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P R Ü F U N G S V E R B A N D
der Deutschen Verkehrs-, Dienstleistungs- und
Konsumgenossenschaften e.V.
H a m b u r g

Report
on the statutory audit as of
2025
(Translation of the German signed audit report)

The Generation Forest eG,
H a m b u r g

Report No.: P 44 / 2025

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Please note that the German version of this translation of the audit report is authoritative.

The English version is for information purposes only.

Abbreviation

Forest eG	The Generation Forest eG, Hamburg
Forestal S.A.	Forestal Filo del Tallo S.A, Panama
GenG	Gesetz betreffend die Erwerbs- und Wirtschaftsgenossenschaften (German cooperatives act)
HGB	Handelsgesetzbuch (German Commercial Code)
IDW	Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf (Institute of Auditors in Germany e.V.)
IDW PS	IDW Prüfungsstandard (IDW auditing standards)
kEUR	EUR '000
USD	US-Dollar
Waldmenschen S.A.	Waldmenschen S.A., Panama City/Panama

A. Audit engagement

This report is addressed to our member cooperative, the

**The Generation Forest eG,
Hamburg,**

where we conducted the statutory audit 2025 in the period from June 2 to June 6, 2025 in accordance with §§ 53 et seq. GenG. An audit of the annual financial statements as of December 31, 2024 did not take place because the size limits of § 53 (2) GenG were not exceeded. We notified the chairman of the supervisory board of the start of the audit in accordance with § 57 (2) GenG.

The terms of § 62 GenG are leading to the execution of the engagement and our responsibility, also in relation to third parties. Furthermore our engagement terms in the version dated July 1, 2024, attached as appendix 6, are valid.

A verbal reporting to the members of the supervisory board and the executive board on the expected result of the audit this year in accordance with § 57 (4) GenG was waived this year.

We have prepared this report on the results of our audit in accordance with the terms of § 58 GenG.

The annual financial statements as of December 31, 2024 are attached to the report as appendixes 1 to 3.

In accordance with § 59 GenG, the written audit report has to be announced at the next general meeting as an important point for discussion and possible adoption of a resolution.

In accordance with § 321 (4a) HGB, we confirm that we have complied with the applicable regulations on independence in our audit.

B. Basic statements**Matters that may adversely affect the development or going concern**

From its foundation in 2015 until the acquisition of the shares in Waldmenschen S.A. (July 2017), the cooperative has built up its own structures. Afterwards, the cooperative started to use the liquid funds collected from the members to cover its own costs and to finance the acquisition of land and reforestation projects in Panama via Waldmenschen S.A. respectively Forestal S.A. As expected, sustainable earnings will not be generated before 14 years. Until then, the cooperative is dependent on the payment of new equity capital to cover its own costs. This may endanger the development of the cooperative.

We were unable to conclusively assess the recoverability of this investment during our audit review.

C. Subject, nature and scope of the audit

I. Subject of the Audit

In accordance with § 53 (1) GenG, the subject of our audit was the cooperative's facilities, asset situation and management. The purpose is to determine the economic circumstances and the proper conduct of business.

An audit of the annual financial statements as of December 31, 2024 did not take place because the size limits of § 53 (2) GenG were not exceeded.

Our audit does not cover whether the continued existence of Forest eG can be ensured.

In our audit, we have observed the principles laid down by the DGRV Deutscher Genossenschafts- und Raiffeisenverband e. V. (German Cooperative and Raiffeisen Confederation) for the audit of small cooperatives in accordance with § 53 (1) of the German Cooperatives Act (GenG) (as of August 28, 2006) which are based on the auditing standard IDW PS 900 "Principles for the Audit Review of Financial Statements" when performing the critical appraisal of the annual financial statements.

II. Nature and scope of the audit

The basis for the substantive planning of our audit was information about the business activities and the economic environment, the control environment, the accounting system and the internal control system of the cooperative.

The assessment of the economic situation extends to the net assets, to the financial position and to the results of operations as well as to the key aspects of economic efficiency.

The audit of the compliance of the management extends to the management organization, the management tools and the definition and implementation of the principles of management policy (decisions and activities of the management).

As part of the risk-oriented audit approach, we first gained an overview of the company's processes and determined thereof our audit approach.

In the specific program of the cooperative, we determined the focus of our review, the type and scope of the assessments as well as the timing of the review and the assignment of employees. In doing so, we observed the principles of materiality and of risk orientation.

