



Sustainability Report

Our commitment at
Baker Tilly in Germany



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Foreword

by the Baker Tilly Management Board



Dear readers,

“Do good, but make sure others get to hear of it” – this famous German proverb dates back more than half a century but still holds true. Doing good has always been a central component of Baker Tilly’s corporate philosophy and for us it means above all taking responsibility. And yes: we also want you to read and hear about it – which is the very reason why we prepared this sustainability report.

We do not consider the issue of sustainability as an obligation, but as an incentive to further develop as a company in a sustainable manner. It is therefore a key concern for us to continuously review our sustainability strategy and manage our commitment consistently along the three dimensions of environment, social and governance (ESG).

We consider our ESG approach as basis for responsible and sustainable corporate management. We wish to meet the highest ethical, social and ecological standards and focus on the well-being of our employees, the environment, society and, of course, our clients.

Each of us on the Baker Tilly Management Board is personally committed to ensuring that our actions as a company are not only in line with applicable laws and standards, but also with our values. In doing so, we take into account the needs of the present without restricting the opportunities of future generations.

Since we intend to be measured against this claim, specifically and consistently, we have issued this sustainability report. Let’s discuss.

Enjoy reading!

Handwritten signature of Prof. Dr. Thomas Edenhofer in blue ink.

Prof. Dr. Thomas Edenhofer

Handwritten signature of Dr. Thomas Gemmeke in blue ink.

Dr. Thomas Gemmeke

Handwritten signature of Ralf Gröning in blue ink.

Ralf Gröning

Handwritten signature of Oliver Hubertus in blue ink.

Oliver Hubertus

Now, for tomorrow



A. General Information



Our ultimate corporate goal is to protect and increase the values and assets of our clients.

1. Baker Tilly in Germany

With its ten offices – Berlin, Dortmund, Düsseldorf, Frankfurt am Main, Hamburg, Leipzig, Munich, Nuremberg, Schwerin and Stuttgart – Baker Tilly is one of the largest partner-managed consulting firms in Germany. As of December 31, 2022, Baker Tilly employed a total of 1,330 people in Germany, including 127 partners. More than 30 nations come together at Baker Tilly, and the overall proportion of women is 53 percent.

As member of our Baker Tilly International network, which is represented in 145 countries with 41,000 employees, Baker Tilly provides a broad range of consulting services in the areas of Audit & Advisory, Tax, Legal and Consulting worldwide.

By creating the right framework conditions for our clients, we can proactively identify and manage the internal and external risks to which they are exposed and open up opportunities for economic growth.

It is our declared goal both to make our own business processes increasingly sustainable and to support our clients on their path to greater sustainability.

2. About this report

» *This Sustainability Report covers the year 2022, providing comprehensive information on Baker Tilly's activities in Germany with the greatest possible transparency – with a particular focus on the areas of "Environment and Nature", "People and Society" as well as "Compliance, Integrity and Trust".*

At the same time, this report also reflects the key aspects of our sustainability strategy to date.

Information on our global network and our individual member firms' sustainable value contribution is available here:

<https://www.bakertilly.global/>

Admittedly, we are only at the beginning of a company-wide sustainability strategy and still need to continue to develop sustainably. The Baker Tilly Sustainability Report was therefore produced in this comprehensive form for the first time and will be published in future in purely electronic form on an annual basis.



B. Sustainability overview at Baker Tilly



Sustainability plays a central role at Baker Tilly – in two respects:

On the one hand, we strive to act as a company with the highest sense of responsibility towards our employees, society and the environment at all times.



On the other hand, our sustainability expertise and experience are integrated into all our advisory and auditing services through our Sustainability Competence Center.

Our aim is to always develop solutions for our clients that meet all sustainability requirements in all relevant dimensions.

With various initiatives, we pursue the overarching goal of minimizing the negative impact of our activities as an auditing and consulting firm on our environment. To this end, we actively involve all employees. We encourage them to think and act sustainably and create a suitable framework in order to enable them to perform their tasks in the most resource-efficient and responsible way possible.





» *The linchpin for this goal is our sustainable human resources management in order to ensure our company's long-term success through healthy and happy employees as a central factor for Baker Tilly's success in Germany: from joining our company to a successful career, which may even extend to partnership, right through to resigning, our goal is a reliable, employee-centered corporate culture characterized by a high level of social competence.*

For us and our clients, sustainability and the corresponding non-financial reporting should not only be seen as a compliance-related challenge, but also as an opportunity for a strategically anchored sustainable transformation that balances and harmonizes economic, ecological and social goals.

Outside of our company, we are committed to the common good with our Baker Tilly Foundation, which was established in 2018. True to the motto: "We take responsibility today for a better tomorrow!", the foundation primarily supports committed people, initiatives and projects in the area of child and youth welfare and promotes education and training.





C.

Focus: environment and nature



As a service company, Baker Tilly naturally has a comparatively low consumption of resources and CO₂ emissions compared to industrial and commercial companies.

In this respect, the respective consumptions and emissions are largely attributable to travels to our clients and to our office locations. We also need energy for our buildings and to operate our IT equipment. Our employees are now often working from home – partly as a (late) consequence of the Covid-19 pandemic. As a result, our resource consumption has partly shifted to our employees' private homes, which has also made it very difficult to consistently record relevant data.

1. Mobility

The nature and frequency of travel has changed fundamentally in recent years, also in the business sector. Our clients and we ourselves consider video conferencing to be an entirely appropriate means of communication and, in most cases, a full-featured and, above all, resource-saving alternative to face-to-face meetings.

Consequently, business trips are much less necessary today than they were a few years ago.

Nevertheless, in some cases, personal contact is more effective for client support. In addition, there are occasions when personal attendance is required by law or at least seems to be expedient. These include court hearings, negotiations or certain committee meetings.



