings		
4150	Interest earnings	0,28	0,00
	Other income tax-exempt income		
4250	Inc. currency trans.	8,40	0,00
	Other Expenses		
4720	Exp. Currenca trans.	24,10	0,00
	OTHER SPECIAL PURPOSE ENTITIES		
	Sales Revenue		
6520	Authorized trainers contribution	15.591,47	16.491,00
	Other income		
6560	Other income	0,00	25,00
	Cost of purchased services		
6680	Human ressources	67.832,00	58.293,79
	Depreciation of intangible, tangible and intangible Assets and property, plant and equipment		
6780	Depreciation	1.520,00	306,32
	Other operating expenses		
6801	Communications	13.809,95	1.770,59
6864	Short term exp./Consultants	38.828,62	57.857,66
6890	Tools, Trainings, val. Prop.	52.831,77	518,96
6899	Bank Costs	1.128,60	
	ANNUAL RESULTS		
	ANNUAL RESULTS	146.138,75	196.382,50
	Allocation to the committed reserves		
3963	Allocation to the committed reserves	107.926,25	0,00
	Einstellungen in die freien Ergebnisrücklagen (§ 62 Abs. 1 Nr. 3 AO)		
3965	Allocations tot he free reserve	38.212,50	0,00
	RESULTS BROUGHT FORWARD	0,00	196.382,50

Development of fixed assets

from 01.01.2021 to 31.12.2021

Sustainable Rice Platform e.V.

Account Inventory	Inventory description	Date AfA-Art ND AfA-%	Staus as of 01.01.2020 €	Addition Disposal- €	Transfer €	Depreciation Write-up - €	Status as of 31.12.2020 €
300	Association equipment						
300001	Samsung Galaxy S20	08.07.2020 Linear	AHK 530,72 Abschr. 89,72	440,00			530,72 529,72
		03/00 / 33,33 BW	441,00			440,00	1,00
300002	ASUS i7-10510U 16GB 1TB	08.07.2020 Linear	AHK 1.297,60 Abschr. 216,60	1.080,00			1.297,60
		03/00 / 33,33 BW	1.081,00			1.080,00	1,00
Total	Association equipment	Cost of acquisition Depreciation Carrying amount	1.828,32 306,32 1.520,00	1.520,00		1.520,00	1.828,32 1.826,32 2,00

General Engagement Terms for Tax Advisers and Tax Advisory Firms

General terms and conditions for German tax advisors (*Steuerberater, Steuerbevollmächtigte*) and firms of tax advisors (*Steuerberatungsgesellschaften*) with declaration of consent

as of August 2022

These "general terms and conditions" shall govern contracts between German qualified tax advisors (*Steuerberater, Steuerbevollmächtigte*) as well as firms of tax advisors (*Steuerberatungsgesellschaften*) (hereinafter collectively referred to as the "Tax Advisors", and each of them a "Tax Advisor") and their clients (*Auftraggeber*), unless otherwise expressly agreed in text form (*Textform*) or prescribed by law.

1. Scope and execution of the engagement

- (1) The scope of the services to be rendered by the Tax Advisor shall be governed by the specific engagement. The engagement shall be executed in accordance with the principles of proper professional practice and in compliance with the relevant rules of professional conduct and professional obligations (cf. German Act Regulating the Profession of Tax Advisors [*Steuerberatungsgesetz – StBerG*] [hereinafter "StBerG"], German Professional Code of Conduct for Tax Advisors [*Berufsordnung der Steuerberater – BOSTB*]).
- (2) Foreign law shall only be taken into account if this has been expressly agreed in text form.
- (3) In the event that the legal position changes after a matter has been conclusively completed, the Tax Advisor shall not be under any obligation to alert the client to such change or the resulting implications.
- (4) The review of the documents and figures provided to the Tax Advisor, in particular the accounts and balance sheet, with regard to accuracy, completeness and conformity with applicable rules shall not form part of the engagement unless otherwise expressly agreed in text form. The Tax Advisor will assume that the information provided by the client, in particular the figures, is correct and will use it as a basis for their work. To the extent that they detect any evident inaccuracies, the Tax Advisor shall be obliged to point them out.
- (5) The engagement shall not be deemed to constitute an authorization to represent the client before public authorities, courts and other bodies. Such authorization would need to be granted separately. Where, owing to the client's absence, it proves impossible to coordinate with them as to the filing of legal remedies, the Tax Advisor shall be deemed, in case of doubt, to be both authorized and obliged to take action with a view to meeting a deadline.