Planning and execution of the audit are at the auditor's discretion. The principles of materiality and risk orientation are applied.

The analysis of the net assets, financial position and results of operations up to the reporting date of December 31, 2024 was based on the annual financial statements as of December 31, 2024.

We assessed the net assets, financial position and results of operations after the reporting date using the business analysis and a list of totals and balances for the months January to March 2025.

We also performed the following standard audit procedures:

Audit of the membership development including the members' capital and the capital reserve.

The information and evidence we requested were provided. The executive board has confirmed in writing that these disclosures and evidence as well as the accounting records and the annual financial statements are complete.

D. Statements on the appropriateness of the management and on the purpose of funding

Based on the statements and conclusions of our audit, which we have presented in this report, the proper conduct of business during the reporting period is ensured.

Our audit of the management organization, the management tools and the main activities in the reporting period did not lead to any objections.

We also examined the conduct of the supervisory board's duties accordingly. The supervisory board fully complied with its supervisory and advisory duties. These audits did not give rise to any objections.

The cooperative's promotional purpose of realizing sustainable reforestation projects and thus achieving long-term returns for its members is consistently pursued.

The cooperative has fulfilled its promotional purpose by financing land acquisitions and reforestation projects through subsidiaries in Panama.

E. Summarized results of the audit

I. Economic situation

We conducted our economic analysis on the basis of the annual financial statements as of December 31, 2024 and the accounting records for that financial year.

We have subjected these documents to a critical appraisal. We did not perform an audit of the annual financial statements as of December 31, 2024 or of the accounting records. We have therefore not issued an audit opinion.

We have not made any statements that speak against the reliability of these documents.

Furthermore, we draw attention to the fact that our audit review does not enable us to conclusively assess the recoverability of the investments and the receivables from Waldmenschen S.A. or Forestal S.A.

Based on the annual financial statements as of December 31, 2024, the net assets, financial situation and results of operations of the cooperative are as follows:

The **net asset** situation is characterized by an equity ratio of 99.5 % (p. y. 97.9 %).

Fixed assets, in particular loans to affiliated companies, are financed on a long-term basis.

After deduction of the capital reserve, 20.4 % of the members' capital have been used up by losses.

With regard to the **financial situation**, it should be noted that the cooperative received a total of kEUR 4,722 from members, of which kEUR 2,524 were passed on as loans to affiliated companies. The remaining amount was mainly used to finance the cooperative's running costs.

The solvency of the cooperative was ensured at all times.

The **results of operations** of Forest eG are as follows:

In order to keep the cooperative's costs low, personnel expenses fell from kEUR 880 (p. y.) to kEUR 797, and advertising costs fell from kEUR 2,180 (p. y.) to kEUR 648 as a result of savings. The 2024 financial year ended with a net loss of kEUR 1,784 (p. y. net loss kEUR 3,691).

The **executive board's proposal** for the appropriation of earnings for the 2024 financial year complies with the terms of the GenG and the Articles of Association.

The economic analysis as of January to March 2025 shows a provisional loss of kEUR 341.

With regard to the **economic situation**, we can conclude from our audit that the financial position is in order due to the acquisition of new members' capital. The financial position is not satisfactory due to the reduced business assets resulting from the loss. The earnings situation is not orderly due to the net loss for the year and the lack of sales.

In addition to our opinion, we would like to point out that long-term investments are made in forest projects in Panama via its subsidiaries, which are financed by the members' capital, in order to comply with the promotional purpose.

The members' capital is also used to finance the current expenses of the cooperative (e. g. acquisition of credit balances). The cooperative will not be able to expect sustainable returns for at least 14 years. Until then, it can be assumed that further losses will be incurred as planned.

II. Appropriateness of the management and of the purpose of funding

In accordance with § 53 GenG, the subject of our audit also included the management of the executive board and the conduct of the supervisory board. In doing so, we examined the management organization, the management instruments and the activities of the management.

The executive board performed its duties with due care. The supervisory board essentially fulfilled its monitoring and advisory duties.

The cooperative has pursued its purpose of funding in accordance with § 1 (1) GenG.

F. Concluding remark

We have drawn up this report to the best of our knowledge on the basis of our careful examination of the books, papers and other documents submitted to us. Based on the final results of our audit, we have no significant objections to raise with regard to the results of operations. We have not made any statements that would have required immediate notification of the chairman of the supervisory board pursuant to § 57 (3) GenG.