Following the severe Covid-19-related restrictions in 2020 and 2021, we have therefore increased the number of personal meetings again from 2022. Our travel guidelines are designed in such a way that all employees are given the opportunity to travel as sustainably as possible, i.e., in a way that minimizes CO₂ emissions.

More than 95 percent of our business trips take place within Germany. Since 2021, 1st class tickets have been booked for all employees when traveling by train as an incentive to use CO₂-neutral rail travel. Some business-related journeys are made by car – which is still the most sensible and effective mobility option in some situations. Some employees are provided with company cars for this purpose, while others use their private cars or resort to rental cars and cabs.

For company cars, we record the kilometers driven without differentiating between business and private use. For journeys to clients in private cars, we evaluate the business kilometers reimbursed as travel expenses. Kilometers travelled by cab and rental car are derived from the invoiced euro amounts.

CO₂ consumption business trips

	Number of company cars	Kilometers travelled (in k)					CO ₂ in tons (160 g/km)
		Company car	Private car	Rental car	Taxi	Total	
2020*	180	2.799	652	39	27	3.517	563
2021*	179	2.831	417	33	17	3.297	528
2022	177	3.404	510	29	32	3.975	636

* In order to reduce the number of infections and curb the spread of the SARS-CoV-2 virus and its mutations, a series of decisions were made and consistently implemented in Germany under Covid-19 protection regulations ("Covid-19 lockdowns"), which severely restricted our employees' travel activities in 2020 and 2021 – including restrictions on personal contacts and the obligation to work from home.



From 2020 to 2022, the number of company cars decreased by almost two percent, even though the number of Baker Tilly employees in Germany increased by almost 15 percent in the same period. One of the main reasons for this development: instead of a car, we offer optional financial compensation. Colleagues who do not wish to do without a company car are encouraged to purchase purely electric vehicles. At office locations where this is technically possible, we have set up e-charging stations to enable charging during office hours. Thus, we are creating an attractive offer for an increased use of e-mobility.

» In connection with the entire use of cars – i.e., including the use of rental cars, cabs, and private cars for business purposes – we were able to reduce CO₂ emissions by a total of 1.5 percent per employee between 2020 and 2022.

In order to further promote the use of public transport, our employees receive a subsidy of 40 euros per month for their “Job Ticket” (monthly or annual tickets companies can purchase from public transport companies at special conditions for the benefit of their employees). This option has been very well received: By the end of 2022, we had subsidized 403 Job Tickets: almost one in three Baker Tilly employees has therefore opted for a Job Ticket.

An increasing number of employees are using bicycles in order to come to work: we incentivize this alternative means of transport by offering a “Job Bike” model and subsidizing it with 240 euros per year per employee. By the end of 2022, 50 employees had already taken up our Job Bike offer. At some locations, we also offer bicycle garages or allow bicycles to be parked in the underground garage.

Resource-efficient use of energy, water and electricity*

	Distict heating in kWh	CO ₂ in kg (254 g/kWh)	Natural gas-based heating in kWh	CO ₂ in kg (286 g/kWh)	General power in kWh	CO ₂ in kg (434 g/kWh)	CO ₂ in kg office locations	(Waste) water in cu. m
2020	3.199.376	812.642	199.682	57.109	1.021.044	443.133	1.312.883	9.524
2021	3.305.725	839.654	244.391	69.896	985.016	427.497	1.312.883	7.693

2. Energy

Baker Tilly has rented a total of 31,500 sqm of office space at its ten German locations, plus 1,700 sqm of storage and ancillary space. At the office locations, the primary consumption of resources relates to heating in the winter and air conditioning in the summer season.

Every three years – most recently in 2021 – we undergo an energy audit with the aim of making further savings. A TÜV Nord company regularly analyzes our energy consumption and advises us on how to optimize it.

As in other companies, the proportion of people working from home has increased enormously at Baker Tilly: While we offered one day of mobile work per week before Covid, our employees now use the option of mobile work at two to three days per week on average. Accordingly, the size of our office space is no longer directly related to the number of employees, as these increasingly share one workstation. This provides economic benefits and saves resources: We use our existing office space much more effectively and, despite the expected further growth, need to expand our rented office space only to a below-average extent. The more intensive use of existing space is reasonable also in ecological terms, as it reduces the amount of heating and cooling required.

» *We ensure that all buildings are operated with as little energy as possible and are certified according to current standards.*

We use district heating at seven locations and three locations are supplied with gas heating. At all office locations, we encourage the resource-efficient use of water and electricity.

Besides operating the air conditioning systems, our IT components are primarily the biggest consumers of electricity. When selecting IT devices, we make sure that their operating and idle power consumption is as low as possible



* As we receive the ancillary rental cost statements with a time delay, the figures for 2022 were not yet available to us when this report was completed.

Reduce of electricity consumption

	Own electricity consumption in kWh	CO ₂ in kg (434 g/kWh)	CO ₂ in kg cloud provider	Total CO ₂ in kg
2020	1.560.641	677.318	38.000	715.318
2021	1.445.920	627.529	40.000	667.529
2022	1.416.559	614.787	42.000	656.787

A few years ago, we began to gradually move our Düsseldorf data center to the cloud in order to further reduce electricity consumption in this area as well. While consumption in the cloud increased slightly due to the larger volume of data, we were able to significantly reduce our own electricity consumption, which also resulted in a reduction in CO₂ emissions in the years 2020 to 2022.



In 2022, we replaced conventional office lighting with energy-efficient models where technically possible, investing a total of 175,000 euros in the process. At the same time, we are using internal communication measures to encourage our employees to switch off unnecessary power-consuming devices and turn down the heating when they are not in the office.

