

General Terms and Conditions of Pape & Co. GmbH Steuerberatungsgesellschaft

Status: January 2025

I. General Terms and Conditions for Tax Advisors and professional-practice companies providing tax advice

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These 'general terms and conditions' shall govern contracts between German qualified tax advisors (Steuerberater, Steuerbevollmächtigte) as well as professional practice companies (Berufsausübungsgesellschaften) providing tax advice (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 mandatory 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 following applies; unless expressly agreed otherwise in text form 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 will point them out to the client.
- (5) The engagement shall not be deemed to constitute an authorization to represent the client before public authorities, courts or 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 authorized 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 their 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 termination of the engagement 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, inter alia under sect. 102 German General Tax Code (Abgabenordnung - AO), sect. 53 German Code of Criminal Procedure (Strafprozessordnung - StPO) and sect. 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 appointing a general representative (sect. 69 StBerG) or 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 general representative or 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 sect. 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)) for purposes of working on the engagement 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.

4. Electronic communication, data protection

- (1) In the context of the engagements, the Tax Advisor shall be entitled to electronically collect personal data of the client 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) It is hereby pointed out to the client that using electronic means of communication (email, etc.) may entail risks for the confidentiality of the communication. In the knowledge thereof, the client hereby consents to the Tax Advisor using electronic means of communication.

5. Remediating of deficiencies

- (1) In the event of any deficiencies, the Tax Advisor must be afforded an opportunity to take remedial action.
- (2) The Tax Advisor may at any time, also vis-à-vis third parties, correct obvious inaccuracies (e.g. clerical errors, 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.

6. Liability

- (1) Any claims on the part of the client under the engagement relationship with the Tax Advisor for compensation regarding loss or damage caused by negligence shall be capped at 4,000,000 Euro (in words: four million Euro). 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, limb 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 relationship; in this regard, there shall be no need for agreeing the limitation of liability again. 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, sect. 334 German Civil Code (Bürgerliches Gesetzbuch - BGB) (hereinafter '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.
- (3) Providing oral information does not form part of the Tax Advisor's primary contractual obligations. Doing so would risk, in particular, providing incomplete oral information regarding the facts to be considered as well giving rise to misunderstandings between the Tax Advisor and the client. As a result, the parties hereby agree that the Tax Advisor's liability shall only extend to information provided in text form, and that any liability for inaccurate oral information negligently provided by the Tax Advisor or by members of their staff shall be excluded.
- (4) The client's claims for damages, with the exception of those arising from injury to life, limb or health, shall become time-barred 18 months after the end of the year in which the client becomes aware of the claims or, in the event of gross negligence, fails to become aware of them. However, they shall become time-barred no later than five years after the end of the year in which the claims arise. The earlier deadline shall be decisive.

7. 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 communications issued by the Tax Advisor and to consult the Tax Advisor when in doubt.
- (2) The client shall refrain from anything that may prejudice the independence of the Tax Advisor or the Tax Advisor's persons employed in performing a contractual obligation for whom the Tax Advisor is vicariously liable ('Erfüllungsgehilfen') ('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, 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 only 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 7. (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. 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.

8. 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 in text form by the Tax Advisor.

9. 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 sect. 33 StBerG shall be determined pursuant to the German Regulation on Tax Advisors' Fees (Steuerberatervergütungsverordnung - StBVV) (hereinafter '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.
- (2) For activities not dealt with in the StBVV (e.g. sect. 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 (sects. 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. Any claims of the client for repayment of a fee paid shall become time-barred at the end of the year after 18 months have elapsed since the client has received the invoice.
- (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 will notify the client, in a timely manner, of the Tax Advisor's intention to cease working. The Tax Advisor may offset any advance payments received against all claims under the engagement that have fallen due, irrespective of which activity the advance payment was requested for.
- (5) The client defaults on payment if they fail to settle the invoice within 14 days of the date of invoice.

