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►B DIRECTIVE 2013/34/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 26 June 2013

on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC

(Text with EEA relevance)

(OJ L 182, 29.6.2013, p. 19)

Amended by:

		Official Journal		
		No	page	date
►M1	Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014	L 330	1	15.11.2014
►M2	Council Directive 2014/102/EU of 7 November 2014	L 334	86	21.11.2014
►M3	Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021	L 429	1	1.12.2021
►M4	Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022	L 322	15	16.12.2022
►M5	Directive (EU) 2023/2864 of the European Parliament and of the Council of 13 December 2023	L 2864	1	20.12.2023
►M6	Commission Delegated Directive (EU) 2023/2775 of 17 October 2023	L 2775	1	21.12.2023
►M7	Directive (EU) 2024/1306 of the European Parliament and of the Council of 29 April 2024	L 1306	1	8.5.2024
►M8	Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026	L 470	1	26.2.2026

▼B

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(Text with EEA relevance)

CHAPTER 1

SCOPE, DEFINITIONS AND CATEGORIES OF UNDERTAKINGS AND GROUPS

Article 1

Scope

1. The coordination measures prescribed by this Directive shall apply to the laws, regulations and administrative provisions of the Member States relating to the types of undertakings listed:

(a) in Annex I;

(b) in Annex II, where all of the direct or indirect members of the undertaking having otherwise unlimited liability in fact have limited liability by reason of those members being undertakings which are:

(i) of the types listed in Annex I; or

(ii) not governed by the law of a Member State but which have a legal form comparable to those listed in Annex I.

▼M3

1a. The coordination measures prescribed by Articles 48a to 48e and Article 51 shall also apply to the laws, regulations and administrative provisions of the Member States relating to branches opened in a Member State by an undertaking which is not governed by the law of a Member State but which is of a legal form comparable with the types of undertakings listed in Annex I. Article 2 shall apply in respect of those branches to the extent that Articles 48a to 48e and Article 51 are applicable to such branches.

▼B

2. Member States shall inform the Commission within a reasonable period of time of changes in the types of undertakings in their national law that may affect the accuracy of Annex I or Annex II. In such a case, the Commission shall be empowered to adapt, by means of delegated acts in accordance with Article 49, the lists of undertakings contained in Annexes I and II.

▼M4

3. ►M8 The coordination measures prescribed by Articles 19a, 29a, 29d, 30 and 33, point (aa) of the second subparagraph of Article 34(1), Article 34(2) and (3), and Article 51 of this Directive shall also apply to the laws, regulations and administrative provisions of the Member States relating to the following undertakings regardless of their legal form, provided that those undertakings are undertakings which, on their balance sheet dates, exceed a net turnover of EUR 450 000 000 and an average number of 1 000 employees during the financial year: ◄

(a) insurance undertakings within the meaning of Article 2(1) of Council Directive 91/674/EEC ([1]);

(b) credit institutions as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council ([2]).

Member States may choose not to apply the coordination measures referred to in the first subparagraph of this paragraph to the undertakings listed in points (2) to (23) of Article 2(5) of Directive 2013/36/EU of the European Parliament and of the Council ([3]).

▼M8

4. The coordination measures prescribed by Articles 19a, 29a and 29d shall not apply to the European Financial Stability Facility (EFSF) established by the EFSF Framework Agreement or to financial products listed in points (b) and (f) of point (12) of Article 2 of Regulation (EU) 2019/2088 of the European Parliament and of the Council ([4]).

▼M4

5. The coordination measures prescribed by Articles 40a to 40d shall also apply to the laws, regulations and administrative provisions of the Member States relating to subsidiary undertakings and branches of undertakings which are not governed by the law of a Member State but whose legal form is comparable with the types of undertakings listed in Annex I.

▼B

Article 2

Definitions

For the purposes of this Directive, the following definitions shall apply:

(1) ‘public-interest entities’ means undertakings within the scope of Article 1 which are:

([1]) Council Directive 91/674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings (OJ L 374, 31.12.1991, p. 7).

([2]) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

([3]) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

([4]) Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1, ELI: http://data.europa.eu/eli/reg/2019/2088/oj).

