

General Engagement Terms
for
Steuerberater und Wirtschaftsprüfer
[Certified Tax Consultant and German Public Auditor]
as of October 01, 2017

1. Scope

These terms of engagement are applicable to contracts between **Audit and Tax Practice Reiner Seel**, called the “advisor”, and his clients for consulting (including tax), financial audits, reviews of financial information, accounting support and related engagements.

2. Scope of the engagement

The engagement shall require *written form*, classified in:

- (i) letter from the client (submitted per email, fax or mail)
- (ii) engagement letter or
- (iii) retainer agreement

The form to (i) is due to a confirmation by the advisor, the form to (ii) and (iii) is normally used for a long-term relationship and specific work such as projects and audits. The advisor has the right to decide, which form will be appropriate. All subsequent questions and issues from the client, submitted after completing the latest order, are basically treated as a *revised* or *new* order. Subject of the engagement is the agreed performance and not a certain commercial success.

3. Provision of Service, Client's duty

- (a) The advisor will provide the service using reasonable care and skill in accordance with the professional principles which shall be applied and the (tax) legal law as well as specific regulations (if any).
- (b) The assigned service is only committing by writing.
- (c) The client assures to provide in due time, completely and truly all relevant facts and documents as well as point out the related circumstances. On request the client has to clarify issues and if applicable submit supporting documents or give complementary information.
- (d) Upon the advisor's request, the client must inform in a written declaration drafted by the advisor that the supporting documents and records as well as the information and explanations provided are complete.
- (e) The Client assures to provide all needed information and evidences related to the person identification.

4. Protection of the advisor's intellectual property

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

5. Transmission of the advisor's work

- (a) The transmission of the advisor's work, comprising long-form reports, expert opinions etc. to a third party requires the advisor's written consent to the extent that the permission to transmit to a certain third party (e.g. Commercial Bank Institute) does not result from the engagement terms. The advisor is liable (within the limits of No. 8) towards third parties only if the prerequisites of the first sentence are given.

(b) The use of the advisor's work for promotional purposes is not permitted, an infringement entitles the advisor to immediately cancel all engagements not yet conducted for the client.

6. Correction of Deficiencies

(a) Where there are deficiencies, the client is entitled to subsequent fulfilment (of the contract). The client may demand a reduction in fees or the cancellation of the contract only for the failure subsequent fulfilment. Section No. 8 applies to the extent that claims for damages exist beyond this.

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

(c) Obvious deficiencies such as typing and arithmetical errors contained in the advisor's professional statements may be corrected at any time. Errors which may call in question the conclusions from the statements entitle the advisor to withdraw also versus third parties, but the advisor should first hear the client, if possible.

7. Remuneration and Payment Policy

(a) The advisor has the right to claim the entire remuneration, at least a 10% deposit of the total fee in advance per single order, unless otherwise agreed. The fee can be agreed on the net basis of a fee regulation, a time fee (hourly/daily rate) or flat (package) fee. The regulatory fee can be agreed in writing higher or lower than stated in the legal frame (§ 4 StBVV).

(b) The advisor shall invoice the client as agreed, in advance or upon issuance the delivered written results, report or statement. Invoices for additional work and further work will be issued on completion of the relevant engagement.

(c) The client agrees, that the invoice can be transmitted by electronic way (for instance Email).

(d) The client will promptly pay the invoiced amount or outstanding balance on the receipt of the initially or final invoice.

(e) Additional fees shall be charged for operations, which are not included in the order of confirmation or agreement or for additional time consumption, which is not due to the advisor.

(f) The advisor's charging rates are available on his website or upon request from the advisor.

(g) If the advisor is unable to perform all or part of the service for any reason outside the advisor's control including failure of the client to comply of any of his obligations, the advisor shall nevertheless be entitled to payment of:

- (1) The amount of non-refundable expenses incurred by the advisor
- (2) A proportion of the agreed fee equal of the proportion of services actually carried out.

(h) Unless otherwise stated, all fees quoted are exclusive travelling, subsistence costs and other expenses (if any). All fees and additional charges are exclusive of applicable value added tax, sales tax or similar tax in the country concerned.

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

8. Liability and indemnification

(a) Limitation of liability

The advisor undertakes to exercise due care and skill in the performance of the service and admits responsibility only in cases of **proven** negligence. The liability of the advisor for claims of compensatory damages of any kind – except for damages resulting from injury to life, body or health - for an individual case of damages resulting from negligence is limited to Euro 1 million (as covered by professional insurance); this also applies if liability to a person other than the client should be established.

(b) Preclusive deadlines

A compensatory damages claim may only be submitted within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim. The claim will be dismissed if legal action is not taken within six months deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed about this consequence.

(c) Indemnification

Except for the single case of negligence by the advisor, the client agrees to harmless and indemnify the advisor against all claims (actual and threatened) by any third party for loss, damage or all expenses relating to,

- (i) the conduct of the service or
- (ii) out of or in connection with the client's product, process or service the subject of the certification
(including, without limitation, product liability claims).

9. Confidentiality towards third parties and data security

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

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

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

10. Default of acceptance and cooperation on the part of the client

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

11. Retention and return of supporting documentation and records

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

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

12. Governing law, Jurisdiction and dispute resolution

Unless specifically agreed otherwise, all disputes arising out or in connection with contractual relationship(s) hereunder shall be governed by the substantive law of Germany. Any dispute related to online service or electronic based contracts should be governed by the arbitration body of the European Union (<http://ec.europa.eu/consumers/odr/>).