Hamburg, June 6, 2025

**Prüfungsverband
der Deutschen Verkehrs-, Dienstleistungs- und
Konsumgenossenschaften e.V.**

**Schmidt
Auditor
(originally signed in German report)**

Statement of profit and loss for the period from January 1 to December 31, 2024

The Generation Forest eG , Hamburg

	EUR	Current Year EUR	Prior Year EUR
1. Earnings		2,722.50	0.00
2. Other operating income		31,933.62	50,866.31
- thereof income due to exchange rates EUR 0.92 (EUR 184.95)			
3. Cost of materials			
a) Expenses for raw materials and supplies	488.58-		9.67-
b) Expenses for purchased services	<u>1,646.52</u>	1,157.94	<u>13,962.50</u>
			13,962.50
4. Personnel expenses			
a) Wages and salaries	637,605.39		702,351.09
b) social security contributions and expenses for Pension plan and for support	159,821.04		177,883.72
- thereof pension plan EUR 3,177.55 (EUR 15,834.85)	<u></u>	797,426.43	<u>880,234.81</u>
5. Depreciation			
a) on intangible assets and property, plant and equipment		6,161.33	7,593.12
6. Other operating expenses		1,107,867.86	2,850,950.77
- thereof income due to exchange rates EUR 86.42 (EUR 196.57)			
7. Other interest and other income		93,718.85	10,388.14
- thereof from affiliated companies EUR 93,700.02 (EUR 9,958.34)			
8. Income taxes		<u>4.94</u>	<u>0.00</u>
9. Earnings after income taxes		1,784,243.53-	-3,691,477.08
10. Other taxes		0.13-	0.10-
11. Loss of the period		<u><u>1,784,243.40</u></u>	<u><u>3,691,476.98</u></u>

The Generation Forest eG, Hamburg

Notes

A. General Information

1. The structure of the balance sheet and the statement of profit and loss complies with the provisions of the German Commercial Code (HGB). The statement of profit and loss has been prepared using the total cost method.
2. The cooperative is small within the meaning of § 267 (1) HGB. The preparation of a fixed assets schedule was not required in accordance with § 336 (2) in conjunction with § 288 HGB.
3. The cooperative has its registered office in Hamburg and is entered in the register of cooperatives at the Hamburg Local Court under GbR 1083.

B. Specification of the accounting and valuation methods

The following accounting policies have been applied in preparing the balance sheet and the statement of profit and loss:

- The statement member's capital has been prepared on a gross basis in accordance with § 337 (1) sentence 3 of the German Commercial Code (HGB).
- Low-value assets with acquisition costs up to EUR 800.00 on an individual basis are written off in the year of purchase in full amount and are treated as disposal in the year under review.
- Financial assets were valued at acquisition cost. Loans to affiliated companies are being accounted for the first time. There was no reason to recognize an impairment loss. There was no need for a valuation allowance because the mean spot exchange rate on December 31, 2024 was EUR 1 = USD 1.0389 (December 31, 2022: EUR 1= USD 1.1050).
- Receivables and other assets were valued at their nominal value. There was no need for value adjustments.
- Cash and cash equivalents were recognized at nominal value in all cases.
- Other provisions consider all identifiable risks and contingent liabilities, they were valued taking into account the basic principle of financial prudence with respect to the expected amount of claim.
- Liabilities are valued with their settlement amount.

C. Specification of the balance sheet and statement of profit and loss

I. Balance Sheet

1. In 2017, the cooperative had purchased 10 shares of B/. 1,000.00 (=USD 1,000.00) of Waldmenschen S.A., in Panama City, Panama, for a total purchase price of B/. 475,000.00 (=USD 475,000.00) was acquired. EUR 380,000.00 had been paid on this by the reporting date 2018. The remaining amount of EUR 28,901.00 was paid at the beginning of 2019. The cooperative was the single shareholder of Waldmenschen S.A.

In 2019, the cooperative had acquired 10 shares of USD 1,000.00 each in VWT S.A., in San Felix, Panama, for a total purchase price of USD 514,645.00. The purchase price was paid in full in 2019. The cooperative was the sole shareholder of VWT S.A.

On May 6, 2020, the merger of Waldmenschen S.A. (acquiring legal entity) and VWT S.A. (acquired legal entity) was executed and confirmed by public deed no. 4162. The amount of the participation as of 12/31/2024 is EUR 878,824.26.

