



**A1 Telekom Austria Group,  
Vienna, Austria**

Translation of the  
Reasonable assurance engagement  
relating to the design, implementation  
and operating effectiveness of the  
compliance management system  
(IDW AssS 980) as per 31 March 2019

Anti-Corruption and Integrity, Antitrust  
Law and Capital Market Compliance

4 June 2019

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft  
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To the  
A1 Telekom Austria Group,  
Vienna, Austria

## 1. Assurance engagement

With purchase order dated 6 February 2018 A1 Telekom Austria Group, Vienna, engaged us to perform a reasonable assurance engagement on the attached description (Appendix I) for the appropriateness of the design, implementation and operating effectiveness of the compliance management system (hereafter "CMS description") for the areas in scope **anti-corruption and integrity, antitrust law and capital market compliance** of Compliance Management System of the A1 Telekom Austria Group.

This report only refers to the audit of the compliance management system for the areas in scope i.e. **anti-corruption and integrity, antitrust law and capital market compliance** as per 31 March 2019 of the following entity:

**A1 Telekom Austria Group,  
Vienna, Austria**  
(hereafter "A1 TAG" or "entity")

The scope of our engagement covered the following A1 TAG legal entities:

- Telekom Austria AG, Austria
- A1 Telekom Austria AG, Austria
- A1 Digital International GmbH, Austria
- Unitary enterprise velcom, Belarus
- A1 Bulgaria EAD (Mobiltel EAD), Bulgaria
- A1 Hrvatska d.o.o. (VIPnet d.o.o.), Croatia
- one.Vip DOOEL, North Macedonia
- Vip mobile d.o.o., Serbia
- A1 Slovenija d.d., Slovenia

We have carried out our engagement for A1 Telekom Austria Group on the basis of the General Engagement Terms for Public Audit Firms ("General Conditions of Contract for the Public Accounting Professions" (AAB 2018) see Appendix II) included in our engagement agreement.

## **2. Definition and scope of the compliance management system**

A compliance management system (CMS) includes the principles and measures of an entity that are intended to ensure compliance of the entity, its staff and any third parties (if applicable), i.e. compliance with certain rules and/or the prevention of major violations of rules in clearly defined specific areas (violation of rules).

The design of a CMS includes specific basic elements that are described in the Assurance Standard 980 (hereinafter "IDW AssS 980"):

- the encouragement of a favorable compliance culture,
- the establishment of compliance objectives,
- the process for determining and analysing compliance risks by the entity,
- the process of preparing the compliance program,
- the design of the compliance framework (organizational and operational structure),
- the development of the communication processes as well as
- the procedures for monitoring and improving the CMS.

A1 Telekom Austria Group established its compliance program on the basis of the frameworks set out in ISO Standards 19600 and ISO 37001 as well as in "US Foreign Corrupt Practices Act", "European Cartel Law" and "UN Global Compact".

A CMS is appropriate when it is suitable for both, identifying with reasonable assurance the risks of material non-compliance in due time and for preventing such non-compliance. An appropriate CMS also includes the requirement of reporting incidences of non-compliance that have already occurred to the responsible unit in the entity so that the necessary actions for improving the CMS can be determined.

The CMS is considered to be effective when the affected parties acknowledge and comply with the principles and measures in ongoing business processes to the extent that they are required to do so.

Even an effective CMS cannot absolutely ensure that the regulations of the areas in scope will always be fulfilled or that noncompliance will be prevented, detected and sanctioned by the system. These inherent limitations of such systems result from the possibility that human judgment may lead to errors in decision-making processes, that management may decide not to implement measures when costs exceed benefits, that disruptions solely due to simple human errors or mistakes may occur or that controls may be circumvented or overridden by two or more people in collusion.

## 3. Performance of the engagement

### 3.1. Subject of the engagement

The subject of our assurance engagement was the assertions contained in the CMS description in Appendix I (as per May 2018) regarding the appropriateness, design and effectiveness of the CMS of A1 Telekom Austria Group for the areas in scope i.e. **anti-corruption and integrity, antitrust law and capital market compliance**.

The legal representatives established its compliance program on the basis of the frameworks set out in ISO Standards 19600 and ISO 37001 as well as in "US Foreign Corrupt Practices Act", "European Cartel Law" and "UN Global Compact". In accordance with our engagement letter, our engagement and reporting is limited to the rules of the CMS related to the areas in scope i.e. **anti-corruption and integrity, antitrust law and capital market compliance** as described in the CMS description (Appendix I).

The entity's legal representatives are responsible for the CMS, including the CMS documentation and contents of the CMS description as well as the development and implementation of the associated principles and measures.

Our responsibility is to express an opinion on the assertions made by the legal representatives in the CMS description (Appendix I) on the appropriateness, design and effectiveness of the CMS for the areas in scope i.e. **anti-corruption and integrity, antitrust law and capital market compliance** on the basis of our engagement work. The focus of this engagement is on reviewing the system, not on identifying violations of specific rules (non-compliance). It is thus not directed toward gaining assurance regarding the actual compliance with regulations.

### 3.2. Nature and scope of review procedures

We performed our assurance engagement on the basis of the professional duties set forth for public auditors as prescribed by the IDW Assurance Standard: Principles for the Proper Performance of Reasonable Assurance Engagements Relating to Compliance Management Systems (IDW AssS 980). This standard requires that we plan and perform the assurance engagement so that we can, with reasonable assurance, assess

- that the assertions for the areas in scope i.e. **anti-corruption and integrity, antitrust law and capital market compliance** contained in the CMS description regarding the principles and measures of the CMS are appropriately presented in all material respects,
- that the principles contained in the CMS description, in accordance with the applied CMS principles and measures, are suitable for both identifying in due time and with reasonable assurance the risks of material non-compliance with corruption regulations as well as preventing such non-compliance and to assure compliance to capital market compliance and anti-trust regulations, and that the principles were implemented as of 31 May 2018 and were effective during the period from 1 October 2018 to 31 March 2019.

An adequate presentation includes statements covering all basic elements of a CMS not containing any false information, inappropriate generalizations or unbalanced or biased presentations that can lead to the deception of those to whom the report is addressed.