For us, reducing paper consumption is also an important lever for greater sustainability. Only increasing digitalization enabled us to move away from a primarily paper-based way of working. Since 2019, an internal Baker Tilly competition has awarded prizes to those locations that have reduced their printing volume to the largest extent. During the Covid-19 pandemic, less paper was used at the sites. Printing has not simply shifted to mobile working, but has actually been significantly reduced overall, despite our economic growth.

Reduced paper consumption

	Printed pages	Paper consumption in kg	CO ₂ in kg (1.2 kg per kg paper)
2020	7.680.191	39.009	32.508
2021	6.146.141	31.213	26.011
2022	4.424.426	22.708	18.923

Our clients are also changing their attitude: most clients and their banks now request audit reports in digital form, which are signed by us with digital certificates. For several years now, our employees have no longer received their salary statements in paper form but have been able to access them through an online platform.

» As a result, we have successfully reduced paper consumption at Baker Tilly by more than 42 percent within two years.

Reduced printing also saves toners at Baker Tilly and enables us to reduce the number of printers at our sites. This also reduces the volume of waste. Printing up and discarding documents for one single review is now a thing of the past.

Our efforts to avoid waste and recycle it wherever possible apply across all areas. We have introduced drinking water dispensers at many locations, which enabled us to sustainably reduce the purchase of beverage bottles. Where this does not make sense, we use deposit bottles. It goes without saying that we separate recyclable materials in all offices.





D. Focus: People and society

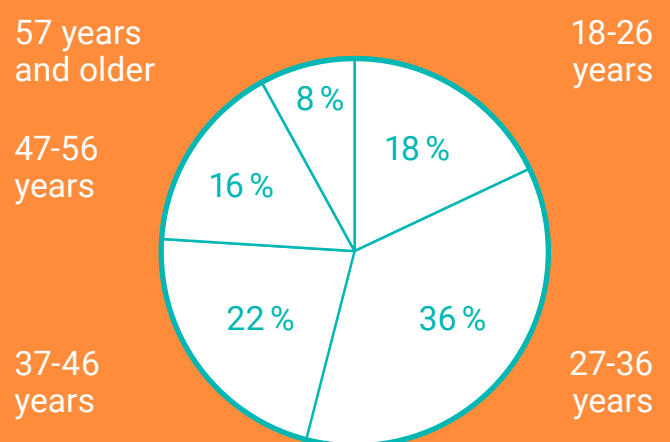


At Baker Tilly, the focus is on people. We want to enable our employees to develop their full potential in order to fulfill all tasks for our clients in the best possible way: Recognize problems, develop solutions and thus contribute to the sustainable business success of our clients.

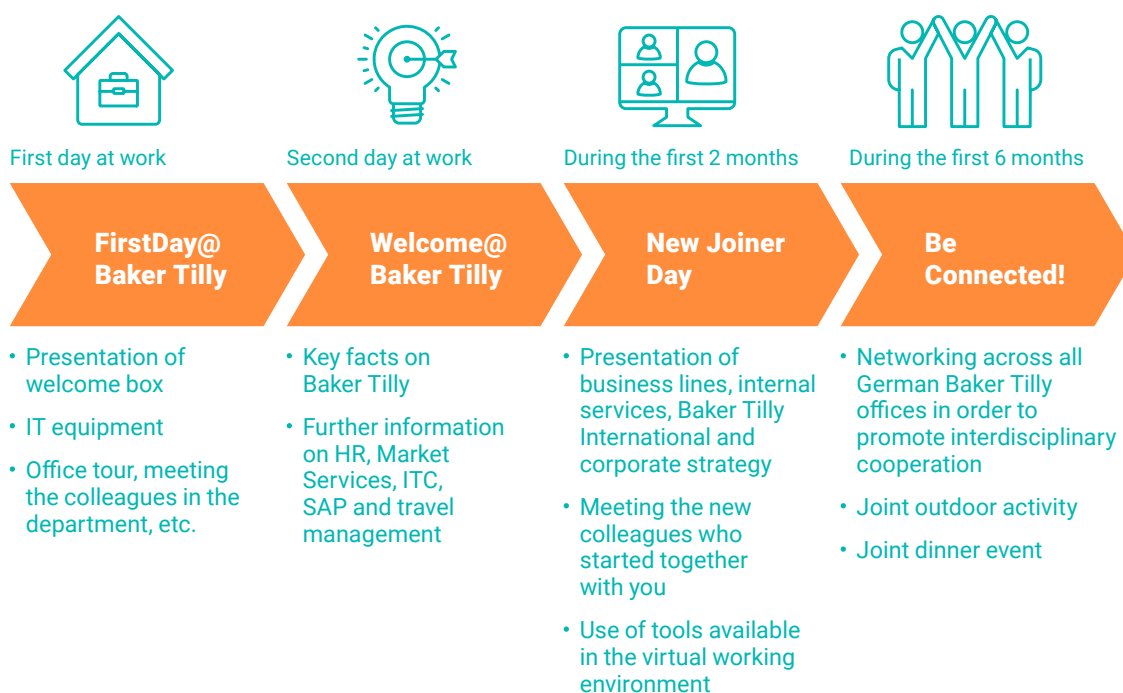
Diversity and work-life balance are key components of our HR culture. This is also reflected in our employee structure with a 53 % share of women, a part-time ratio of 29 % and over 30 nationalities. At the end of the 2022 financial year, more than half of our employees were under the age of 37.

We have launched a Female Empowerment Program in order to promote women in management positions at an early stage. Our aim is to specifically encourage women at Baker Tilly to follow their own, self-determined path.

