

Report

on the audit of the annual financial statements for the period ending on December 31, 2024 and the management report for the financial year 2024.

Water Integrity Network e.V.
Berlin

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Disclaimer

Percentages and figures in this report may be subject to rounding differences.

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Appendixes

Annual financial statements and auditor's report

- Appendix 1 Balance sheet as of 31 December 2024
- Appendix 2 Income statement for the financial year 2024
- Appendix 3 Notes for the financial year 2024
- Appendix 4 Independent Auditor's Report

Supplementary attachments

- Appendix 5 General Engagement Terms for German Public Auditors and
Public Audit Firms dated January 1, 2024

1. Audit assignment

The Chairwoman of the Supervisory Board of

**Water Integrity Network e.V.,
Berlin,**

(hereinafter also referred to as the Association) engaged us on January 6, 2025 to conduct a voluntary audit in accordance with Section 317 HGB for the 2024 financial year.

The association is to be classified as a small corporation in accordance with the size criteria set out in Section 267 (1) HGB.

We issue this report on our audit to the Association in accordance with German generally accepted standards for the preparation of audit reports (IDW PS 450 n.F.) promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf.

We confirm in accordance with § 321 Abs. 4a HGB that we have complied with the applicable independence requirements in our audit.

For the performance of the engagement and our responsibility, the agreements entered into on January 6, 2025 and, in addition, the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften attached as Appendix 5 in the version dated January 1, 2024, which also govern our liability towards third parties. If the statutory provisions applicable to the order do not specify a maximum liability amount, this shall be determined in accordance with No. 9 of the General Terms and Conditions of Contract.

2. Basic findings

2.1 Statement of opinion regarding the assessment of the current situation by the legal representatives

Since the legal representatives have permissibly not prepared a management report by utilizing the exemptions pursuant to Section 264 (1) sentence 4 H

GB, we as auditors cannot express an opinion on the assessment of the position of the company by the legal representatives, as it would otherwise be expressed in the management report, in accordance with Section 321 (1) sentence 2 HGB.

2.2 Other violations

In the course of our audit, we found the following facts that indicate violations of the law by the legal representatives:

3. Statement of the auditor's opinion

The annual financial statements of Water Integrity Network e.V., Berlin, for the financial year from January 1 to December 31, 2024 in accordance with Appendices 1 to 3 of this report, we have issued the following unqualified audit opinion, dated June 13, 2025, which is attached as Appendix 4:

"REPORT OF THE INDEPENDENT AUDITOR

To the Water Integrity Network e.V., Berlin

Audit assessments

We have audited the annual financial statements of Water Integrity Network e.V., Berlin, which comprise the balance sheet as at December 31, 2024 and the income statement for the financial year from January 1 to December 31, 2024 and notes to the financial statements, including the presentation of the recognition and measurement policies.

In our opinion, based on the findings of our audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Association as at December 31, 2024 and of its financial performance for the financial year from January 1, 2024 to December 31, 2024 in compliance with German Legally Required Accounting Principles.
January 1 to December 31, 2024.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the audit opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements

The legal representatives are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the association in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or fraudulent misrepresentation) or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the association's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless factual or legal circumstances dictate otherwise.

The Supervisory Board is responsible for overseeing the Association's financial reporting process for the preparation of the annual financial statements.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. In addition

- we identify and assess the risks of material misstatements in the annual financial statements

and in the management report due to fraud or error, plan and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control or on the effectiveness of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German Legally Required Accounting Principles.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit."

4. Subject, type and scope of the audit

4.1 Subject of the audit

The subject of our audit was

- the bookkeeping,
- the annual financial statements consisting of the balance sheet, income statement and notes, and
- compliance with the relevant statutory accounting regulations.

With regard to the delimitation of the areas of responsibility of the bodies of the Association responsible for preparing and monitoring the accounting process and for our audit, we refer to the relevant sections in the auditor's report.

In addition, we draw attention to the fact that the audit of compliance with other legal regulations, e.g. foreign exchange, price and labor law regulations, is only part of the audit of the financial statements to the extent that these other regulations usually have an impact on the annual financial statements. In accordance with Section 317 (4a) HGB, the audit does not extend to whether the continued existence of the company or the effectiveness and efficiency of its management can be assured.

Likewise, the detection of administrative offenses or fraudulent acts was not the subject of the audit. Our audit procedures are therefore not, by their nature, designed to detect serious violations of statutory provisions and administrative offenses committed outside the accounting process. However, there were no indications that would have made it necessary to extend the scope of the audit in this respect. An audit of the insurance cover with regard to existing risks was also not part of the audit of the annual financial statements.

4.2 Type and scope of the audit

The starting point for our audit was the prior-year financial statements audited by us and issued with an unqualified audit opinion dated June 11, 2024, which were adopted on June 24, 2024.

For an explanation of the nature and scope of the audit, including the accounting and auditing principles applied, we refer to at the sections "Basis for the audit opinions" and "Auditor's responsibilities for the audit of the annual financial statements" in the auditor's report.

We conducted our audit of the annual financial statements in accordance with §§ 316 ff. HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).

audits of financial statements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounting records and the annual financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounting records and the annual financial statements. The audit includes assessing the accounting, valuation and classification principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

As part of our audit planning, we obtained an overview of the business activities and the economic and legal environment of the association and its accounting system and performed an analytical review of the annual financial statements and the shareholder resolutions. We examined the Association's internal control system to the extent that we considered this to be relevant for proper accounting; the internal control system as a whole was not the subject of our audit. We determined the audit strategy on the basis of the risk-oriented audit approach, taking into account the risks of error identified and assessed.