We applied professional judgment in determining procedures during the assurance engagement. We considered our knowledge of the legal and economic environment and the compliance requirements of the entity. We assessed the principles and measures set forth in the CMS description and the evidence presented to us. We believe that our engagement provides a reasonable basis for our opinion.

We performed the following audit procedures:

- Interviews with management board members of A1 Telekom Austria Group and the respective legal entities in scope
- Interviews with selected employees focusing on relevant departments and target groups
- Interviews with employees in charge of Compliance Management at A1 Telekom Austria Group and in the legal entities in scope
- Critical assessment of the performance of ICS controls by process owner and control responsible
- Critical review of company directives, internal instructions and additional documents
- Critical review of the Group Compliance's own processes and documentation routine
- Gathering of information via the Intranet/Homepage of A1 Telekom Austria Group as well as publicly available sources.

We performed the engagement (with interruptions) from June 2018 to June 2019.

We were provided with all the information and evidence we had requested. Legal representatives have provided us with a written representation on the completeness and accuracy of the CMS description and the explanations and evidence provided to the appropriateness of the design, implementation and operating effectiveness of the CMS.

## **4. Findings and recommendations for the compliance management system**

For the areas in scope **anti-corruption and integrity, antitrust law and capital market compliance** the results of our reasonable assurance engagement do not include any findings nor recommendations for the compliance management system of A1 Telekom Austria Group. The first paragraph in each comment to one of the basic elements of the CMS shows the design and standard of CMS basic elements that are mentioned in the IDW AssS 980. In the second paragraph the characteristic and description of the CMS of A1 Telekom Austria Group is described and in the third paragraph the result of the assurance of each CMS basic element is presented.

### **1. Compliance culture**

The compliance culture forms the basis for the appropriateness and effectiveness of the CMS. It is shaped by management's attitudes and behavior and by the role of the supervisory body ("tone at the top"). The compliance culture influences employees in the way they work and their willingness to behave compliantly.

A1 Telekom Austria Group has provided a Code of Conduct for A1 Telekom Austria Group and the entities in scope which includes behavioral and ethical rules, forming the basis of the CMS, which are communicated to all the staff. The compliance culture is directly as well as indirectly enforced by the management board. There is a "tone at top" culture, which is used as communication channel for the importance of compliance objectives and is also shown by the management board through their correct conduct. In addition, the importance of compliance culture can be seen primarily in personnel issues, especially in the recruiting process as well as in the development of the staff.

There are no findings in the CMS basic element compliance culture, therefore no recommendation is given.

### **2. Compliance objectives**

Based on the general corporate objectives and an analysis and weighting of those requirements that are significant to the entity, the officers define the objectives to be attained from using the CMS. This especially includes defining the relevant areas and the requirements to be complied with in these areas. The compliance objectives form the basis for assessing compliance risks.

The objectives of the CMS of A1 Telekom Austria Group are defined by the management board. In compliance with these objectives, financial as well as reputational damages should be limited and liabilities should be restricted. The Code of Conduct is based on high ethical standards as well as internal guidelines and acts in accordance with international legislation. The A1 Telekom Austria Group has defined its compliance objectives in the CMS description which are characterized as a key for sustainable improvement of the company's performance. A1 Telekom Austria Group has the CMS fully implemented and is responsible for the risk-adjusted implementation of compliance measures in their entities in scope.

There are no findings in the CMS basic element compliance objectives, therefore no recommendation is given.

### **3. Compliance risks**

Compliance risks are derived from the compliance objectives. Those risks are identified which could lead to failures in attaining the compliance objectives through violations of requirements. The identified risks are analyzed in terms of their probability of occurrence and possible outcomes.

In order to meet the internally defined compliance objectives, A1 Telekom Austria Group assesses risks on entity and group level on a regular basis. The identified possible risks are evaluated in workshops or interviews through predetermined methods. To minimize the risk, measures based on the risk assessment are implemented under the supervision of the compliance department in each business unit. The results are presented to the management board. The two main factors possible loss and urgency of measures are used as parameters for the risk assessment.

There are no findings in the CMS basic element compliance risks, therefore no recommendation is given.

### **4. Compliance program**

Policies and procedures which are designed to mitigate compliance risks and thus prevent non-compliance are implemented on the basis of the compliance risk assessment. The compliance program determines the measures to be taken in the event of identified non-compliance. The compliance program is documented to ensure that the CMS functions independently of specific individuals.

The compliance program of A1 Telekom Austria Group describes measures and proceedings in order to avoid corruption and to encourage integrity, to follow capital market compliance rules as well as antitrust laws. Furthermore, the compliance program describes the procedure in case of a breach of compliance objectives. Based on the A1 Telekom Austria Group Compliance program A1 Telekom Austria Group implemented processes for the internal investigation of breaches of compliance objectives in order to enable a professional and transparent execution on group and entity level.

There are no findings in the CMS basic element compliance program, therefore no recommendation is given.

### **5. Compliance organization**

Management defines roles and responsibilities, structures and procedures of the CMS as an integral part of the entity's organization and provides the resources necessary for an effective CMS.

A1 Telekom Austria Group management board provides appropriate resources on group and entity level for the establishment, maintenance, monitoring and continuous improvement of the compliance management system in order to meet the compliance objectives. The management board is supported by the Head of Internal Audit & Compliance, a key function in the structural and process-oriented organization of the CMS. Furthermore, there is a close cooperation with other governance functions e.g. the legal department.

There are no findings in the CMS basic element compliance organization, therefore no recommendation is given.

## **6. Compliance communication**

Relevant employees and, where appropriate, third parties are informed about the compliance program and the defined roles and responsibilities so that they understand their tasks within the CMS sufficiently, and carry them out properly. The entity defines how compliance risks and indications of potential and identified non-compliance are reported to the designated unit or department responsible within the entity.

