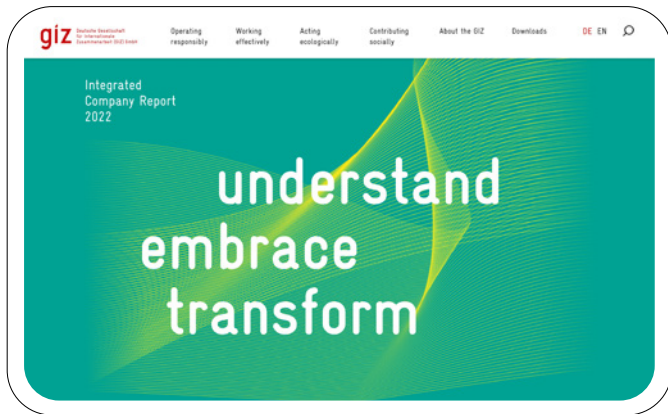


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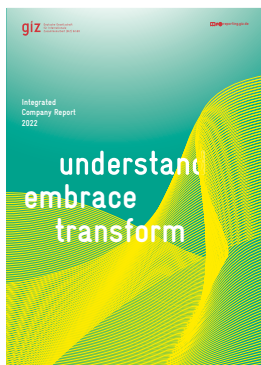
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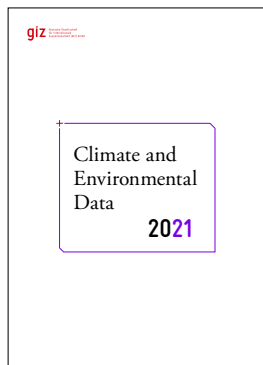
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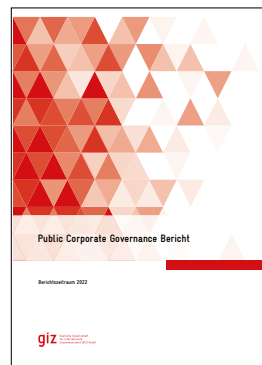
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Report of the Supervisory Board to the Shareholder on Fiscal Year 2022

Meetings

The Supervisory Board held four ordinary meetings in fiscal year 2022. In addition, the Supervisory Board held an informal 'deep dive' meeting on GIZ's Corporate Strategy.

Following the end of the period of office of the previous Supervisory Board and the election of a new group of employee members in August 2022, an inaugural meeting was held to coincide with the autumn meeting. The new chairs and members of the various committees (Audit Committee, Standing Committee and Urgent Matters Committee) were elected at this meeting.

The Audit Committee held one meeting in 2022.

The Standing Committee met seven times and was mandated by the Supervisory Board to prepare the procedure for the appointment of a new managing director to fill the vacant position and to select an appropriate recruitment agency that would be engaged to compile a list of qualified candidates to fill a third position on the Management Board.

Appointments

The period of office of the previous Supervisory Board expired at the end of the Shareholder's Meeting on 25 August 2022 after formal approval of its actions.

The new employee representatives were elected by eligible members of GIZ's workforce on 24 August 2022. The period of office of the new and re-elected employee representatives began on 25 August 2022 once the actions of the former Supervisory Board had been formally approved.

This led to the subsequent changes in employee representation:

The following people served as members of the Supervisory Board:

Christiane Einfeldt up to 25 August 2022
Birgit Ladwig up to 25 August 2022
Dr Joachim Langbein up to 25 August 2022
Stefan Mager up to 25 August 2022
Dr Sabine Müller up to 25 August 2022
Thomas Schenk up to 25 August 2022
Tobias Schürmann up to 25 August 2022

The following people were elected to the Supervisory Board with effect:

Louisa Ameyo Agossivi Sedjro from 25 August 2022
Ines Born from 25 August 2022
Harald Küppers from 25 August 2022
Sascha Rusgiarto from 25 August 2022
Marcel Schmelz from 25 August 2022
Dr Julius Spatz from 25 August 2022
Daniela Suttner from 25 August 2022

Fiscal year 2022 also saw a number of changes in shareholder representation on the Supervisory Board:

The following members left the Supervisory Board during the year under review:

Martin Jäger – member up to 22 March 2022 (Chair)
Claudia Dörr-Voß – member up to 24 February 2022
Antje Leendertse – member up to 24 February 2022
Dr Peter Ramsauer – member up to 24 February 2022
Wolfgang Schmidt – member up to 5 January 2022
Sonja Steffen – member up to 24 February 2022

The following people were appointed to the Supervisory Board during the year under review:

Jochen Flasbarth – member from 23 March 2022 (Chair)
Felix Banaszak – member from 24 February 2022
Susanne Baumann – member from 24 February 2022
Bettina Hagedorn – member from 24 February 2022
Claudia Raffelhüschen – member from 24 February 2022
Dr Christiane Rohleder – member from 24 February 2022
Steffen Saebisch – member from 24 February 2022

The appointments were reconfirmed by means of a corresponding resolution on 25 August following the decision to formally approve the actions of the former Supervisory Board. This did not involve any personnel changes with regard to the shareholder.

The new appointments and elections led to changes in the positions of Chair and Deputy Chair:

Mr Jochen Flasbarth reassumed the position of Chair following the adoption of a resolution to that effect by the Supervisory Board at the inaugural meeting on 14 September 2022. Ms Louisa Ameyo Agossivi Sedjro was elected First Deputy Chair and Ms Wibke Thies to the position of Second Deputy Chair.

The membership of the Supervisory Board's three committees was also decided at the inaugural meeting on 14 September 2022:

- Mr Steffen Saebisch, Ms Bettina Hagedorn, Ms Anja Hajduk, Dr Julius Spatz, Ms Ines Born and Mr Harald Küppers were elected as members of the Audit Committee. Mr Steffen Saebisch was re-elected as Chair of the Audit Committee.
- Mr Felix Banaszak and Mr Sascha Rusgiarto were elected to the Urgent Matters Committee, which includes the Chair and First Deputy Chair of the Supervisory Board as members.
- Ms Claudia Raffelhüschen and Mr Armin Hofmann were elected to the Standing Committee, which includes the Chair and First Deputy Chair as members.

Advising and supervising the Management Board

In fiscal year 2022, as in all previous years, the Supervisory Board and the Management Board worked together on the basis of mutual trust. The Management Board kept the Supervisory Board informed about the company's management policy and the state of operations. On this basis, during its meetings, the Supervisory Board was able to perform its designated role of advising and supervising the Management Board. The Supervisory Board was actively involved in important company decisions. It advised the Management Board on key issues and approved Management Board proposals after detailed examination. The following issues merit specific mention:

- The Supervisory Board appointed Mr Thorsten Schäfer-Gümbel for a further term of office as a member of GIZ's Management Board and again as Labour Relations Director with effect from 1 October 2022.
- Ms Tanja Gönner stepped down from the Management Board with effect from 31 October 2022.
- The Supervisory Board appointed Mr Thorsten Schäfer-Gümbel as Chair of GIZ's Management Board with effect from 1 November 2022.
- The Supervisory Board appointed Ms Anna Sophie Herken as a member of GIZ's Management Board with effect from 15 August 2023.
- The Supervisory Board approved the financial, investment and HR plans for 2023 submitted by the Management Board. These are based on projections of a modest increase in business volume for the fiscal year.
- The Supervisory Board approved the signing of a new framework agreement on office furniture with a term of two years and an option to extend.
- The Supervisory Board approved the signing of contracts and investments to procure an access control system (including an ID and authorisation management system) at GIZ locations in Germany with a planned term of five years.
- The Supervisory Board approved the signing of two new energy contracts to supply biogas and green electricity, each with a term of one year.
- The non-financial declaration (for the German Sustainability Code) was presented to the Supervisory Board for examination. This declaration sets out whether the company met its environmental, social and governance obligations with regard to environmental, employee and social matters, respect for human rights and the fight against corruption and bribery.

Management Board reports

The Management Board complied with its reporting obligations to the Supervisory Board in 2022. It reported regularly on the development of business at GIZ, which was again positive in fiscal year 2022.

The Supervisory Board obtained regular updates from the Management Board on the development of business in its taxable business area, International Services (InS), which again generated a positive operating result and positive net income in fiscal year 2022.

The Supervisory Board also received a report on measures linked to GIZ's compliance management system and the data protection report by the data protection officer and GIZ's Data Protection Management Unit.

The Supervisory Board was informed about the current state and development of GIZ's equal opportunities policy.

The Management Board reported on the audit of GIZ documents relating to the direct implementation of services by GIZ or the award of contracts for external provision of services for the period from 1 January 2021 to 31 December 2021.

It also reported on the progress of the new campus building in Eschborn and on IT security.

The Supervisory Board was kept informed about the situation in Afghanistan and in Ukraine.

The Management Board presented the strategic framework 'Destination GIZ 2028' and the corresponding Corporate Strategy 2023+ to the Supervisory Board.

Destination GIZ 2028 provides the company with a framework to guide future developments and crucial change processes over the period 2023–2027. Its focus is on integrated solutions, digital transformation and excellence in implementation. The Corporate Strategy sets out the path to achieving the planned objectives.

The Management Board followed this up with a presentation on the Long-Term Corporate Plan 2023–2025, which is aligned with the Corporate Strategy. This plan provides an overview of the strategic environment analyses and market development assessments conducted by GIZ and sets out relevant strategic conclusions for the company.

The Supervisory Board was also given a presentation on Compass GIZ.DIGITAL, which is designed to act as a signpost for the company's digital transformation. As part of the Corporate Strategy, digital transformation addresses the digitalisation challenges facing the company as it endeavours to fulfil Destination GIZ 2028.

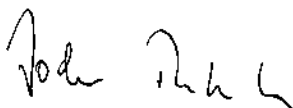
Annual statement of accounts 2022

The auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited the annual statement of accounts and management report to establish that they comply with the law, the supplementary provisions of the Articles of Association concerning the annual statement of accounts and management report, and with generally accepted accounting principles. They confirm that the bookkeeping system and the annual statement of accounts comply with the law in all material respects and that the annual statement of accounts gives a true and fair view of the company's assets, financial position and income. The management report also complies with German law in all material respects.

At its meeting on 29 June 2023, the Supervisory Board approved the findings of the audit of the annual statement of accounts for 2022 carried out by the auditors and the Audit Committee appointed by the Supervisory Board.

The Supervisory Board recommends that the shareholder adopt the annual statement of accounts for 2022 and formally approve the actions of the Management Board.

Bonn, 29 June 2023



Jochen Flasbarth

Chair, GIZ Supervisory Board
State Secretary, German Federal Ministry for
Economic Cooperation and Development

01

Management
report for
fiscal year 2022

I. Background, operating framework and overall performance

a. The company

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is a federal public-benefit enterprise with registered offices in Bonn and Eschborn. It helps the German Government achieve its objectives in the fields of international cooperation for sustainable development and international education and training. Quality, efficiency, sustainability and innovation are at the heart of GIZ's activities as a commercially run enterprise.

GIZ's workforce spans 124 countries (as at 31 December 2022). Thanks to its long-standing presence in numerous partner countries and global networks encompassing politics, business and civil society, GIZ is well placed to cooperate successfully with a large number of stakeholders.

GIZ has 25,422 employees across the globe. 67.3% are based in its partner countries with the status of national staff. A further 353 experts are currently on assignments for GIZ in the role of development workers. In addition, the Centre for International Migration and Development (CIM)¹ places experts with local employers in partner countries. At the end of 2022, the combined total of integrated experts and returning experts placed by CIM with local employers in GIZ's partner countries and receiving financial, advisory and other support from CIM stood at 400.

GIZ's activities focus on effective cross-border cooperation, the transfer of knowledge and the development of expertise. Compared with similar organisations around the world, the sheer range of its activities is unique. Over more than 50 years, GIZ has built up a vast body of experience in different sectors: economic development and employment; governance and democracy; peacebuilding, security, reconstruction and civil conflict transformation; food security, health, basic education and gender equity; energy policy, environmental protection, resource conservation and climate change mitigation. GIZ combines its services in the form of tailored solutions for specific needs, regions and contexts. These range from technical advice on creating the right conditions for development, individual training and measures to strengthen state and community-based organisations and institutions through to networking, dialogue, mediation, project management and procurement/logistics services.

The German Federal Ministry for Economic Cooperation and Development (BMZ) is GIZ's most important source of commissions. In 2022, GIZ also worked on behalf of other German federal ministries – including the Federal Foreign Office (AA), the Federal Ministry of Food and Agriculture (BMEL), the Federal Ministry of Finance (BMF), the Federal Ministry of the Interior and Community (BMI), the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV), the Federal Ministry of Defence (BMVg), the Federal Ministry for Economic Affairs and Climate Action (BMWK) – and for the Bundesländer (German federal states) and both public

sector and private sector clients in Germany and abroad. Governments of other countries, the European Commission, the United Nations, various regional and multilateral development banks and private foundations, such as the Bill & Melinda Gates Foundation, also commission GIZ to implement their own projects or support projects initiated by the federal ministries. GIZ works closely with the private sector through commissions and cofinancing arrangements and helps these clients to successfully combine development and foreign trade activities and integrate sustainability into their supply chains.

Alongside its activities in the public-benefit business area, GIZ operates a taxable business arm, International Services (InS). Within this area, it is authorised by the German Government to receive commissions directly from international clients and to tender for contracts.

These clients include the European Union (EU), national governments, bilateral and multilateral donors and the private sector. In addition, commissions from German public sector clients that, for reasons of tax law, cannot be allocated to the public-benefit business area are managed by InS.

b. Strategy

GIZ operates in an environment that requires transformational capacity on an unprecedented scale. Long-term global challenges – climate change, increasing fragility in parts of the world, the COVID-19 pandemic that continues to pose a threat regionally and a looming energy crisis – are manifesting themselves in critical changes and testify to a period of global upheaval. In such an environment, GIZ, as one of the largest European implementing organisations in the fields of development cooperation (DC) and international cooperation (IC), faces simultaneous challenges at various levels, from greater funding volatility to growing geopolitical tensions and the associated impacts in partner countries and on global development policy. These transformations and the resulting challenges for German and European policy are good reason for GIZ to keep on developing strategically in order to maintain its capacity for effective action. Only in this way can it effectively perform its work on behalf of clients in a coherent and collaborative manner in line with the 2030 Agenda for Sustainable Development and the global climate goals.

¹ The Centre for International Migration and Development (CIM) is run jointly by GIZ and the Federal Employment Agency's International Placement Services. It operates a number of personnel placement programmes with the aim of recruiting highly qualified experts and managers for local employers in partner countries. In the Integrated Experts Programme, German and European experts are recruited for assignments of up to six years. The purpose of the Returning Experts programme is to support foreign experts who wish to take up important development posts in their country of origin after studies, training or employment in Germany.

Developments and trends affecting GIZ

1. How is our client base changing?

The effects of Russia's war of aggression against Ukraine, described by Chancellor Scholz as a 'turning point,' make it more difficult to jointly tackle global challenges and require us to recalibrate our approaches to DC/IC. There are already signs that DC/IC will be more closely linked to foreign and security policy interests than in the past – while at the same time preserving their autonomy. As a result of intensifying geopolitical shifts since the beginning of Russia's war of aggression and increasing urgency in addressing global agendas and multiple crises, there is also a growing need for cooperation and strategic partnerships. The ideas set out in the coalition agreement (December 2021) with regard to German DC/IC remain another key factor. In the face of a looming global recession and with less room for manoeuvre in the federal budget, the pressure on DC/IC to achieve more with limited resources will increase.