2. Duty of confidentiality

- (1) In accordance with the law, the Tax Advisor shall be under a duty to maintain confidentiality with regard to all facts that have come to his/her attention in connection with the execution of the engagement unless the client releases them from this duty. The duty of confidentiality shall continue even beyond a termination of the contractual relationship. The duty of confidentiality shall apply, to the same extent, to the Tax Advisor's staff.
- (2) The duty of confidentiality shall not apply to the extent that a disclosure is necessary in order to protect the Tax Advisor's legitimate interests. Furthermore, the Tax Advisor is hereby released from the duty of confidentiality to the extent that, under the terms and conditions of their professional liability insurance, they have a duty to provide information and cooperate.
- (3) The foregoing shall not affect any statutory rights to refuse to provide information or to refuse to testify under sec. 102 German General Tax Code (*Abgabenordnung – AO*), sec. 53 German Code of Criminal Procedure (*Strafprozessordnung – StPO*) and sec. 383 German Code of Civil Procedure (*Zivilprozessordnung – ZPO*).
- (4) The Tax Advisor is hereby released from the duty of confidentiality to the extent that (i) this is necessary for purposes of carrying out a certification audit in the Tax Advisor's firm and (ii) the individuals who are acting in this regard, for their part, have been instructed as to their duty of confidentiality. The client hereby agrees that the person carrying out the certification/audit may inspect the client file which was created and is being maintained by the Tax Advisor.

3. Involvement of third parties

The Tax Advisor shall be entitled to involve staff and, subject to the prerequisites of sec. 62a StBerG, also external service providers (in particular data-processing companies) for purposes of carrying out the engagement. The bringing-in of third-party experts (e.g. other Tax Advisors, auditors, German qualified attorneys [*Rechtsanwälte*]) shall require consent and instruction on the part of the client. Without having been instructed by the client, the Tax Advisor shall be neither entitled nor obliged to bring in such third parties.

3a. Electronic communication, data protection¹⁾, billing in text form

- (1) In the context of the engagements, the Tax Advisor shall be entitled to electronically collect personal data of the client staff and to process such data in an automated file or to transmit such data to a service computer center for further processing of the data related to the engagement.
- (2) In order to satisfy their obligations under the EU General Data Protection Regulation (hereinafter "GDPR") and the German Federal Data Protection Act (*Bundesdatenschutzgesetz – BDSG*), the Tax Advisor shall be entitled to appoint a data-protection officer. Unless this data-protection officer is already subject to a duty of confidentiality under clause 2(1) sent. 3 above, the Tax Advisor shall ensure that the data-protection officer, upon taking up their activity, shall undertake to maintain data secrecy.
- (3) To the extent that the client wants to communicate with the Tax Advisor via a fax line or an e-mail address, the client must share in the costs for setting up and maintaining the use of signature procedures and encryption procedures of the Tax Advisor (e.g. for acquiring and setting up any necessary software and/or hardware).
- (4) In accordance with sec. 9(1) German Regulation on Tax Advisors' Fees (*Steuerberatervergütungsverordnung – StBVV*) (hereinafter "StBVV"), the client agrees to the Tax Advisor preparing their fee calculation and providing it to the client only in text form (*Textform*) as per sec. 126b German Civil Code (*Bürgerliches Gesetzbuch – BGB*) (hereinafter "BGB"); in so doing, the client waives the requirement for a handwritten signature by the Tax Advisor on such fee calculation.