The A1 Telekom Austria Group's CMS defines a corporate culture, which is shaped by compliance and integrity, which is an important factor for sustainable success. Therefore, good communication with internal as well as external stakeholders is of paramount importance. A1 Telekom Austria Group uses various channels for the communication of important information and developments of compliance related issues and scopes. Relevant documents such as the "Code of Conduct" are published on the group and entity's homepages for internal as well as external interested parties. In order to design internal communication and the provision of information as effective as possible, compliance related information is transferred internally through the communication platform "Workplace by Facebook".

There are no findings in the CMS basic element compliance communication, therefore no recommendation is given.

## **7. Compliance monitoring and improvement**

Appropriateness and effectiveness of the CMS are monitored in a suitable manner to identify potential measures for improvement. Sufficient documentation of the CMS is essential for monitoring purposes. Any weaknesses within the CMS or non-compliance identified during the monitoring process are reported to management or the designated office within the entity. The management of the company ensures that the CMS is enforced, any weaknesses are remediated and that the system is improved.

In the course of the compliance monitoring and improvement the A1 Telekom Austria Group established the internal whistleblower platform "tell.me". This platform may be used as anonymous channel for staff to communicate compliance breaches to the appropriate internal unit at A1 Telekom Austria Group. Defined measures to improve and develop the CMS continuously are recorded systematically and their implementation is monitored.

There are no findings in the CMS basic element compliance monitoring and improvement, therefore no recommendation is given.

## 5. Assurance opinion

Our assurance opinion exclusively encompasses the CMS description of the area in scope i.e. **anti-corruption and integrity, antitrust law and capital market compliance** at A1 Telekom Austria Group, Vienna, Austria, and covers the following A1 TAG legal entities:

- Telekom Austria AG, Austria
- A1 Telekom Austria AG, Austria
- A1 Digital International GmbH, Austria
- Unitary enterprise velcom, Belarus
- A1 Bulgaria EAD (Mobiltel EAD), Bulgaria
- A1 Hrvatska d.o.o. (VIPnet d.o.o.), Croatia
- one.Vip DOOEL, North Macedonia
- Vip mobile d.o.o., Serbia
- A1 Slovenija d.d., Slovenia

Any extrapolation or transfer of this assurance opinion to other compliance matters not covered by these areas in scope for the CMS could lead to false conclusions being drawn.

We conclude that, based on the findings of our reasonable assurance engagement,

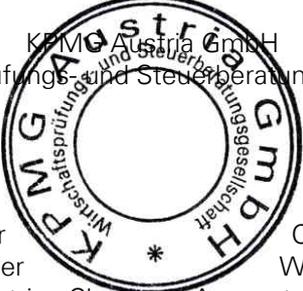
- the assertions contained in the CMS description about the CMS principles and measures are in accordance with the applied CMS principles, suitable for both identifying in due course and with reasonable assurance risks of material non-compliance with regulations concerning anti-corruption, capital markets compliance and anti-trust and for preventing such non-compliance. The assertions were implemented as of 31 May 2018 and were effective during the period from 1 October 2018 to 31 March 2019.
- the principles and measures contained in the CMS description comply with ISO 19600 and ISO 37001, the "US Foreign Corrupt Practices Act", the "European Cartel Law" and "UN Global Compact".

The CMS description for the areas in scope i.e. anti-corruption and integrity, antitrust law and capital market compliance was completed as of 31 May 2018 by the entity; the explanations of the assurance procedures for assessing the effectiveness of specific principles and measures refer to the period from 1 October 2018 to 31 March 2019. Any extrapolation of this information to a future date could lead to false conclusions being drawn if the CMS has been changed in the meantime.

Even an otherwise effective CMS is subject to inherent limitations of a system, which means that incidents of material non-compliance may occur that are not prevented or detected by the system. The objective of this assurance engagement is to obtain assurance on the system, not identifying any incidences of non-compliance. It is therefore not the purpose of this assurance engagement to obtain assurance on whether rules and regulations had actually been complied with.

Vienna, 4 June 2019

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



*May*  
Michael Nayer  
Wirtschaftsprüfer  
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# Compliance Management System of the A1 Telekom Austria Group

CMS Description - Overview

May 2018

A1 Telekom Austria Group Compliance

Version 2.0

## Preamble

A1 Telekom Austria Group's vision is "Empowering Digital Life" for our customers and society.

We are working with our employees to evolve our company to meet the business needs of the "New Economy" in these times of digitalization. Our common business strategy as well as our Guiding Principles - Team, Trust and Agility - give us direction on how to execute and to achieve our goals. The Guiding Principles are incorporated into our daily business.

For us, it is important not only that we achieve our goals, it is also important HOW we achieve them. Ethically and legally impeccable conduct is a necessary prerequisite so that customers, employees and all stakeholders can trust us. In other words: integrity is the basis of our business. For us, integrity is more important than short-term business success. In case of doubt, we would rather forego business than enter into transactions that conflict with the law or our principles.

To support this, we give ourselves clear rules defining what is allowed, but also what is not allowed. Of course we adhere to legal regulations and to our internal rules, the Code of Conduct and the guidelines. Our Code of Conduct constitutes the central behavioral guidelines of the A1 Telekom Austria Group. The guidelines give us detailed and specific help as to how to behave in important areas of business life in our daily business.

Everyone knows that there is not a rule in place for every situation where a decision has to be made. But how do we behave in those cases? The answer is "ethically and with integrity" or in an "honest, fair, transparent." manner!

Acting with integrity in our daily business life is essential for the sustainable business success and reputation of the A1 Telekom Austria Group. It's purely up to us!

Therefore, the establishment of and adherence to a modern and state-of-the-art compliance management system (CMS) is a strategic topic for the management of the entire A1 Telekom Austria Group. This CMS is briefly described in this document.