10. Termination of the engagement

- (1) The engagement shall terminate upon completion of the agreed services, upon expiry of the agreed term, or by giving notice. The engagement 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 engagement constitutes a contract for services within the meaning of sects. 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), sect. 627 (1) BGB; notice must be given in text form. Any deviation from the foregoing in individual cases shall require an agreement between the Tax Advisor and the client.
- (3) Upon termination of the engagement, 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.
- (4) Upon termination of the engagement, the documents must be collected from the Tax Advisor.
- (5) In the event that the engagement terminates before it has been completed, the Tax Advisor's fee claim shall be governed by the statutory provisions, in particular sect. 12 (4) StBVV. Any deviation from the foregoing in individual cases shall require a separate agreement in text form.

11. Right of retention with regard to work results and documents

- (1) 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.
- (2) The Tax Advisor may refuse to hand over the documents until their fees and out-of-pocket expenses have been settled (sect. 66 (3) StBerG). With regard to the work results, a contractual right of retention is deemed to have been agreed.

12. Place of jurisdiction, place of performance, information under the German Act on Alternative Dispute Resolution in Consumer Matters

- (1) The engagement, its execution and the claims resulting therefrom shall be exclusively governed by German law. If the client is a merchant (Kaufmann), legal person under public law, or special fund (Sondervermögen) under public law, the place of performance and place of jurisdiction shall be the professional establishment of the Tax Advisor. This also applies in the event that (i) the client relocates their place of residence or habitual place of abode abroad once the Tax Advisor has been engaged, or (ii) the client's place of residence or habitual place of abode is unknown at the time the action is brought.
- (2) The Tax Advisor is not prepared to participate in dispute-resolution proceedings before a consumer conciliation body (sects. 36, 37 German Act on Alternative Dispute Resolution in Consumer Matters (Gesetz über die alternative Streitbeilegung in Verbrauchersachen - VSBG)).

13. 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.

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II. Supplementary General Terms and Conditions of Pape & Co. GmbH Steuerberatungsgesellschaft Status: January 2025

The following 'Supplementary General Terms and Conditions of Pape & Co. GmbH Steuerberatungsgesellschaft' (in the following 'Pape & Co.') apply as a supplement to the General Terms and Conditions for German tax advisors and professional-practice companies providing tax advice (I.) to contracts and engagements of Pape & Co. with its clients insofar as not otherwise explicitly agreed in text form or stipulated as mandatory by law.

1. Scope and execution of the engagement

- (1) The aforementioned General Terms and Conditions for tax advisors and professional-practice companies providing tax advice (I.) and these Supplementary General Terms and Conditions of Pape & Co. (II) apply to engagements, which the client places with Pape & Co. in addition to the statutory provisions (hereinafter jointly referred to as 'Terms and Conditions').
- (2) The Terms and Conditions are the basis for respectively separately placed engagements, such as in particular:
 1. fiscal advice,
 2. business management advice,
 3. preparation of the annual financial statements within the meaning of the regulations of the third book of the German Commercial Code (Handelsgesetzbuch – HGB),
 4. preparation of profit calculations or tax balance sheets,
 5. preparation of tax returns,
 6. representation before financial authorities with the defence and correction of administrative acts,
 7. preparation of the financial accounting including the preparation of business management reports,
 8. preparation of the payroll accounting,
 9. other typical or agreed services of the Tax Advisor.

2. Fees

- (1) The fees and out-of-pocket expenses are assessed (subject to the following paragraphs) according to the statutory regulations of the StBVV (German Regulation on Tax Advisors' Fees (Steuerberatervergütungsverordnung)).
- (2) In addition to the statutory regulations of the regulations of a fee agreement, which Pape & Co. concludes with the client, shall apply. The fee agreement documents the agreement of the client with the following fee regulations and confirms that a maximum fee, which applies according to the StBVV, may be exceeded by the agreed time-based fee rates, flat rates per case and out-of-pocket expenses for business trips. If a 'separate fee agreement' signed by the client already exists between the client and Pape & Co., this shall be deemed as fee agreement within the meaning of sect. 4 (1) StBVV.
- (3) Unless the contracting parties agree otherwise in text form, time-based fees are agreed (sects. 4, 13 StBVV) for the activities tax advice (sects. 21 to 23, 28 to 32, 36 to 38, 40 to 45 StBVV) as well as for any other advisory and support services. This also applies if the advisory activities would have to be allocated to a different type of fee according to the regulations of the StBVV. The time-based fee also applies to the preparation of the financial accounting (sects. 33, 39 StBVV), the processing of annual accounting operations (sect. 35 StBVV) and the preparation of tax returns (sects. 24 to 27 StBVV), whereby the statutory fee shall apply primarily, unless it is not lower than the time-based fee. For individual activities of payroll accounting (sect. 34 StBVV), the flat rates per case agreed in (4) shall apply in addition to the StBVV. Notwithstanding the foregoing, the parties may agree on a flat-rate fee within the limits and pursuant to sect. 14 StBVV; if a flat-rate agreement violates the limits of sect. 14 StBVV, the general regulations of this engagement relationship shall apply.
- (4) Two times 1 Euro as a flat-rate for travelling expenses are charged for business trips (sects. 18 to 20 StBVV) for each kilometre of the distance between the responsible Pape & Co. branch and the travel destination. The separate charge of a per diem and absence allowance for periods of absence up to two hours per business trip ceases to apply. Periods of absence beyond this shall be invoiced separately at the hourly rates defined in the fee agreement according to (2).
- (5) The fee is due and payable without deduction with the receipt of the invoice.