4. Remedying of deficiencies

- (1) The client shall have a right to demand that any deficiencies be remedied. The Tax Advisor must be afforded an opportunity to take remedial action. If and to the extent that the engagement constitutes a contract for services (*Dienstvertrag*) within the meaning of secs. 611, 675 BGB, the client may refuse any remedial action by the Tax Advisor if the engagement is terminated by the client and the deficiency is detected only after the engagement has been validly terminated.
- (2) Should the Tax Advisor fail to remedy the asserted deficiencies within a reasonable period or refuse to remedy the deficiencies, then the client may, at the Tax Advisor's expense, have the deficiencies remedied by another Tax Advisor and/or – at the client's choice – demand a reduction of the fees or rescission of the contract.
- (3) The Tax Advisor may at any time, also vis-à-vis third parties, correct obvious inaccuracies (e.g. clerical errors, or errors in calculation). Other deficiencies may be corrected by the Tax Advisor vis-à-vis third parties subject to the client's consent. Such consent shall not be required where the Tax Advisor's legitimate interests take precedence over the client's interests.

5. Liability

- (1) The liability of the Tax Advisor and their persons employed in performing a contractual obligation for whom the Tax Advisor is vicariously liable' [*Erfüllungshelfen*] [hereinafter the "Vicarious Agents"] for any loss/damage resulting from one breach of duty or – in the context of a uniform injurious effect [*einheitliche Schadensfolge*] – from several breaches of duty on the occasion of executing an engagement shall be capped at EUR 2,000,000.00 (in words: two million euros).²⁾ The limitation of liability shall apply in relation to negligence only; liability for intent shall not be subject to such limitation. Liability claims in relation to any loss/damage arising from injuries to life, body or health shall be excluded from this limitation of liability. The limitation of liability shall apply to the Tax Advisor's entire activity for the client, i.e. also, in particular, to an extension to the scope of the engagement; in this

1) Moreover, for purposes of the processing of personal data, a legal basis under art. 6 EU General Data Protection Regulation ("GDPR") must be applicable. That norm merely lists the legal bases for a lawful processing of personal data. In addition, the Tax Advisor must fulfill the duty to provide certain information, under arts. 13 or 14 GDPR, by way of furnishing additional information. In this regard please note the comments and explanations contained in the DWS instruction leaflet regarding forms no. 1005 "data-protection information for clients" and no. 1006 "data-protection information regarding the processing of staff data".

2) Please insert amount as appropriate. In order to be able to take advantage of this provision, an amount of at least EUR 1 million must be specified, and the contractual amount insured must be at least EUR 1 million for the individual damage event; otherwise clause 5 needs to be deleted. In that case it must be seen to it that the liability-related agreement to be reached in the form of an individual contract contain a provision that corresponds to clause 5(2). Please also refer to the further comments contained in instruction leaflet no. 1001.

3) The reform of the German Federal Code of the Legal Profession (*Bundesrechtsanwaltsordnung – BRAO*) (hereinafter "BRAO") enters into force as at 1 Aug. 2022. Pursuant to sec. 59n(1) BRAO as amended, each professional-practice company (*Berufsausübungsgesellschaft*), regardless of its legal form, is under an obligation to take out and maintain professional liability insurance. This gives rise to changes depending on the respective sum insured. In regulating the insurance cover required for professional practices, the sweeping BRAO reform differentiates as follows: as a rule, it is mandatory to have a sum insured of EUR 2.5 million (sec. 59o(1) BRAO as amended). For small professional-practice companies, however, a sum insured of EUR 1 million is sufficient pursuant to sec. 59o(2) BRAO as amended. A lower minimum sum insured of EUR 500,000 applies in the case of professional practices without limited liability (sec. 59o(3) BRAO as amended). Pursuant to 67a(1) sent. 1 no. 2 StBerG, a firm's liability may be limited, in its general terms and conditions, to an amount equal to four times the minimum sum insured, provided that corresponding insurance cover exists. Owing to the increase in the minimum insurance cover, this must be adjusted accordingly as of 1 Aug. 2022. In order to be able to take advantage of said stipulation in this case, the amount must be adjusted in accordance with the individual case. The contractual sum insured must comply with the requirements in relation to the individual insured event; otherwise, delete clause 5. In that case, it must be ensured that the individual contractual agreement regarding liability contains a stipulation that corresponds to clause 5(2). Please also refer to the information in DWS instruction leaflet no. 1001.