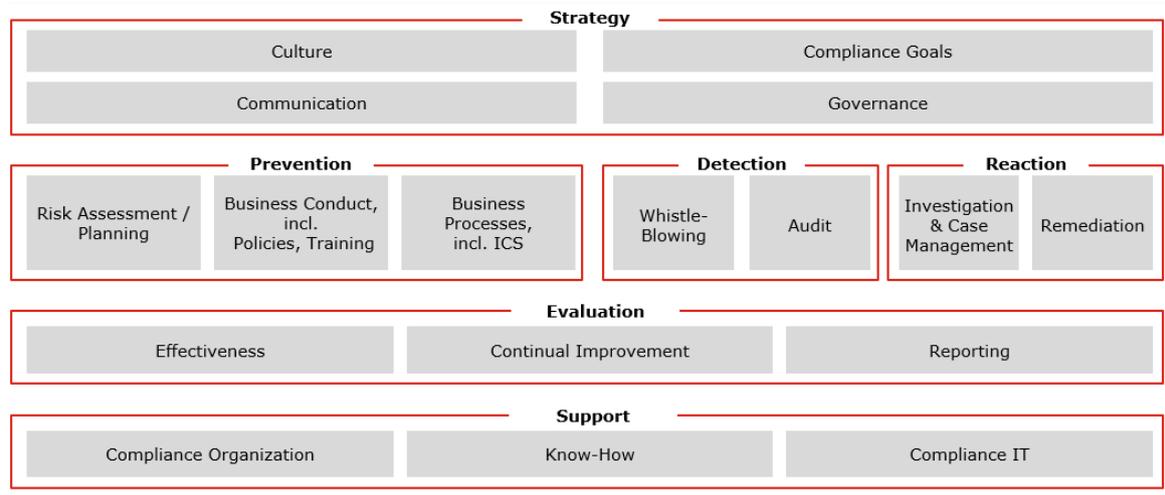
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## Overview

Acting with integrity and responsibility is an indispensable and key element of corporate culture in the A1 Telekom Austria Group. Honest, fair and transparent conduct ensures the economic success and the reputation of the A1 Telekom Austria Group. This is emphasized by the management, and we act upon this accordingly.

To ensure that we conduct ourselves with integrity, the A1 Telekom Austria Group introduced a compliance management system (CMS) comprising the following elements:

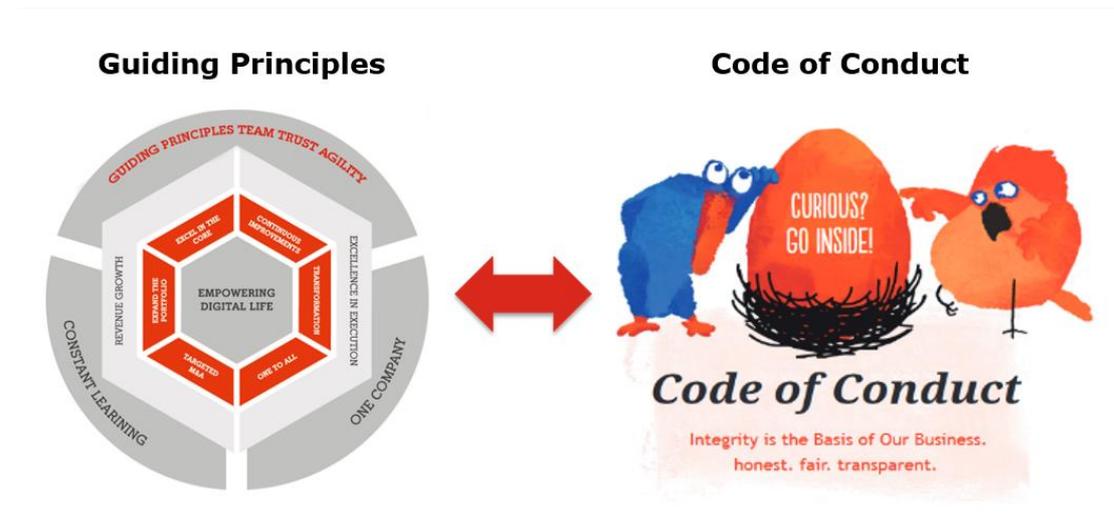


## 1 Compliance Strategy

### 1.1 Culture

Compliance is an outcome of an organization meeting its obligations. It is made sustainable by being embedded in the culture of the organization and in the behavior and attitude of people who work for it. Achieving this depends above all on leadership at all levels and clear values of an organization, as well as an acknowledgement and implementation of measures to promote compliant behavior.

Team, trust and agility: the "Guiding Principles" of the A1 Telekom Austria Group are implemented to achieve the bigger purpose of "Empowering Digital Life" for our customers and society. We apply them as an integrated part of our daily business. Our Code of Conduct, however, gives us guidance on how to go about our daily business in accordance with our high ethical standards and the law. We act with integrity – this is a prerequisite for trust.



For the A1 Telekom Austria Group it is not only important that we achieve our business goals, but it is also important HOW we achieve them. Our customers, our business partners, our shareholders, our suppliers and the public expect us to behave with integrity in our business relationships – and eventually, the employees expect the very same.



There are two complementary approaches to achieve this in accordance with our Guiding Principles – team, trust and agility:

We give ourselves clear rules about what is allowed, and we state clearly what is not allowed. We strictly adhere to the law and to our internal rules and regulations. Our Code of Conduct constitutes the central behavioral guidelines of the A1 Telekom Austria Group. It comprises the most important rules that apply to all of our managers and employees. Our complementary compliance guidelines give us detailed and concrete help on how to behave in important areas of business life in our daily work.

Everyone knows that there is not necessarily a rule in place for every possible situation in which a decision has to be made. But how do we behave in cases that have not been regulated in advance? The answer: Act ethically and with integrity, be "honest. fair. transparent."!



We want to achieve ambitious business results by observing our legal obligations, internal guidelines and business ethics. This is our commitment to compliance. For us, integrity is more important than short-term business success. In case of doubt, we would rather forego business than enter into transactions that conflict with our principles.

The Management Board and the management place high importance on integrity and are aware of the example they set. By demonstrating exemplary attitudes and integrity, they have an important influence on corporate culture.

## Our Compliance Commitment

For the A1 Group, it is not only important that we achieve our business goals, but it is also important HOW we achieve them. Ethically and legally impeccable conduct is a necessary prerequisite so that our customers and stakeholders can trust us.