For control procedures assessed as appropriately structured, we tested their effectiveness and their application during the financial year. The degree of effectiveness of these internal controls subsequently determined the nature and extent of our audit of individual transactions and balances as well as the analytical audit procedures we performed.

We conducted our audit on the basis of the results of our risk assessment and in accordance with the audit strategy based on this assessment, not on a control-oriented basis. The nature and scope of our audit of individual transactions were determined by our risk assessment; substantive audit procedures were performed to an unreduced extent.

On the basis of the procedure described there, we developed an audit program in accordance with the principles of materiality and efficiency, which defines the type and scope of the audit procedures to be performed. Based on the knowledge obtained, the following key audit matters were determined:

- Existence and valuation of significant trade receivables,
- Completeness of trade payables
- Completeness and valuation of provisions,
- Completeness and accuracy of the information in the notes
- Other matters with a material impact on the net assets, financial position and results of operations of the company

The selection of transactions to be audited as part of the case-by-case audit was carried out using sample-based audit procedures, whereby both the random selection and the deliberate selection method were applied. As part of the deliberate selection, the elements to be audited were selected in such a way that they take into account the economic significance of the individual items in the annual financial statements and enable compliance with the statutory accounting requirements to be adequately audited.

As part of the audit of liabilities, bank balances and provisions, we obtained confirmations from creditors, bank confirmations, lawyers and tax consultants. The selection of creditors, lawyers and tax advisors from whom balance confirmations were obtained was made on a sample basis. The confirmations from banks were requested in full.

It was decided not to obtain balance confirmations for trade receivables and payables, as the way they are recorded, managed and processed means that they can be verified more easily and with the same degree of certainty.

We conducted the audit from April to June 2025 with interruptions.

The nature, scope and results of the individual audit procedures performed are set out in our working papers.

The legal representatives as well as all authorized persons have the of us accordingly § We have provided the information and evidence required by Section 320 (2) HGB willingly, completely and in good time. The legal representatives have confirmed to us in writing that the accounting records and the annual financial statements are complete. In particular, they have assured us that the accounting records contain all business transactions subject to mandatory accounting and that these annual financial statements include all assets, liabilities and deferrals subject to mandatory accounting as well as all expenses and income, that all risks have been taken into account and that all disclosures have been made.

5. Findings and notes on the accounting

5.1 Regularity of the accounting

5.1.1 Accounting and other audited documents

In all material respects, the accounting records comply with the legal requirements, including the supplementary provisions of the Articles of Association and generally accepted accounting principles. Our audit did not lead to any material reservations relating to the security of the data processed for the purposes of IT-based accounting. In all material respects, the information extracted from the other audited documents has been properly reflected in the accounting records and the annual financial statements.

5.1.2 Annual financial statements

The annual financial statements as at December 31, 2024 are attached to this report as Appendixes 1 to 3.

The annual financial statements as at December 31, 2024 have been properly derived in all material respects from the accounting records and other audited documents of the Association in accordance with the recognition, presentation and measurement requirements. The statutory provisions on classification, accounting and valuation as well as the notes to the financial statements were observed. The supplementary provisions of the Articles of Association were complied with. The opening balance sheet values were properly adopted from the previous year's financial statements.

The annual financial statements have been prepared in accordance with the generally accepted accounting principles for small corporations under German commercial law and the supplementary provisions of the Articles of Association.

Where presentation options exist in the balance sheet or income statement, the corresponding disclosures are largely made in the notes.

The accounting and valuation methods applied to the balance sheet and income statement are sufficiently explained in the notes prepared by the association. The notes contain all required disclosures.

According to our findings, the annual financial statements thus comply with the statutory provisions, including the principles of proper accounting and the supplementary provisions of the Articles of Association. The audit did not give rise to any objections.

The protective clause pursuant to Section 286 HGB was not utilized. The total fee charged by the auditor for the financial year in accordance with Section 285 No. 17 HGB was not disclosed.

5.2 Overall statement of the annual financial statements

5.2.1 Findings regarding the overall impression created by the Annual Financial Statements

We refer to our comments below on the overall statement of the annual financial statements. The annual financial statements as a whole, i.e. the interaction of the balance sheet, income statement and notes, give a true and fair view of the net assets, financial position and results of operations of the association in accordance with German principles of proper accounting.

5.2.2 Notes regarding the overall impression created by the Annual Financial Statements

The overall statement of the annual financial statements has been influenced by accounting and valuation decisions as well as by factual circumstances to the extent permitted by law and in compliance with generally accepted accounting principles. With regard to the valuation principles and their changes, please refer to the relevant statements in the notes.

The accounting and valuation methods are appropriately presented in the notes and were applied unchanged from the previous year. Please also refer to the explanations in the notes (Appendix 3).

6. Concluding remarks

We have prepared the above report in accordance with the legal requirements and German generally accepted standards for the preparation of audit reports (IDW PS 450 n.F.).

Any use of the audit opinion reproduced in section 3 outside this audit report requires our prior consent. Any publication or dissemination of the annual financial statements in a form differing from the audited version (including translation into other languages) requires our prior renewed opinion if our audit opinion is cited or reference is made to our audit; reference is made to Section 328 HGB.