▼B

(a) governed by the law of a Member State and whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point (14) of Article 4(1) of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments ([1]);

(b) credit institutions as defined in point (1) of Article 4 of Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions ([2]), other than those referred to in Article 2 of that Directive;

(c) insurance undertakings within the meaning of Article 2 (1) of Council Directive 91/674/EEC of 19 December 1991 on the annual accounts of insurance undertakings ([3]); or

(d) designated by Member States as public-interest entities, for instance undertakings that are of significant public relevance because of the nature of their business, their size or the number of their employees;

(2) 'participating interest' means rights in the capital of other undertakings, whether or not represented by certificates, which, by creating a durable link with those undertakings, are intended to contribute to the activities of the undertaking which holds those rights. The holding of part of the capital of another undertaking is presumed to constitute a participating interest where it exceeds a percentage threshold fixed by the Member States which is lower than or equal to 20 %;

(3) 'related party' has the same meaning as in the international accounting standards adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards ([4]);

(4) 'fixed assets' means those assets which are intended for use on a continuing basis for the undertaking's activities;

▼M4

(5) 'net turnover' means the amounts derived from the sale of products and the provision of services after deducting sales rebates and value added tax and other taxes directly linked to turnover; however, for insurance undertakings referred to in point (a) of the first subparagraph of Article 1(3) of this Directive, 'net turnover' shall be defined in accordance with Article 35 and

([1]) OJ L 145, 30.4.2004, p. 1.
([2]) OJ L 177, 30.6.2006, p. 1.
([3]) OJ L 374, 31.12.1991, p. 7.
([4]) OJ L 243, 11.9.2002, p. 1.

▼M4

point 2 of Article 66 of Council Directive 91/674/EEC ([1]); for credit institutions referred to in point (b) of the first subparagraph of Article 1(3) of this Directive, ‘net turnover’ shall be defined in accordance with point (c) of Article 43(2) of Council Directive 86/635/EEC ([2]); and for undertakings falling under the scope of Article 40a(1) of this Directive, ‘net turnover’ means the revenue as defined by or within the meaning of the financial reporting framework on the basis of which the financial statements of the undertaking are prepared;

▼B

(6) ‘purchase price’ means the price payable and any incidental expenses minus any incidental reductions in the cost of acquisition;

(7) ‘production cost’ means the purchase price of raw materials, consumables and other costs directly attributable to the item in question. Member States shall permit or require the inclusion of a reasonable proportion of fixed or variable overhead costs indirectly attributable to the item in question, to the extent that they relate to the period of production. Distribution costs shall not be included;

(8) ‘value adjustment’ means the adjustments intended to take account of changes in the values of individual assets established at the balance sheet date, whether the change is final or not;

(9) ‘parent undertaking’ means an undertaking which controls one or more subsidiary undertakings;

(10) ‘subsidiary undertaking’ means an undertaking controlled by a parent undertaking, including any subsidiary undertaking of an ultimate parent undertaking;

(11) ‘group’ means a parent undertaking and all its subsidiary undertakings;

(12) ‘affiliated undertakings’ means any two or more undertakings within a group;

(13) ‘associated undertaking’ means an undertaking in which another undertaking has a participating interest, and over whose operating and financial policies that other undertaking exercises significant influence. An undertaking is presumed to exercise a significant influence over another undertaking where it has 20 % or more of the shareholders' or members' voting rights in that other undertaking;

([1]) Council Directive 91/674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings (OJ L 374, 31.12.1991, p. 7).

([2]) Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (OJ L 372, 31.12.1986, p. 1).

▼B

(14) ‘investment undertakings’ means:

(a) undertakings the sole object of which is to invest their funds in various securities, real property and other assets, with the sole aim of spreading investment risks and giving their shareholders the benefit of the results of the management of their assets,

(b) undertakings associated with investment undertakings with fixed capital, if the sole object of those associated undertakings is to acquire fully paid shares issued by those investment undertakings without prejudice to point (h) of Article 22(1) of Directive 2012/30/EU;

(15) ‘financial holding undertakings’ means undertakings the sole object of which is to acquire holdings in other undertakings and to manage such holdings and turn them to profit, without involving themselves directly or indirectly in the management of those undertakings, without prejudice to their rights as shareholders;

(16) ‘material’ means the status of information where its omission or misstatement could reasonably be expected to influence decisions that users make on the basis of the financial statements of the undertaking. The materiality of individual items shall be assessed in the context of other similar items;

▼M4

(17) ‘sustainability matters’ means environmental, social and human rights, and governance factors, including sustainability factors defined in point (24) of Article 2 of Regulation (EU) 2019/2088;

(18) ‘sustainability reporting’ means reporting information related to sustainability matters in accordance with Articles 19a, 29a and 29d;

(19) ‘key intangible resources’ means resources without physical substance on which the business model of the undertaking fundamentally depends and which are a source of value creation for the undertaking;

(20) ‘independent assurance services provider’ means a conformity assessment body accredited in accordance with Regulation (EC) No 765/2008 of the European Parliament and of the Council [1] for the specific conformity assessment activity referred to in point (aa) of the second subparagraph of Article 34(1) of this Directive.

[1] Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and repealing Regulation (EEC) No 339/93 (OJ L 218, 13.8.2008, p. 30).