- We do not bribe and do not accept bribes! No excuse!
- We respect all anti-trust, data privacy and capital market regulations.
- We disclose potential conflicts of interests and act solely in the interest of the A1 Group.
- We will be held responsible for any damage we cause by violating the rules. Misconduct will be disciplined without exception.
- We ensure that all points above are clearly communicated, put into practice and executed in the entire A1 Group.

Therefore, the establishment of and adherence to a modern and effective CMS is a strategic topic for the management of the entire A1 Telekom Austria Group.

## 1.2 Compliance Goals

Business conduct with integrity and responsibility is an essential part of the A1 Telekom Austria Group’s corporate culture. We take responsibility for our behavior while keeping in mind economic, ecological and social aspects. We do not act this way because we are forced to do so. We do this because we are deeply convinced that it is the right way. Our behavioral benchmarks are the law, internal guidelines and high ethical standards.

Acting this way ensures that we protect our company from

1. reputational damage,
2. liability risks and
3. financial risks.

To achieve these goals, the A1 Telekom Austria Group implements a sufficient, efficient and effective compliance-organization and follows a risk-oriented strategy on group level and in the operational companies.

Within the scope of the A1 Telekom Austria Group’s risk-assessment-process, the current risk areas for the compliance management system were set down as follows:

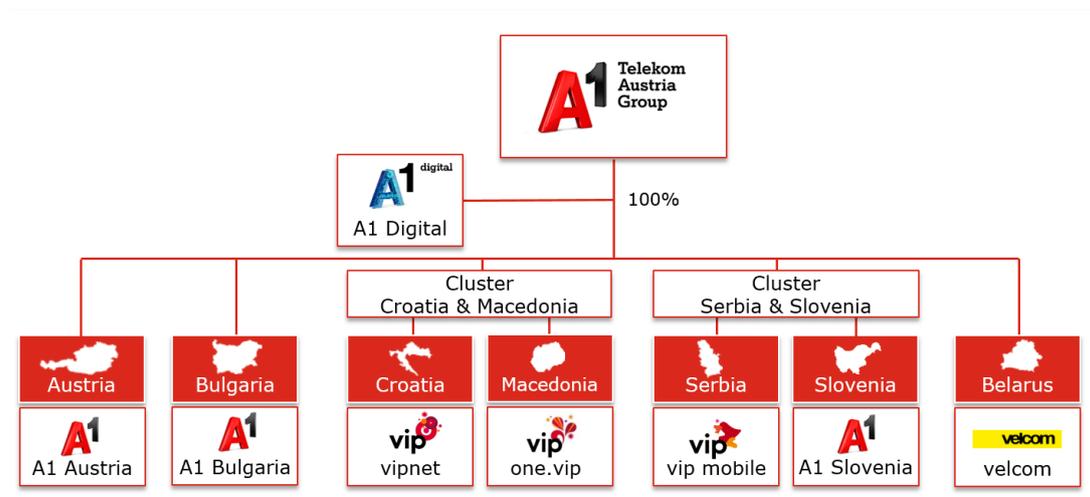
1. anti-corruption / integrity;
2. anti-trust;
3. capital market compliance;
4. data privacy.

Other important areas such as corporate governance, enterprise risk management, financial reporting, tax compliance, labor law, information security, etc., are covered by specific corporate functions.

The A1 Telekom Austria Group also follows compliance obligations resulting from América Móvil's stake in Telekom Austria AG. .

All companies of the A1 Telekom Austria Group are committed to ethical and legally impeccable conduct. Therefore, the A1 Telekom Austria Group implemented a group-wide state-of-the-art compliance management system.

The following leading A1 Telekom Austria Group companies have the CMS fully implemented and are responsible for the risk-adjusted implementation of compliance measures in their subsidiaries:



These leading companies have a share of roughly 98% of group external revenues of the A1 Telekom Austria Group (as per 2017).

All companies of the A1 Telekom Austria Group are supported by the compliance organization of the A1 Telekom Austria Group.

### 1.3 Communication

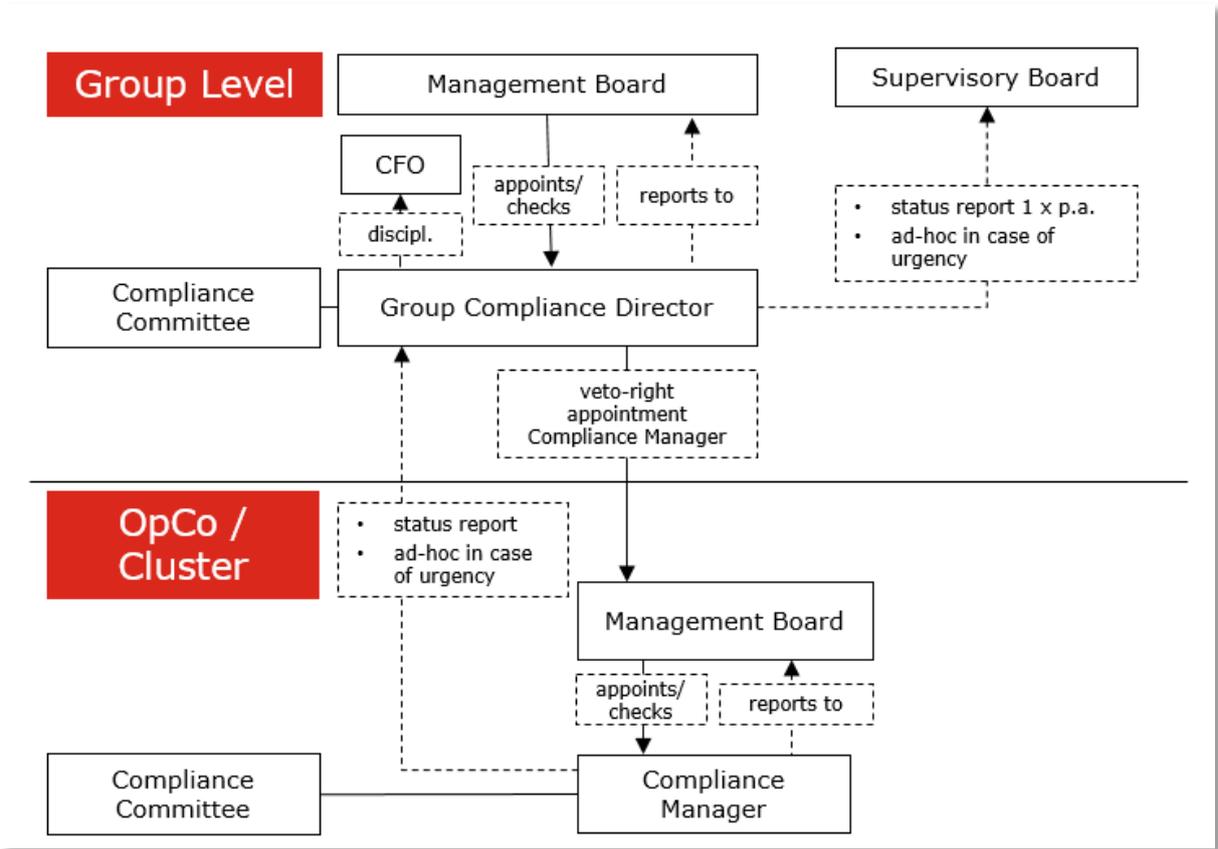
Behavior and communication shape our corporate culture. A strong culture of integrity is the key to successful compliance management. For this reason, the A1 Telekom Austria Group relies on targeted group-oriented and sustainable compliance communication. To convey important compliance messages, e.g. about our Code of Conduct or our “tell.me” whistle-blower portal, we employ all internal communication channels and all forms of communication. Especially the agile communication platform “Workplace” plays an important role in communicating compliance news.