Berlin, June 13, 2025



dhpg Berlin GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Volkmer
Wirtschaftsprüferin

Müller
Wirtschaftsprüfer

Water Integrity Network e.V., Berlin

Balance sheet as at December 31, 2024

ACTIVA

	31.12.2024 EUR	31.12.2023 EUR
A. INVESTMENT ASSETS		
I. Intangible assets		
1. Purchased concessions, industrial property rights and similar rights and assets as well as licenses to such rights and values	<u>1.498,00</u>	<u>3.083,00</u>
	1.498,00	<u>3.083,00</u>
II. Property, plant and equipment		
1. Technical equipment and machinery	4.334,00	6.391,00
2. Other equipment, operating and Office equipment	<u>38.918,00</u>	<u>45.209,00</u>
	<u>43.252,00</u>	<u>51.600,00</u>
	<u>44.750,00</u>	<u>54.683,00</u>
B. CURRENT ASSETS		
I. Inventories		
1. Work in progress, unfinished services	<u>48.230,68</u>	<u>54.819,25</u>
	48.230,68	<u>54.819,25</u>
II. Receivables and other assets		
1. Trade receivables	166.661,35	362.068,16
2. Other assets	<u>15.382,11</u>	<u>23.166,76</u>
	182.043,46	<u>385.234,92</u>
III. Cash on hand, bank balances	<u>1.244.571,55</u>	<u>1.042.173,47</u>
	<u>1.474.845,69</u>	<u>1.482.227,64</u>
C. PREPAID EXPENSES AND DEFERRED CHARGES	<u>6.602,12</u>	<u>5.571,24</u>
	<u>1.526.197,81</u>	<u>1.542.481,88</u>

PASSIVA

	31.12.2024 EUR	31.12.2023 EUR
A. EQUITY		
I. Association capital	19.405,22	19.405,22
II. Reserves	481.320,49	481.320,49
III. Profit carried forward	<u>34.351,94</u>	<u>63.435,36</u>
	<u>535.077,65</u>	<u>564.161,07</u>
B. RESETTINGS		
1. Tax provisions	90,53	464,94
2. Other provisions	<u>48.299,42</u>	<u>58.160,72</u>
	<u>48.389,95</u>	<u>58.625,66</u>
C. LIABILITIES		
1. Advance payments received on orders	57.676,75	0,00
2. Trade payables	875.193,80	905.516,97
3. Other liabilities	<u>9.859,66</u>	<u>14.178,18</u>
	<u>942.730,21</u>	<u>919.695,15</u>
	<u>1.526.197,81</u>	<u>1.542.481,88</u>

Water Integrity Network e.V., Berlin

Income statement for the 2024 financial year

	2024 EUR	2023 EUR
1. Sales revenue	1.245.346,22	1.147.538,90
2. Other sales revenue	251.088,67	113.883,35
3. Reduction/increase in the Inventories of finished and unfinished Products	-6.588,57	54.819,25
4. Other operating income	24.739,83	35.822,37
5. Cost of materials		
a) Expenses for purchased services		
Services	<u>-524.495,26</u>	<u>-315.884,68</u>
	-524.495,26	-315.884,68
6. Personnel expenses		
a) Wages and salaries	-652.199,98	-671.213,90
b) Social security contributions and Expenses for pensions and for Support	<u>-129.971,72</u>	<u>-139.986,35</u>
	-782.171,70	-811.200,25
7. Depreciation and amortization	-10.648,98	-9.821,50
8. Other operating expenses	-236.294,06	-208.886,43
9. Other interest and similar Yields	13.568,07	0,00
10. taxes on income and on Yield	<u>-3.578,55</u>	<u>0,00</u>
11. earnings after taxes	-29.034,33	6.271,01
12. other taxes	<u>-49,09</u>	<u>-388,06</u>
13. net loss/surplus for the year	-29.083,42	5.882,95
14. profit carried forward from the previous year	63.435,36	57.552,41
15. presentation of results	<u><u>34.351,94</u></u>	<u><u>63.435,36</u></u>

NOTES FOR THE FINANCIAL YEAR 2024 OF THE WATER INTEGRITY NETWORK ASSOCIATION E.V.

I. GENERAL INFORMATION

The Water Integrity Network Association e. V., hereinafter referred to as WIN, is based in Berlin and is entered in the register of associations at Charlottenburg Local Court under the number VR 32914 B. The association was founded on December 23, 2013. WIN has the following objectives in the area of promoting the integrity of the global water sector:

- a) Promotion of systematic, reproducible and documented research, the results of which are published immediately,
- b) Promotion of training and further education,
- c) Promotion of development cooperation,
- d) Promoting crime prevention by fighting corruption,
- e) Raising funds to support research, education, development cooperation and crime prevention by other tax-privileged institutions or public bodies.

The tax-privileged special-purpose entities are exempt from corporation tax and trade tax. Taxable business operations are not exempt.

In accordance with § 267 HGB, WIN is a small corporation. Notes are prepared voluntarily. The annual financial statements were prepared in accordance with the provisions of the HGB. The structure of the balance sheet corresponds to Section 266 HGB, the income statement is prepared using the total cost method in accordance with Section 275 (2) HGB. The structure of the income statement was expanded in accordance with Section 265 HGB. No changes were made to the presentation of the previous year's amounts in the income statement.