Age structure



Baker Tilly onboarding process



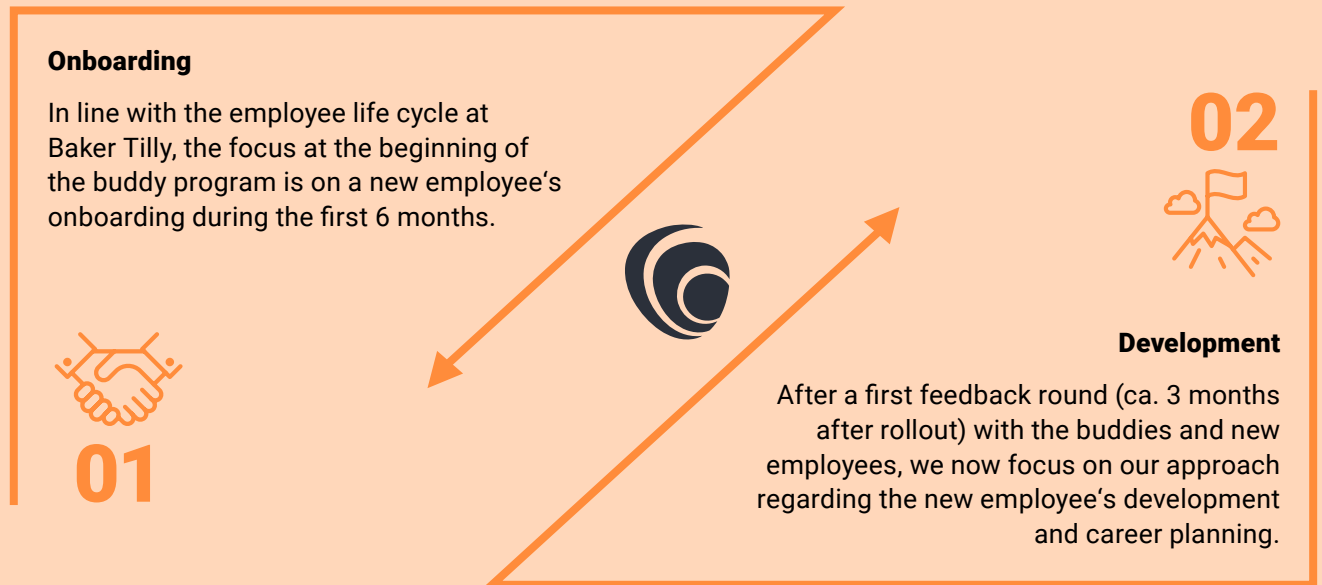
1. Onboarding and further development of new talents

When selecting our future Baker Tilly talents, we not only focus on professional skills during the interview process, but also pay particular attention to their individual potential. With our four-stage onboarding process and an individual initial training plan, we ensure that the onboarding is tailored to both professional requirements and personal needs.

We also use regular surveys to continuously review how we can further improve the integration processes. As part of a buddy program, the personal support of a tutor also creates a bond with Baker Tilly.

This form of personal support strengthens integration in the first onboarding stage. After six months, the focus is shifted to development and career planning. We initially tested this new program in Munich and plan to introduce it throughout all locations.

Buddy program @ Baker Tilly – Iterative approach



Every year, around 300 new talents join our company as permanent employees; in addition, there are over 300 young talents per year who work for us as interns or working students. We offer dual and international training programs for them.

When it comes to giveaways at our career events, we also take a holistic approach to sustainability and consciously choose suppliers whose products not only offer our students added value, but also have the least possible impact on the environment.

Michelle Trybel Junior Talent Acquisition Manager

"The topic of sustainability extends to almost all areas at Baker Tilly, including our giveaways during the career events. Giving them to the students with a clear conscience feels good – not only for us but also for the students!"

Paul Bartholomä Senior

"Right from my start at Baker Tilly, I was supported through regular professional training and challenged with demanding client-related tasks. The partners and managers closely supported me in my personal development at Baker Tilly, so that I was quickly promoted to Senior. I also have Baker Tilly's full support for my further development."