Policy-making at the level of the EU, GIZ's second-largest client and largest source of third-party funding, is also shaped by the response to Russia's war of aggression against Ukraine and support for partner countries in dealing with the impacts. Through initiatives such as Global Gateway, the EU represents European values and interests as a geopolitical actor in the systemic competition with China. In doing so, with European 'brands' such as the European Green Deal, for example, the EU can become a highly attractive development model for our partner countries.

2. How is the focus of international cooperation changing?

As a consequence of the changes outlined above, especially the turning point referred to by Chancellor Scholz, issues such as food and energy security, safeguarding international supply chains, (cyber) security and working in fragile contexts are defining the global agenda even more than in the previous year. Climate mitigation and adaptation and, in this context, measures to promote an ecological and social transition towards a climate-neutral and sustainable economy and way of life (i.e. a 'just transition') also remain fundamentally important. Digital transformation is another extremely relevant issue. Support for digital governance, on the use of artificial intelligence, or the Internet of Things, for example, is just as much in demand as start-up programmes or digital skill-building. Strengthening global health and pursuing the One Health approach also remain a key issue due to the ongoing COVID-19 pandemic and possible future pandemics. Against the backdrop of feminist development policy, gender justice is taking on even greater importance, especially in terms of German development policy.

3. How is the nature of competition and cooperation changing?

The global challenges described above have prompted various donor countries to update their (development) strategies and focus in 2022. The United States, for example, has published new strategies for the Indo-Pacific and Africa that take the increased importance of these regions into account. The Netherlands has been pursuing a new development strategy since June 2022 with a focus on the nexus between trade and development priorities. In November 2022, Spain passed a law designed to facilitate profound reform of the Spanish development system in line with current challenges, the 2030 Agenda and Spain's international values and interests. In many donor countries, the budget situation is also increasingly strained due to the pandemic and the consequences of Russia's war of aggression. In turn, this could lead to budget cuts in international cooperation.

China published its first Global Development Report in June 2022. One focus of the report is the Global Development Initiative launched by China in 2021 to accelerate the implementation of the Sustainable Development Goals (SDGs). Although many details are still unclear, it could become China's most important development effort since the Belt and Road Initiative, which it is meant to complement. The German Government's China Strategy, which is currently being drafted, is intended to reposition the country in terms of its relationship with China and to provide guidance on further cooperation.

Cooperation with the private sector remains important in order to make the services offered by GIZ in the areas of digitalisation and sustainability even more attractive. Overall, cooperation with third parties is becoming increasingly important so that GIZ can provide its services in line with the expectations of its clients. The complex global challenges of today and tomorrow cannot be solved alone.

4. How are our partner countries changing?

For some time, partner countries have been noticeably recalibrating their approach to international cooperation. They are adapting what in some cases has been a one-sided focus on Western partners and consciously entering into targeted cooperation agreements with regional emerging economies, China and Russia.

The COVID-19 pandemic has had a severe socio-economic impact in many countries in the Global South. Inequalities have widened, including between genders, and key sectors of the economy have at times ground to a standstill. At the same time, there have also been positive changes, especially with regard to the process of digital transformation, which has accelerated. For the first time in its over 30-year history, the United Nations Human Development Index (HDI) has recorded a decline in global prosperity for two successive years.

The Fragile States Index 2022 rates the situation in 29 out of 179 countries as alarmingly unstable. Most fragile states are located on the African continent. One of the current drivers of this fragility is the global food crisis, triggered by Russia's war of aggression against Ukraine and the resulting increase in food, seed and fertiliser prices.

The countries of the Global South are more affected by climate change than those of the North. According to the Intergovernmental Panel on Climate Change (2021), this is set to intensify over the next ten years. We are also witnessing a continued and rapid loss of biodiversity.

GIZ's corporate strategy

In this turbulent and highly volatile environment, GIZ aims to secure and expand its ability to effectively support the policy goals of the German Government and other clients and thus maintain its role as a key actor in shaping change. These goals focus less and less on isolated problem situations, addressing— as shown by the Sustainable Development Goals and the targets of the Paris Climate Agreement – major transformation issues that can only be tackled through holistic, joined-up thinking and action.

The 2020–2022 strategy cycle came to an end in the year under review. Over recent years, by focusing on its implementation strength, GIZ has created a stable basis that will allow it to remain an effective advisor and implementer during the current 'turning point' and beyond. In the new 2023–2027 strategy cycle, which was developed in 2022, GIZ is transforming itself from a project organisation to an implementer of integrated solutions for global challenges. Equipped with these solutions to the complex and interconnected transformation issues of our time, as outlined in the strategic framework 'Destination GIZ 2028,' GIZ will provide optimal support to help its clients achieve their goals. In concrete terms, GIZ is moving away from a focus on individual projects in the way it delivers services. Although it continues to work in projects, it thinks and acts in a joined-up way and harnesses the potential of standardised products. Co-creative and partnership-based action is at the heart of the relationship between the partner country, other development actors and GIZ. This is an approach that effectively combines advisory services, implementation expertise and sustainable financing solutions. In future, resources such as personnel will be deployed more frequently (or where it is more effective and efficient to do so) across projects. In this way, the objective of acting in the interest of the company as a whole can also be established in GIZ's corporate culture through a focus on overarching solutions. Systematic digitalisation is the main lever for implementing the new vision and transforming the company.

Destination GIZ 2028 provides a direction for the corporate strategy. The strategy itself describes the path to achieving the goals through six strategic objectives derived from Destination GIZ 2028. As in the previous cycle, the medium- to long-term strategic orientation is defined by four areas of action: (1) effectiveness; (2) business

development; (3) expertise and alliances; and (4) value for money. The results of GIZ's corporate strategy in the 2020–2022 cycle and the main contents of the new strategy are outlined briefly below.

1. Area of action: Effectiveness

In the 2020–2022 strategic cycle, GIZ improved its performance in this area by anticipating client needs and political requirements more effectively and, in response, by rapidly developing effective and sustainable solutions.

The targeted use of data is a key lever for translating client needs into effective solutions.

In 2022, the introduction of standard indicators was completed on schedule, enabling GIZ to collect standardised data on the results of its projects and transmit the data in digital form. In the current Aid Transparency Index, for example, GIZ is rated as the best bilateral DC organisation in Europe and the second-best worldwide.

Demand from clients and partner countries for effective and environmentally sustainable solutions continues to grow. GIZ takes measures to effectively reduce the carbon footprint of every project.

For the new strategy cycle beginning in 2023, the focus in this area of action will increasingly be on effective solutions for addressing global challenges. When it comes to measuring effectiveness, a key factor is increasing standardisation in service delivery. The corresponding strategic goal of the new strategy cycle from 2023 is:

Standardised product portfolio: Looking ahead, we plan to implement our work on the basis of an innovative, standardised and systematic product portfolio and consistently use the opportunities offered by digitalisation.

The goal is to provide prompt solutions that have been thoroughly vetted and can be replicated. Another prerequisite for achieving Destination GIZ 2028 is a stronger focus on acting in the interests of the company as a whole in order to deliver overarching solutions. The corresponding strategic objective of the new corporate strategy is:

Acting in the interests of the company as a whole: We gear our management logic to steering integrated solutions in the interests of the company as a whole.

Management and processes are to be aligned in such a way that they easily and systematically promote overarching solutions. However, issues of corporate culture also play a major role. In future, results-based cooperation between GIZ units must be made even easier and given greater recognition.

2. Area of action: Business development

In the last strategy cycle, GIZ was able to increase its implementation capacity by harnessing data and technology to enrich and expand its portfolio of services.

Data underpins our efforts to achieve objectives more rapidly, efficiently and innovatively using digital resources. The Data-driven and Technology-based Services (DTL) focus project was dedicated to addressing these issues and to this end pursued two objectives. Firstly, it laid the foundations for data-driven working. Since February 2022, a Data Service Centre (DSC) set up through the focus project has been supporting the efforts of projects and programmes to use and process data, especially geodata and in the area of monitoring and evaluation. The second objective is to promote digital business development opportunities. One result is the development of a basic technology foresight capability. This is intended to enable GIZ to identify data- and technology-driven developments that are relevant to (potential) clients and partner countries at an early stage. It will then be in a position to develop digital services in response to demand.

The new corporate strategy's transformative goals in the field of business development are centred on the design of integrated solutions for delivering services. Specifically, GIZ has set itself the following strategic objective:

Integrated approaches: We integrate modes of delivery, project types, sectors and country portfolios.

Cross-sectoral requirements are met using a cross-sectoral approach. This makes it possible to implement political priorities such as a 'just transition' more effectively and more easily. Equally, in view of the major transformation issues that lie ahead, an approach limited to country portfolios is no longer uniformly effective. The same applies to modes of delivery. In future, GIZ will combine advisory services, implementation expertise and sustainable financing options even more systematically into effective approaches as the basis for holistic solutions.

3. Area of action: Expertise and alliances

In addition to a toolkit for improving effectiveness and developing digital business models, GIZ boosted its implementation capacity in the 2020–2022 strategy cycle with the help of a forward-looking HR policy. Through its thematic areas, entitled 'modes of delivery' and 'human resources development, assignment planning and the secondment process,' the Tailored Expertise focus project has helped to make GIZ's modes of delivery more flexible, by developing models for cross-project management, for example.

In addition to human resources policy, this area of action encompasses cooperation arrangements and alliances. Given the volatility of the operating environment and increasing fragility, GIZ will expand and foster its partnership system in a targeted manner in the new strategy cycle and place even greater emphasis on cooperation arrangements based on an equal footing in future. The objective is:

Systematic partnerships: We systematically build on cooperation arrangements and partnerships.

For GIZ partner countries, this means a forward-looking and equal dialogue before, during and after implementation. For current and future cooperation partners, GIZ will endeavour to create a standardised partnership management system and (digitally) anchor cooperation arrangements in its core processes. Where appropriate, the IC instruments used by other organisations will be dovetailed with GIZ approaches.

4. Area of action: Value for money

Measures to improve GIZ's implementation capacity will be sustainable only if they are also economically viable. Accordingly, the company's strategic priorities in the 2020–2022 cycle included introducing S4GIZ and increasing the efficiency of its internal work processes. In addition to promoting digital service delivery, the Digitalised End-to-end Business Processes focus project prepared core business processes for digitalisation. In terms of digital systems, this objective is being implemented at operational level through the ongoing introduction of the SAP software S4GIZ, which will drive change company-wide as GIZ's largest-ever programme of investment in IT standardisation. The S4GIZ platform will be used throughout the organisation and is intended to form the basis of its future digital transformation. Another objective of the strategy in this area of action was to develop needs-based implementation structures in order to ensure that services are delivered efficiently. This was addressed through the focus project entitled Future-proof Implementation Structures. A newly designed toolbox with fixed office models and modular management models provides greater standardisation while at the same time increasing flexibility. Uneconomical standalone solutions are avoided.

In the new strategy cycle, the aim is for integrated solutions to allow GIZ to further expand its capabilities in an increasingly volatile environment of growing demands and to make resources available more quickly. In order to create the right conditions for the use of integrated solutions in service delivery, GIZ is also moving away in the new strategy cycle from a logic based on individual projects when allocating resources. The corresponding strategic goal pursues four approaches:

Managing resources across projects: We use staff, services, finances and materials and equipment across multiple projects.

Achieving the objectives by 2028 will require a transformation of the established method of project preparation and management. Looking ahead, the systems must also dovetail with S4GIZ.

Process-oriented management is also being strengthened across the company so that integrated solutions can be implemented efficiently and effectively. Vital preliminary work has already been conducted by the Digitalised End-to-end Business Processes focus project.

Process-oriented management: We implement integrated solutions efficiently and effectively using digitalised business processes and process-oriented management.

In concrete terms, this means that business processes will be aligned with integrated solutions and – where it makes sense – digitalised. In addition to the ongoing S4GIZ implementation project as the basis for digital transformation in the company, the focus is on possible adjustments to business processes and the inclusion of sustainability aspects in process management.

c. Operating framework

Provisional budgeting

Following the 2021 federal election, the 2022 budget was initially provisional and based on figures that had not been confirmed by the German Parliament. The 2022 federal budget was not adopted until June 2022.

The associated planning uncertainty also influenced GIZ's business development in the public-benefit business area. It was not until the budget came into force in June 2022 that GIZ could plan ahead with sufficient confidence for anticipated commissions and income in the public-benefit business area. Some government negotiations were also delayed on account of the provisional nature of the federal budget. In turn, this held back the offer preparation and commissioning process.

War in Ukraine

The war of aggression conducted by Russia against Ukraine since February 2022 has had enormous consequences for the country. In addition to the loss of safety and life, millions of people are being displaced. Immense damage to critical infrastructure and shortages of goods make it difficult to provide basic services and impose a heavy burden on local authorities and supply systems.

The situation also has a considerable impact on GIZ's work on the ground. In response, right at the start of Russia's war of aggression, GIZ adapted its work quickly and flexibly and has since been supporting Ukraine at three levels: firstly, by ensuring reliable supplies of electricity, medicines and emergency shelters, for example, and by equipping civil protection teams and the fire service; secondly, through its engagement in early reconstruction work; and thirdly, by continuing to advise on reforms that will bring Ukraine more into line with the EU.

On behalf of the German Government, the EU and other donors, GIZ is supporting Ukraine in the area of acute crisis management. The emergency assistance it provides also benefits the many internally displaced persons. At the start of Russia's war of aggression, GIZ provided around 300,000 internally displaced persons in eastern Ukraine with essential supplies.

GIZ's total commission volume in Ukraine currently amounts to around € 368 million (2021: € 298 million), of which last year around € 75 million was provided at short notice for emergency support measures. An additional figure of around € 100 million is expected this year in the form of special funds. Currently, about 60 German or international and 420 national colleagues are working for projects in Ukraine. While all previously seconded staff left Ukraine in February 2022, almost 80% of national staff (NMA) are currently in Ukraine.

With the exception of the special project Humanitarian Gesture towards the Victims of the Siege of Leningrad, all GIZ projects in Russia have ended. The country team has been reduced to a core of five national staff. The GIZ representation has been closed, and the GIZ (project) office has moved to smaller premises. GIZ's business volume has been significantly reduced by the downsizing of its country portfolio, and any continued work in the Russian Federation faces considerable uncertainties and risks.

Fragile situation in some partner countries

Structural fragility, violence and conflict form part of the wider setting in an increasing number of countries and regions. In about half of all the countries in which GIZ operates, its capacity to deliver is threatened due to crises.

Restrictions and delays in providing services can be caused by diplomatic crises (e.g. Morocco), political unrest (e.g. Afghanistan, Sudan and Ethiopia) or political decisions, for example.