The valuation is based on the assumption that the company will continue as a going concern.

II. Accounting principles

The annual financial statements comprise the balance sheet, the income statement and the notes for the year ended December
December 31, 2024 financial year.

The annual financial statements were prepared in accordance with the German Commercial Code (HGB) for small corporations.

The presentation, classification, recognition and measurement in the balance sheet and income statement correspond to the previous year's principles.

Purchased **intangible assets** (software) and **property, plant and equipment** are valued at acquisition or production cost less accumulated depreciation and amortization carried forward in the financial year. Depreciation is calculated on a straight-line basis over the useful life of the asset.

Inventories of work in progress are measured at the lower of cost and net realizable value.

Receivables and **other assets** are recognized at nominal value. All recognizable individual risks are taken into account in the valuation.

Cash in hand and bank balances are recognized at their nominal amounts.

Prepaid expenses only include expenses prior to the balance sheet date that represent expenses for a certain period after the balance sheet date.

The structure and item designation in **equity** were adapted to the special needs of the association this year. The corresponding figures for the previous year have also been changed to improve comparability.

Provisions take into account all identifiable risks and uncertain obligations and are measured at the settlement amount required according to prudent business judgment. Future price and cost increases are taken into account if there is sufficient objective evidence that they will occur.

Liabilities are recognized at the settlement amount.

Receivables and liabilities **in foreign currencies** with a remaining term of up to one year are translated at the mean spot exchange rate on the balance sheet date. To this extent, unrealized gains and losses from currency translation are included in these annual financial statements.

Donations are recognized in the financial statements if proof of entitlement is available.

Donations received but not yet used are reported under trade payables as "Donations received in advance".

Advances to project partners are recognized under trade receivables as trade payables.

"Advances to partners". Accordingly, donation allocations that are used for these advances are reclassified within trade payables from "Donation funding received in advance" to "Liabilities to donors".

Expenses are recognized in the profit and loss account if proof of the costs incurred is available. Expenses for advances to project partners are only taken into account as expenses if WIN receives proof of the expenses in the form of project reports, original receipts or other relevant evidence.

"Donation income" is recognized in the income statement,

- (a) if the entitlement can be proven and there are no restrictions on the use of funds ("free" funds) or
- (b) in accordance with the expenses incurred for project-related grants that have been fully documented and submitted ("earmarked" funds).

To improve the clarity and informative value of the balance sheet, in previous years

- (a) Expenses for services provided by consultants and donations passed on to partners recognized in other expenses in the cost of materials
- (b) Receivables from lenders and partners recognized under other assets in trade receivables
- (c) Liabilities to lenders and partners recognized in other liabilities in previous years in trade payables

rebooked.

III. NOTES TO THE BALANCE SHEET

Assets

1. Fixed assets

The development of the individual fixed asset items is shown in the statement of changes in fixed assets, which is attached to these notes.

2. Current assets

2.1 Inventories

Services for service orders that have not yet been invoiced are capitalized here (work in progress); profit components are not included here.

2.2 Trade receivables

Advances to partners are reported under trade receivables. This item is made up as follows:

	2024	2023
CESPAD, Kenya	16.436 €	12.407 €
DORP, Bangladesh		2.972 €
Neighbors Initiative Alliance (NIA), Kenya	16.847 €	19.687 €
KEWASNET, Kenya	50.486 €	14.810 €
NGO Forum, Bangladesh	2.506 €	
KWAHO, Kenya	15.935 €	13.458 €
UWASNET, Uganda	16.872 €	
WAVE, Bangladesh	17.443 €	
DASCOH, Bangladesh	13.194 €	
Bangladesh Water Partnership	5.360 €	
ControlaTuGobierno, Mexico	3.678 €	29.278 €
Cántro Azul, Mexico	7.905 €	18.192 €
SIDA 2022-2025		205.250 €
SDC Core 2020-2023		46.014 €
Total	166.661 €	362.068 €

Trade receivables have a remaining term of less than one year.

2.3 Other assets

Other assets include a rental deposit and security for a credit card.

	2024	2023
Advances to employees	0 €	10.152 €
Collateral	13.005 €	13.005 €
Other receivables	2.377 €	10 €
Total	15.382 €	23.167 €

2.4 Cash and cash equivalents

This item includes cash on hand and bank balances.

	2024	2023
Cash in hand	462 €	403 €
General EUR 00	82.486 €	790.057 €
CoBa call money	951.038 €	0 €
USD account	681 €	32.631 €
SDC EUR 04	0 €	10.000 €
Umweltbank UmweltFlex Pro (call money)	201.043 €	0 €
Environment Maker account	8.863 €	209.083 €
Total	1.244.572 €	1.042.174 €

Cash and cash equivalents are offset in particular by donations received in advance and reserves.

2.5 Accrued income and prepaid expenses

This item includes license fees paid in advance, insurance premiums and air travel relating to 2025 (EUR 7 thousand in 2024 and EUR 6 thousand in the previous year).