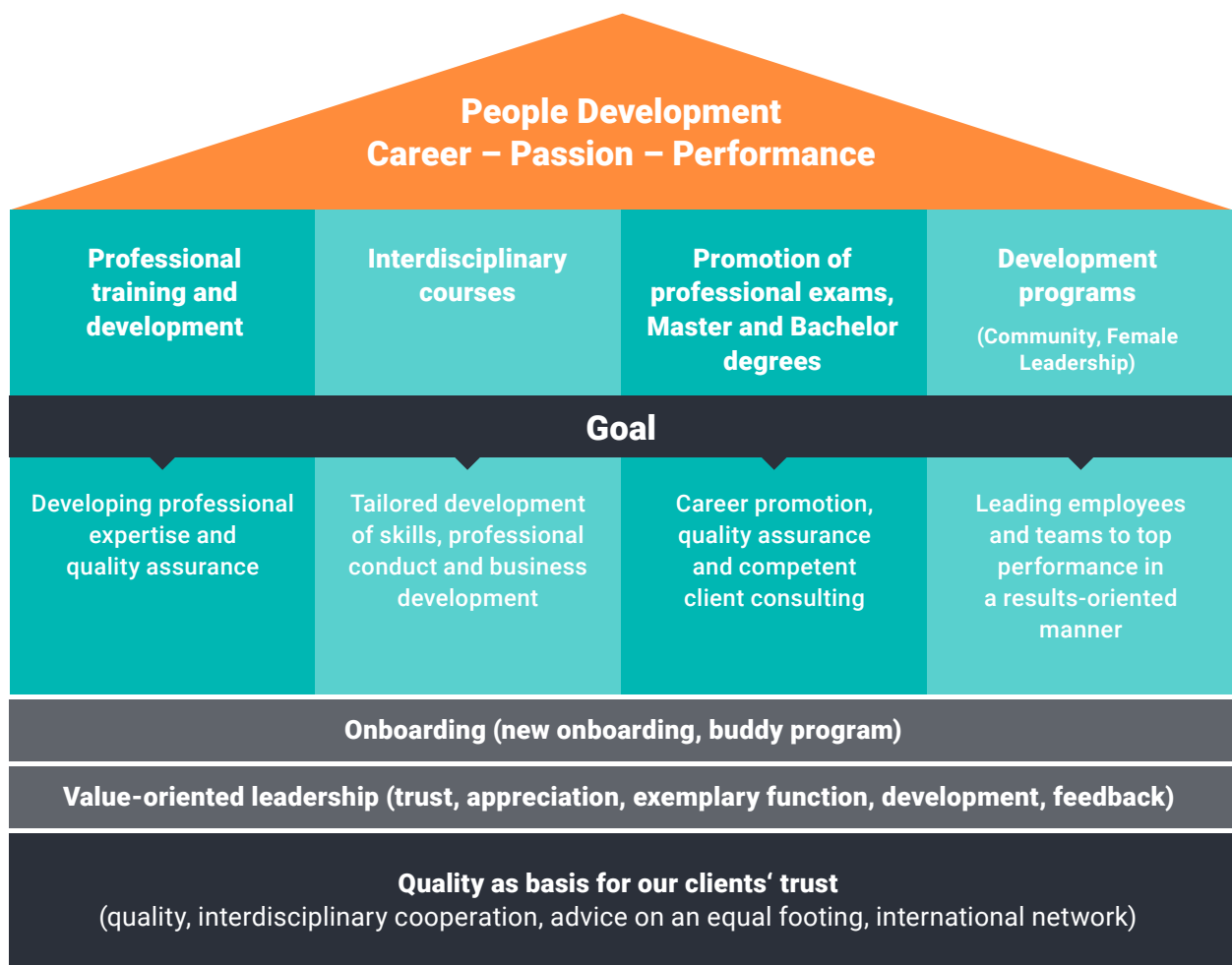


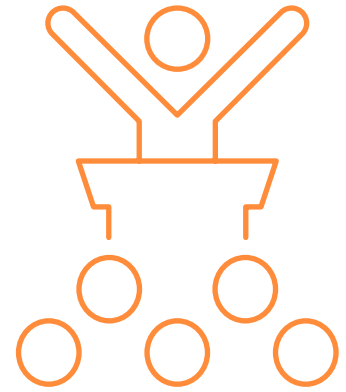
2. Personal and professional development

We believe that any personal and professional development begins with a comprehensive onboarding process, which has been fundamentally redesigned. The overarching goal was to lay the foundation for increased employee loyalty with a smooth start. More specifically:

We completely restructured the general orientation events for new employees when joining our firm and further extended the introduction of a buddy program and pre-boarding – i.e., the phase before actually joining the company. A comprehensive onboarding area on our intranet, which contains all the relevant information for a successful start at Baker Tilly, is key to this.

For us, learning in a knowledge-based company is the basis for our employees' sustainable development. Therefore, our initiatives and programs for the advancement of all employees at Baker Tilly follow the principle of "Passion, Performance & Career".





We offer numerous specialist curricula and mandatory training courses in accordance with professional regulations as part of Baker Tilly's professional training and development program. We also support the professional development of our young professionals and employees in their first years with a wide range of training courses. This training program comprises 21 different training courses for the Audit & Advisory division and 19 for the Tax & Legal division.

In addition, a newly established comprehensive soft skills program with 16 different training courses allows us to promote skills

development and personal growth. In 2022, we provided specialist training for 270 employees in the Audit & Advisory division and for 180 employees in the Tax & Legal division. 50 employees attended the soft skills training courses.

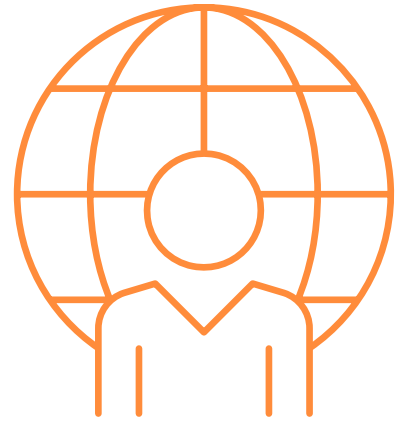
The annual employee appraisals were revised in 2023: based on a self-assessment by the employee and a retrospective assessment by the supervisor, prospects for the employee's future career path are developed together. The process also allows the preparation of individual development plans. During the year, our employees can use a tool in order to obtain feedback from colleagues or their supervisor.



At Baker Tilly, career and continuing education are closely interlinked: our "Examen 2.0" program is based on a model that gives our employees a high degree of flexibility when preparing for their exams or attending professional training courses. In addition to their professional duties, we want to give our employees sufficient freedom for further training and learning and thus also increase graduation rates. To this end, we support our employees, among others, with platform-based learning communities for exchange between candidates, graduates and learning mentors. With the learning mentors, every exam candidate has a personal coach in their exam preparation.

Special formats such as the annual Audit & Advisory Day, the Tax Consultants' Day, the Lawyers' Day and the biennial events for our back-office staff provide an opportunity to discuss current specialist topics and provide space for personal networking.

In terms of diversity, we place a particular emphasis on promoting dialog between all genders and creating equal career opportunities. We want to specifically support this goal with a diversity community in which we consciously initiate an exchange with all genders.



Together, we want to create an appreciative leadership culture that creates a positive working environment for all employees. With the relaunch of our Leadership Excellence Program, we are preparing selected senior managers and directors specifically for their development in a partner role in addition to the courses offered to strengthen leadership skills. The modules “Lead myself”, “Lead my team” and “Lead my business” teach value-oriented leadership and strengthen the participants’ performance.

Training courses in the global network

In addition to local training courses, our global network offers a learning hub with an extensive range of specialist training courses and wide-ranging opportunities for exchange.

Together with our Baker Tilly International network, the training courses provide all colleagues with an international platform for further training and global exchange.