Economic instability

In recent months, prices have increased at a worrying rate worldwide. Prices for staple foods have risen sharply. In combination with more expensive seeds and fertilisers, this is creating significant food security problems in many of GIZ's partner countries. Increased energy prices are also contributing to a drop in the real income of many households. High inflation, rising interest rates and the associated investment downturn lead to lower growth rates. These developments can also have an adverse impact on GIZ projects, both in terms of meeting objectives and due to increasing costs. GIZ maintains a close dialogue with its clients with regard to projects that could be affected in this way. Risks are addressed at an early stage so that an exception can be made in projects with a price cap (due to force majeure or the impact of exchange-rate movements), if necessary.

COVID-19 pandemic

The COVID-19 pandemic continued to affect GIZ's ability to deliver services in fiscal year 2022. Due to the rapidly changing nature of the pandemic, there was always the possibility of locations where GIZ operates being affected at short notice by strict measures to contain the infection, such as travel restrictions. This made planning more difficult. Supply bottlenecks in the aftermath of the pandemic have also affected GIZ's wider operating framework, e.g. with regard to the procurement of materials and equipment.

Digitalisation

As the SAP system currently in use at GIZ is coming to the end of its support contract, the company intends to adopt the successor system SAP S/4HANA. The S4GIZ project was set up to manage the introduction of this new SAP program and the associated preparatory work. Basically, this involves defining GIZ's main target business processes. The goal is to optimise, standardise and digitalise previous business processes in order to create a smooth flow, without interruptions, both in the field structure and in Germany. By introducing this optimised IT landscape with SAP S/4HANA at its core, GIZ aims to boost its performance and implementation capacity, in line with the motto: 'One process. One system. For all. Worldwide.' As one further step toward a process-oriented company, this will generate efficiency gains and therefore greater value for money overall.

At the same time, there is an increasing need to protect digitally processed information and documents. GIZ constantly raises awareness among its employees about possible threats and monitors the threat situation through the DIGITS Department and the Information Governance Unit. This unit was created on 1 August 2022 as a way of bringing together the Information Security Management System (ISMS); Records; Information and Document Management; and Operational Data Protection Management. With regard to development of the ISMS, a positive BSI basic audit opinion was issued at the end of 2022, establishing an important milestone on the path towards the system's target ISMS certifications (worldwide ISO 27001 and additional certification to BSI IT Grundschutz standard for the support structure).

II. Assets, financial position and income

The main influence on GIZ's assets, financial position and income in fiscal year 2022 was the expansion, once again, of its business activities, leading above all to increased income and turnover. Despite a difficult operating environment, the fiscal year as a whole delivered a positive set of results.

The main impacts on the balance sheet and the profit and loss account are set out below.

- Overall, turnover increased by €465 million due to an increase in the volume of services delivered, while income rose by €225 million, mainly out of BMZ budget funds.
- Accordingly, there were significant increases of €180 million in advance payments received and of €152 million in advance payments made.
- At the same time, cost of materials rose by €314 million, especially in purchased services (up €294 million).
- Personnel expenses increased by €219 million, due in particular to higher pension expenses. GIZ paid a one-off amount (top-up) of €95 million to cover the minimum capital required under insurance rules for those of its pension obligations outsourced to Deutscher Pensionsfonds AG (DPAG). This amount is treated in full as personnel expenses that can be charged to clients (the Federal Government) in the public-benefit business area under German public price law in accordance with the provisions of the General Agreement. The part of the settlement claim attributable to future years was capitalised as other assets at present value (discounted at the usual market interest rate), creating other operating income of €77 million.
- In connection with the GIZ Eschborn Campus construction project, which was started in the previous year, the first loan instalment of €50 million was drawn from the credit line of €230 million in the current year, resulting in an increase in liabilities to banks.

a. Assets

The balance sheet total ended the year under review at €3,081 million, up €294 million compared with the year-end figure of €2,787 million for 2021.

Fixed assets rose from €614 million to €649 million. The increase of €35 million (6%) is mainly attributable to a payment made towards the purchase price under the land purchase and construction contract for the Eschborn Campus. Rights and duties will be transferred once the building is formally approved and accepted by GIZ. The increase in total fixed assets was offset by scheduled depreciation.

Inventories increased by €155 million (14%) from €1,114 million to €1,270 million. This was mainly due to another rise in the figure for advance payments made (up €152 million), above all in connection with financing activities for BMZ projects. The figure for projects in process rose by €4 million (11%) to €35 million.

Receivables and other assets rose by €103 million to €422 million. This was partly due to a rise of €19 million in project assets from €239 million to €258 million as a result of increased project implementation activities in partner countries.

Other assets increased by a significant margin from €23 million to €103 million (up €80 million), mainly due to the capitalised settlement claim of €77 million for the pension fund top-up. Trade receivables were up by €5 million from €56 million to €61 million. Furthermore, cash and cash equivalents were almost unchanged compared to the previous year (around €731 million). In this context, disbursements in connection with the pension fund top-up were offset by higher receipts from increases in both income and advance payments received.

At €360 million, equity ended the year roughly €66 million higher as a result of positive net income for the year. This amount was added to the reserves required under the Articles of Association. With a higher balance sheet total, the equity ratio² rose by 1.2 percentage points to 11.6%.

Provisions rose slightly by €1 million from €304 million to €305 million. Within this item, there were opposing effects. While provisions for long-term working time accounts increased by around €13 million, provisions for warranty and costing risks fell by around €9 million and for leave credits by around €3 million.

GIZ offers its employees the option of contributing an amount equivalent to work performed or working time as well as parts of their cash remuneration up to a specified limit into a long-term working time account under a form of credit balance agreement. In the year under review, more employees made use of this option to contribute into a long-term working time account than in the previous year, pushing the total figure up by around €13 million. The decline in provisions for warranty and costing risks (down around €9 million) was mainly due to the reversal of provisions for individual risks. The decline in provisions for leave credits (down around €3 million) was mainly due to reductions in the number of childcare days and in leave arrears from the COVID-19 pandemic.

² The equity ratio is defined as equity less premium as a proportion of the balance sheet total.

Liabilities rose by € 227 million from € 2,188 million to € 2,415 million. This increase was primarily due to a total of € 2,186 million for advance payments received, which rose by € 172 million in the public-benefit business area and by € 8 million at InS. The increase in liabilities to banks from € 80 million to € 122 million was mainly due to the scheduled payment of the first instalment of the loan for the GIZ Eschborn Campus and scheduled repayments of the loan for the GIZ Bonn Campus. The increase of € 9 million in liabilities to affiliated companies, taking the total to € 10 million, was due to the last funding request from GIZ Unterstützungskasse GmbH for 2022, which was not settled until January 2023.

b. Financial position

As at the balance sheet date, cash in hand and bank balances stood at € 731 million, up € 1 million on the year-end figure of € 730 million for 2021. The nearly unchanged level compared to the previous year was due to the balance of several effects. Payments made to the pension fund were offset by higher advance payments received and the first drawdown from the GIZ Eschborn Campus loan facility. The company held sufficient liquid assets to finance its activities throughout the fiscal year. Cash inflows of € 13 million from ongoing business operations and of € 40 million from financing activities (mainly the loan) covered cash outflows totalling € 53 million in respect of investment activities.

c. Income

At € 3,763 million, turnover for the fiscal year was up by € 465 million (14%) compared with 2021.

The following table shows the distribution of turnover across business areas.

Total operating performance	2022			2021			Change	
	Public-benefit business area	InS	Total	Public-benefit business area	InS	Total	Total	
	in € millions	in € millions	in € millions	in € millions	in € millions	in € millions	in € millions	in %
Turnover	3,564	199	3,763	3,166	132	3,298	465	14
Changes in services not yet invoiced	2	1	3	-6	3	-3	6	> 100
Capitalised services	0.5	0	0.5	2	0	2	-1.5	75
Total operating performance	3,567	200	3,767	3,162	135	3,297	470	14

The increase in turnover is linked to the increased provision of services to clients. In the public-benefit business area, the € 398 million increase in turnover to € 3,564 million was due to the processing of the high volume of commissions received in the previous year, income growth of € 225 million and an increase in the TC budget. At InS, the € 67 million increase in turnover was also due to the expanded provision of services.

Other operating income rose significantly by around € 85 million from € 15 million to € 100 million, mainly due to the compensation claim for the DPAG top-up. Reversals of provisions totalling around € 16 million were another factor. At € 2,121 million, cost of materials was up € 314 million on the previous year. Within this category, purchased goods rose by € 20 million and purchased services by € 294 million. The main factors here were higher expenses for

other external services (up €158 million), in particular expenses for consulting firms, financing recipients and local contributions, and costs incurred by projects (up €75 million). Section III. e. Use of Resources contains a more detailed review of this item and a table showing the changes in purchases of goods and services.

Personnel costs rose by €219 million from €1,347 million to €1,566 million. This was not only due to increases in the size of the workforce (up 1.8%) and in salaries. Another factor was the top-up of the DPAG cover fund to meet GIZ's pension obligations. This effect increased personnel costs by around €95 million, although it was partly offset by the other operating income of €77 million.

More details of changes in the size of the workforce can also be found in section III. e. Use of Resources.

At €93 million, the figure for other operating expenses was down around €4 million year on year (2021: €97 million).

The financial result improved from €-1.2 million to €-0.7 million. This change was mainly due to higher interest income.

Overall, net income for the year was around €66 million compared with the 2021 figure of €41 million. The following table shows a breakdown of net income by business area.

Net income	2022	2021	Change	
	in € millions	in € millions	in € millions	in %
Public-benefit business area	62.5	38.6	+23.9	+62.1
InS	3.4	2.1	+1.3	+60.3
GIZ total	65.9	40.7	+25.2	+62.0

Both the public-benefit business area and InS recorded a significant increase in net income. In the public-benefit business area, compared to the previous year, this was due to the higher volume of services implemented, the higher profit mark-up (due to the price cap), higher reversals of provisions (€10 million) and lower additions to provisions (around €3 million). The profit-boosting effect of the price cap will not be permanent. The reasons for the exceptionally high 2022 net income figure at InS area were portfolio growth, which generated a positive margin effect, and a significant increase in the volume of projects implemented compared to previous years.

d. Investments and investment financing

GIZ's investment planning activities are mainly shaped by the planned digitalisation projects (around €26 million), in particular the S4GIZ Large Scale Solution, and on the construction of the new Eschborn Campus (overall €234 million up to 2025).

GIZ's property investments are financed through two long-term loan agreements. Interest rate swap agreements have been concluded to hedge interest rates for both variable-rate financing arrangements. The loan for the GIZ Campus in Bonn was still valued at €71 million as at the balance sheet date. It has been fully disbursed since 2021 and is in the repayment phase with scheduled repayments of €9 million p. a. and an interest rate of 0.76% p. a. The loan for GIZ's Eschborn Campus, which is currently under construction, has a value of €50 million after disbursement of the first tranche in 2022. The total loan volume is €230 million with an interest rate of 2.093% p. a.

All other investments are financed out of the company's own funds. For details of the contracts awarded, please refer to section III. e.

In connection with the investments, there is a purchase commitment of €186 million.

III. Economic situation

a. General observations

GIZ was able to close fiscal year 2022 satisfactorily despite a difficult operating environment (see section I. c.).

- Commissions received fell by 15%.
- Business volume was up 8%; income in the public-benefit business area rose by € 225 million (6%).
- At 10.0%, the control parameter used in the public-benefit business area remained below the upper limit of 12%.
- Total operating performance at InS improved by around € 2.6 million to reach € 5.2 million.
- GIZ's total workforce increased by 445 (1.8%).

GIZ uses a number of financial indicators (see table below) as a key source of information for management decisions.

Comparison of planned and actual figures		Plan 2022	Actual 2022	Deviation Actual-Plan
Commissions received				
Public-benefit business area	€ millions	3,890	3,665	- 225
InS	€ millions	200	314	114
Total	€ millions	4,090	3,979	-111
Income in the public-benefit business area	€ millions	3,591	3,791	200
Total operating performance InS	€ millions	170	200	30
Business volume	€ millions	3,761	3,991	230
Control parameter	%	11.5	10.0	- 1.5 ¹
Operating result InS	€ millions	1.1	5.2	4.1
Net income for the year InS	€ millions	0.6	3.4	2.8
Number of employees at year-end				
Germany-based staff	Number	2,698	2,719	21
Project staff in Germany	Number	2,690	2,884	194
Seconded field staff	Number	2,825	2,699	- 126
Staff covered by the Collective Bargaining Agreement (MTV) or Public-Sector Remuneration System (TVöD)	Number	8,213	8,302	89
National staff	Number	17,366	17,120	- 246
Total GIZ staff	Number	25,579	25,422	-157

¹ Percentage change

Year-on-year changes for each indicator compared to the previous year and the planned figures are examined in greater detail in the following section.

b. Commissions received and orders on hand

Commissions received

In 2022, GIZ received commissions with a total value of € 3,979 million, € 708 million (15%) below the total for 2021 and € 111 million (3%) below the planned figure. The volume of commissions received in the public-benefit business area ended the year € 781 million (18%) lower at € 3,665 million. The corresponding figure for InS rose by € 73 million (30%) to € 314 million. The proportion of commissions generated by the public-benefit business area was down 3% at 92%.

The following table shows the year-on-year changes in commissions received at GIZ for each business area and sector. It is followed by a closer examination of the figures in each category.

Commissions received	Actual 2022	Share	Actual 2021	Share	Change
	in € millions	in %	in € millions	in %	in %
Public-benefit business area total	3,665	92	4,446	95	-18
of which BMZ	3,210	81	4,012	86	- 20
BMZ budget funding	2,753	69	3,363	72	- 18
Cofinancing for projects commissioned by BMZ	456	11	649	14	- 30
of which German public sector clients	418	11	408	9	2
German public sector client budget funding	343	9	390	8	- 12
Cofinancing for projects commissioned by German public sector clients	75	2	18	0	> 100
of which other business sectors	37	1	26	1	42
InS	314	8	241	5	30
GIZ total	3,979	100	4,687	100	-15

The figures shown above may contain rounding differences.

Commissions received in the public-benefit business area

In 2022, the public-benefit business area received commissions with a total value of €3,665 million. This was down €781 million (18%) year on year. Although the planned figure of €3,890 million for 2022 was set below the total for the previous year, this also proved out of reach.

Compared with 2021, the volume of commissions received in the BMZ business sector fell by €802 million (20%) to €3,210 million, ending the year around the planned figure. As expected,³ this change was reflected in both budget funding and cofinancing.⁴

With regard to German public sector clients, commissions received were up by €10 million (2%) due to an increase in the volume of cofinancing; commission postponements from 2021 were the main factor behind this increase. Overall, however, the year-end total was significantly below the planned figure of €623 million. The main reason for not achieving the planned figure in this business sector was that some commissions were either postponed to 2023 or scaled back. In addition, some commissions that were originally planned could not be realised (Afghanistan, Ukraine).

The volume of commissions received in GIZ's other business sectors (small-scale measures in the public-benefit business area and grants) exceeded both the previous year's total by €11 million (42%) and the planned figure for 2022 due to higher allocations from Engagement Global GmbH.