Financial statements of the merged company as of 12/31/2023 are available. The equity as of 12/31/2022 amounts to USD 29,552.00. The fiscal year 2023 ended with a net income of USD 3,004.00.

2. The cooperative acquired 7,500 shares of USD 80.00 each in Arboreal B.V., in Amsterdam, The Netherlands, in 2022 for a total purchase price of USD 600,000.00. The purchase price was settled in full in March 2022. The cooperative holds a 3.2% interest in Generation Forest Invest B.V. The amount of the participation is EUR 548,146.54 as of 12/31/2024.
3. The cooperative acquired 10 shares of USD 1,000.00 each in Forestal Filo del Tallo S.A., Panama, in 2023 for a total purchase price of USD 10,000.00. The purchase price was settled in full in January 2023. The cooperative holds a 100.0% interest in Forestal Filo del Tallo S.A. The amount of the participation is EUR 9,392.94 as of 12/31/2024.

The company's annual financial statements as at December 31, 2024 are available. Equity amounted to USD 4,033.00 as at December 31, 2024. The 2024 financial year ended with net income of USD -1,090.00.

4. The loans to affiliated companies have a remaining term of more than one year. As of December 31, 2024, they amounted to EUR 18,686,037.24 in relation to Waldmenschen S.A. and EUR 1,409,516.21 in relation to Forestal Filo del Tallo S.A.
5. The receivables and other assets have a remaining term of less than one year.
6. All liabilities have a remaining term of less than one year.

II. Statement of profit and loss

There are no special comments.

D. Other information

1. Member movement

	<u>Members</u>
Jan 01, 2024	7,391
Additions (incl. transfers)	726
Disposal (incl. transfers)	<u>42</u>
Dec 31, 2024	<u><u>8,075</u></u>

	<u>Shares</u>
Jan 01, 2024	23,961
Additions	3,022
Disposal	<u>1</u>
Dec 31, 2024	<u><u>26,982</u></u>

The shares of the remaining members increased by EUR 3,625,200.00 in the financial year. In 2024, there were 171 transfers of shares of 84 members, the amount of which did not affect the share capital. Of these 84 members, 42 left the cooperative. They account for 1 share sold and 102 share transfers. 68 share transfers were attributable to 42 active members.

The amount of the business share is EUR 1,200.00.

The payments due on shares are installment payments granted to members. They developed as follows:

Jan 01, 2024	EUR 4,394,524.00
Disposal (payments received)	EUR 3,593,866.00
Additions (open)	EUR 3,530,314.00
Disposal (corrections from previous years)	<u>EUR 583,006.00</u>
Dec 31, 2024	<u>EUR 4,394,524.00</u>

There are no commitments for total liability.

There are other financial obligations in the form of rental obligations amounting to EUR 17,664.00 per year. Furthermore, there are rental guarantees totaling EUR 31,500.00.

2. Headcount

The cooperative employs an average of 11 people.

3. Minimum capital

As of the reporting date, the minimum capital pursuant to § 37 (4) of the Articles of Association amounts to EUR 30,759,480.00. This corresponds to 95% of the members' capital.

4. Name and Address of Audit Association

Prüfungsverband der Deutschen Verkehrs-,
Dienstleistungs- und Konsumgenossenschaften e.V.
Gotenstraße 17
20097 Hamburg

5. Management Board

Dr. Mathias Hein Chairman
Charline Joost

6. Supervisory Board

Dr. Hans Joachim Bellmann until September 30, 2024
Dr. Verena Sandner Le Gall
Andreas Eke Chairman
Axel Kleinefenn
Simon Daum

7. Going-Concern

The cooperative was founded to produce forest and agricultural products sustainably and collectively. The implementation of the business idea is a long-term one and can be divided into two phases:

Phase 1: Seeking members in order to finance land purchases and their reforestation and maintenance with the help of their paid-in capital. Recruitment of members and establishment of distribution channels.

Phase 2: Approximately 20 years after planting, trees can be removed and processed or sold.

In phase 1, hardly any income will be generated. The cooperative therefore closes the fiscal year with a loss. Only through sales in phase 2 can these be offset by then sustained positive results and surpluses paid out to members.

8. Others

As of the balance sheet date, there were no receivables from members of the Board of Management or the Supervisory Board.

Hamburg, May 8, 2025

The Generation Forest
Management Board



M. Hein



C. Joost

Legal and economic relationships

I. Legal and statutory basis

Foundation year:	2015
Registration took place on:	November 14, 2016
Registered court:	Hamburg
Registration number:	GnR 1083
Financial year:	Calendar year

The Statute is valid in the version of November 27, 2015, last amended on June 30, 2023. The registration of the amendment (§ 1 company name) took place on November 30, 2023.