3. Conclusion and scope of validity of the Terms and Conditions

- (1) The Terms and Conditions shall become valid by the acceptance of an engagement of the client of Pape & Co. by Pape & Co. The acceptance does not require any certain form.
- (2) The regulations of the fee agreement (clause 2. (2)) become effective with the conclusion of the fee agreement in text form by the client. The validity shall cover – also retrospectively – all engagements which are subject to these Terms and Conditions.
- (3) The Terms and Conditions are to apply to all existing and future engagement relationships, to personal and operational as well as to those with companies represented by the client. They are also to apply to engagement relationships with companies affiliated with the client insofar as the managing director or vicarious agent knows or must know the Terms and Conditions.

4. Involvement of third parties

- (1) Pape & Co. is entitled to have services owed by it provided by subcontracted third parties. Freelancers of Pape & Co. shall not be deemed as third parties within the meaning of this regulation; they are rather original vicarious agents of Pape & Co.
- (2) Pape & Co. further has the possibility to involve qualified attorneys as cooperation partners in the event of legal issues.

Such an involvement presumes that the qualified attorney reports the willingness to take over the engagement towards the client and the client confirms the conclusion of the qualified attorney's contract at the known engagement conditions. All rights and duties of the client and the qualified attorney shall be exclusively derived from this qualified attorney's contract.

- (3) The client hereby releases Pape & Co. from the non-disclosure obligation to the extent that the parties, subcontracted by her or the qualified attorneys, who are involved owing to a mandate contract, require information and documents in order to execute the engagement. These information and documents may be forwarded to the involved parties and used by these in full in connection with the subcontracted engagement.
- (4) It is explicitly assured that the subcontractors themselves are subject to professional confidentiality and will not forward any information or documents to third parties without the explicit consent of the client.

5. Liability

- (1) When subcontracting third parties within the meaning of clause 4 (1) Pape & Co. and the subcontractor shall be liable for the object of the subcontracted engagement as joint and several debtors. The limitation of liability determined in clause 6 of the General Terms and Conditions (I) of 4,000,000 Euro shall only apply jointly to all parties with joint and several liability one time per damaging event.
- (2) As determined in clause 6 (2) of the General Terms and Conditions (I), the liability of Pape & Co. as well as its vicarious agents or the subcontractor in the event of negligence is limited to 4,000,000 Euro. Excluded from the limitation of liability are liability claims for loss/damage arising from injuries to life, limb or health.
- (3) If several claimants derive claims from the engagement relationship with the Tax Advisor from a negligent breach of duty by the Tax Advisor, the maximum amount of 4,000,000 Euro (in words: four million Euro) specified in clause 6 of the General Terms and Conditions (I) shall apply to the relevant claims of all claimants in total.
- (4) In concrete terms, this means that the liability does not multiply to x times 4,000,000 Euro if several joint clients engage Pape & Co. for a joint project.
- (5) A single case of damage also applies to uniform damage resulting from multiple breaches of duty. The individual case of damage includes all consequences of a breach of duty irrespective of whether damages occurred in one or several consecutive years. Multiple actions or omissions based on the same or similar source of error are considered as single breach of duty if the matters concerned are legally or economically connected to one another. In this case, Pape & Co. or its subcontractors or vicarious agents can only be held liable up to an amount of 4,000,000 Euro (in words: four million Euro).
- (6) The liability insurance stipulated according to sect. 67a (1) no. 2 StBG (sum insured 4,000,000 Euro with unlimited maximum annual payment) is maintained by Pape & Co.