In addition, as part of our partner development program, we enable participation in leadership courses at top international universities.

3. Attractive working conditions and working environment

Key areas for action were identified in our Engagement Survey and specific measures were decided by the Management Board: For even better professional and personal development, the annual appraisal process has been modernized and numerous important feedback elements have been added. We hold regular team workshops to improve the working culture, focusing in particular on honoring our employees' achievements. A benchmarking process was introduced in order to improve general working conditions.

On the basis of such process, we reviewed working conditions, improved flexibility in working hours and mobile work and aligned benefits in a value-oriented manner in accordance with our Family-oriented – Healthy - Sustainable guideline.

A key innovation was the expansion of Family Services to support the reconciliation of work, family and care and to improve mental health. We offer an Urban Sports Club program to support our employees' individual sports activities.



Remuneration structures and equal pay

In terms of remuneration, we attach particular importance to acting in a performance- and market-oriented manner – regardless of gender, ethnic origin, disability, religion or ideology, age or sexual identity.

We regularly review our remuneration structure's competitiveness in an annual industry benchmarking. Appropriate panels are conducted in order to calibrate salary increases, promotions and bonuses.

Our employees' health

The health of our employees is particularly important to us. To this end, we work closely with our company medical service and offer advice and services such as ergonomics in the workplace and vaccinations for preventive healthcare.

We are not aware of any commuting accidents. In 2022, the average sickness rate at the company was seven days per employee, which is well below the national average.

Equal treatment

With our training on the German General Equal Treatment Act ("AGG") which is mandatory for all employees and executives, we want to prevent any form of discrimination and guarantee a fair, respectful and inclusive working environment for all colleagues. These trainings aim to raise our employees' awareness of discrimination in order to prevent it in everyday working life and promote a positive corporate culture.

4. Creating a feedback culture

In addition to surveying our employees, topic-specific dialog formats are important to us for the exchange of ideas. We invite employees to workshops and focus groups with the aim of reviewing our programs before they are introduced and incorporating valuable suggestions. In the last two years, this was done in order to derive measures from the engagement survey, which aimed to provide impetus for internal communication, collaboration and leadership culture. In addition, focus groups were also used for strategic topics such as the further development of our positioning as an employer.

» *We consistently use modern technologies to build communities, for example, in our Exam communities and our Female Empowerment Program.*

The exchange with the partnership is of particular importance, as this is where decisive strategic impulses are received. To this end, our People programs are reviewed and further developed in regular sounding sessions. The initiatives are presented in regular partner dialog, where we also collect feedback and prepare the initiatives' implementation.



E. Social commitment at Baker Tilly



For us, taking responsibility also means focusing on the well-being of our fellow human beings outside our company. Therefore, the Baker Tilly Foundation has set itself the task of supporting committed people and initiatives that work for the common good.

The Baker Tilly Foundation supports projects for child and youth welfare, education (including training and further education at universities) and upbringing. Sponsors can submit project applications via the Baker Tilly Foundation website. Numerous proposals for funding come from our employees.

Baker Tilly Foundation

“The last few years have been characterized by serious problems caused by the Covid-19 pandemic and the subsequent war in Ukraine. The consequences have included significant price increases, which have particularly affected children and young people from poorly educated, low-income families. This makes it all the more important that our Baker Tilly Foundation supports social projects and institutions working in these areas.”



Thomas Mattheis – Managing Director of Baker Tilly Foundation

Board members of the Baker Tilly Foundation

External Advisory Board members

Oliver Luksic MdB
Advisory Board member

Katrin Jäger
Advisory Board member

Prof. Dr. Robert Ullmann
Advisory Board member

Dr. Wolfgang Stefinger
Advisory Board member

Hubert Seitz
Advisory Board member

Internal Advisory Board members

Alexandra Dittus
Advisory Board member

Daniel Laws
Advisory Board member

Management

Thomas Mattheis
Managing Director

Further Members

Prof. Dr. Martin Pätzold
Foundation representative

Funding priorities in 2022: hospice work, support for children and young people and the Ukraine crisis

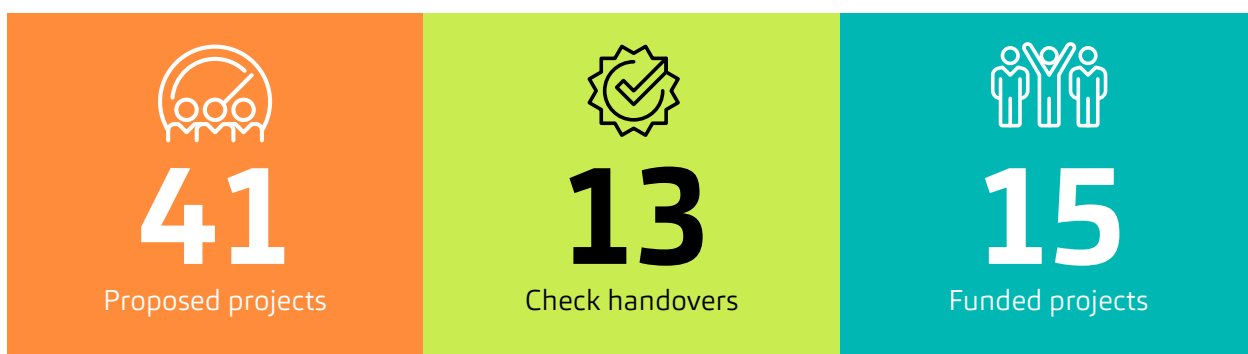
2022 was characterized by the promotion of various (educational) projects for the benefit of socially disadvantaged children and young people. This was primarily achieved through a wide range of activities by tutoring facilities and youth support centers.