II. Business operations (§ 2 Statutes)

The purpose and object of the cooperative is:

- 1) The sustainable afforestation of forests, the subsequent agricultural and forestry use in compliance with ecological, economic and ethical principles, and the marketing of products from sustainable production. The object/business purpose of the or cooperative therefore includes:
 - a) The joint purchase and lease of land areas required for the planting of forests.
 - b) The planting and exploration of forests according to the "Generation Forest" principle.
 - c) To inform and advise the members and the public on all matters related to the object of the cooperative.
 - d) The cooperative can extend its business operations to the use of other sustainable and environmentally compatible forms of forest land and agricultural use.

e) Furthermore, it may acquire, manage, broker, sell and supervise forest and agricultural land in all legal and utilization forms; it may undertake all work arising in the field of forestry and agriculture and also use third parties for this purpose.

f) The further processing and sale of certified and sustainably produced precious wood as well as the objects of the cooperative mentioned in § 2 paragraph 2 lit. d of the Statute shall take place in particular in Germany.

2) The Cooperative may participate in other enterprises.

3) The extension of business operations to non-members is permitted.

III. Members

1. Membership

- | | |
|----------------------------------------|-------------------------------------------------------------------------------------------|
| a) Shares: | EUR 1,200.00 |
| b) Liability amount per share: | no |
| c) Deposit obligation: | immediately, payment in installments upon request with the approval of the board possible |
| d) Minimum number of mandatory shares: | one |
| e) Maximum number of shares: | unlimited |
| f) Entrance fee: | from Jan 1, 2025 EUR 433.00 |
| g) Notice period: | 12 months to the end of a financial year |

2. Member movement/balance of business

	Members	Shares	Shares nominal kEUR
as of Jan 1, 2024	7,391	23,961	28,753.2
Additions	726	3,022	3,262.4
Disposal	42	1	1.2
as of Jan 1, 2025	8,075	26,982	32,378.4

The membership register is kept properly.

IV. Executive bodies of the cooperative and authorized representatives1. Executive board

According to § 19 of the Statute, the executive board consists of at least two and at most five members who must also be members of the cooperative and natural persons.

The members of the executive board are appointed by the supervisory board for a period of three years. The supervisory board is responsible for concluding, amending and terminating service contracts and as well concluding termination agreements. The Annual General Meeting is responsible for extraordinary termination of employment contracts.

The executive board comprised the following members as of June 6, 2025:

Name:	in function since:	last (re-) elected on:	Term of office until:
Mathias Hein	2019	03/25/2024	2027
Charline Joost	2023	06/30/2023	2026

2. Supervisory board

According to § 24 of the Statute, the supervisory board consists of at least three persons who are elected by the general meeting.

The term of office of the supervisory board members is four years; re-election is permitted.

The supervisory board comprised the following members as of June 6, 2025:

Name:	in function since:	last (re-) elected on:	Term of office until:
Andreas Eke	2023	06/30/2023	2026
Axel Kleinefenn	2019	06/30/2023	2026
Dr. Verena Sandner-LeGall	2015	06/30/2023	2026
Simon Daum	2023	06/30/2023	2026

The supervisory board was last constituted on October 21, 2024.

Acting Chairman of the supervisory board: Andreas Eke

Dr. Bellman resigned from the supervisory board at September 30, 2024 for personal reasons.

3. General Meeting

In accordance with § 48 (1) GenG, the General Meeting must be held six months after the end of the fiscal year.

In accordance with § 28 (3) of the Statute, the invitation period is at least two weeks.

The last ordinary General Meeting was held on July 5, 2024. Items on the agenda and main resolutions:

- Adoption of the annual financial statements as of December 31, 2023
- Discharge of the executive board and supervisory board
- Determination of an admission fee as of January 01, 2025

V. Shareholding

As of December 31, 2020, Forest eG holds a 100 % interest in Waldmenschen S.A., registered under Panamanian law, with 20,000 shares acquired for a purchase price of EUR 878,824.26. As of December 31, 2023, the company reported total assets of USD 20,642,217 and net income of USD 3,004.00.