6. Oral declarations and declarations by e-mail

- (1) If Pape & Co. has to present the results of its activity in writing then only the written presentation is decisive.
- (2) Oral declarations and information from employees of Pape & Co. are always non-binding. The same applies to declarations and information by e-mail.

7. Right of retention

- (1) Pape & Co. is entitled to a right of retention both with regard to the documents handed over by the client as well as to the work results and the client files until its charges, fees and out-of-pocket expenses have been settled. Sect. 273 (3) BGB is excluded.
- (2) Insofar as the client explains and proves that there is a threat that he will suffer damages if the retained documents are not handed over to him, which exceeds the still outstanding fee by ten times, he can request that the documents are handed over after providing a collateral.

8. Statute of limitations and exclusion deadlines

- (1) A claim for damages shall lapse if no lawsuit is raised within a period of six months since the written rejection of compensation and the client was informed of this consequence.
- (2) The right to assert the plea of statute of limitations remains unaffected.

9. E-mail

Insofar as the client does not object hereto in text form Pape & Co. will also communicate with him via e-mail without a separate encoding procedure. The client is aware of the lack of secrecy of this communication medium and nevertheless approves this kind of communication.

10. Data protection and confidentiality when using the internet and AI services

- (1) The client is aware that the employees of Pape & Co. use on the internet services, such as search services, translation services or artificial intelligence (AI) services, to process the client's engagements. In doing so, the employees of Pape & Co. are asked to proceed according to the following principles, whereby Pape & Co. differentiates between 'free services' on the one hand and 'professional services' on the other.
- (2) 'Free services' are publicly accessible internet services for which Pape & Co. have not concluded any kind of data processing agreement (DPA). Pape & Co. uses free services (e.g. Google, free AI tools such as ChatGPT Free) exclusively for general research or assistance, without transmitting personal or confidential data. If a request should require

sensitive information, this is anonymised or pseudonymised beforehand so that no conclusions can be drawn about specific persons or companies. Since free AI versions often use input data for their own training purposes, Pape & Co. takes particular care to ensure that no identifiable information is entered. If a service proves to be insufficiently compliant with data protection, Pape & Co. either refrains from using it altogether or limits its use to the extent absolutely necessary. Free services are only used for general search queries without endangering the confidentiality of the data and the client relationship. If the search request requires it, names or company names are used in the context of a search, but without further context that would violate confidentiality beyond the naming. Data with confidentiality-relevant context is only used anonymously for the use of the services.

- (3) 'Professional services' are services for which Pape & Co. has checked the data protection rules and/or has concluded a separate data processing agreement within the meaning of art. 28 GDPR and for which the service provider promises that it will treat the data transferred by Pape & Co. confidential and guarantees data protection and, in turn, makes the same agreements itself with other services. Confidential data and data subject to data protection are also transmitted to professional services.
- (4) In general, when using and contracting artificial intelligence (AI) services, care is taken to ensure that confidential or otherwise protected data are not used for AI training purposes.
- (5) The use of the services described above is based on our legitimate interest in the fast and secure processing of engagements (art 6 (1) GDPR) and/or, if necessary, for the fulfilment of the contract (art. 6 (1b) GDPR).
- (6) European/German data protection aspects are fulfilled and can be found in our data protection information for clients at <https://www.pape-co.de/datenschutzerklaerung>.

11. Place of jurisdiction, place of performance, information under the German Act on Alternative Dispute Resolution in Consumer Matters, validity in the event of partial nullity, text form

- (1) The nos. 12 and 13 of the General Terms and Conditions (I.) shall apply accordingly.
- (2) Pape & Co. is however also entitled to assert its claims at any other place of jurisdiction which is permitted according to applicable law.
- (3) The validity of amendments and supplements to these Terms and Conditions by Pape & Co. shall be governed by the regulations on the notification and validity of General Terms and Conditions according to sects. 305 ff BGB.