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- regard, there shall be no need for agreeing the limitation of liability again. The limitation of liability shall also apply in the case of the establishment of a joint practice (*Sozietät*) / partnership company (*Partnerschaft*) and assumption of the engagement by the joint practice / partnership company as well as for partners who join the joint practice / partnership company. Furthermore, the limitation of liability shall also apply vis-à-vis third parties to the extent that these fall within the scope of protection of the engagement; in this regard, sec. 334 BGB is expressly not waived. Any agreements, contained in individual contracts, providing for a limitation of liability shall take precedence over this provision but — unless otherwise expressly stipulated — shall not affect the validity of this provision.
- (2) Provided that there was a sufficiently high insurance cover in place, the limitation of liability shall apply retroactively from the beginning of the engagement or, as the case may be, from the point of taking out higher insurance cover. If the scope of the engagement is subsequently modified or expanded, then the limitation of liability shall also extend to these cases.
- 6. Duties on the part of the client; client's failure to cooperate and client's default of acceptance**
- (1) The client shall be obliged to cooperate to the extent that this is necessary in order for the engagement to be duly executed. In particular, they shall submit to the Tax Advisor, unprompted, a complete set of all documents necessary in order to execute the engagement; such submission shall occur in such a timely manner as to afford the Tax Advisor a reasonable processing time. The same shall apply with regard to briefings about all events and circumstances which may be of importance for purposes of executing the engagement. The client shall be obliged to take note of all written and oral communications issued by the Tax Advisor and to consult them when in doubt.
- (2) The client shall refrain from anything that may prejudice the independence of the Tax Advisor or the Tax Advisor's Vicarious Agents.
- (3) The client hereby undertakes to pass on the results of the Tax Advisor's work only with the Tax Advisor's consent unless the consent to such results being passed on to a specific third party already flows from the content of the engagement.
- (4) Should the Tax Advisor employ data-processing programs at the client's premises, then the client shall be obliged to comply with the instructions by the Tax Advisor with regard to installation and application of such programs. In addition, the client shall be obliged to only use the programs within the scope prescribed by the Tax Advisor, which shall also be the scope of use to which the client is entitled. The client must not disseminate the programs. The Tax Advisor shall remain the owner of the rights of use. The client shall refrain from anything which constitutes an obstacle to the exercise by the Tax Advisor of the rights of use with regard to the programs.
- (5) Should the client fail to comply with a duty to cooperate incumbent on them under clause 6(1)–(4) or as provided for elsewhere or be in default of acceptance in relation to the services tendered by the Tax Advisor, then the Tax Advisor shall have the right to terminate the contract without notice (cf. clause 9(3)). This shall not affect the Tax Advisor's claim to be compensated for the additional expenses incurred by them owing to the client's default or failure to cooperate as well as for any loss/damage caused, even in the event that the Tax Advisor opts not to exercise their right of termination.
- 7. Copyright protection**
- The services rendered by the Tax Advisor constitute their intellectual property. They are protected by copyright. Beyond their intended use, work results may be passed on only upon prior written consent by the Tax Advisor.
- 8. Fees, advance payment and offsetting**
- (1) The Tax Advisor's fees (professional fees and reimbursement of out-of-pocket expenses) for their professional activity in accordance with sec. 33 StBerG shall be determined pursuant to the German Regulation on Tax Advisors' Fees (StBVV). Fees above or below the statutory fees may be agreed in text form. Agreeing fees below the statutory fees is permissible in out-of-court matters only. Such lower fees must bear an adequate relation to the services, responsibility and liability risk of the Tax Advisor (sec. 4(3) StBVV).
- (2) For activities not dealt with in the Regulation on Fees (e.g. sec. 57(3) nos. 2 and 3 StBerG), the applicable fees shall be those agreed; otherwise, the fees determined by statute for such activity, or else the customary fees (secs. 612(2) and 632(2) BGB).
- (3) Only claims that are undisputed or have been determined with final and absolute effect (*rechtskräftig*) may be set off against a fee claim of the Tax Advisor.