In March 2022, another investment in the amount of EUR 548,146.54/ USD 600,000.00 in Arboreal B.V., registered under Dutch law in Amsterdam, was acquired. The company was founded on January 11, 2021. Its main activities are the development and ownership of reforestation projects in Panama and forest management carried out through its wholly owned subsidiaries Arboreal FF S.A. and Arboreal VPV S.A., located in Panama, as well as the planting of seedlings in a certain selection of native species. In December 2022, the company was renamed Generation Forest Invest B.V. In the year 2022 the subsidiaries Arboreal FF S.A. and Arboreal VPV S.A. were renamed in Futuro Forestal S.A. and Viveros Panama Verde S.A.

In 2023, the cooperative has acquired all 10 shares of USD 1,000,00 of Forestal S.A. The annual statement as of December 31, 2024 shows an equity of US-\$4,033,00 and a net income of US-\$ 1,090.00.

VI. Rental agreement

On April 12, 2022, a new rental for office space was concluded between Forest eG and Fischmarkt Hamburg-Altona GmbH, which commenced on June 1, 2022. The rent or cold rent is EUR 6,700.00 per month.

The rental property at Große Elbstraße 145a was transferred to hww Markengesellschaft mbH & CO. with the agreement to take over the lease dated 12/5/2024, effective 01/01/2025.

Furthermore, a lease for office space was concluded between Forest eG and Hamburger Gesellschaft für Gewerbebauförderung mbH, which began on 04/01/2024. The basic rent, is EUR 1,472.00 per month.

VII. Fiscal situation

The cooperative is registered with the Hamburg-Altona tax office under tax number 41/701/05325.

The corporate and trade tax assessments have been completed up to and including 2023.

The last tax audit was conducted for the assessment periods 2019 to 2021 and concluded in the calendar year 2023. The result was that a uniform interest rate of 0.50% was agreed for the interest on loans to affiliated companies for the entire audit period.

The determined carryforward trade loss as of 12/31/2023 amounts to EUR 10,276,028.00. The determined remaining loss carryforward for corporate tax purposes amounts to EUR 10,276,028.00 as of 12/31/2023.

VIII. Further informationCredit restrictions according to § 49 GenG

The credit limits have been set at EUR 100,000.00 by the general meeting on November 27, 2015.

The credit limit of payments from Forest eG to its subsidiaries amounts to a maximum of 90 % of the subscribed equity (capital of the members in the form of cooperative shares and premium).

The reason for setting this percentage is based on the fact that the loan is only for the indirect reforestation of forests through the wholly owned subsidiaries.

If the funds were used directly for the reforestation of forests in Panama, this would be immediately possible as an operational business activity. Compliance with a credit ceiling, as provided for in the law, is foreseen for other cases.

Important Notes

1. Three copies of the audit report shall be sent to the management board of the cooperative. Copies No. 1 and 2 must be signed by all members of the management board and the supervisory board. If a managing director is active in the cooperative, he must also sign the report. Appropriate signature forms are attached. **Copy No. 2 is to be returned to the association with the required signatures. Furthermore, the Chairman of the supervisory board shall receive a copy of the audit report. The members of the supervisory board are obliged to take note of the contents of the audit report (§ 58 (3) GenG).**
2. The audit report shall be discussed immediately after receipt in a joint meeting of the management board and the supervisory board in accordance with Section 58 (4) GenG. This discussion shall mainly serve to evaluate the audit result. If the report contains objections, measures are to be resolved to eliminate the identified deficiencies. The resolutions shall be recorded in the minutes. **A copy of the minutes of this meeting of the management board and the supervisory board concerning the discussion of the audit report and the adoption of the resolution shall be submitted to the Association immediately.**
3. According to § 59 (1) GenG, the report on the statutory audit must be announced in the agenda of the next general meeting as an item for resolution, namely under the title

"Report on the Statutory Audit and Resolution on the Scope of Announcement of the Audit Report".

The report shall be discussed at an ordinary general meeting of shareholders before the annual financial statements are discussed (= adoption of the annual financial statements and resolution on the appropriation of profits) and before the members of the governing bodies are discharged from liability. In an extraordinary general meeting, it should be placed at the beginning of the agenda. The resolution relates to whether and to what extent the audit report should be disclosed. The general meeting does not have to approve the audit report. It is important that nothing be concealed that the general meeting needs to know in order to form an accurate picture of the cooperative's situation. False representations are subject to the penal provisions of § 147 (2) No. 1 GenG. Furthermore, we refer to § 60 GenG in this context.

