

Summary of the Essential Findings of the Special Investigation

The executive board of the German Committee for UNICEF (referred to below as “UNICEF”) assigned KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (referred to below as “KPMG”) to conduct a special investigation into the following issues:

1. Reconstruction of the national UNICEF office in Cologne
2. Freelance consultancy services provided by the former employee Ulrich Z.
3. Freelance work provided by the former employee Victor L. regarding the acquisition of donations
4. Consultancy (marketing) services with Dastani Consulting GmbH
5. Legacy of Dr. Dr. Gustav Rau’s art collection including the obligation to pay his former private secretary a monthly salary of at least 12,500 € until the completion of his 65th year of life.

Within the scope of our assignment we investigated the following questions concerning the five issues listed above:

- Do the amounts charged and paid correspond to equivalent return services?
- What was the total sum of efforts and expenses of all issues?
- Which were the framework conditions for awarding contracts?
- Have the existing rules for awarding, realising and monitoring transactions been complied with?

As essential findings of our investigation into the five issues mentioned above we state the following:

- None of the investigated issues revealed indications pointing to personal enrichment or acceptance of personal advantages by the acting persons.
- The amounts charged and paid correspond to equivalent return services for UNICEF and these correspond to the concluded agreements.
- We have identified the efforts or costs of the individual issues and reported them to the executive board of UNICEF.

- Contracts were awarded according to the operational framework conditions, which we found comprehensible.
- In four of the five issues investigated we identified violations of existing rules for awarding, realising and monitoring transactions, which relate to the area of accuracy and correctness.

Concerning each of the investigated issues we state the following:

Concerning 1: Reconstruction of the National Office

- Our investigation did not reveal indications pointing to irregularities. According to our estimation the costs for the reconstruction were within the range of adequacy.
- The documents on the ongoing reconstruction of his private house provided to us by Dr. Dietrich Garlichs did not give indications pointing to an acceptance of an undue advantage by Dr. Dietrich Garlichs. According to the work contract the architect, who was assigned in the context of the reconstruction of the private house and who was also commissioned with the reconstruction of the national office, is paid according to the official German regulation on the remuneration of architects and engineers (HOAI). Besides the assignment of the architect the commissioning of other companies within the context of the reconstruction of the national office of UNICEF is not admissible according to the architect's contract.

Concerning 2: Freelance consultancy services provided by the former employee Ulrich Z.

- The employment of Ulrich Z. as freelancer after his retirement due to age is comprehensible from a business point of view. His total remuneration relates to a term of 26 months. The remuneration corresponded to the market conditions at that time.
- From August 2005 until May 2007 the consultancy services provided by Ulrich Z. were not based on a written agreement.

Concerning 3: Freelance work provided by the former employee Victor L regarding the acquisition of donations

- The remuneration of Victor L. related to a term of several years and was based on the agreed commission rates. The total amount of the commission was influenced by unpredictable special effects, especially by the above average willingness to donate due to the tsunami catastrophe.
- Victor L. had to pay the costs for all projects he managed within the context of the acquisition of donations. These costs had to be paid from the commissions he received.

- From the beginning of the year 2004 until the termination of the cooperation in May 2007 the project-related work provided by Victor L. was not based on a written agreement. From October 2004 solely the commission rates were stipulated in written form. /

Concerning 4: Consultancy (marketing) services with Dastani Consulting GmbH

- From August 2005 UNICEF charged the Dastani Company with various projects within three fields of activity (development of an IT-based database solution, acquisition of new donors and repeated acquisition of former donors).
- The first contracts were awarded after the costs were compared with competitors and after market analyses.
- In 8 cases the written agreements which were the basis for the 16 projects were not signed by UNICEF and correspondingly do not comply with the signature rules presented to us.

Concerning 5: Legacy of Dr. Dr. Gustav Rau's art collection including the obligation to pay his former private secretary a monthly salary of at least 12,500 € until the completion of his 65th year of life.

- The legacy of Dr. Dr. Gustav Rau is managed by an administrator. The costs for the further employment of the former private secretary until the completion of his 65th year of life on 30 September 2007 were paid from the legacy. This did not cause any costs for UNICEF.

On 14 January 2008 KPMG verbally informed the executive board of UNICEF about the findings in a detailed presentation.

In a second stage KPMG will now start to identify potentials for the optimisation of existing procedures and processes by using the findings from the conducted special investigation.

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Cologne, 14 January 2008