Liabilities

3. Statement of changes in equity

The association's equity developed as follows in the reporting year:

	2024	2023
Association capital	19.405 €	19.405 €
Capital reserves	481.320 €	481.320 €
Winning day	63.435 €	57.552 €
Net income for the year	-29.083 €	5.883 €
Total	535.078 €	564.161 €

4. Provisions

The provisions include the following items:

	2024	2023
Vacation and other RSt. for staff	29.743 €	26.835 €
Employer's liability insurance association and KSK	0 €	2.646 €
Preparation of the annual financial statements	4.030 €	4.651 €
Operating cost accounting	1.000 €	9.000 €
Audit of the annual financial statements	11.000 €	10.000 €
Archiving and dismantling	2.526 €	5.029 €
Tax provision	91 €	465 €
Total	48.390 €	58.626 €

5. Liabilities from deliveries and services

The trade payables item is made up as follows:

	2024	2023
Donations received in advance	696.521 €	725.689 €
Liabilities to donors - Partner advances	118.949 €	110.804 €
Liabilities to project partners	0 €	10.072 €
Towards others	59.724 €	58.952 €
Total	875.194 €	905.517 €

The donations received in advance break down as follows:

	2024	2023
NewVentureFund	0 €	176.330 €
SIDA 2022-2025	347.575 €	0 €
Hewlett	0 €	293.855 €
Other donors	90.662 €	250.661 €
GIZ	0 €	1.562 €
Hilton Foundation	253.957 €	0 €
Small donors	4.328 €	3.281 €
Total	696.521 €	725.689 €

Note: if the expenses exceed the grants received in advance, a receivable from the sponsor is recognized, see **2.2 Trade receivables**.

As in the previous year, all trade payables have a remaining term of less than one year.

6. Other liabilities

The other liabilities item is made up as follows:

	2024	2023
Value added tax	306 €	3.285 €
Liabilities to social security funds	1.025 €	988 €
Liabilities from wage and church taxes	8.529 €	9.905 €
Total	9.860 €	14.178 €

As in the previous year, all other liabilities have a remaining term of less than one year.

IV NOTES TO THE INCOME STATEMENT

1. Income from grants

The income generated from donations from our sponsors is made up as follows:

	2024	2023
DGIS 2017-2022		
GIZ	0 €	38.847 €
SIDA 2022-2025	474.750 €	478.629 €
SDC Core 2020-2023	64.790 €	183.960 €
Hewlett	299.990 €	363.095 €
NewVentureFund	180.011 €	52.392 €
Other donors	173.556 €	21.424 €
Hilton Foundation	35.695 €	0 €
Small donors	15.953 €	9.159 €
Shopping portals	602 €	33 €
Total	1.245.346 €	1.147.539 €

2. Other sales (services division)

At EUR 251 thousand, income from the services division in the reporting year was above the previous year's level (EUR 114 thousand).

3. Increase or decrease in inventories of finished goods and work in progress

As at 31.12.2024, work in p r o g r e s s for service orders decreased by EUR 7 thousand compared to an increase in inventories of EUR 55 thousand as at 31.12.2023.

4. Other operating income

Other operating income is made up of the following items:

	2024	2023
Income from currency translation	1.480 €	29.929 €
Reimbursements Expense Equalization Act	14.260 €	5.695 €
Income from the reversal of provisions	9.000 €	0 €
Other	0 €	199 €
Total	24.740 €	35.823 €

5. Cost of purchased services

Expenses from donations to partner organizations and for services provided by consultants as part of the association's activities amounted to EUR 524 thousand in the financial year, compared to EUR 319 thousand in the previous year. The expenses are broken down as follows:

	2024	2023
Funding for partner organizations	191.215 €	46.725 €
Consulting costs	332.895 €	269.160 €
Other services	383 €	2.762 €
Total	524.495 €	318.647 €

In the past, 100% of the **funding awarded by WIN to partner organizations** was only recorded as an expense in the year the project was completed **based on the results of an external audit carried out after the end of the project**. This system repeatedly led to deviations from the planned annual budgets. From the reporting year onwards, in the interests of better accrual accounting, partial amounts of funding granted from ongoing projects are already recognized as expenses if it can be assumed on the basis of the project reporting that the funds have already been used for their intended purpose. In accordance with the principle of prudence, capitalization is limited to 80% of the amount disbursed.

For this reason, EUR 191 thousand was recognized as purchased services in 2024 after EUR 47 thousand in 2023. Expenses for consulting services also increased from EUR 269 thousand in the previous year to EUR 333 thousand in 2024.

6. Personnel expenses

Personnel expenses amounted to EUR 782 thousand in the financial year, of which EUR 5 thousand is attributable to pension provisions (2023: EUR 811 thousand, of which EUR 5 thousand for pension provisions).

7. Depreciation and amortization

Depreciation of fixed assets decreased to EUR 11 thousand in the financial year after EUR 10 thousand in the previous year, see also the statement of changes in fixed assets at the end of the notes.

8. Other operating expenses

Other operating expenses amounted to EUR 236 thousand in the reporting year compared to EUR 206 thousand in 2023. The breakdown of these costs is as follows

	2024	2023
Consulting and audit costs	19.669 €	19.019 €
Publications	6.849 €	11.760 €
Travel expenses	74.293 €	74.171 €
Office costs	61.183 €	56.250 €
Miscellaneous other expenses	36.652 €	44.465 €
Currency conversion	37.652 €	459 €
Total	236.297 €	206.124 €

9. Other interest and similar income

	2024	2023
Interest	13.568 €	0 €
Total	13.568 €	0 €

In the reporting year, after some delay, the positive interest rate trend meant that commercial banks once again granted significant interest on short-term investments after a prolonged period of low or even zero interest rates. WIN was therefore able to generate almost EUR 14 thousand in income from the investment of fixed-term and call money in 2024.