4. Section 59 (2) of the Act requires the supervisory board (not the management board) to declare the results of the audit at the Annual general meeting. The resolution on the scope of the announcement of the audit report and the declaration of the supervisory board must be recorded in the minutes.

A copy of the minutes of the general meeting shall be submitted to the Auditing Association without delay.

5. Members have the right to inspect the summary results of the audit report. It is advisable to display this together with the annual financial statements and, if applicable, the management report before the Annual general meeting.
6. The Auditing Association keeps the report and the documents given to it in connection with the performance of the audit and documents prepared by it itself for seven years.

General Terms and Conditions of Contract
Prüfungsverband der deutschen Verkehrs-, Dienstleistungs- und Konsumgenossenschaften e.V., Hamburg
Effective from July 1, 2024

1. Scope

(1) The following conditions apply to all audits and consultations of cooperatives that are members of the association, as well as to all other activities of the association towards these cooperatives, unless otherwise expressly agreed in writing or legally mandatory. They apply accordingly to contracts with member companies in other legal forms (e.g., in the case of Article 25 para. 1 EGHGB) and associations that are members of the association.

(2) Third parties may only derive claims from the contract between the association and the cooperative if this is agreed or results from mandatory legal provisions. With regard to such claims, these terms and conditions also apply to these third parties. Defenses and objections arising from the contractual relationship with the client also apply against third parties.

2. Subject, Scope, and Execution of Audits, Consultations, and Other Activities

(1) The subject of the audit, consultation, or other activity is the service to be provided, not a specific economic success. The association does not assume any management responsibilities in connection with its services. The association is not responsible for the use or implementation of the results of its services.

(2) The subject and scope of statutory audits of cooperatives result from § 53 GenG, for credit cooperatives additionally from § 340k HGB as well as § 29 KWG and § 89 WpHG. For consolidated financial statement audits, § 14 para. 2 PubLG applies, in the case of credit cooperatives § 340k HGB. The subject and scope of other audits, consultations, or other activities are based on the agreements made; for special audits ordered by the association's board, on the assignment given by the association to its employees.

(3) Audits, consultations, and other activities are performed according to the principles of proper professional practice. In individual cases, the association may use other experts; these are obligated according to No. 8 para. 1.

(4) Audits generally do not include specific investigations to uncover illegal acts or other irregularities, unless such reasons arise during the audit or this is expressly agreed in writing. Generally, audits do not include specific investigations regarding compliance with tax and other regulations, e.g., labor, food, competition, and foreign trade law, nor the determination of whether subsidies, allowances, or other benefits can be claimed.

(5) Consideration of foreign law requires – except in business-related audits – explicit agreement in writing.

(6) If facts or legal circumstances change after the association's final statement, the association is not obliged to inform the cooperative of such changes or resulting consequences.

3. Cooperation Obligations

(1) The cooperative's board or client must ensure that the association receives all documents and other information necessary for performing the audit or other assignments in a timely and complete manner and is informed of all facts and circumstances relevant to the execution. This also applies to documents, information, facts, and circumstances that become known only during the association's activity. The cooperative or client shall designate suitable contact persons to the association.

(2) Upon request, the cooperative's board or the client's legal representative must confirm the completeness of submitted documents, information, and given statements in a declaration (completeness declaration) formulated by the association, in legally required written form or another form specified by the association.

4. Safeguarding Independence

(1) The cooperative or client must refrain from anything that could impair the independence of the association's employees. This applies during the duration of the contractual relationship, especially regarding offers of employment or board functions and offers to accept assignments on their own account.

(2) If the execution of the assignment impairs the independence of the association, its affiliated companies, network companies, or associated companies (to which the independence provisions apply equally), the association has the right to terminate the contract extraordinarily. This does not apply to statutory audits according to No. 2 para. 2.

5. Reporting and Oral Information

If the association is required to present results in legally binding written or text form as part of the assignment, only this representation is authoritative. Drafts are non-binding. Unless otherwise legally provided or contractually agreed, oral statements and information are only binding if confirmed in text form. Statements by the auditor outside the audit report are always preliminary. Oral statements and information outside the contract are always non-binding.

6. Passing on Professional Statements

(1) Passing on audit reports or parts thereof, expert opinions, and other statements—whether in draft or final form—by the cooperative or client to a third party requires the association's consent in text form, unless the cooperative or client is obligated by law or official order to pass on or inform.

(2) Using audit results or statements for advertising purposes is prohibited.

