

Restriction of use

This assurance report is issued for purposes of the Management of Otto (GmbH & Co KG), Hamburg, only.

Our assignment for the Management of Otto (GmbH & Co KG), Hamburg, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms notice of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the General Engagement Terms with respect to us.

"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, the liability of the German Public Auditor for claims for damages of any other kind, 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], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.
- (3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.
- (4) 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.
- (5) An individual case of damages within the meaning of paragraph 2 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. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.
- (6) A claim for damages expires if a suit is not filed within six months subsequent to the written 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.

Please save the PDF document locally and then press the „Accept“ button to view the assurance statement.

Limited Assurance Report of the Independent Auditor regarding Use of Proceeds in Otto Group Sustainable Finance Framework – Allocation Reporting

To Otto (GmbH & Co KG), Hamburg

We have been engaged to perform an independent limited assurance engagement on the qualitative and quantitative disclosures related to the use of proceeds in the Appendix “Otto Group Allocation and Impact Reporting/Otto Group Sustainable Finance Framework – Allocation Reporting” (further “Report”) of Otto (GmbH & Co KG), Hamburg (further “Otto” or “Company”) for the calendar year 2019 published in the creditor relations section of the Company’s website www.ottogroup.com.

It was not part of our engagement to review the Sustainable Finance Framework of the Otto Group (March 2019) and the report on impacts.

Management’s Responsibility for the Report

The legal representatives of Otto are responsible for the preparation of the Report in accordance with the Reporting Criteria. Otto applies the principles and standard disclosures of Sustainable Finance Framework of the Otto Group (March 2019) as Reporting Criteria (further “Reporting Criteria”).

The responsibility includes the selection and application of appropriate methods to prepare the Report and the use of assumptions and estimates for individual qualitative and quantitative sustainability disclosures which are reasonable under the circumstances. Furthermore, this responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Report in a way that is free of – intended or unintended – material misstatements.

Independence and quality assurance on the part of the auditing firm

We are independent from the company in accordance with the requirements of independence and quality assurance set out in legal provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

Our audit firm applies the legal provisions and professional pronouncements for quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Practitioner's Responsibility

Our responsibility is to express a conclusion on the report based on our work performed within the scope of our limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" of the International Auditing and Assurance Standards Board (IAASB). This standard requires us to plan and perform the assurance engagement to allow us to conclude with limited assurance that no matters have come to our attention that cause us to believe that the Report was not prepared, in all material respects, in accordance with the Reporting Criteria. We do not, however, issue a separate conclusion for each disclosure. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit activities is subject to the auditor's own judgement.

Within the scope of our engagement, we performed amongst others the following procedures:

- Inquiries of personnel on Group level responsible for the disclosures related to use of proceeds of Otto Group Sustainable Finance Framework – Allocation Reporting, in order to gain an understanding of the processes for the data management
- Interviews with relevant staff on corporate level responsible for providing and consolidating the data and information, as well as carrying out internal control procedures on the data and information
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of the quantitative disclosures (expenditures) included in the scope of uses of proceeds
- Evaluation of selected internal and external documents
- Assessment of local data collection and reporting processes and reliability of reported data via a sampling survey at OTTO, Witt and Bonprix
- Reviewing the consistency of eligible category declared by Otto Group Sustainable Finance Framework (March 2019) with the reported information in the Report
- Verification whether the reported expenditures for the eligible projects are aligned with recognized criteria declared by Otto Group Sustainable Finance Framework (March 2019)

Our assurance does not extend to any other information in the Investor Report. We have neither reviewed and do not provide any assurance over any individual project information reported, including estimates of sustainability impacts nor is the reporting on the project evaluation and selection and the management of proceeds part of our assurance procedures.

However, we have no responsibility for challenging the Eligibility Criteria and, in particular, we give no interpretation on the final terms.

The verification of the issue conditions of the green bonds (including issue volume) and the process for internal tracking of disposition of funds was not part of our limited assurance engagement.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the qualitative and quantitative disclosures related to the use of proceeds in the Appendix for the calendar year 2019 included in the scope of this engagement and published in the Report are in all material respects not prepared in accordance with the Reporting Criteria.

Restriction of use/Clause on General Engagement Terms

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Frankfurt am Main, 25 June 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft

Alexander Glöckner
Wirtschaftsprüfer
[German Public Auditor]

Ines Brokof
Wirtschaftsprüferin
[German Public Auditor]

Otto Group Sustainable Finance Framework - Allocation Reporting

Report dated 25 June 2020

This is the report referred to in chapter 5.1 of the Otto Group's Sustainable Finance Framework (the "Framework").

(see <https://www.ottogroup.com/en/die-otto-group/daten-fakten/Creditor-Relations.php>)

The sustainability projects and allocation as set out below have been approved by the Otto Group's Sustainable Finance Committee on 25 June 2020 in accordance with chapter 3 of the Sustainable Finance Framework.

I. USES OF PROCEEDS		
Eligible sustainability project category	Amount invested (EURm)	
Year of investments ¹⁾	2018	2019
Socio-economic advancement and empowerment Eligible category: Purchasing costs ²⁾ for textiles with the "Cotton made in Africa" label ³⁾ (own and licensed brands)	351.8	334.3
Environmentally sustainable management of living natural resources and land use Eligible category: Purchasing costs ²⁾ for furniture products with "Forest Stewardship Council [®] - FSC [®] " certification ⁴⁾ (own, licensed and relevant third-party brands)	261.9	269.1
Cumulated eligible sustainable project expenditures	613.7	1,217.1

1) Relevant time frame / cut-off dates: Based on delivery date in calendar year 2019 for OTTO and Bonprix; based on order date in calendar year 2019 with maximum delivery date 31st January 2020 for Witt.