Commissions received at InS

In 2022, InS received commissions with a total value of €314 million, significantly exceeding both the previous year (by €73 million/30%) and the planned figure (by €114 million). The main reasons for exceeding the planned figure were the project Logistical Support for the Federal Admission Programme for Afghanistan (BAP) (€57.9 million) commissioned by the Federal Office for Migration and Refugees (BAMF) and the project European Climate Initiative (EUKI) Funding Programme (transferred from the public-benefit business area with a residual value of €45.3 million) commissioned by the Federal Ministry for Economic Affairs and Climate Action (BMWK), neither of which was anticipated at the time of planning. The total figure includes the following large-scale commissions (≥ €10 million):

- €58 million for the project Logistical Support for the Federal Admission Programme for Afghanistan (BAP) commissioned by the Federal Office for Migration and Refugees (BAMF)
- €48 million for the Project Management Research Networks commissioned by the Federal Ministry of Education and Research (BMBF)
- €45 million for the European Climate Initiative (EUKI) Funding Programme commissioned by the Federal Ministry for Economic Affairs and Climate Action (BMWK)
- €13 million for the project Technology and Career Centres (TCC) commissioned by Emirates National Schools
- €12 million for the project Flexible Instrument for Stabilisation (FIS) Afghanistan commissioned by the Federal Foreign Office

→ €10 million for the project Gestion des Eaux de Ruissellement dans le Tchad Sahélien (GERTS) Phase 4 in Chad on behalf of SDC

Orders on hand

As at 31 December 2022, the total figure for orders on hand stood at €10,216 million, an increase of €51 million (1%) compared with the year-end figure for 2021 of €10,165 million. Out of the total figure for orders on hand, the public-benefit business area and InS accounted for €9,637 million (2021: €9,692 million) and €579 million (2021: €473 million), respectively.

c. Business volume

As planned, GIZ achieved another increase in total business volume in fiscal year 2022. At €3,991 million, the total figure was up by €290 million (8%) compared with the previous year and exceeded the planned figure of €3,761 million by €230 million. The 2022 figure comprises income of €3,791 million from the public-benefit business area (up €225 million year on year and €200 million above the planned figure) and a total operating performance of €200 million at InS (up €65 million year on year and €30 million above the planned figure).

The following table provides an overview of the year-on-year change in business volume for GIZ as a whole and for its individual business areas and sectors. The table is followed by a closer examination of the figures in each category.

Business volume	Actual 2022	Share	Actual 2021	Share	Change
	in € millions		in € millions		
Public-benefit business area total	3,791	95	3,566	96	6
of which BMZ	3,388	85	3,153	85	7
BMZ budget funding	2,859	72	2,595	70	10
Cofinancing for projects commissioned by BMZ	529	13	558	15	-5
of which German public sector clients	377	9	381	10	-1
German public sector clients budget funding	334	8	313	8	7
Cofinancing for projects commissioned by German public sector clients	43	1	68	2	-37
of which other business sectors	26	1	31	1	-16
InS	200	5	135	4	48
GIZ total	3,991	100	3,701	100	8

The figures shown above may contain rounding differences.

³ Due to developments in the federal budget.

⁴ Cofinancing potential declines in line with any reduction in the volume of commissions received from budget funds.

Income in the public-benefit business area

In 2022, GIZ generated income of EUR 3,791 million in the public-benefit business area. This was an improvement of €225 million (6%) year on year and €200 million above the planned figure. This was mainly due to a greater increase in funding out of the 2022 federal budget than had been assumed at the time of planning. At the time, GIZ's planning was based on the initial draft budget produced by the previous Federal Government before the 2021 federal elections.

In the BMZ business sector, income rose by €235 million (7%) to €3,388 million compared with the previous year. This was due to higher income from budget funds, which also pushed the total for this business sector above the planned figure by €265 million.

The main items that led to BMZ sector income exceeding the planned figure were third-party cofinancing (€105 million), the TC budget (€95 million) and other BMZ budgets (€49 million). The growth in income from budget funds was due to the fact that GIZ was able to acquire more funding income from the 2022 federal budget than had been assumed at the time of planning, at which point GIZ's figures were based on the initial draft budget produced before the federal elections.

At €377 million, income in the German public sector clients business sector was nearly unchanged compared to the previous year (€381 million), although more income was generated from budget funds in 2022 (up €21 million) than in the previous year, almost offsetting the declines in third-party cofinancing. Overall, however, income in this sector was €62 million below the planned figure. This was mainly due to the reallocation of commissions described in the section 'Commissions received.'

Income under the heading 'Other business sectors' decreased by €5 million to €26 million compared to the previous year.

Results in the InS business area

InS achieved a total operating performance of €200 million in 2022, exceeding both the figure for the previous year (up €65 million/48%) and the planned figure. This was mainly attributable to two projects – FIS commissioned by the Federal Foreign Office and the EUKI Funding Programme commissioned by BMWK – which were not included in the planning figures.

At InS, the operating result of €5 million was significantly improved compared to the previous year (2021: €3 million). In addition, at €3 million, net income for the year was €2 million higher than planned.

d. Control parameter

The control parameter (the ratio between management costs for the year under review and the four-year average for income in the public-benefit business area) stood at 10.0%, down on the 2021 figure of 10.2% and below the planned figure of 11.5%. This improvement compared to the previous year and the planned total was partly due to a higher four-year average for income. However, management costs were also lower than planned, in particular due to roll-out delays related to the DIGITS Department and the large scale solutions (LSS). In part, this was because staff could not be recruited as planned due to the difficult market situation. At the same time, fewer consulting and programming services were requested from external service providers, some of whom were also experiencing personnel shortages. Additional requirements for projects and delays in the tendering process also had an impact.

e. Use of resources

Personnel

The following table shows a year-end comparison of staff numbers at GIZ for 2022 and 2021.

GIZ workforce (headcount as at reporting date)	Actual	Actual	Change	
	31.12.2022	31.12.2021	absolute	in %
Germany-based staff ¹	2,599	2,541	58	2.3
Project staff in Germany	2,846	2,637	209	7.9
Seconded field staff	2,642	2,708	-66	-2.4
Total public-benefit business area staff	8,087	7,886	201	2.5
Germany-based staff	120	99	21	21.2
Project staff in Germany	38	47	-9	-19.1
Seconded field staff	57	58	-1	-1.7
Total InS staff	215	204	11	5.4
Staff covered by the Collective Bargaining Agreement (MTV) or Public-Sector Remuneration System (TVöD)	8,302	8,090	212	2.6
National staff	17,120	16,887	233	1.4
Total GIZ personnel	25,422	24,977	445	1.8
Development workers	353	431	-78	-18.1
Integrated experts ²	143	177	-34	-19.2
Returning experts ²	257	466	-209	-44.8

¹ Excluding the Management Board and trainees

² Employment contract with local employers in partner countries

As at 31 December 2022, GIZ employed a total of 25,422 staff. This was up by 445 (1.8%) on the year-end figure for 2021.

The number of staff with a German employment contract rose by 201 (2.5%) in the public-benefit business area and by 11 (5.4%) at InS. The year-end figure for national staff was up by 233 (1.4%). The combined total of seconded field staff and national staff increased in 67 countries. The countries with the largest increase were Peru (up 57), Senegal (up 54), Madagascar (up 50), Viet Nam (up 49) and Kenya (up 48). The number of staff working in the field decreased in 46 countries.

A total of 353 development workers were deployed by GIZ, in addition to 143 integrated experts and 257 returning experts who held employment contracts with organisations or companies in partner countries. These numbers are significantly down on the year-end totals for 2021.

Salaries

During the collective bargaining process in 2021, it was agreed for the first time that upper band limits would not be increased. This will place a permanent cap on salary growth within each band. GIZ and ver.di negotiated a collective pay rise of 1.4% from 1 September 2021 and 1.8% from 1 September 2022. The present collective bargaining agreement runs up to 31 March 2023.

Purchases of goods and services

The following table compares the 2022 and 2021 year-end figures for worldwide awards of service and construction contracts, goods procurement orders and financing by GIZ.

Awards and orders ¹	Actual 2022	Actual 2021	Change	
	in € millions	in € millions	in € millions	in %
Head Office service contracts	562	574	-12	-2
Head Office construction contracts	5	239 ¹	-234 ¹	-98 ¹
Head Office financing arrangements	870	956	-86	-9
Head Office goods procurement orders	139	67	72	107
Total Head Office	1,576	1,836	-260	-14
Local service contracts	288	333	-45	-14
Local construction contracts	33	35	-2	-6
Local financing arrangements	79	85	-6	-7
Local goods procurement orders	123	108	15	14
Total local contracts	523	561	-38	-7
Total awards and orders	2,099	2,397²	-298²	-12²

The figures shown above may contain rounding differences.

¹ The term 'awards and orders' refers both to awards of public sector contracts and orders within the meaning of German procurement law (Section 103 of the Act against Restraints on Competition) and awards of funding under financing arrangements.

² The 2021 figure for total awards and orders includes a one-off contract for the new building in Eschborn. This was the main reason for the significant year-on-year reduction.

GIZ concluded contracts totalling around €2,099 million with contractors and financing recipients in 2022. This figure was down 12% compared to the previous year (down 3% after excluding the contract for the new building in Eschborn). Contract awards and orders accounted for 53% of GIZ's total business volume.

Worldwide, financing arrangements in 2022 totalled €949 million (€870 million through Head Office and €79 million at local level). This is equivalent to 45% of total procurement volume, making this the single biggest procurement category. Compared to the previous year, the volume of financing concluded worldwide fell by 9%.

Service contracts were the second-biggest procurement item in 2022 with a total worldwide volume of €850 million (€562 million through Head Office and €288 million at local level). Compared with the previous year, the worldwide volume of service contracts with companies and individuals fell by 6%.

In 2022, the worldwide total for goods procurement stood at € 262 million. Of this figure, € 139 million was attributable to Head Office and € 123 million to country offices. The total figure was up 50% on the previous year, partly due to the large-scale procurement of relief goods for Ukraine.

Across the globe, GIZ concluded construction contracts with a total value of € 38 million in 2022, down 86% year on year. This was mainly due to the contract for the new GIZ Eschborn Campus, which accounted for a large part of the 2021 total.

IV. Proportion of women on the Management Board, the two levels below the Management Board, the Supervisory Board and the Board of Trustees

a. Proportion of women on the Management Board

When managing directors are appointed, GIZ's Articles of Association stipulate that the Supervisory Board should ensure diversity and in particular ensure that an appropriate number of women are considered.

With a view to implementing the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector, the Supervisory Board decided that by 30 June 2017 the Management Board should be made up of an equal number of women and men. To this end, if the Management Board has an odd number of members, the rules of procedure for the Supervisory Board stipulate that the imbalance between men and women should be not more than one seat.

During the period under review, up to 31 October 2022, the Management Board was made up of two women and one man. As such, the proportion of women was 66.66%. From 1 November 2022, following the departure of Ms Gönner, up to 31 December 2022, the proportion of women was 50%.

b. Proportion of women on the two levels below the Management Board

Section 7.1 of Germany's Public Corporate Governance Code – PCGK (see [GIZ's 2022 PCGK Report](#)) requires the disclosure of the proportion of women in management positions, including specifically the two management levels below senior management.

In 2022, the proportion of women on the first level below the Management Board (Band 8) stood at 38.5% (5 women) compared with 46.2% in 2021 (6 women). On the second management level below the Management Board (Band 7), the proportion of women in 2022 was 44.2% (50 women) compared to 44.5% (53 women) in 2021. Overall, the proportion of women on the two levels below the Management Board changed from 44.7% (59 women) in 2021 to 43.7% (55 women) in 2022.

c. Proportion of women on the Supervisory Board

Section 6.2.1 of Germany's Public Corporate Governance Code 2021 stipulates that efforts must be made to ensure that women are equally represented when electing members of supervisory boards. In addition, the company's shareholder also takes account of the German Federal Bodies Act (Bundesgremienbesetzungsgesetz) when making appointments.

In compliance with the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector, the Supervisory Board decided that by 30 June 2017 the Supervisory Board should be made up of an equal number of women and men and amended its rules of procedure accordingly.

As at 31 December 2022, out of the ten members appointed by the shareholder, the number of women stood at five (2021: four) and the number of men at five (2021: six). The ten employee representatives on the Supervisory Board were also made up of five women and five men. As such, the proportion of women on the Supervisory Board as at 31 December 2022 was 50% (2021: 47.37% women and 52.63% men).

d. Proportion of women on the Board of Trustees

In accordance with article 24 of its Articles of Association, GIZ has a Board of Trustees with up to 40 members. As at 31 December 2022, out of a total of 40 trustees, there were 16 women (40%). As a result of changes in board membership, the proportion of women was down on the previous year (2021: 54.05%).

V. Outlook

a. Business forecast

The planned and forecast values for commissions received and income are based on the Management Board's current assessments of future business development. These take into account in particular the results of the meeting held on 10 November 2022 to review the 2023 federal budget, the Federal Government's Medium-term Financial Plan and the results of the institutional and operational dialogue with clients in the public-benefit business area as well as orders on hand and the current acquisition pipeline in GIZ's taxable business area, InS.

Planned totals for commissions received in the public-benefit business area

Looking ahead at the figures for 2023, the planned total for commissions received in the public-benefit business area is €3,974 million. This is €309 million (8%) above the actual figure for 2022, mainly due to postponements from the previous year in the German public sector clients business sector. In the BMZ business sector, the planned total for commissions received in 2023 is €3,260 million. This figure consists of €2,016 million (62%) out of the TC budget, €426 million (13%) in the form of special initiatives, €228 million (7%) under other budget headings and €589 million (18%) from third-party cofinancing.

Compared to the actual figure for 2022, the volume of new commissions in the BMZ business sector is expected to increase by €50 million (2%), mainly out of the TC budget and from cofinancing. With regard to the TC budget in 2023, alongside commissions supported by commitment authorisations, GIZ expects to receive cash-financed commissions out of funds already distributed from the Global Additional Expenditure to Address the COVID-19 Pandemic and the Ukraine Crisis. With regard to cofinancing in 2023, GIZ is now targeting commissions from the EU that were originally expected for 2022. It also aims to boost the volume of new commissions in the German public sector clients business sector. Here, the planned figure of €691 million involves a substantial increase of €273 million (65%) compared to the actual figure for 2022. However, when making this comparison, it is important to note that some commissions originally expected in 2022 were postponed to 2023. This particularly affects commissions linked to the International Climate Initiative and commissions from the Federal Foreign Office.

The 'forecast' total for 2024 is €3,638 million (down €335 million/8% compared to the figure planned for 2023), while the forecast for 2025 is €3,587 million (down €51 million/1% compared to the 2024 forecast value). When determining these forecast amounts, it was assumed that the volume of commissions received from BMZ and from German public sector clients will decline.

Planned totals for commissions received in the InS business area

The plans drawn up by InS envisage a figure of €200 million for commissions received in 2023. At €114 million (36%) below the actual figure for 2022, this is roughly back at the level of the medium-term plan. The reason for the decline is the very high level of commissions received in 2022 (partly due to the reallocation of the EUKI Funding Programme that was previously managed in the public-benefit business area), an increase in the BMBF Research Networks project, additional funding for the FIS Afghanistan project and a new commission under the Federal Admission Programme for Afghanistan (BAP). The forecast totals for 2024 and 2025 are €200 million and €215 million.