7. Defect Rectification

(1) In case of defects, the cooperative or client is entitled to supplementary performance by the association. Only in cases of failure, omission, unjustified refusal, unreasonableness, or impossibility of supplementary

performance can they reduce payment or withdraw from the contract if one exists. Withdrawal is only possible if the service provided is of no interest due to the failure, omission, unreasonableness, or impossibility of supplementary performance. Claims for damages remain subject to No. 9.

(2) Claims for supplementary performance under para. 1 must be asserted by the cooperative or client immediately in text form. Such claims not based on intent expire one year after the legal limitation period begins.

(3) Obvious errors (e.g., typos, calculation errors, formal defects) in a professional statement (report, expert opinion, etc.) may be corrected at any time by the association, even towards third parties. Errors that could question the contained results entitle the association to withdraw the statement also towards third parties. The cooperative or client shall be heard beforehand where possible.

8. Confidentiality towards Third Parties, Data Protection

(1) The association and persons working for it are obliged to maintain confidentiality about facts and circumstances entrusted or known to them during their professional activity, unless the association is authorized to use or disclose such information (e.g., anonymized statistics).

(2) The association will observe national and European data protection laws when processing personal data.

(3) It collects, processes, and uses data of the cooperative or client to the extent necessary for executing the assignment. Further processing and use is only permitted within the scope of its statutory tasks (e.g., for statistics or presentations of cooperative systems), provided data is anonymized or publicly disclosed by the cooperative or client; affected data may include annual financial figures, turnover, and number of employees.

9. Liability

(1) Statutory liability limitations apply to legally required mandatory audits, especially § 62 para. 2 GenG and § 323 para. 2 HGB.

(2) Where no statutory or individual contract liability limitation applies, the cooperative's or client's claim for damages due to negligent damage is limited to EUR 4,000,000, except for damages to life, body, health, or manufacturer liability under §1 ProdHaftG, according to § 54a para. 1 no. 2 WPO. The same applies to third-party claims related to the contractual relationship and audits under § 89 para. 1 sentence 5 WpHG.

(3) If several claimants derive claims from negligent breach by the association, the maximum amount stated in para. 2 applies collectively.

(4) The maximum amount in para. 2 applies per individual damage event, including unified damages from multiple breaches occurring in one or consecutive years. Multiple acts or omissions based on the same or similar cause related legally or economically count as a single violation, where maximum liability is EUR 5,000,000.

(5) Claims for damages expire if legal action is not taken within six months after rejection of compensation in text

form and the cooperative or client has been informed of this consequence. This does not apply to claims based on intentional conduct, culpable injury to life, body, health, or manufacturer liability under §1 ProdHaftG. The right to invoke statute of limitations remains unaffected.

(6) § 323 HGB and § 62 GenG remain unaffected by paras. 2 to 5.

10. Additional Provisions for Audits

(1) If the cooperative or client subsequently modifies a financial statement or management report audited and given an audit opinion by the association, the audit opinion may not be reused. If no audit opinion was issued, reference to the audit conducted by the association in the management report or other public documents requires written consent and approved wording from the association.

(2) If the association revokes the audit opinion, it may no longer be used. If the cooperative or client already used it, they must announce the revocation at the association's request.

11. Additional Provisions for Consultations and Other Activities

(1) In all consultations and other activities, especially in individual or ongoing advice, the association may assume the facts and information given by the cooperative or client to be accurate and complete. However, the association must inform the cooperative or client of any significant inaccuracies it identifies.

(2) An assignment (e.g., tax consultancy) does not include actions required to meet deadlines unless expressly agreed. In such cases, the cooperative or client must submit all relevant documents, especially tax assessments, in time to allow reasonable processing.

(3) The association considers significant published case law and, for tax-related assistance, also significant published administrative opinions.

12. Electronic Communication

Communication between the association and the cooperative or client may also occur via email. If the cooperative or client does not wish for email communication or requires special security measures (e.g., email encryption), they must inform the association in writing.

13. Remuneration

The association is entitled to reimbursement of expenses in addition to fees or honoraria; VAT is charged additionally. Reasonable advance payments may be required. Multiple clients are jointly liable. Fees and honoraria are based on rates set by the association's competent bodies. Fees and expenses may be collected by direct debit unless otherwise agreed.

14. Jurisdiction

The place of jurisdiction is the seat of the association.

15. Applicable Law

German law exclusively applies to the contract, its execution, and resulting claims.