Important information on the CMS of the A1 Telekom Austria Group is also available to external stakeholders on our corporate [website](#). Moreover, the company provides information about its compliance activities within the scope of the corporate governance report and the combined annual report.

### 1.4 Compliance Governance

The management is ultimately responsible for safeguarding compliance. The most effective way to achieve this is to establish, maintain, evaluate and constantly improve a compliance management system.

To support the management, the governance structure described below has been established in the A1 Telekom Austria Group.



To effectively inform both the Supervisory Board and the Management Board of Telekom Austria AG, the Group Compliance Director provides regular reports about the status of the CMS and – if necessary also ad-hoc – about relevant cases of noncompliance.

The compliance managers of the group companies report regularly to Group Compliance about the status of the CMS and relevant cases in their companies.

On A1 Telekom Austria Group level, several functions support the management in promoting compliance and integrity:

1. A1 Group Compliance Director with Group Compliance organization;
2. A1 Group Compliance Committee;
3. A1 Group Capital-Market Compliance Officer;
4. A1 Group ad-hoc Committee;
5. A1 Group Sponsoring Board;
6. Compliance Ambassadors in selected business units.

In every leading company of the A1 Telekom Austria Group, a local Compliance Manager is appointed to support the local management. Local Compliance Committees, Sponsoring Boards, and Compliance Ambassadors support the local Compliance Managers. Details of the rights and obligations of these functions are defined in the CMS documentation.

## 2 Prevention

### 2.1 Compliance Risk Assessment

Periodic compliance risk assessments are conducted with the aim of setting risk-oriented measures to prevent misconduct. Hence, the compliance risk assessments are an essential source of information for the compliance program of each group company and the entire A1 Telekom Austria Group.

Compliance risks are identified according to a uniform predetermined method in workshops and interviews. Risk-minimizing measures are defined and prioritized according to the assessment. The business units concerned are responsible for implementing the measures set down and are supervised by Compliance. The results of the annual compliance risk assessment are discussed in the respective group companies and approved by the Management Board. They are subsequently consolidated on group level.

Moreover, ad-hoc compliance risk assessments are conducted in case of relevant internal developments, e.g. new activities, changes in the structure of the organization, and/or external factors, e. g. changes to compliance obligations or new scientific knowledge.

### 2.2 Foster Business Conduct

Acting with honesty, fairness and transparency are key components of the corporate culture of the A1 Telekom Austria Group. To achieve these standards of integrity, A1 Telekom Austria Group has an elaborated compliance management system. The top management's role model as well as employees acting with a high degree of personal responsibility are thereby of particular importance.

To prevent potential misconduct, the A1 Telekom Austria Group has established clear rules for legally compliant and honest behavior in all business relationships and has integrated sufficient controls into the business processes.

#### 2.2.1 Code of Conduct

The Code of Conduct of the A1 Telekom Austria Group promotes working with integrity, in accordance with our high ethical standards and the law. It clearly illustrates the importance integrity has for our daily work and shows concrete and practical effects. Generally speaking, we seek to work in such a way that we can be trusted. Trust is the foundation of all successful cooperation.

Our Code of Conduct applies to all members of the Management Board, leadership teams, managers, employees and members of the external workforce at all companies in the A1 Telekom Austria Group and is available in English and in all national languages of our subsidiaries. The Code of Conduct was approved by the Management Board of A1 Telekom Austria Group and by all local leadership teams.

The Code of Conduct is available on the website of the A1 Telekom Austria Group (<https://www.a1.group/en/group/compliance-guidelines>), on the internal Groupnet and on all local intranets. Regular training programs are held concerning it.

## 2.2.2 Compliance Guidelines

Clear rules are essential to prevent misconduct. On the basis of its risk-oriented compliance strategy, the A1 Telekom Austria Group has defined group-wide applicable guidelines on:

1. anti-corruption and conflicts of interest;
2. anti-trust law;
3. capital market compliance.

The compliance guidelines of the A1 Telekom Austria Group apply to all members of the Management Board, leadership teams, managers, employees and members of the external workforce at all companies in the A1 Telekom Austria Group. All A1 Group guidelines were approved by the Management Board of A1 Telekom Austria Group and are available on the website of the A1 Telekom Austria Group (<https://www.a1.group/en/group/compliance-guidelines>) and on the internal Groupnet.

The compliance guidelines shall be adopted and implemented in each company of the A1 Telekom Austria Group unless they are contradicted by any mandatory legal grounds or country-specific conventions. Any need to adapt these guidelines due to such contradiction shall be agreed with A1 Telekom Austria Group. Stricter national legal regulations must be observed and take precedence over these guidelines.