Commissions received	Actual 2022	Share	Plan 2023	Forecast 2024	Forecast 2025
	in € millions	in %	in € millions	in € millions	in € millions
Public-benefit business area total	3,665	92	3,974	3,638	3,587
of which BMZ	3,210	81	3,260	3,076	3,058
of which German public sector clients	418	11	691	537	505
of which other business sectors	37	1	23	26	23
InS	314	8	200	200	215
GIZ total	3,979	100	4,174	3,838	3,802

The figures shown above may contain rounding differences.

Business volume

The planned figure for total business volume in 2023 is €4,062 million, comprising income of €3,817 million and a total operating performance of €245 million. This planned figure is €71 million (1.8%) above the actual 2022 total. The forecast business volume totals for 2024 and 2025 are €3,817 million and €3,626 million. The following two sections explain the figures in more detail.

Income in the public benefit business area

The following chart shows actual and projected business volume figures from 2021 to 2025.

Income	Actual 2021	Actual 2022	Plan 2023	Forecast 2024	Forecast 2025
	in € millions	in € millions	in € millions	in € millions	in € millions
BMZ	3,153	3,388	3,250	3,011	2,851
of which TC budget	1,747	1,955	1,875	1,720	1,656
of which special initiatives	583	619	626	576	486
of which other BMZ budgets	265	286	257	215	209
of which third-party cofinancing	558	529	493	500	500
German public sector clients	381	377	535	555	520
of which budget funds	313	334	457	485	470
of which third-party cofinancing	68	43	78	70	50
Other business sectors	31	26	32	31	30
Public-benefit business area total	3,566	3,791	3,817	3,597	3,401

The figures shown above may contain rounding differences.

Total planned income for 2023 is € 3,817 million, which is roughly on par with the actual figure for 2022. In the BMZ business sector, GIZ plans to generate income of € 3,250 million in 2023, comprising € 1,875 million (58%) from the TC budget, € 626 million (19%) from special initiatives,⁵ € 257 million (8%) from other budgets and € 493 million (15%) from third-party cofinancing. While income generated in the BMZ business sector is expected to fall below the actual 2022 figure, planned income for the German public sector clients business sector is higher than the actual 2022 figure, partly due to postponements from the previous year and the expectation of higher funding under the ICI.

With regard to planned income, the main factors are set out below.

→ Based on current budget planning, the cash appropriation under the TC budget is to be reduced by € 56 million (2.8%) to € 1,914 million compared to 2022. Taking into account a share of € 40 million for other governmental TC implementing organisations (PTB and BGR), GIZ anticipates income of € 1,875 million in 2023. Compared to the actual figure for 2022, this corresponds to a decrease of € 80 million (4.1%).

- With the exception of the Decent Work for a Just Transition special initiative, the cash amounts allocated to special initiatives in the 2023 budget are down compared to the 2022 budget. By contrast, it is assumed that the increased funding of around € 1 billion each for BMZ and the Federal Foreign Office under Budget Plan 60 from the Global Additional Expenditure to Address the COVID-19 Pandemic and the Ukraine Crisis will have a positive impact on income.
- Due to the healthy order situation and successfully targeted acquisitions, GIZ is planning for cofinancing income of € 493 million in the BMZ business sector in 2023. This figure is € 36 million (7.3%) below the actual figure for 2022 since GIZ received part of the planned 2023 income in 2022.

Total forecast income for 2024 is € 3,597 million (down € 220 million/6% compared to the planned 2023 figure), while the forecast total for 2025 is € 3,401 million (down € 196 million/5% compared to the forecast total for 2024). Given that cash appropriations for the BMZ budgets relevant to GIZ are set to be reduced, it is anticipated that income from BMZ budget funding will decline going forward. Nevertheless, GIZ aims to maintain a roughly constant level of income from cofinancing. In the German public sector clients business sector, income from cofinancing in particular is expected to decline in the future.

Total operating performance at InS

InS is planning a total operating performance of € 245 million for 2023. This corresponds to an increase of € 45 million (23%) compared to the actual figure for 2022. The increase is due to the high volume of commissions received in preceding years, which are now being implemented more intensively. For 2024 and 2025, InS anticipates a total operating performance of € 220 million and € 225 million respectively.

The planned figures for 2023 show total net income, which includes interest and taxes, of € 1.3 million. For 2024 and 2025, InS is aiming for total net income of € 0.8 million and € 1.0 million, respectively.

Control parameter

In 2023 and in the following years, the control parameter is projected to remain below the upper limit set by the Supervisory Board. On the basis of GIZ's actual and planned income for 2022 to 2025 and planned management costs in 2023, the control parameter is expected to be 11.8%. For the forecast years – assuming declining income and reduced management costs – the control parameter is expected to increase to 12.0% from 2024 onwards.

⁵ SI Transformation of Agricultural and Food Systems, SI Displaced Persons and Host Countries, SI MENA, SI Decent Work for a Just Transition

b. Anticipated use of resources

Personnel forecast

GIZ staff numbers are projected to grow by 1.5% in 2023 compared to the 2022 forecast. After a significant increase in 2022, the total workforce is expected to continue growing in 2023, but at a slightly slower rate than business volume. In the forecast, declining income is expected to push down recruitment levels and lead to a slight decrease across all employee groups in 2024 and 2025.

GIZ staff	Actual 2022	Plan 2023	Forecast 2024	Forecast 2025
Germany-based staff ¹	2,719	2,844	2,799	2,655
Project staff in Germany	2,884	2,842	2,808	2,657
Seconded field staff	2,699	2,761	2,724	2,580
Staff covered by the Collective Bargaining Agreement (MTV) or Public-Sector Remuneration System (TVöD)¹	8,302	8,447	8,331	7,892
National staff	17,120	17,457	16,647	15,815
Total employees¹	25,422	25,904	24,978	23,707

¹ Excluding the Management Board and trainees

Forecast purchases of goods and services

Given the nature of GIZ's business, it is very difficult to predict in any detail the future volume of goods, services and construction contracts and financing arrangements in a given year, as they depend very largely on the specific requirements of each project. The volume of future contracts depends to a considerable extent on the rate at which the business grows. On this basis, reflecting the above forecasts, it can be assumed that the total volume of contracts will remain at a high level in 2023.

c. Risks and opportunities

Risks

GIZ's risk management system promotes risk awareness and allows staff to identify and deal with risks on the basis of standardised procedures. It sets out the principles, processes and roles involved in dealing proactively with potential risks. Risks are identified in a six-month cycle, but organisational units can report ad hoc risks at any time independently of this survey. GIZ's Management Board is kept informed about the risk situation every six months. The Supervisory Board receives this information through the quarterly reporting system.

In 2022, with a view to digitalising GIZ's risk management activities, GIZ procured integrated risk management software that is to be successively rolled out across the organisation in 2023.

GIZ's focus in 2023 and subsequent years will be on the company-wide risks and challenges set out below.

- Current developments show that structural fragility and conflict are part of GIZ's operating environment in an increasing number of countries and regions. In about half of all the countries in which GIZ operates, its ability to deliver services is affected by crises. Due to these different crisis contexts, GIZ is particularly exposed to security and personnel risks, but also to political, strategic and commercial risks that have an impact on costs and can therefore have an adverse impact in terms of achieving project objectives. GIZ has established a professional system of security risk and crisis management in order to minimise those risks in advance and protect assignments in fragile contexts and high-risk countries. In crisis situations, GIZ's wider response includes maintaining intensive communication with affected clients.
- The extent to which macroeconomic developments affect GIZ at its different locations varies, although the energy crisis has an indirect impact on GIZ as a service provider. Budgetary pressures, shifting priorities in development cooperation and domestic policy changes can lead to budget cuts and regional or thematic budget reallocations. The further slight increase in total income expected by GIZ for 2023 is subject to a number of uncertainties. Compared to the 2022 budget, the 2023 federal budget entails a decrease in government spending of 4% (€ 19.5 billion) to € 476 billion. The budget of the Federal Ministry for Economic Cooperation and Development (BMZ) has also been reduced slightly (1.5%) for 2023, and further reductions are possible in the following years. Uncertainties also affect GIZ's income forecasts for 2024 and 2025. Given the direction set by the Medium-term Financial Plan (see above), the prospect of stagnating commitment authorisations (CA) in the TC budget and the Federal Government's debt rules, it must be assumed that income will tend to decline.

- The COVID-19-related risks that constrain GIZ's ability to implement services in partner countries are managed by Head Office units and have become less acute overall.
- With regard to the two construction projects in Bonn and Eschborn, GIZ took out variable-rate loans hedged by interest rate swaps. Accordingly, both loans are in principle subject to the same interest rate risks. For both loans, the agreed variable interest rate for each interest settlement period of the loan term was hedged by interest rate swaps, adjusted to the repayment plan, which each form a valuation unit with the associated loan. The interest rate swaps effectively convert the variable interest expenses for the property loans taken out by GIZ into fixed interest payments. With regard to the total term of the loans (not beyond 2055), this creates a so-called synthetic fixed-interest loan. Profits or losses can only arise – depending on the interest rate level at the time – if the loan is redeemed early.
- Since February 2022, Russia's war of aggression against Ukraine has had a considerable impact on GIZ's work in the field. Staff insecurity, refugee movements and massive cuts in the partner structure make it difficult to continue current measures and necessitate alternative approaches. By changing the way commissions are implemented, GIZ is able to continue working on projects commissioned by the German Government, the EU and other donors. GIZ's total commission volume in Ukraine is currently around €360 million (previous year: €286 million), of which around €75 million was provided last year at short notice for rapid response measures. A further sum of around €100 million is expected in 2023 in the form of special funding. Currently, about 60 German or international and 420 national colleagues (of whom almost 80% are in Ukraine) are working on projects in the country.
- The number of digitalised business processes at GIZ continues to rise. At the same time, there is a growing threat to the company from potential IT security breaches that could have an impact on the delivery of services. This makes it even more important to protect information and documents that are processed digitally. GIZ constantly raises awareness among its employees about possible threats and monitors the threat situation through the DIGITS Department and the Information Governance Unit. GIZ has already responded to this risk by investing in two large-scale solutions (LSS), namely S4GIZ and ISMS Setup (Information Security Management System, ISO 27001 certification for the entire company with additional BSI IT Grundschutz certification for the support structure), that digitalise and systematise its processes in a standardised form with the appropriate level of protection.
- GIZ's pension schemes are reviewed on a regular basis to take account of changes in the actuarial parameters, actual life expectancies and changes in the minimum/fund assets for the pension obligations outsourced to Deutscher Pensionsfonds AG and GIZ Unterstützungskasse GmbH. In the previous year, Deutscher Pensionsfonds AG's own calculations showed there was a risk of an actuarial deficit in the ten-year period under review. This risk was addressed in the first quarter of 2022 by making a one-off contribution of around €95 million to the pension fund. As a

result of this top-up and the reduced minimum assets, no further top-up risks are anticipated for the next few years.

- In principle, the risk of cost increases for the new Eschborn campus development lies with the project developer due to the contractually agreed fixed price. The project developer has cited 'frustration of contract' due to the Ukraine war and its consequences. However, the risk is currently assessed as low since the project developer has not yet provided any evidence of frustration of contract.

GIZ will analyse and evaluate the impact of these risks on future results in its interim forecasts.

Opportunities

The wide range of risks described in the previous section show that GIZ continues to operate in a very challenging environment in 2023. At the same time, numerous opportunities can be identified. GIZ intends to focus its efforts this year on harnessing these opportunities, and they are set out accordingly in the new corporate strategy.

- The Federal Government that took office at the end of 2021 has established new priorities. Plans to set them out in greater detail were delayed by Russia's attack on Ukraine and by the need to respond at short notice. Since then, however, our clients have caught up with their detailed programming, and there appear to be extensive opportunities for GIZ to contribute in an advisory and implementation role. In particular, the focus on transformation agendas and the need to address them through an overarching response matches the company's holistic approach and is reflected in the wording of both Destination GIZ 2028 and the resulting corporate strategy. GIZ sees particular opportunities in connection with the additional €5 billion in funding made available through Budget Plan 60 under the heading Global Additional Expenditure to Address the COVID-19 Pandemic and the Ukraine Crisis, out of which BMZ and the Federal Foreign Office will each receive an additional sum of roughly €1 billion for 2023.
- Under the German presidency, various development policy issues were prioritised in the G7 despite the challenging security situation. The focus, for example, on climate change, food and energy security, strengthening global health and democracies, as well as economic stability and transformation, confirms the priorities set by the German Government. This means that GIZ's contributions are also very compatible internationally.

→ With regard to business development, the positive trend in GIZ's EU business in particular gives cause for optimism (actual commissions received in 2022 of € 314.5 million vs planned commissions received in 2023 of around € 376.5 million). The German Government's declared goal of making its foreign and development policy more European and its clear commitment to Team Europe initiatives (for example in the current Africa strategy) should help to stabilise this trend. Here, too, GIZ has shown foresight by adopting a specific strategic goal on partnership and cooperation.

Non-financial declaration

Details of the non-financial declaration required by section 289b HGB can be found online in GIZ's Integrated Company Report. This report meets the requirements set out by the Global Reporting Initiative and the UN Global Compact and is available to download at <https://reporting.giz.de/2022/>. We also produce a biannual report based on the German Sustainability Code.

Bonn/Eschborn, 16 May 2023

The Management Board

Thorsten Schäfer-Gümbel
Chair of the Management Board

Ingrid-Gabriela Hoven
Member of the Management Board

The background features a series of thin, yellow, wavy lines that create a sense of movement and depth, flowing from the top right towards the bottom left.

02

**Annual
statement of
accounts 2022**

Balance sheet

Balance sheet as at 31 December 2022

Assets		Notes	31.12.2022	31.12.2021
			in €	in €'000
A. Fixed assets				
I. Intangible assets	(1)			
1. Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets		2,955,386.48	3,727	
2. Advance payments		1,213,867.18	4,169,253.66	2,213
				5,940
II. Tangible assets				
(1)				
1. Land, land rights and buildings, including buildings on third-party land		293,300,211.90	302,652	
2. Other plant, operating and office equipment		23,310,525.00	22,204	
3. Advance payments and assets under construction		106,394,043.87	423,004,780.77	61,526
				386,382
III. Financial assets				
(2)				
1. Shares in affiliated companies		25,000.00	25	
2. Participating interests		535,862.01	536	
3. Securities held as fixed assets		202,667,845.23	202,668	
4. Other loans		151,239.58	207	
5. Claims from administrative costs credit		18,045,448.88	221,425,395.70	18,560
				221,996
			648,599,430.13	614,318
B. Current assets				
I. Inventories				
(3)				
1. Projects in process		35,053,280.77	31,454	
2. Advance payments		1,234,619,970.44	1,269,673,251.21	1,083,012
				1,114,466
II. Receivables and other assets				
(4)				
1. Trade receivables		60,939,302.75	56,406	
2. Receivables from affiliated companies		0.00	196	
3. Project-related assets		258,386,875.27	238,577	
4. Other assets		102,668,647.47	421,994,825.49	23,445
				318,624
III. Cash in hand, Central Bank balances, bank balances				
			730,912,967.96	730,082
			2,422,581,044.66	2,163,172
C. Prepaid expenses				
			9,727,166.71	9,779
			3,080,907,641.50	2,787,269
Off-balance sheet item	(9)			
Trust assets € 4,395,029 (2021: € 5,414 thousand)				

The figures shown above may contain rounding differences of +/- one unit (€).