2) "Purchasing costs" defined as costs as paid to the relevant suppliers, including deductions for rebates and cash discounts, but excluding additional costs such as transportation or customs duties.

3) Textiles supporting the "Cotton made in Africa" initiative according to the mass-balance approach described in chapter 2a of the Framework. Minimum cotton content in "Cotton made in Africa" products: 5%, in line with applicable law requiring textile components >5% to be labelled. More information about the "Cotton made in Africa" label can be found in chapter 2a) of the Framework.

4) More information about the Forest Stewardship Council can be found in chapter 2b) of the Framework.

II. SOURCES OF PROCEEDS	
Sustainable financing instruments outstanding	Net proceeds (EURm)
EUR 250m 2.625% sustainable bond issued 10 April 2019 (ISIN: XS1979274708)	248.5
EUR 30m 3.400% sustainable private placement issued 17 July 2019 (ISIN: XS2028841489)	29.9
EUR 50m 2.625% increase of sustainable bond issued 3 September 2019 (ISIN: XS1979274708)	51.3
EUR 15m 3.180% sustainable private placement issued 10 October 2019 (ISIN: XS2063541358)	15.0
CHF 85m 1.500% sustainable bond issued 9 December 2019 (ISIN: CH0511961390)	77.3
EUR 10m 3.000% sustainable registered bond issued 24 January 2020	10.0
EUR 40m 3.000% sustainable private placement issued 30 January 2020 (ISIN: XS2111951690)	39.9
Total sustainable funding	471.8

Sustainable funding proceeds fully allocated? (I ≥ II?)	YES
Unallocated sustainable project expenditures (II - I)	745.3

Otto Group Sustainable Finance Framework - Impact Reporting

Report dated 25 June 2020

This is the report referred to in chapter 5.2 of the Otto Group's Sustainable Finance Framework. (see <https://www.ottogroup.com/en/die-otto-group/daten-fakten/Creditor-Relations.php>)

This report has been produced taking into account the recommendation of the 2019 ICMA Harmonized Framework for Impact reporting for the portfolio approach.

1 - Eligible category: Purchasing costs for textiles with the "Cotton made in Africa" label

Allocation Information 2019	Alignment with ICMA Principles		Social Bond Principles
	ICMA category		Socio-economic advancement and empowerment
	Eligible portfolio (cumulated amount invested, EURm)		686.1
	Share of total Eligible Sustainable Project Expenditures		56.4%
	% Eligible for Sustainability Financings		100%

Impact Information 2019	Volume (tonne) of purchases for CmiA-labelled textiles for own and licensed brands	31,380 tonnes	Alignment with UN Sustainable Development Goals (Otto Group assessment)
	Number of small farmers benefiting from the Otto Group's CmiA demand ¹⁾	~ 50,000 farmers	
	Number of CmiA-labelled textiles procured by the Otto Group	~ 86.0 m	
	kg CO ₂ -eq saved per 1 kg CmiA lint cotton (vs conventional cotton) ²⁾	~ 0.76 kg	
	tonnes CO ₂ -eq saved by purchasing CmiA lint cotton (vs conventional cotton) ²⁾	23,800 tonnes	
	Percentage of sustainable cotton for own and licensed brands (including organic cotton, CmiA cotton and recycled cotton)	96%	

1) Measured by the share of the Otto Group's accepted quantity in the total CmiA production volume.

2) Based on 2014 Life Cycle Assessment (LCA) of CmiA commissioned by the Aid by Trade Foundation. The LCA is available at the following link: <https://cottonmadein africa.org/en/deutsch-docs/cmia-standard/wirkungsmessung/61-cmia-life-cycle-assessment-2014/file>

2 - Eligible category: Purchasing costs of products with "Forest Stewardship Council® - FSC®" certification

Allocation Information 2019	Alignment with ICMA Principles		Green Bond Principles
	ICMA category		Environmentally sustainable management of living natural resources and land use
	Eligible portfolio (cumulated amount invested, EURm)		531.0
	Share of total Eligible Sustainable Project Expenditures		43.6%
	% Eligible for Sustainability Financings		100%

Impact Information 2019	Number of articles that are FSC®-certified for own, licensed, and strategically relevant third party brands	50,683	Alignment with UN Sustainable Development Goals (Otto Group assessment)
	Percentage of FSC®-certified articles in relevant product portfolio	79%	

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*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 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 expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these 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 written agreement.

(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 provided as well as the explanations and statements, in a written statement drafted 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 writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. 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 written consent, 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 the rectification of deficiencies in writing (*Textform*) [Translators Note: *The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims 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, the liability of the German Public Auditor for claims for damages of any other kind, 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*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) 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.

(5) An individual case of damages within the meaning of paragraph 2 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. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written 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.

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, 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 written consent 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 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, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, 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.

(5) Insofar the German Public Auditor is also a German Tax Advisor 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, valuation assessments for property units, wealth tax, 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, capital transactions 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.