The compliance guidelines are to be communicated in line with the annual compliance communication and training plan. This is the responsibility of the local compliance manager, who will be supported accordingly by the internal communications department.

## 2.2.3 Compliance Training Concept

A strong culture of integrity is key for a successful compliance management system. A company culture is primarily influenced by behavior and communication. Therefore, the A1 Telekom Austria Group relies on targeted and sustainable compliance communication and compliance training.

The compliance training concept of the A1 Telekom Austria Group pursues the following goals with its compliance training courses held as classroom training sessions and e-learning programs:

- creating and raising awareness;
- knowledge transfer by risk-specific compliance training sessions;
- broad participation in compliance e-learning programs.

The intention of compliance training is to ensure that managers and employees understand, as appropriate to their role in the organization,

- the compliance risks they and A1 Telekom Austria Group face;
- our Code of Conduct and our compliance guidelines;
- the compliance processes relevant to their role;
- necessary preventive and reporting actions they need to take in relation to our compliance risks or suspected compliance violations.

The form and extent of the training depend on the size of the organization and the compliance risks faced. The leadership team and all persons who are exposed to significant compliance risks should be trained face-to-face.

## 2.2.4 Compliance Helpdesk

To answer individual compliance-related questions, compliance managers are available in person, via e-mail and telephone, and via the "ask.me" mailbox.

The numbers and content of ask.me inquiries are monitored group-wide in order to determine the need for further communication and/or training and for compliance reporting.

## 2.2.5 Human Resources

To achieve the highest standards of integrity, our guiding principles of "team, trust and agility" and compliance aspects are established in HR processes such as:

- the recruiting process;
- the talent management process;
- the performance management process.

All employees and managers are called upon to avoid situations in which their personal or financial interests conflict or could conflict with the interests of the A1 Telekom Austria Group. Employees inform their managers in advance about anything that could be regarded as a possible conflict of interest. In any case, the following situations shall be reported:

- secondary employment (including external board functions);
- private investments in business partners or competitors;
- business relationship with close relatives;
- internal business relations with close relatives;
  - authority or supervisory power of the one over the other;
  - handling of financial or material assets.

Human Resources is responsible to take adequate disciplinary measures under labor law in case of any detected and verified misconduct.

## **2.3 Business Processes**

### **2.3.1 Business Partner Integrity Management**

The A1 Telekom Austria Group places great importance on integrity in relationships to its business partners and also expects its business partners to act with integrity. Employees of the A1 Telekom Austria Group are not allowed to offer, promise or grant direct or indirect financial or other advantages to a business partner such as a consultant, agent, intermediary or other third party if circumstances point to the fact that this will be used to indulge in an illicit action or omission on the part of the recipient.

Particularly in this connection, the A1 Telekom Austria Group has high demands on the integrity of business partners. These have also been included in contractual agreements. Cooperation is entered into with business partners who themselves or their agents were noted for acting without integrity or for illicit business conduct in the past, particularly corruption, only if measures have been established that ensure that business will be conducted with integrity and in a lawful manner.

Within the respective frameworks of the suppliers and sales partners selection processes, integrity checks are carried out in co-operation of the business units and Compliance.

When preparing for mergers and acquisitions (M&A), Compliance has to be involved for an extended integrity check of the potential partner, its management, the sellers and the planned deal structure. After a deal is completed, appropriate measures for a structured rollout of the CMS to the newly acquired entity shall be defined and implemented.

### **2.3.2 Internal Control System**

Compliance-relevant controls are integrated in compliance-relevant business processes and documented within the internal control system (ICS) of the A1 Telekom Austria Group. The controls are regularly checked for their effectiveness.

## **3 Detection**

### **3.1 Whistle-Blowing**

A1 Telekom Austria Group seeks to conduct fair and transparent business, foster integrity, and prevent misconduct of its employees and representatives. If misconduct should occur, it should be detected as soon as possible.

As part of the compliance management system, A1 Telekom Austria Group provides a variety of tip-off channels, accessible on group and on local level. First and foremost, concerns shall be raised on the spot. Employees should approach their direct manager for initial support. If this is not possible, information can be addressed to a compliance manager, e.g. personally, on the phone or via email. Additionally, information can also be provided through the A1 Telekom Austria Group “tell.me” whistle-blowing portal (<https://www.bkms-system.net/tell.me>), a web application provided by an external supplier.

Any employee, but also external partners, can report a violation or suspicion of a violation against the legal framework and/or internal guidelines. The A1 Telekom Austria Group encourages that misconduct be reported in good faith and on reasonable belief.

Information provided by honest and upright employees is one of the most effective ways of exposing misconduct. The goal of the whistle-blower procedure is to systematically use information for sustainable prevention and to detect misconduct within the A1 Telekom Austria Group.

The A1 Telekom Austria Group prohibits retaliation and protects those making reports in good faith.

Reports will be assessed and appropriately investigated. Investigations are carried out by experts who have an obligation to maintain confidentiality.

Those who intentionally spread false information about other employees are guilty of misconduct themselves.

## 3.2 Audit

Independent audits are conducted by Internal Audit to provide information as to whether the respective A1 Telekom Austria Group company and its employees conform to the rules and procedures applicable and as to whether audited rules and procedures are effective and efficient.

If Internal Audit finds information relevant to Compliance, Compliance will be informed to evaluate whether measures are needed to improve the performance of the CMS or to foster compliance.

# 4 Reaction

## 4.1 Investigation & Case Management

The A1 Telekom Austria Group has implemented procedures to ensure professional and transparent proceedings in case of a violation or suspected violation of the legal framework and internal guidelines with the following principles.

Internal Investigations are allowed only in case an initial suspicion is supported by facts.

Internal Investigations shall

- conform with legal requirements, be fair, confidential and comprehensively documented;
- protect the personal rights of the accused person and avoid prejudgment.