Shareholder's Equity and Liabilities

	Notes	31.12.2022		31.12.2021	
		in €		in €'000	
A. Shareholder's equity					
I. Subscribed capital	(5)	20,452,000.00		20,452	
Subscribed capital unpaid		-11,759,713.27		-11,760	
Called-up capital		8,692,286.73		8,692	
II. Capital reserve	(5)	5,112,918.81		5,113	
III. Revenue reserves					
Reserves as per Articles of Association	(6)	346,080,974.78		280,211	
IV. Unappropriated profit		0.00	359,886,180.32	0	294,016
B. Provisions					
1. Provisions for pensions and similar obligations		139,390,495.00		139,390	
2. Provisions for taxes		2,792,013.87		1,025	
3. Other provisions		162,895,940.61	305,078,449.48	163,779	304,194
C. Liabilities					
1. Liabilities to banks	(8)	121,525,286.68		80,413	
2. Advance payments received		2,186,366,317.00		2,006,207	
3. Trade payables		74,633,363.03		73,745	
4. Liabilities to affiliated companies		10,087,714.18		1,449	
5. Other liabilities		22,434,071.43	2,415,046,752.32	26,124	2,187,938
– of which relating to taxes € 19,352,150.79 (2021: € 24,108 thousand)					
– of which relating to social security € 0 (2021: € 0 thousand)					
D. Deferred income			896,259.38		1,121
			3,080,907,641.50		2,787,269
Off-balance sheet item	(9)				
Trust liabilities € 4,395,029 (2021: € 5,414 thousand)					

Profit and loss account

Profit and loss account for the period from 1 January to 31 December 2022

	Notes	2022		2021	
		in €		in €'000	
1. Turnover	(10)	3,763,238,384		3,298,029	
2. Change in projects in process		3,599,619		-2,702	
3. Other capitalised services	(1)	496,075		1,951	
Total operating performance			3,767,334,077		3,297,278
4. Other operating income	(11)		99,775,563		15,315
5. Cost of materials	(12)				
a) Purchased goods		222,255,553		202,473	
b) Purchased services		1,898,935,848	2,121,191,401	1,605,021	1,807,494
6. Personnel costs	(13)				
a) Wages and salaries		1,193,580,006		1,091,218	
b) Social security, retirement pension and support costs – of which in respect of retirement pensions: € 186,325,183 (2021: € 88,042,146)		372,338,584	1,565,918,590	255,400	1,346,618
7. Amortisation and depreciation of intangible and tangible fixed assets			18,756,235		19,376
8. Other operating expenses	(14)		92,724,302		96,550
9. Income from other securities and loans of financial fixed assets			16,792		20
10. Other interest and similar income			1,036,334		58
11. Interest and similar expenses	(15)		1,800,476		1,299
12. Taxes on income	(16)		1,785,473		419
13. Earnings after taxes			65,986,287		40,915
14. Other taxes			116,088		250
15. Net profit for the year			65,870,200		40,665
16. Transfer to the reserves prescribed in the Articles of Association			-65,870,200		-40,665
17. Unappropriated profit			0		0

The figures shown above may contain rounding differences of +/- one unit (€).

Notes to the accounts 2022

Notes to the balance sheet and the profit and loss account

As at the balance sheet date of 31 December 2022, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, qualifies as a large corporation within the meaning of section 267, paragraph 3 of the German Commercial Code (HGB). GIZ's annual statement of accounts is prepared in accordance with the provisions of the HGB for large corporations and the supplementary provisions of the German Limited Liability Companies Act (GmbH-Gesetz). The fiscal year corresponds to the calendar year. To improve the clarity of presentation, the item 'Project-related assets' has been added in the balance sheet. The profit and loss account is classified using the total cost method. The legally required information on the balance sheet and the profit and loss account is provided in the notes to the accounts.

As provided for in section 296, paragraph 2, number 1 HGB, GIZ is not required to draw up consolidated financial statements and a consolidated management report as its subsidiaries are of subordinate importance with regard to the company's statutory obligation to provide a true and fair view of its assets, financial position and income.

General notes on accounting and valuation methods

Accounting and valuation methods

The accounting and valuation methods used by GIZ have not changed compared with the previous year.

Fixed assets

Intangible and tangible assets

Intangible and tangible assets are shown at purchase or production cost less amortisation or depreciation based on the useful life of the assets as determined by the specific depletion of value in operating activities. Scheduled depreciation is calculated on a straight-line basis (pro rata temporis). The following table sets out the useful lives of the main asset groups.

	Years
IT programs, other rights	3 – 7
Business, operational and other buildings	5 – 50
Machinery and equipment	5 – 19
Other technical equipment, plant and machinery	4 – 10
Operating and office equipment	3 – 14

The Meander Building and the Campus in Bonn are depreciated over 33 years, the office building in Berlin over 40 years and Kottenforst Campus in Bonn over 50 years. Land with buildings and rights of use in partner countries are depreciated over a period of between eight and 20 years.

A collective item is formed in the year of purchase for low-value assets (LVA) with purchase costs between €250 and €1,000. This is depreciated on a straight-line basis over five years.

Grant-financed fixed assets are financed entirely through investment grants. Investment grants have been deducted from the acquisition costs.

Newly constructed buildings are capitalised at production cost. Production cost includes individually attributable costs from the deployment of personnel and an appropriate share of production overheads.

Financial assets

Financial assets are valued at the lower of purchase cost and fair value. Lower valuations are applied where sustained impairment is anticipated. If the reasons for recognising write-downs on financial assets in previous years no longer apply, those assets are written up.

Under 'Other loans,' the long-term loans provided to help staff purchase residential property for their own use were discounted at 2.5% per year. Otherwise, figures are shown at nominal value.

Current assets

Current assets are valued strictly at the lower of purchase or production cost.

Projects in process are recognised at purchase or production cost, including an appropriate portion of overhead costs. Advance payments made and receivables are stated at nominal value less individual and general bad debt allowances.

'Project-related assets' is a special GIZ balance sheet item allowing a better insight into the company's assets and financial position. This item includes the cash and bank balances of projects, as well as receivables and corresponding liabilities.

Other assets are stated at their nominal value. In accordance with section 253 HGB, other assets with a remaining term of more than one year are discounted in line with their remaining term using the corresponding average market interest rate (published by the German Bundesbank) and shown at present value.

Cash in hand and balances at banks are stated at nominal value unless a lower fair value measurement is required in individual cases.

Receivables and payables in foreign currencies

Long-term receivables and payables denominated in foreign currencies are valued at the lower or higher of cost or market respectively. Short-term receivables and payables in foreign currencies as well as balances at banks with terms to maturity of up to one year are translated using the average spot exchange rate on the balance sheet date. Non-convertible currencies are not translated or revalued. Receivables and payables that are denominated in foreign currencies and shown in the balance sheet under the item 'Project-related assets' are recognised using the exchange rate for the original posting. This is because these receivables and payables are always settled in the same foreign currency based on the euro equivalent on the date of the original posting.

Prepaid expenses

Expenses incurred before the reporting date are shown as 'prepaid expenses' if they relate to expenditure for a specific period after the reporting date.

Equity

Both subscribed capital and the capital reserve are shown at nominal value.

Provisions

Provisions are recognised at the settlement amount deemed necessary according to prudent business judgement. In calculating this amount, any direct compensation claims are deducted from the total obligation.

In fiscal year 2015, GIZ outsourced the company pension scheme entitlements accrued by its staff up to 30 June 2015 ('past service') under 'Collective bargaining agreement no. 3 covering retirement, invalidity and surviving dependants' pensions for Head Office employees' (old company pension scheme/alte bAV) to Deutscher Pensionsfonds AG. In 2016, the remaining entitlements were outsourced as at 1 September 2016 to GIZ Unterstützungskasse GmbH, which was formed in 2015.

The liabilities incurred up to 31 December 2015 under the collective bargaining agreement on pensions dated 1 March 2004 (bAV 2005) were outsourced to Deutscher Pensionsfonds AG in fiscal year 2017. Entitlements accrued from 1 January 2017 ('future service') are settled by GIZ Unterstützungskasse GmbH.

As outsourced pension obligations will be met in future by Deutscher Pensionsfonds AG and GIZ Unterstützungskasse GmbH, they are classified as indirect obligations.

To finance pension obligations outsourced to Deutscher Pensionsfonds AG, assets were transferred during the outsourcing process. In 2022, following a request by Deutscher Pensionsfonds AG, GIZ paid an additional sum (top-up) into the cover fund to ensure that it continued to hold the minimum level of assets required under insurance law in the coming years. This top-up is treated in full as personnel expenses. Under its General Agreement with the Federal Government, GIZ is entitled to claim back the portion of this top-up corresponding to the public-benefit business area from the shareholder. Accordingly, the portion it is entitled to charge to the shareholder in future years was capitalised at present value under other assets.

GIZ has chosen to exercise the option provided for in Article 28, paragraph 1, sentence 2 of the Introductory Act to the German Commercial Code (EGHGB) to show indirect pension obligations as provisions in the balance sheet. On each reporting date, the total sum required in order to meet GIZ's pension obligations less all pension provisions established in GIZ's financial statements less the fair value of the assets held by the pension providers in the pension fund and provident fund must be disclosed as a funding deficit in the notes.

The main actuarial parameters used by GIZ as at 31 December 2022 are detailed in section '(7) Provisions.'

One actuarially calculated provision (accident benefit) was valued according to the projected unit credit method, using the Heubeck 2018 G mortality tables of Prof. Dr Klaus Heubeck.

In accordance with section 253, paragraph 2, sentence 1 HGB, other provisions with a remaining term of more than one year were discounted in line with their remaining term using the corresponding average market interest rate (published by the German Bundesbank) for the previous seven fiscal years.

Liabilities and advance payments received

Liabilities are reported at their settlement amount.

Advance payments received are recognised at their nominal value.

Deferred income

Income before the reporting date is shown as 'deferred income' if it relates to income for a specific period after the reporting date.

Derivative financial instruments

Derivative financial instruments, as pending transactions, are generally not capitalised. Unrealised losses from derivative financial instruments are recognised as provisions and affect income unless those instruments form part of a valuation unit and the losses are offset by opposite movements in the value of the underlying transaction. Underlying transactions and their associated derivatives are combined into valuation units. These are recognised in the balance sheet using the net hedge presentation method.

Deferred taxes

Deferred taxes result from the following temporary differences.

Balance sheet item	31.12.2022	Tax rate	31.12.2022
	Difference between statutory and tax accounts		Deferred taxes
	in €'000	in %	in €'000
Cash in hand, Central Bank balances, bank balances	0	28.048	0
Other receivables	- 407	28.048	- 114
Provisions for pensions and similar	25,835	28.048	7,246
Obligations	3,252	28.048	912
Other provisions	2	28.048	1
Other liabilities	28,682		8,045

As at the balance sheet date, there were net deferred tax assets of € 8,045,000.

Deferred taxes are recognised on differences between the statutory accounts and the tax accounts if it is likely that the differences will be reversed over subsequent fiscal years. Deferred tax is calculated on the basis of an effective tax rate of 28.048% that is expected to apply when the differences are reversed. Deferred tax assets and deferred tax liabilities are netted off against each other in the accounts. If the figure for deferred tax assets exceeds that for deferred tax liabilities on the balance sheet date, GIZ does not exercise the option to capitalise deferred tax assets provided for under section 274, paragraph 1, sentence 2 HGB.

Profit and loss account

Appropriation of profits

GIZ's Articles of Association stipulate that profits must only be used for those public-benefit purposes approved under the Articles of Association.

An amount equal to the annual net profit of € 65.9 million was transferred to the reserves provided for in the Articles of Association.

Notes to the balance sheet

(1) Intangible and tangible assets

Changes in fixed assets are shown in the appendix to the notes (Changes in fixed assets in fiscal year 2022).

(2) Financial assets

In fiscal year 2015, GIZ formed its own provident fund under the name of GIZ Unterstützungskasse GmbH (registered office in Bonn, Germany) and is the sole owner. As at 31 December 2022, the equity of GIZ Unterstützungskasse GmbH stood at € 25,000. The net profit/loss for the fiscal year was € 0.

Since 2010, GIZ has also held a 49% equity investment in sequa gGmbH, whose registered office is in Bonn. This holding is recognised at purchase cost (€ 535,862). In fiscal year 2021, the equity of sequa gGmbH totalled € 4,972,880, with a surplus for the year of € 579,267. As of this writing, the annual accounts as at 31 December 2022 were not yet available.

The item 'Securities held as fixed assets' contains a security-based investment fund established by GIZ at UBS. The securities are shown at their purchase cost of € 202,667,845. As at the balance sheet date, the market value of the portfolio held in the security-based investment fund was € 197,845,096. As the impairment is not regarded as permanent, the asset has not been written down.

The administrative costs credit is accounted for separately and administered by Deutscher Pensionsfonds AG. The pension fund submits an annual report to GIZ on changes in the administrative costs credit and the current balance. As at 31 December 2022, the administrative costs credit is shown at historic cost (less excluded costs) of € 18,045,449.

(3) Inventories

Advance payments made

Out of the total figure of € 1,234,619,970, advances of € 46,369,266 are covered by guarantees. A general valuation allowance of 1% has been recognised for advance payments. In total, advance payments made of € 234,739,057 (previous year: € 191,131,302) have a term of over one year.

Advance payments made by contract type	2022	2021
	in €	in €
Financing agreements	1,087,185,810	965,862,597
Service contracts	108,908,372	111,606,552
Procurement of materials and equipment	57,998,710	20,643,282
Funds administered by GIZ (twinning)	39,001	18,095
Other	234,430	125,768
Impairment	- 12,603,502	- 11,052,667
VAT not yet offset on advance payments made	- 7,142,851	- 4,191,320
Total	1,234,619,970	1,083,012,307

(4) Receivables and other assets

	2022				2021			
	Residual term		Total 2022	of which from shareholder ¹	Residual term		Total 2021	of which from shareholder ¹
	less than 1 year	over 1 year			less than 1 year	over 1 year		
	in €	in €	in €	in €	in €'000	in €'000	in €'000	in €'000
1. Trade receivables								
- Public-benefit business area	28,192,389	0	28,192,389	25,713,743	29,297	0	29,297	28,289
- InS	32,746,914	0	32,746,914	6,589,992	27,109	0	27,109	2,589
	60,939,303	0	60,939,303	32,303,735	56,406	0	56,406	30,878
2. Receivables from affiliated companies	0	0	0	0	197	0	197	0
3. Project-related assets								
- Cash and balances at banks	60,077,611	0	60,077,611	0	55,095	0	55,095	0
- Partnership services advanced	27,866,672	0	27,866,672	0	22,740	0	22,740	0
- Receivables, other	198,802,297	0	198,802,297	0	185,792	0	185,792	0
- Liabilities, other	- 28,359,705	0	- 28,359,705	0	- 25,050	0	- 25,050	0
	258,386,875	0	258,386,875	0	238,577	0	238,577	0
4. Other assets								
Receivables								
- from premium, see (5)	0	4,090,335	4,090,335	4,090,335	0	4,090	4,090	4,090
- from rent advances abroad	2,323,521	94,890	2,418,411	0	2,214	9	2,223	0
- from staff for travel and other advances	4,449,140	378,652	4,827,792	0	2,458	300	2,758	0
- from the tax authorities	173,434	0	173,434	0	1,672	0	1,672	0
- Other	22,595,056	68,563,619	91,158,675	76,686,779	12,676	25	12,701	0
	29,541,151	73,127,496	102,668,647	80,777,114	19,020	4,424	23,444	4,090
	348,867,329	73,127,496	421,994,825	113,080,849	314,200	4,424	318,624	34,968

¹ From 2021, including all ministries.