10. Net income for the year

WIN had to report a net loss of EUR -29,083 thousand for the first time in 2024 after a net profit of EUR 5,883 thousand in the previous year. The net loss for the year is made up of a surplus of EUR 5 thousand from consulting activities and a deficit of EUR -34 thousand from core activities. The shortfall in expenses in the core area was deliberately accepted, as ongoing projects such as the work on our flagship publication **WIGO 2024** were not to be discontinued despite the significant reduction in funding for this area. This decision was made all the easier by the fact that the expected shortfall was offset by a profit carryforward of EUR 63 thousand from the successful previous years.

V. OTHER INFORMATION

The Water Integrity Network (WIN) promotes integrity in water and sanitation to reduce corruption risks and improve service delivery. Our goal is to contribute to the realization of the human right to water and sanitation and the sustainable and equitable use of water resources in the face of climate change, increasing competition and other threats.

WIN supports organizations at all levels in the development and implementation of integrity management plans to improve service delivery.

The organization works with partners at global and regional levels to advance the integrity agenda and take a pro-poor approach that benefits those who have been left behind.

WIN explores the impact of lack of integrity, the dynamics of corruption and the levers to improve integrity in the water and sanitation sector.

To fulfill its mission, WIN pursues strategic objectives related to **advocacy, networking, partnerships, country and regional programs, capacity building, knowledge management, and tools and methods**, and as such are considered by the General Assembly in its budget.

1. expenses compared to the 2024 budget

The following table shows how the costs for 2024 are distributed across the various organizational goals.

1. Expenses compared to the budget by work area

	Budget adopted by the GA 11/2023	Revised budget adopted by the Supervisory Board 02/2024	SDC Core	Sida	Hewlett	Hilton	NVF	Other donors	GIZ	small donors	Service	WIN	Total expenditure	Deviation from budget 11/2023	Deviation budget 02/2024
OP1: Knowledge & Leadership	154,950 €	106,200 €	5,107 €	35,037 €	84,613 €	0 €	0 €	10,955 €	0 €	15,953 €	0 €	0 €	151,665 €	-3,285 €	45,465 €
Tools	10,200 €	11,040 €	0 €	6,930 €	10,934 €	0 €	0 €	10,955 €	0 €	0 €	0 €	0 €	28,819 €	18,619 €	17,779 €
Research & Evidence	51,200 €	38,600 €	0 €	25,639 €	51,439 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	77,078 €	25,878 €	38,478 €
Capacity Building & Knowledge Man.	26,160 €	25,110 €	5,107 €	835 €	0 €	0 €	0 €	0 €	0 €	15,953 €	0 €	0 €	21,895 €	-4,265 €	-3,215 €
Comms support	67,390 €	31,450 €	0 €	1,633 €	22,240 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	23,873 €	-43,517 €	-7,577 €
OP2: Country Programs	552,041 €	430,670 €	0 €	73,127 €	80,166 €	0 €	0 €	121,193 €	0 €	0 €	67,500 €	11,582 €	353,568 €	-198,473 €	-77,102 €
South (East)-Asia	212,443 €	141,477 €	0 €	840 €	5,927 €	0 €	0 €	94,068 €	0 €	0 €	0 €	0 €	100,835 €	-111,608 €	-40,642 €
East Africa	233,378 €	211,363 €	0 €	36,148 €	8,615 €	0 €	0 €	13,230 €	0 €	0 €	67,500 €	5,982 €	131,475 €	-101,903 €	-79,888 €
Latin America	73,860 €	49,620 €	0 €	24,365 €	56,372 €	0 €	0 €	13,895 €	0 €	0 €	0 €	5,600 €	100,232 €	26,372 €	50,612 €
General Country Support	28,340 €	24,190 €	0 €	10,971 €	9,252 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	20,223 €	-8,117 €	-3,967 €
Comms support	4,020 €	4,020 €	0 €	803 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	803 €	-3,217 €	-3,217 €
OP3: Regional & Global Prog.	167,725 €	102,134 €	0 €	68,641 €	74,744 €	0 €	0 €	0 €	0 €	0 €	178,378 €	0 €	321,763 €	154,038 €	219,629 €
Cross-cutting Awareness Raising & Advocacy	108,080 €	62,285 €	0 €	34,358 €	51,132 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	85,490 €	-22,590 €	23,205 €
Integrity & Service Delivery	1,950 €	2,650 €	0 €	7,862 €	0 €	0 €	0 €	0 €	0 €	0 €	178,378 €	0 €	186,240 €	184,290 €	183,590 €
Awareness Raising & Advocacy	30,950 €	17,350 €	0 €	26,133 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	26,133 €	-4,817 €	8,783 €
Network	14,065 €	13,065 €	0 €	0 €	19,680 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	19,680 €	5,615 €	6,615 €
Comms support	12,680 €	6,784 €	0 €	288 €	3,932 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	4,220 €	-8,460 €	-2,564 €
OP4: Tools, Services & Assessments.	566,980 €	509,099 €	0 €	2,568 €	60,467 €	35,695 €	180,011 €	41,407 €	0 €	0 €	0 €	0 €	320,148 €	-246,832 €	-188,951 €
Tools Promotion	61,190 €	61,035 €	0 €	27 €	46,045 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	46,072 €	-15,118 €	-14,963 €
Trainings & Online Courses	1,600 €	1,600 €	0 €	0 €	14,422 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	14,422 €	12,822 €	12,822 €
CWIS	248,925 €	230,882 €	0 €	0 €	0 €	0 €	180,011 €	41,407 €	0 €	0 €	0 €	0 €	221,418 €	-27,507 €	-9,464 €
Work with Regulators	54,565 €	1,750 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	-54,565 €	-1,750 €
Work in Uganda	53,260 €	53,260 €	0 €	0 €	0 €	35,695 €	0 €	0 €	0 €	0 €	0 €	0 €	35,695 €	-17,565 €	-17,565 €
Services & Assessments	144,490 €	158,622 €	0 €	992 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	992 €	-143,498 €	-157,630 €
Comms support	2,950 €	1,950 €	0 €	1,549 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	1,549 €	-1,401 €	-401 €
OP5: Governance & Management	459,517 €	390,895 €	59,683 €	295,377 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	22,712 €	377,772 €	-81,745 €	-13,123 €
Management	286,077 €	264,295 €	59,683 €	167,419 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	19,226 €	246,328 €	-39,749 €	-17,967 €
Governance	19,040 €	6,040 €	0 €	15,716 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	15,716 €	-3,324 €	9,676 €
HR	112,300 €	80,350 €	0 €	59,920 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	1,368 €	61,288 €	-51,012 €	-19,062 €
Fundraising	40,550 €	39,160 €	0 €	50,513 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	2,118 €	52,631 €	12,081 €	13,471 €
Comms support	1,550 €	1,050 €	0 €	1,809 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	1,809 €	259 €	759 €
Total	1,901,213 €	1,538,998 €	64,790 €	474,750 €	299,990 €	35,695 €	180,011 €	173,555 €	0 €	15,953 €	245,878 €	34,294 €	1,524,916 €	-376,297 €	-14,082 €