The pandemic was a particular challenge for children and young people due to the lack of classroom lessons and social contact. The Foundation has supported projects aiming to offer social and educational opportunities in order to provide educational support, thus reducing the psychological burden. In addition to supporting children and young people in

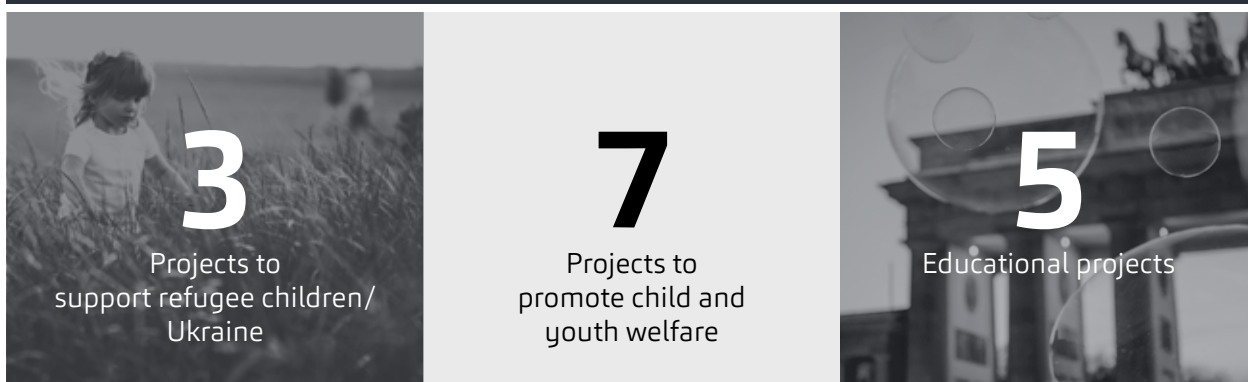
Germany, the Baker Tilly Foundation has also funded projects in developing countries that focus on modernization and access to education.

Furthermore, the Baker Tilly Foundation has supported the people in Ukraine with donations in kind on site and sponsored projects that help refugee children and young people to find their way in Germany. One of the main objectives in this respect was language support.

Another project focus was on supporting children's hospice work and specifically on providing psychological support for the affected children and their families.



Foundation's funding priorities by topics



Selected projects that were funded with 2,500 euros each in 2022

“Haus Anna” – AKM

Since 2004, the Munich foundation “Stiftung Ambulantes Kinderhospiz München (AKM)” (an outpatient children’s hospice) has been providing outpatient care throughout Bavaria for families with unborn babies, newborns, babies, children, adolescents and young adults with serious and life-threatening diseases, as well as families with seriously ill parents and underage children.

“kids to life” – Anton Schrobenhauser-Stiftung

In Unterhaching near Munich, “kids to life” looks after children who have experienced strokes of fate in their family or home country. Active participation, shared experiences and multi-layered outdoor education as well as workshops help the children to integrate socially and lay the foundations for a self-determined life.

“Clean Cooking” – Jugendzentrum Kirchdorf-Süd e.V.

The Kirchdorf Süd youth center in Hamburg is located in a district with special development needs. The youth center offers children help in all situations at all times. In the “Clean Cooking” project, the children are introduced to healthy cooking and learn how to handle food responsibly. The donation from the Baker Tilly Foundation was used to finance kitchen equipment and food.

Refugio München

Refugio München helps refugees to cope with their new life situation and overcome trauma. Through culturally sensitive psychotherapy and social and migration counseling, if necessary together with interpreters, refugees are offered help in line with their needs. The in-house art workshop also provides art therapy, which is particularly popular with the children and young people, some of whom are traumatized.



Baker Tilly Christmas campaign

In our annual Christmas campaign, in which 18,000 euros were distributed to various projects in 2022, the following projects each received 3,000 euros: Datteln Children’s Palliative Care Center, Münchner Elternstiftung, Bundesverband Kinderhospiz, MainLichtblick e.V., Help & Hope Stiftung and Heimatstern e.V.





F.

Focus: Compliance, integrity and trust



For us as an auditing and consulting firm, compliance and quality management are key. We are particularly committed to transparent and ethical conduct and work continuously to improve our processes and go far beyond merely meeting standards.

Our professional quality management system enables us to proactively manage the quality of our services and promote a sense of responsibility among our employees. Through close cooperation between the Legal department – for the Tax & Legal division – and the National Office – for the Audit & Advisory division – we ensure comprehensive support and control of the corporate culture in addition to safeguarding our service quality.

1. Organizational structure

Baker Tilly is a partner-managed German auditing and consulting group. The group of companies complies with professional and other regulations. Most of the group companies are subject to supervision by the relevant professional chambers, i.e.:

- Chamber of Public Accountants (Wirtschaftsprüferkammer), Berlin
- Chamber of Tax Consultants (Steuerberaterkammer), Düsseldorf
- Bar Association (Rechtsanwaltskammer), Munich

2. Hierarchical structure and administration

The partnership of Baker Tilly – i.e., all partners involved in the Baker Tilly companies – has established the following bodies, whereby our company's management responsibility rests on several shoulders:

- Management Board
- Partner Council
- Partner Meeting

The partnership has established a legal framework with a corresponding partnership agreement that precisely describes the rights and duties of the executive bodies and their regular election.

In order to ensure the effective and correct performance of administrative and business-related functions, the partnership has assigned the management of the Human Resources, Information Technology (ITC), Finance and Controlling (FiCo), Market Services (Marketing & Communications and Sales & Business Development) and Legal departments to proven experts.

In order to ensure legal compliance, the quality assurance function within the two business lines Audit & Advisory and Tax & Legal is allocated to the Quality Legal and Tax as well as National Office departments.

Furthermore, we have special officers for important compliance areas; accordingly, we meet the legal requirements for our officer system.

Money Laundering Officer

This Officer's role is to monitor money laundering and terrorist financing regulations and ensure that our internal processes to combat these risks are appropriate.