In the previous year, the item 'Receivables from affiliated companies' related to other receivables from GIZ Unterstützungskasse GmbH.

Under German public price law, the pension fund top-up is chargeable to the shareholder over a number of years. The item 'Other assets' includes €76,686,779 in respect of the portion not yet reclaimed. As this is a long-term receivable over nine years, the amount is recognised at present value.

(5) Capital (through payment)

	2022	2021
	in €	in €
Subscribed capital	20,452,000	20,452,000
Capital reserve	5,112,919	5,112,919
Less:		
Subscribed capital unpaid	11,759,713	11,759,713
Premium due, see (4)	4,090,335	4,090,335

The item 'Subscribed capital unpaid' refers to those parts of the capital increase made in accordance with the shareholder resolution of 23 June 1978 (and entered in the commercial register) that have not yet been called up. The last two items should be regarded as risk capital and can be called up if needed subject to the agreement of the shareholder.

(6) Reserves provided for in the Articles of Association

Changes in reserves provided for in the Articles of Association

	in €
Brought forward as at 1 January 2022	280,210,775
Net profit for the year transferred to reserves	65,870,200
Total as at 31 December 2022	346,080,975
Of which:	
– tied reserves	297,898,607
– untied reserves	48,182,368
	346,080,975

(7) Provisions

Provisions for pensions and similar obligations

Provisions are still recognised in respect of the pension liabilities outsourced from 2015 to 2017 under the old (pre-2005) company scheme (alte bAV) and the 2005 scheme. These provisions were frozen at the time of outsourcing at the level stated in the balance sheet.

Entitlements under the pre-2005 (alte bAV) and 2005 schemes are classed as indirect obligations. GIZ exercises the option granted under Article 28, paragraph 1, sentence 2 of the Introductory Act to the German Commercial Code (EGHGB) to show these indirect pension obligations as balance sheet liabilities. On each reporting date, the total sum required in order to meet GIZ's pension obligations less all frozen pension provisions less the fair value of the assets held by the pension providers in the pension fund and provident fund must be disclosed as a funding deficit in the notes.

The corresponding settlement amounts were actuarially calculated using the average market interest rate for the last ten years as published by the German Bundesbank, based on an expected remaining term of 15 years. As at 31 December 2022, the difference for the past service scheme was € 54,789,833 compared with the figure based on discounting using the average market interest rate for the last seven years (1.45%). As at 31 December 2022, the difference for the future service scheme was € 45,441,718. The differences are subject to a bar on distribution.

The main actuarial parameters are listed in the following table.

	in %
Actuarial interest rate	1.80
Rate of pension increase during the qualifying period (2005 company pension scheme/bAV 2005)	4.88
Rate of pension increase during the qualifying period (pre-2005 company pension scheme/alte bAV)	3.30
Rate of increase in 2005 company pension scheme, annual	1.00
Rate of increase in old (pre-2005/alte bAV) company pension scheme, annual	1.00
Trend in social security contribution assessment ceiling, annual	3.00
Fluctuation, scaled according to age (previous year: up to 12%)	0.00

The actuarial parameters were adjusted as at 31 December 2022. In contrast with the previous year, the fluctuation parameter was not included when calculating the obligations. Excluding the fluctuation parameter has no impact on the calculation of the settlement amount for 'past service' and 'future service' under the 2005 pension scheme and no material impact on the calculation of the settlement amount for 'future service' under the old pension scheme (alte bAV).

At the beginning of the year, an additional sum (top-up) of € 94,962,541 was paid into the pension fund to avoid a future funding deficit as projected by the actuary. As at 31 December 2022, despite the top-up, the pension fund deficit was slightly higher year on year due to pension fund disbursements of € 27,124,192 and a decline in the total fund value of € 76,851,773.

	in €
Settlement amount	828,926,500
Pension fund assets	511,894,099
Frozen pension provisions	67,341,889
Funding deficit	249,690,512

As at 31 December 2020, there was a funding deficit of € 34,469,591 in respect of the indirect obligations to be settled by GIZ Unterstützungskasse GmbH (Bonn).

	in €
Settlement amount	487,915,755
Provident fund assets	22,573,565
Cash surrender value of employer's liability insurance	358,823,993
Frozen pension provisions	72,048,606
Funding deficit	34,469,591

Other provisions

Provisions for commitments in respect of phased retirement (Altersteilzeit) and benefits were determined in accordance with actuarial methods. Maturity-congruent average market interest rates for the previous seven fiscal years of 0.75% and 1.44% were used.

Obligations totalling €233,341 for phased-retirement schemes were offset against a fixed-term, non-interest bearing deposit (cover fund) of €150,000. Fair value corresponds to cost.

Provisions for long-term working-time accounts are recognised at fair value in line with the rules for securities-based pension obligations pursuant to section 253, paragraph 1, sentence 3 HGB.

Other provisions with a remaining term of more than one year were valued using the average market interest rate of the previous seven fiscal years in line with their remaining term.

The main other provisions recognised are listed in the following table.

	2022	2021
	in €	in €
Working-time accounts	80,579,255	67,697,110
Warranty and costing risks	24,068,697	33,770,150
Variable remuneration	14,806,587	14,855,457
Leave credits	12,679,334	15,294,064
Outstanding administrative costs	6,665,686	5,050,406

(8) Liabilities

	Residual term			Total 2022 in €	of which to shareholder in €
	< 1 year in €	> 1 year in €	of which > 5 years in €		
1. Liabilities to banks	8,928,287	112,597,000	61,477,000	121,525,287	0
2. Advance payments received					
– Public-benefit business area	2,128,151,172	0	0	2,128,151,172	2,095,927,167
– InS	117,585,930	0	0	117,585,930	57,413,280
– Valuation adjustments	– 82,816	0	0	– 82,816	0
	2,245,654,286	0	0	2,245,654,286	2,153,340,447
Less					
– VAT not yet offset on advance payments received	– 59,287,969	0	0	– 59,287,969	– 56,414,373
	2,186,366,317	0	0	2,186,366,317	2,096,926,074
3. Trade payables	74,633,363	0	0	74,633,363	0
4. Liabilities to affiliated companies	10,087,714	0	0	10,087,714	0
5. Other liabilities	21,525,985	908,086	302,994	22,434,071	0
	2,301,541,666	113,505,086	61,779,994	2,415,046,752	2,096,926,074

	Residual term			Total 2021 in €'000	of which to shareholder in €'000
	< 1 year	> 1 year	of which > 5 years		
	in €'000	in €'000	in €'000		
1. Liabilities to banks	8,936	71,477	35,957	80,413	0
2. Advance payments received					
- Public-benefit business area	1,949,459	0	0	1,949,459	1,919,746
- InS	108,329	0	0	108,329	55,762
- Valuation adjustments	317	0	0	317	0
	2,058,105	0	0	2,058,105	1,975,508
Less					
- VAT not yet offset on advance payments received	- 51,897	0	0	- 51,897	- 49,149
	2,006,208	0	0	2,006,208	1,926,359
3. Trade payables	73,745	0	0	73,745	0
4. Liabilities to affiliated companies	1,449	0	0	1,449	0
5. Other liabilities	25,109	1,015	434	26,124	0
	2,115,447	72,492	36,391	2,187,939	1,926,359

The item 'Liabilities to affiliated companies' consists of other liabilities towards GIZ Unterstützungskasse GmbH.

Loan agreements

1. GIZ Bonn Campus loan

GIZ has a loan agreement with Postbank, a branch of Deutsche Bank AG, covering the purchase of land and construction of the GIZ Campus in Bonn. The agreement runs up to 2 January 2031. The loan amount is € 104,037,000. The amount still repayable by GIZ as at the reporting date was € 71,477,000.

As security for this loan, a registered land charge of € 84,037,000 plus annual interest of 15% and a one-off fee of 10% was entered in the land registry against the GIZ Campus in Bonn. An additional registered land charge of € 65,100,000 plus annual interest of 15% and a one-off fee of 10% was entered against the Meander property.

The property loan is covered by an interest rate swap agreement. For each month of the loan term, the agreed variable interest rate (fixed margin plus one-month EURIBOR) has been hedged by means of monthly interest rate swaps adjusted to the repayment plan, each of which forms a single valuation unit with the associated loan. The interest rate swap agreement effectively converts the variable interest expenses on the property loan into fixed interest payments of 0.76% per annum.

Underlying transaction/hedge	Risk/type of valuation unit	Amount included
Variable loan interest payment/interest rate swap	Interest rate risk/ microhedge	€ 71,477,000

The underlying transaction is a variable-interest loan with a term up to January 2031. By this date, opposite movements in the valuations of the underlying transaction and the hedge are expected to balance each other out.

The prospective effectiveness of the hedge (i.e. for the planning period from inception of the hedge and on each balance sheet date up to expiry of the hedging relationship) was substantiated by matching the corresponding terms of the hedged transaction and the hedging instrument using the critical terms match method and documenting the results. All the parameters (nominal value, term and reference indices) match the underlying transaction and the hedging instrument.

The retrospective effectiveness of the hedge (i.e. the 'actual' figures on the balance sheet date) was substantiated using the critical terms match method. These items are recognised for accounting purposes using the net hedge presentation method.

2. GIZ Eschborn Campus loan

GIZ has a loan agreement with Deutsche Bank AG covering the purchase of land and construction of the GIZ Campus in Eschborn. The agreement runs up to 28 February 2055. The loan amount is € 230,000,000. The amount repayable by GIZ as at the reporting date was € 50,000,000.

As security for this loan, a registered land charge of €230,000,000 plus annual interest of 15% and a one-off fee of 10% was entered in the land registry against the GIZ Campus in Eschborn. The registered land charges of €65,100,000 and €84,037,000 used as security for the loan under 1 (see above) were included as additional security for the overall exposure under both loans.

This property loan is covered by an interest rate swap agreement. For each quarter of the loan term, the agreed variable interest rate (fixed margin plus three-month EURIBOR) has been hedged by means of quarterly interest rate swaps adjusted to the repayment plan, each of which forms a single valuation unit with the associated loan. The interest rate swap agreement effectively converts the variable interest expenses on the property loan into fixed interest payments of 2.093% per annum.

Underlying transaction/hedge	Risk/type of valuation unit	Amount included
Variable loan interest payment/interest rate swap	Interest rate risk/microhedge	€ 50,000,000

The underlying transaction is a variable-interest loan with a term up to February 2055. By this date, opposite movements in the valuations of the underlying transaction and the hedge are expected to balance each other out.

The prospective effectiveness of the hedge (i.e. for the planning period from inception of the hedge and on each balance sheet date up to expiry of the hedging relationship) was substantiated by matching the corresponding terms of the hedged transaction and the hedging instrument using the critical terms match method and documenting the results. All the parameters (nominal value, term and reference indices) match the underlying transaction and the hedging instrument.

The retrospective effectiveness of the hedge (i.e. the 'actual' figures on the balance sheet date) was substantiated using the critical terms match method. These items are recognised for accounting purposes using the net hedge presentation method.

(9) Off-balance sheet item: trust assets/trust liabilities

	2022	2021
	in €	in €
Intangible and tangible assets	4,395,029	5,414,428

Assets of €4,395,029 are matched by corresponding liabilities.

Notes to the profit and loss account

(10) Turnover

Turnover by business area

	2022	2021
	in €	in €
Business contracts	3,533,088,164	3,139,055,265
Grant-based (incl. GIZ-initiated measures with third-party financing)	31,295,711	26,746,522
Public-benefit business area	3,564,383,875	3,165,801,787
InS	198,854,509	132,227,151
	3,763,238,384	3,298,028,938

By location of commissioning party

	2022		2021	
	in €	in %	in €	in %
Federal Republic of Germany	3,678,910,415	98	3,220,869,346	98
Rest of Europe	68,768,540	2	68,390,715	2
Africa	342,871	< 1	479,395	< 1
Americas	9,021,892	< 1	3,628,907	< 1
Asia	6,194,666	< 1	4,660,575	< 1
	3,763,238,384		3,298,028,938	

By region of activity

	2022		2021	
	in €	in %	in €	in %
Africa	1,249,450,479	33	1,133,495,164	34
Americas	248,847,468	7	210,259,328	6
Asia	829,551,753	22	751,798,286	23
Europe	323,136,674	9	266,156,784	8
Oceania	3,235,987	< 1	4,840,903	< 1
Supraregional	1,109,016,023	29	931,478,473	28
	3,763,238,384		3,298,028,938	

Turnover by commissioning party in the public-benefit business area:

	2022	2021
	in €	in €
Federal Ministry for Economic Cooperation and Development	3,191,496,067	2,789,348,409
Federal Ministry for Economic Affairs and Climate Action	217,280,612	31,992,563
Federal Foreign Office	96,476,826	106,124,433
Engagement Global gGmbH	28,418,135	22,311,925
Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection	10,454,896	189,887,377
Federal Office for Migration and Refugees	2,311,828	2,286,398
Federal Ministry for Digital and Transport	1,972,259	899,698
Federal Ministry of Defence	1,679,684	3,113,130
Federal Ministry of Labour and Social Affairs	1,607,859	1,010,307
Other turnover	12,685,709	18,827,547
	3,564,383,875	3,165,801,787

Turnover by commissioning party at InS:

	2022	2021
	in €	in €
European Union	42,623,754	42,073,960
Federal Foreign Office	39,952,909	11,569,493
Federal Ministry for Economic Affairs and Climate Action	19,021,837	1,920,830
BMZ (InS)	12,492,018	4,832,454
Federal Ministry of Education and Research	6,935,507	8,104,163
German Aerospace Center	6,056,027	4,614,082
Agence Française de Développement	5,819,688	3,294,064
Alliance To End Plastic Waste	5,671,630	1,140,852
Federal Employment Agency (Triple Win)	4,046,276	3,140,103
Other turnover	56,234,863	51,537,150
	198,854,509	132,227,151

(11) Other operating income

Breakdown of other operating income:

	2022	2021
	in €	in €
Income from reversal of provisions	15,489,269	4,754,818
Income from foreign currency valuations	2,684,629	2,376,560
Income from administration cost refunds	2,353,765	2,095,437
Income from insurance refunds	1,020,703	3,980,956
Income from reversal of impairment losses	799,061	600,920
Income from the pension fund top-up	76,686,779	0
Other income	741,357	1,506,547
	99,775,563	15,315,238

Income not related to the period under review was €93,295,050 (previous year: €10,333,771). This income mainly pertains to GIZ's entitlement to reimbursement of the top-up by the shareholder and the reversal of provisions.