- (4) The Tax Advisor shall be entitled to request an advance payment for professional fees and out-of-pocket expenses already incurred or expected to be incurred. In the event that the requested advance payment is not made, the Tax Advisor may, upon prior notice, cease working for the client until the advance payment is received. Where a cessation of work may adversely affect the client, the Tax Advisor shall be obliged to notify the client, in a timely manner, of the Tax Advisor's intention to cease working.
- 9. Termination of the contract**
- (1) The contract shall terminate upon completion of the services, upon expiry of the agreed term, or by giving notice. The contract shall not terminate upon the client's death or upon the client becoming legally incapacitated or, in the case of a company, upon the company's dissolution.
- (2) If and to the extent that the contract constitutes a contract for services within the meaning of secs. 611, 675 BGB, either party may terminate the contract for cause (*außerordentlich*) except in the case of a service relationship with fixed earnings (*Dienstverhältnis mit festen Bezügen*), sec. 627(1) BGB; notice must be given in text form. Any deviation from the foregoing in individual cases shall require an agreement to be negotiated between the Tax Advisor and the client.
- (3) In order to prevent legal disadvantages for the client, upon termination of the contract by the Tax Advisor the Tax Advisor must, in any event, still take those actions which may reasonably be expected of them and which ought not to be postponed (e.g. application for the extension of a deadline which is about to expire).
- (4) The Tax Advisor shall be obliged to hand over to the client anything the Tax Advisor receives or has received for purposes of executing the engagement and anything the Tax Advisor obtains in the context of the management of the affairs of another (*Geschäftsbesorgung*). In addition, the Tax Advisor shall be obliged, upon request, to provide the client with a progress report and to render account for the Tax Advisor's activities.
- (5) Upon termination of the contract, the client must promptly hand over to the Tax Advisor the data-processing programs employed at the client's office for purposes of executing the engagement, including any copies created, as well as any other program documents, and/or delete them from the hard drive.
- (6) Upon termination of the engagement, the documents must be collected from the Tax Advisor.
- (7) In the event that the engagement terminates before it has been completed, the Tax Advisor's fee claim shall be governed by statute. Any deviation from the foregoing in individual cases shall require a separate agreement in text form.
- 10. Storage, delivery and right of retention with regard to work results and documents**
- (1) The Tax Advisor must store the client files for a period of ten years after the engagement has terminated. However, this obligation shall expire before the above period has elapsed if the Tax Advisor has asked the client to take receipt of the client files and the client has failed to comply with such request within six months of having received it.
- (2) 'Client files' within the meaning of para. 1 only include such documents as have been obtained by the Tax Advisor, on the occasion of their professional activity, from or for the client; by contrast, they do not include the correspondence between the Tax Advisor and their client nor documents which the client has already received in the original or as a copy nor the working papers produced for internal purposes (sec. 66(2) sent. 4 StBerG as amended).
- (3) At the request of the client, but no later than after termination of the engagement, the Tax Advisor shall hand over the client files to the client within a reasonable period. The Tax Advisor may create and retain copies or photocopies of documents which they return to the client, or do so by way of electronic data processing.
- (4) The Tax Advisor may refuse to hand over the client files until their fees and out-of-pocket expenses have been settled. This shall not apply to the extent that withholding the client files and the individual documents would be unreasonable under the circumstances (sec. 66(3) StBerG as amended).
- 11. Miscellaneous**
- The engagement, its execution and the claims resulting therefrom shall be exclusively governed by German law. The place of performance shall be the client's place of residence unless they are a merchant (*Kaufmann*), legal person under public law, or special fund (*Sondervermögen*) under public law; otherwise, the place of performance shall be the professional establishment of the Tax Advisor. The Tax Advisor is — not — prepared to participate in dispute-resolution proceedings before a consumer conciliation body (secs. 36, 37 German Act on Alternative Dispute Resolution in Consumer Matters [*Gesetz über die alternative Streitbeilegung in Verbrauchersachen – VSBG*]).⁴
- 12. Validity in the event of partial nullity**
- Should individual provisions of these terms and conditions of engagement be or become invalid, then this shall not affect the validity of the remaining provisions.