## 4.2 Remediation

When a nonconformity and/or noncompliance occurs, the A1 Telekom Austria Group

- reacts to the nonconformity and/or noncompliance and, as applicable:
  - takes action to control and correct it; and/or
  - manages the consequences;
- evaluates the need for action to eliminate the root causes of the nonconformity and/or noncompliance, in order that it does not recur or occur elsewhere, by:
  - reviewing the nonconformity and/or noncompliance;
  - determining the causes of the nonconformity and/or noncompliance;

- determining if similar nonconformities and/or cases of noncompliance exist or could potentially occur;
- implements any action needed; e.g. sanctions for misconduct may be of an administrative nature, occupational or even criminal, depending on the gravity of the misconduct, and may include, but are not limited to, oral or written reprimands, notes in work records, conditioning or termination of employment; reimbursement of all damages suffered;
- reviews the effectiveness of any corrective action taken;
- makes changes to the compliance management system, if necessary.

In cases where no misconduct has been determined this information should also be used as basis to identify opportunities for improvement of the CMS.

## 5 Evaluation

### 5.1 Effectiveness

Evaluation of the performance and effectiveness of the CMS is essential to any management system. Therefore, the A1 Telekom Austria Group monitors and evaluates its compliance activities continuously.

Key indicators for the performance and effectiveness of the CMS are, for example:

- allocation of resources;
- status of the implementation of compliance-risk reducing measures;
- communication measures;
- compliance-trainings conducted;
- questions to the help-desk;
- tip-offs / reports about noncompliance, including measures taken.

Changes in compliance obligations, especially local laws that could be relevant for the performance of the CMS, are monitored and regularly reported.

Regular internal and/or external audits are conducted to examine the effectiveness of the CMS and to provide recommendations for improvement of the CMS.

Accurate records of the compliance activities of the A1 Telekom Austria Group are maintained to assist in the monitoring and review process.

### 5.2 Continual Improvement

An important element of A1 Telekom Austria Group's CMS is its continual improvement. Its suitability, adequacy and effectiveness are continually challenged based on developments and trends in compliance management, internal and external knowledge and experience, e.g. audit reports.

In addition to legal requirements in the individual areas of law, the A1 Telekom Austria Group uses

1. ISO 19600 – Compliance management systems – Guidelines,
2. ISO 37001 – Anti-bribery management systems – Requirements with guidance for use, and
3. FCPA – A Resource Guide to the U.S. Foreign Corruption Practices Act,

as references for its CMS.

## 5.3 Reporting

The Group Compliance Director of the A1 Telekom Austria Group monitors and evaluates compliance activities and informs the Management Board and the Supervisory Board by means of an annual report. Additionally, the Group Compliance Director informs the Management Board and the Supervisory Board in case of urgency.

Local compliance managers inform the local Management Board and Group Compliance every calendar quarter on the status of compliance in the organizations under their responsibility. The relevant information defined by Group Compliance comprises activities to improve the performance of the CMS, training programs performed, relevant changes in local law, cases of noncompliance, etc. Additionally, local compliance managers inform the local Management Board and Group Compliance in case of urgency.

# 6 Support

## 6.1 Compliance Organization

To meet its compliance goals, the A1 Telekom Austria Group provides the resources needed to establish, maintain, evaluate and continually improve the CMS. In promoting compliance and integrity, the management is supported by the Group Compliance Director, the Capital-Market Compliance Officer, the Compliance Committee, the Sponsoring Board, Compliance Ambassadors in selected business units, compliance managers and the employees of the Compliance units.

## 6.2 Know-How / Competences

Integrity is essential for all employees working for Compliance. In addition, they need to understand the organization, the context of our business, and understand the potential compliance risks.

Leadership, communication skills and analytic skills are necessary for compliance managers, along with basic knowledge of relevant laws and business administration, to support the management in achieving the compliance goals.

Constant learning is a fundamental principle in the entire A1 Telekom Austria Group. In order to stay up to date, relevant information is shared within the Compliance community but also with interested parties from other departments. This is done mainly via the "Compliance News" Workplace group, but also through regular meetings (e.g. "International Compliance Days") and video conferences, class room training sessions, and e-learning.

To ensure that only suitable local compliance managers are nominated, the Group Compliance Director is involved in their appointment.

Additionally, Compliance, Human Resources and other relevant business units train A1 Telekom Austria Group employees to provide them with the competencies needed to achieve our compliance goals.

## 6.3 Compliance IT

Several IT tools are used to ensure effectiveness and efficiency of the A1 Telekom Austria Group CMS.

A1 Telekom Austria Group Compliance uses compliance databases for risk-adjusted business partner integrity checks as well web search engines.

The A1 Group “[tell.me](#)”, a whistle-blowing portal, provides a means to anonymously provide information about potential misconduct directly to Group Compliance.

In addition collaboration platforms, the SABA e-learning platform, websites, intranet-sites, Workplace by Facebook are used for collaboration, training, and communication.

## **7 Questions and Comments on this Document**

Questions and comments on this CMS description can be addressed to A1 Telekom Austria Group Compliance: [compliance@A1.group](mailto:compliance@A1.group)

Detailed contact information can be found on our corporate website: <https://www.a1.group/en/group/compliance-contact>.

# General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Recommended for use by the Board of the Chamber of Tax Advisers and Auditors, last recommended in its decision of April 18, 2018

## Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

## SECTION I

### 1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:

- a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
- b) examining the tax assessment notices for the tax returns mentioned under a).
- c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- e) participating in appeal procedures with regard to the taxes mentioned under a).

If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the contractor the amount of the annual salary of the member of staff taken over.

### 2. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

### 3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

#### 4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

#### 5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

#### 6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original professional statement of the change.

(2) The client has the right to have all errors corrected free of charge if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Item 7.

#### 7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2<sup>nd</sup> Sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.

(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

#### 8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

#### 9. Withdrawal and Cancellation („Termination“)

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9. (4).

#### 10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

#### 11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1)). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

#### 12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flat-rate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.

(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1<sup>st</sup> and 2<sup>nd</sup> Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

### 13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

### 14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

## SECTION II

### 15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSchG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSchG:

If the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSchG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSchG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSchG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.