Type of expenditure	Budget	Expenditure	Difference
in EUR			
Consultant	494.560 €	333.277 €	-161.283 €
Partner	357.766 €	191.215 €	-166.551 €
Publications	25.000 €	6.849 €	-18.151 €
WIN Travel expenses	95.000 €	74.293 €	-20.707 €
WIN Office costs and other related expenses	114.200 €	117.504 €	3.304 €
WIN Personnel	803.887 €	782.172 €	-21.715 €
Amortization	10.800 €	10.649 €	-151 €
Currency translation		37.652 €	37.652 €
Taxes		3.628 €	3.628 €
Income posted to work areas		-32.321 €	-32.321 €
Total	1.901.213 €	1.524.916 €	-376.297 €

The budget for 2024 was approved by the General Assembly in November 2023. The planned total expenditure of € 1,901 million was based on the successful years prior to 2023 and the expected funding. However, it became necessary to adjust the budget in February 2024 after it became apparent that some major funding agreements would not be concluded due to international political developments, which had a negative impact on the non-profit sector. At € 1,525 million, actual expenditure in the reporting year largely corresponded to the budget estimates of € 1,539 million from February.

3. Development of donation advances by donor

in EUR	SDC Core	Sida	Hewlett	Hilton	NVF	other	GIZ	TU Berlin	Service	WIN	Total
Initial stock	-46,014 €	-205,249 €	293,855 €		176,329 €	250,661 €	1,562 €	3,281 €	0 €	63,435 €	537,860 €
Advance payments to partners	110,804 €										110,804 €
Payments received - deposits		1,054,104 €		294,345 €		75,064 €		17,000 €	251,089 €		1,691,602 €
Repayments							-1,562 €				-1,562 €
Expenditure	-64,790 €	-474,750 €	-299,990 €	-35,695 €	-180,011 €	-173,555 €		-15,953 €	-245,878 €	-34,294 €	-1,524,916 €
Advance payments to partners		-26,530 €		-16,872 €		-75,547 €					-118,949 €
Currency conversion			6,135 €	12,179 €	3,682 €	14,039 €					36,035 €
Interest											0 €
Results presentation									-5,211 €	5,211 €	0 €
Carry forward to next year	0 €	347,575 €	0 €	253,957 €	0 €	90,662 €	0 €	4,328 €	0 €	34,352 €	730,874 €

VI Other legal information

1. Personnel

The average number of employees during the financial year was 13, of which 11 were permanent employees and 2 were interns.

2. Bodies of the company

In 2024, the **Executive Board** consists of:

Ms. Barbara Schreiner, Berlin

The **Supervisory Board** is composed as follows:

Letitia Obeng, Washington D.C., Chairman of the Supervisory Board, retiree (until November 2024) Ede Ijjász-Vásquez, Washington D.C., Chairman of the Supervisory Board, retiree (from November 2024)

Jane Nabunnya, Kampala, Country Director IRC Uganda

Peter Conze, Berlin, Pensioner

Alana Potter, Johannesburg, Head of Research and Advocacy, Equality Collective

Robert Gakubia, Nairobi, retiree

3. Proposed appropriation of earnings

The Executive Board proposes that the net loss for the year be offset against the profit carried forward and carried forward to new account.

Berlin, May 31, 2025

Water Integrity Network Association e. V.