(12) Cost of materials

	2022	2021
	in €	in €
Cost of purchased goods	222,255,553	202,472,897
of which materials and equipment purchased by projects	152,810,932	138,595,116
of which materials and equipment purchased through Head Office	64,963,802	58,867,418
Cost of purchased services	1,898,935,848	1,605,021,139
of which other external services	1,335,997,879	1,178,434,916
of which costs incurred by projects	272,843,303	197,865,556
of which financial contributions and grants	114,718,356	105,945,227
	2,121,191,401	1,807,494,036

(13) Personnel costs

	2022	2021
	in €	in €
Wages and salaries	1,193,580,006	1,091,218,048
of which project staff	539,001,462	497,573,474
of which national staff	363,909,518	313,420,697
of which Head Office staff	243,632,965	237,264,892
Social security, retirement pension and support costs	372,338,584	255,399,920
of which project staff	125,279,150	116,096,990
of which Head Office staff	67,078,887	65,001,313
of which national staff	61,672,800	50,538,591
of which pension fund top-up payment	94,962,541	0
	1,565,918,590	1,346,617,968

The total costs for GIZ Unterstützungskasse GmbH were € 23,345,206 (previous year: € 23,763,026). The cost of the top-up paid to Deutscher Pensionsfonds AG for the pension cover fund includes expenses of € 81,321,599 not related to the period under review, but rather to future periods.

(14) Other operating expenses

Breakdown of other operating expenses

	2022	2021
	in €	in €
Offices	24,345,460	22,625,273
Office operating costs	23,257,660	20,788,857
Consulting, appraisal and translation services	16,410,083	14,498,715
GIZ and external personnel	11,141,011	9,892,202
Provisions, e.g. for warranty and price risks	4,118,779	16,136,589
Impairment	3,251,994	4,203,329
Foreign currency valuations	2,451,868	2,138,908
Other expenses	7,747,447	6,267,041
	92,724,302	96,550,914

This item includes € 158,700 for the audit of the annual statement of accounts, € 14,350 for tax consultancy services and € 2,541,554 for other services provided by the external auditors, mainly audits of the proper use of funds (partly charged on to the audited projects) and IT system audits. Expenses not related to the period under review were € 203,153 (previous year: € 1,862,077). These expenses mainly consist of VAT corrections and asset retirements with a book loss.

(15) Interest and similar expenses

These expenses relate primarily to interest charges of € 1,514,690 (previous year: € 1,018,226). Interest expenses for the compounding of long-term provisions came to € 160,568 (previous year: € 188,474).

(16) Taxes on income

	2022	2021
	in €	in €
Corporation tax		
– income previous year	9,330	607
– expense current year	-1,157,223	-146,097
– expense previous year	-19,951	-81,085
Trade tax current year	-602,590	-6,338
Trade tax previous year	-15,039	-185,889
	-1,785,473	-418,802

The income and expenses shown in the above table for corporation tax and trade tax refer to GIZ's taxable business area, InS. With regard to its activities strictly linked to the corporate purpose (*Zweckbetrieb*), GIZ is not subject to corporation tax (section 5 (1) no. 9 of the German Corporation Tax Act, KStG) or trade tax (section 3 no. 6 of the German Trade Tax Act, GewStG).

Significant events after the balance sheet date

There were no significant events after the balance sheet date of 31 December 2022.

Other information

Company law information

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (registered offices in Bonn and Eschborn) is entered in the Commercial Register maintained by the District Court of Bonn under HR B 18384 and in the Commercial Register maintained by the District Court of Frankfurt am Main under HR B 12394.

Total other financial commitments

Other financial commitments totalled €256,154,567.

Commitments under commercial leases

Commitments under commercial leases for office premises, parking spaces and IT equipment (2023 to 2027) stood at €49,498,183. Out of this total, €19,929,686 is payable in 2023.

Purchase commitments for investment projects

As at the balance sheet date, purchase commitments for investment projects totalled €43,649. Other investment project commitments under the Eschborn Campus purchase agreement came to €142,281,971. The purchase price will be paid in instalments (up to the planned occupancy date in 2025) on the basis of an agreed payment schedule linked to the progress of construction.

Obligations to affiliated companies

The company's provident fund, GIZ Unterstützungskasse GmbH, has set up two payment plans (Leistungsplan II and III). GIZ provides it with the funds needed to make pension payments under these plans. In the fiscal year under review, this amount was €62.9 million (previous year: €63.7 million). The payment plan Leistungsplan I concluded in 2015 was cancelled in 2017.

Contingent liabilities

GIZ is a member of several consortia in which it cooperates with partners from various EU and other countries to jointly win contracts and implement project measures in various fields (procurement of materials and equipment and delivery of services).

In all these consortia, each member is jointly and severally liable to the client. GIZ's liability is minimised on account of its lead role and its provision of project funds as projects progress. Therefore, claims are not expected. As at the balance sheet date, there were 24 consortia in all. GIZ has the lead role in six of these consortia.

As at 31 December 2022, the risk arising from participation in the consortia amounted to €1,430,764 (previous year: €1,033,000).

Based on the experience of recent years, claims are not expected.

Average employment during the year

	2022	2021
Germany-based staff	2,667	2,646
Project staff (Germany)	2,806	2,570
Field staff	2,755	2,704
Total GIZ employees (excluding national staff)	8,228	7,920
National staff	16,983	16,686
Total GIZ personnel	25,211	24,606

Supervisory Board and Management Board

Supervisory Board

Chair	Jochen Flasbarth	State Secretary, German Federal Ministry for Economic Cooperation and Development (from 23 March 2022)
	Martin Jäger	German Ambassador to Iraq (up to 22 March 2022)
First Deputy Chair	Dr Wibke Thies	Senior Country Manager, GIZ (up to 25 August 2022)
First Deputy Chair	Louisa Ameyo Agossivi Sedjro	Domestic Security Expert, GIZ (elected to the Supervisory Board on 25 August 2022, elected to the position of First Deputy Chair on 14 September 2022)
Second Deputy Chair	Kathrin Gothmann	Cluster Coordinator, GIZ (up to 25 August 2022)
Second Deputy Chair	Dr Wibke Thies	Senior Country Manager, GIZ (from 14 September 2022)
	Felix Banaszak	Member of the German Federal Parliament (from 24 February 2022)
	Susanne Baumann	State Secretary, Federal Foreign Office (from 24 February 2022)
	Ines Born	Ministry Coordinator, Unified Service Sector Union (ver.di), National Office (from 25 August 2022)
	Claudia Dörr-Voß	Former State Secretary, Federal Ministry for Economic Affairs and Climate (up to 24 February 2022)
	Christiane Einfeldt	Director, Global IT Services Division, GIZ (up to 25 August 2022)
	Kathrin Gothmann	Cluster Coordinator, GIZ
	Bettina Hagedorn	Member of the German Federal Parliament (from 24 February 2022)
	Anja Hajduk	State Secretary, Federal Ministry for Economic Affairs and Climate Action
	Michael Hinterdobler	Deputy Director General, Head of Division, Bavarian State Chancellery
	Armin Hofmann	Programme Manager, GIZ
	Carsten Körber	Member of the German Federal Parliament
	Harald Küppers	Project Manager, GIZ (from 25 August 2022)
	Birgit Ladwig	Secretary of the Trade Union Council, Unified Service Sector Union (ver.di), National Office (up to 25 August 2022)
	Dr Joachim Langbein	Project Manager, GIZ (up to 25 August 2022)
	Antje Leendertse	Ambassador and Permanent Representative of Germany to the United Nations (up to 24 February 2022)
	Stefan Mager	Programme Manager, GIZ (up to 25 August 2022)

Dr Sabine Müller	Director-General, GIZ (up to 25 August 2022)
Claudia Raffelhüschen	Member of the German Federal Parliament (from 24 February 2022)
Dr Peter Ramsauer	Member of the German Federal Parliament (up to 24 February 2022)
Dr Christiane Rohleder	State Secretary, Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (from 24 February 2022)
Sascha Rusgiarto	Risk Management Specialist, GIZ (from 25 August 2022)
Steffen Saebisch	State Secretary, Federal Ministry of Finance (from 24 February 2022)
Thomas Schenk	Former Head of Regional Division, Unified Service Sector Union (ver.di), Regional Division for Hesse (up to 25 August 2022)
Marcel Schmelz	Director, Unified Service Sector Union (ver.di), Wiesbaden Division (from 25 August 2022)
Wolfgang Schmidt	Federal Minister for Special Tasks and Head of the Federal Chancellery (up to 5 January 2022)
Tobias Schürmann	Former Secretary for Collective Bargaining, Unified Service Sector Union (ver.di), National Office (up to 25 August 2022)
Dr Julius Spatz	Director, Asia II Division, GIZ (from 25 August 2022)
Sonja Steffen	Former Member of the German Federal Parliament (up to 24 February 2022)
Daniela Suttner	Deputy Head of Regional Division, Unified Service Sector Union (ver.di) Regional Division for Hesse (from 25 August 2022)

Management Board

Thorsten Schäfer-Gümbel	(Chair of the Management Board from 1 November 2022) Areas of responsibility: Client Liaison and Business Development Department; Procurement, Property, Contracting, International Language Services Department; Human Relations Department; Africa Department; Asia, Pacific, Latin America, Caribbean Department; Academy for International Cooperation; Compliance and Integrity Unit; Legal Affairs and Insurance Unit; Auditing Unit; Corporate Development Unit; Corporate Communications Unit
Ingrid-Gabriela Hoven	Areas of responsibility: Digital Transformation and IT Solutions Department; Sectoral Department; Finance Department; International Services Department; Sector and Global Programmes Department; Europe, Mediterranean, Central Asia Department; Evaluation Unit; Information Governance Unit; Corporate Security Unit
Tanja Gönner	(Chair of the Management Board up to 31 October 2022)

Remuneration

The remuneration received by members of the Management Board generally includes a fixed salary and a variable component. For members of the Management Board currently employed, the total remuneration in fiscal year 2022 was €791,269.

As at 31 December 2022, in addition to an employer-financed provident fund commitment of €98,734, GIZ had indirect pension obligations totalling €1,003,936 towards currently serving members of the Management Board. In 2022, GIZ transferred €155,648 to GIZ Unterstützungskasse GmbH and €122,594 to Alte Leipziger Unterstützungskasse e. V. in order to fund these pension commitments.

	Fixed salary	Variable Remuneration	Total
	in €	in €	in €
Tanja Gönner	226,285	43,700	269,985
Thorsten Schäfer-Gümbel	214,213	27,500	241,713
Ingrid-Gabriela Hoven	207,284	28,500	235,784
Other remuneration components			43,787
Total remuneration			791,269

In 2022, members of the Supervisory Board were solely reimbursed for their travel costs of €18,164. There was no further remuneration. Benefits totalling €16,107 were paid to one former member of the Management Board.

A provision of €265,042 has been recognised to cover transitional allowances for former managing directors and former members of the Management Board. Transitional allowance payments in fiscal year 2022 totalled €107,028. Indirect pension obligations towards former managing directors and former members of the Management Board totalled €14,502,185.

Loans to organs of the company

There are no loans to organs of the company.

Declaration of conformity by the Supervisory Board and Management Board

The Supervisory Board and Management Board declare that the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH has complied, and will continue to comply, with the regulations and recommendations set out in the Public Corporate Governance Code of the Federal Republic except in those cases set out in section III of this report.

Bonn/Eschborn, 16 May 2023

The Management Board

Thorsten Schäfer-Gümbel
Chair of the
Management Board

Ingrid-Gabriela Hoven
Member of the
Management Board

Appendix to the notes: Changes in fixed assets in fiscal year 2022

	Cost of acquisition					31.12.2022
	Carry forward 1.1.2022	Grant-financed* fixed assets Additions	Additions	Reclassifications	Retirements	
	in €	in €	in €	in €	in €	
I. Intangible assets						
1. Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	11,055,089	0	395,990	0	29,733	11,421,346
2. Advance payments	2,213,185	0	417,345	0	1,416,663	1,213,867
	13,268,274	0	813,335	0	1,446,396	12,635,213
II. Tangible assets						
1. Land, land rights and buildings, including buildings on third-party land	393,309,214	0	232,175	0	0	393,541,389
2. Other plant, operating and office equipment	64,451,595	(443,323)	9,271,709	0	4,707,391	69,015,913
3. Advance payments and assets under construction	61,526,489	0	44,867,555	0	0	106,394,044
	519,287,297	(443,323)	54,371,439	0	4,707,391	568,951,345
III. Financial assets						
1. Shares in affiliated companies	25,000	0	0	0	0	25,000
2. Participating interests	535,862	0	0	0	0	535,862
3. Securities held as fixed assets	202,667,845	0	0	0	0	202,667,845
4. Other loans	239,804	0	0	0	67,542	172,262
5. Claims from administrative costs credit	18,560,000	0	0	0	514,551	18,045,449
	222,028,511	0	0	0	582,093	221,446,418
	754,584,082	(443,323)	55,184,774	0	6,735,880	803,032,976

* Acquisition costs were offset against the investment grants.
Rounding differences of +/- one unit (€) are possible.

Amortisation and depreciation						Carrying amounts		
Carry forward 1.1.2022	In the fiscal year	Reclassifications	Additions	Retirements	31.12.2022	31.12.2022	31.12.2021	
in €	in €	in €	in €	in €	in €	in €	in € '000	
7,328,319	1,165,514	0	0	27,873	8,465,959	2,955,386	3,727	
0	0	0	0	0	0	1,213,867	2,213	
7,328,319	1,165,514	0	0	27,873	8,465,959	4,169,253	5,940	
90,656,799	9,584,378	0	0	0	100,241,177	293,300,212	302,652	
42,247,949	8,006,344	0	4,362	4,544,544	45,705,388	23,310,525	22,204	
0	0	0	0	0	0	106,394,044	61,527	
132,904,748	17,590,722	0	4,362	4,544,544	145,946,564	423,004,781	386,383	
0	0	0	0	0	0	25,000	25	
0	0	0	0	0	0	535,862	536	
0	0	0	0	0	0	202,667,845	202,668	
32,411	0	0	0	11,389	21,022	151,240	207	
0	0	0	0	0	0	18,045,449	18,560	
32,411	0	0	0	11,389	21,022	221,425,396	221,996	
140,265,477	18,756,235	0	4,362	4,583,805	154,433,546	648,599,430	614,319	



03

Auditor's
report

Independent auditor's report

To Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn

Audit opinions

We have audited the annual financial statements of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, which comprise the balance sheet as at December 31, 2022, and the statement of profit and loss for the financial year from January 1 to December 31, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, for the financial year from January 1 to December 31, 2022. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f Abs. [paragraph] 4 HGB [Handelsgesetzbuch: German Commercial Code] (disclosures on the quota for women on executive boards).

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2022 and of its financial performance for the financial year from January 1 to December 31, 2022 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section

of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Other information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards) as an unaudited part of the management report.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executives directors and the Supervisory Board for the annual financial statements and the management report

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

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

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

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

→ Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Frankfurt am Main, May 16, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dirk Fischer	ppa. Ute Hanf
Wirtschaftsprüfer	Wirtschaftsprüferin
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