Data Protection Officer

The Data Protection Officer is responsible for compliance with data protection regulations and the protection of the personal data of our clients, their employees and our own employees.

Human Rights Officer (planned)

We are aware of the importance of human rights in our business environment. The creation of this position is part of our commitment to assume social responsibility and ensure that human rights issues are given appropriate consideration.

3. Tax & Legal quality assurance manual

In order to guarantee the high standards required in our legal and tax services, we have created a quality assurance manual in the Tax & Legal business line. This manual serves as a guide for our employees and contains clear procedures and measures in order to ensure the quality of our advisory services. The focus here is on procedures such as the dual control principle and follow-ups, as well as a commitment to providing comprehensive information and advice to clients and taking the “safe route”.

4. Professional quality management system (QMS) for Audit & Advisory and Tax & Legal

We have established a professional quality management system (QMS) for the Audit & Advisory and Tax & Legal business lines in accordance with statutory, professional and other legal provisions. Such QMS's objective is to ensure with reasonable certainty that we and our professionals comply with the regulations and professional rules applicable to the exercise of the profession and perform engagements in accordance with these professional obligations.

The QMS comprises the following components

Risk assessment process



We set quality targets and identify and assess quality risks. Based on these findings, we implement regulations and measures in response to quality risks.

Information and communication



We ensure that all employees are informed, in a regular and transparent manner, about the applicable quality standards.

Review and improvement process



We perform regular reviews to check the quality of our engagements' performance and identify potential for improvement. These findings are incorporated into the continuous improvement process.



5. Compliance-related measures

In addition to our QMS in both business lines, we have implemented various compliance measures in order to ensure ethical conduct and compliance with legal regulations:

Code of Conduct	Our Code of Conduct is a central component of our self-image. It forms the basis for our ethical conduct and provides clear guidelines for our employees and managers' behavior. It is therefore binding for all employees.
Training	Our professionals and employees are regularly trained on compliance issues and other topics in order to keep them up to date with the latest legal requirements.
Conflict Check Tool	We have a Conflict Check Tool in order to identify and avoid conflicts of interest at an early stage. This tool enables us to identify potential conflicts and take appropriate measures to ensure the integrity of our advisory services.
Engagement and receivables management	Our engagement and receivables management is set out in a business directive. It ensures transparency and efficiency in the processing of client engagements and the management of receivables. This enables us to ensure fair and responsible cooperation with our clients and business partners.

6. Professional liability insurance

We are aware of the importance of appropriate insurance coverage and are covered by professional liability insurance in accordance with legal requirements. This provides our clients and employees with additional security and confidence in our services. Any liability cases are coordinated and handled by the internal legal department in cooperation with the specialist departments.

7. Tasks of the Legal department

In light of our top priority of ensuring legal compliance at all times, our Legal department is of particular importance. Among other things, it supports the Legal & Tax Business Line and its employees in complying with professional legal obligations and implementing the QMS. The Legal department's tasks include

- Corporate law matters of Baker Tilly Group, i.e., all companies of the partnership and its participations, including
- Committee support
- Support for partners joining and leaving the company (together with HR)
- Support in legal disputes relating to the Group or partnership
- Engagement Letters/liability/insurance

8. Tasks of our National Offices

Acting in compliance with the law is also at the heart of our auditing and audit advisory services: The National Offices support the Audit & Advisory and Tax & Legal business lines and their employees in complying with professional obligations and implementing the QMS. The National Office's tasks include

- Audit- and audit software-related subject-specific inquiries
- Monitoring current national and international developments as well as legal and professional requirements in the area of auditing and independence
- Creation of work equipment and IT applications
- Participation in training courses and subject-specific information events

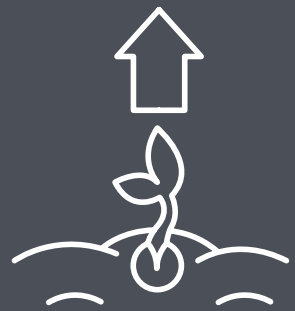
» *The National Offices also perform risk assessments on an ad hoc or at least annual basis and are operationally responsible for the design and implementation of regulations and measures, in particular for monitoring independence requirements, as well as for the review and improvement process.*

Enforcement by the Audit & Advisory National Office



The Audit & Advisory National Office is also authorized to conduct checks in our branch offices and in connection with individual engagements, partners or employees. In the event of breaches of professional conduct requirements or of the QMS, the National Office will conduct personal discussions and press for remedial action. In the event of repeated violations or if the violation is of particular significance, appropriate measures will be taken, such as imposing conditions, withdrawal of functions or compensation-related interventions.

Afterword



With this first sustainability report, we want to lay the foundation for regular publication – at the middle of each year, looking back on the previous year. Our objective is to communicate openly about what we have achieved, what we have accomplished and the goals we have set, as well as any potential for improvement.

With this in mind, we kindly thank all colleagues who have contributed to the successful production of this report.

Gender notice

Baker Tilly lives and promotes diversity and equal opportunities regardless of nationality, age, cultural background, disability, sexual orientation, gender and gender identity. If we use the masculine form in our texts and articles, this is merely for the sake of readability. This form always includes all human beings.

Now, for tomorrow

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With 41,000 employees in 145 countries, Baker Tilly provides a broad range of innovative and individual consulting services in the areas of Audit & Advisory, Tax, Legal and Consulting worldwide. Globally, our accountants, lawyers, tax advisors and management consultants develop solutions which are precisely tailored to the individual needs of our clients and implement them with the highest standards of quality and efficiency. In Germany, Baker Tilly employs 1,330 specialists in ten different locations and is one of the largest partner-managed consulting firms in the country.



Baker Tilly
T: +49 800 8481111
kontakt@bakertilly.de

bakertilly.de

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