Barbara Schreiner, Board of Directors

Development of fixed assets in the 2024 financial year

	ACQUISITION AND PRODUCTION COSTS				ACCUMULATED DEPRECIATION				NET BOOK VALUES	
	Jan. 1, 2024 EUR	Additions EUR	Disposals EUR	Dec. 31, 2024 EUR	Jan. 1, 2024 EUR	Additions EUR	Disposals EUR	Dec. 31, 2024 EUR	Dec. 31, 2024 EUR	Dec. 31, 2023 EUR
INTANGIBLE ASSETS										
Concessions acquired against payment, commercial										
Property rights and similar rights and assets as well as										
licenses to such rights and assets	5.515.89	0.00	717.81	4.798.08	2.432.89	1.162.00	294.81	3.300.08	1.498.00	3.083.00
	5.515.89	0.00	717.81	4.798.08	2.432.89	1.162.00	294.81	3.300.08	1.498.00	3.083.00
FACILITIES										
Technical equipment and machinery	40.995,01	0,00	0,00	40.995,01	34.604,01	2.057,00	0,00	36.661,01	4.334,00	6.391,00
Other equipment, operating and office equipment	75.569.13	1.138.98	0.00	76.708.11	30.360.13	7.429.98	0.00	37.790.11	38.918.00	45.209.00
	116.564.14	1.138.98	0.00	117.703.12	64.964.14	9.486.98	0.00	74.451.12	43.252.00	51.600.00
	122.080.03	1.138.98	717.81	122.501.20	67.397.03	10.648.98	294.81	77.751.20	44.750.00	54.683.00

OPINION OF THE INDEPENDENT AUDITOR

To the Water Integrity Network e.V., Berlin

Audit assessments

We have audited the annual financial statements of Water Integrity Network e.V., Berlin, which comprise the balance sheet as at December 31, 2024 and the income statement for the financial year from January 1 to December 31, 2024 and notes to the financial statements, including the presentation of the recognition and measurement policies.

In our opinion, based on the findings of our audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Association as at December 31, 2024 and of its financial performance for the financial year from January 1, 2024 to December 31, 2024 in compliance with German Legally Required Accounting Principles.
January 1 to December 31, 2024.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the audit opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements

The legal representatives are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the association in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or fraudulent misrepresentation) or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the association's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless factual or legal circumstances dictate otherwise.

The Supervisory Board is responsible for overseeing the Association's financial reporting process for the preparation of the annual financial statements.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. In addition

- we identify and assess the risks of material misstatements in the annual financial statements

and in the management report due to fraud or error, plan and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control or on the effectiveness of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German Legally Required Accounting Principles.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, June 13, 2025



dhpG Berlin GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Volkmer

Wirtschaftsprüferin

Müller

Wirtschaftsprüfer

CLA Global

INDEPENDENT NETWORK MEMBER

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General Engagement Terms

for

Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]

as of January 1, 2024

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (Wirtschaftsprüferinnen/Wirtschaftsprüfer) or German Public Audit Firms (Wirtschaftsprüfungsgesellschaften) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing (Textform) or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties. A German Public Auditor is also entitled to invoke objections (Einwendungen) and defences (Einreden) arising from the contractual relationship with the engaging party to third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (Grundsätze ordnungsmäßiger Berufsausübung). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (betriebswirtschaftliche Prüfungen), the consideration of foreign law requires an express agreement in writing (Textform).

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information submitted as well as the explanations and statements provided in statement as drafted by the German Public Auditor or in a legally accepted written form (gesetzliche Schriftform) or any other form determined by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in a legally accepted written form (gesetzliche Schriftform) or in writing (Textform) as part of the work in executing the engagement, only that

presentation is authoritative. Draft of such presentations are non-binding. Except as otherwise provided for by law or contractually agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing (Textform). Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of, a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's consent be issued in writing (Textform), unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for subsequent performance (Nacherfüllung) in writing (Textform) without delay. Claims for subsequent performance pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: Handelsgesetzbuch], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: Wirtschaftsprüferordnung], § 203 StGB [German Criminal Code: Strafgesetzbuch]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, claims for damages due to negligence arising out of the contractual relationship between the

engaging party and the German Public Auditor, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: Produkthaftungsgesetz], are limited to € 4 million pursuant to § 54 a Abs. 1 Number 2 WPO. This applies equally to claims against the German Public Auditor made by third parties arising from, or in connection with, the contractual relationship.

(3) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(4) The maximum amount under paragraph 2 relates to an individual case of damages. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million.

(5) A claim for damages expires if a suit is not filed within six months subsequent to the written statement (Textform) of refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

(6) § 323 HGB remains unaffected by the rules in paragraphs 2 to 5.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report (Bestätigungsvermerk), he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's consent, issued in a legally accepted written form (gesetzliche Schriftform), and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any material errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing (Textform), ongoing tax advice encompasses the following work during the contract period:

- a) preparation and electronic transmission of annual tax returns, including financial statements for tax purposes in electronic format, for income tax, corporate tax and business tax, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing (Textform).

(5) Insofar the German Public Auditor is also a German Tax Advisor or and the German Tax Advice Remuneration Regulation (Steuerberatungsvergütungsverordnung) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (Textform).

(6) Work relating to special individual issues for income tax, corporate tax, business tax and valuation assessments for property units as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (Textform) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (Verbraucherschlichtungsstelle) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (Verbraucherstreitbeilegungsgesetz).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.