▼B

Article 3

Categories of undertakings and groups

1. In applying one or more of the options in Article 36, Member States shall define micro-undertakings as undertakings which on their balance sheet dates do not exceed the limits of at least two of the three following criteria:

▼M6

(a) balance sheet total: EUR 450 000;

(b) net turnover: EUR 900 000;

▼B

(c) average number of employees during the financial year: 10.

2. Small undertakings shall be undertakings which on their balance sheet dates do not exceed the limits of at least two of the three following criteria:

▼M6

(a) balance sheet total: EUR 5 000 000;

(b) net turnover: EUR 10 000 000;

▼B

(c) average number of employees during the financial year: 50.

▼M6

Member States may define thresholds exceeding the thresholds in points (a) and (b) of the first subparagraph. However, the thresholds shall not exceed EUR 7 500 000 for the balance sheet total and EUR 15 000 000 for the net turnover.

▼B

3. Medium-sized undertakings shall be undertakings which are not micro-undertakings or small undertakings and which on their balance sheet dates do not exceed the limits of at least two of the three following criteria:

▼M6

(a) balance sheet total: EUR 25 000 000;

(b) net turnover: EUR 50 000 000;

▼B

(c) average number of employees during the financial year: 250.

4. Large undertakings shall be undertakings which on their balance sheet dates exceed at least two of the three following criteria:

▼M6

(a) balance sheet total: EUR 25 000 000;

(b) net turnover: EUR 50 000 000;

▼B

(c) average number of employees during the financial year: 250.

5. Small groups shall be groups consisting of parent and subsidiary undertakings to be included in a consolidation and which, on a consolidated basis, do not exceed the limits of at least two of the three following criteria on the balance sheet date of the parent undertaking:

▼M6

(a) balance sheet total: EUR 5 000 000;

(b) net turnover: EUR 10 000 000;

▼B

(c) average number of employees during the financial year: 50.

▼M6

Member States may define thresholds exceeding the thresholds in points (a) and (b) of the first subparagraph. However, the thresholds shall not exceed EUR 7 500 000 for the balance sheet total and EUR 15 000 000 for the net turnover.

▼B

6. Medium-sized groups shall be groups which are not small groups, which consist of parent and subsidiary undertakings to be included in a consolidation and which, on a consolidated basis, do not exceed the limits of at least two of the three following criteria on the balance sheet date of the parent undertaking:

▼M6

(a) balance sheet total: EUR 25 000 000;

(b) net turnover: EUR 50 000 000;

▼B

(c) average number of employees during the financial year: 250.

7. Large groups shall be groups consisting of parent and subsidiary undertakings to be included in a consolidation and which, on a consolidated basis, exceed the limits of at least two of the three following criteria on the balance sheet date of the parent undertaking:

▼M6

(a) balance sheet total: EUR 25 000 000;

(b) net turnover: EUR 50 000 000;

▼B

(c) average number of employees during the financial year: 250.

8. Member States shall permit the set-off referred to in Article 24(3) and any elimination as a consequence of Article 24(7) not to be effected when the limits in paragraphs 5 to 7 of this Article are calculated. In such cases, the limits for the balance sheet total and net turnover criteria shall be increased by 20 %.

9. In the case of those Member States which have not adopted the euro, the amount in national currency equivalent to the amounts set out in paragraphs 1 to 7 shall be that obtained by applying the exchange rate published in the *Official Journal of the European Union* as at the date of the entry into force of any Directive setting those amounts.

▼B

For the purposes of conversion into the national currencies of those Member States which have not adopted the euro, the amounts in euro specified in paragraphs 1, 3, 4, 6 and 7 may be increased or decreased by not more than 5 % in order to produce round sum amounts in the national currencies.

10. Where, on its balance sheet date, an undertaking or a group exceeds or ceases to exceed the limits of two of the three criteria set out in paragraphs 1 to 7, that fact shall affect the application of the derogations provided for in this Directive only if it occurs in two consecutive financial years.

11. The balance sheet total referred to in paragraphs 1 to 7 of this Article shall consist of the total value of the assets in A to E under 'Assets' in the layout set out in Annex III or of the assets in A to E in the layout set out in Annex IV.

12. When calculating the thresholds in paragraphs 1 to 7, Member States may require the inclusion of income from other sources for undertakings for which 'net turnover' is not relevant. Member States may require parent undertakings to calculate their thresholds on a consolidated basis rather than on an individual basis. Member States may also require affiliated undertakings to calculate their thresholds on a consolidated or aggregated basis where such undertakings have been established for the sole purpose of avoiding the reporting of certain information.

▼M8

13. In order to adjust for the effects of inflation, the Commission shall at least every five years review and, where appropriate, amend, by means of delegated acts in accordance with Article 49, the thresholds referred to in the following provisions, taking into account measures of inflation as published in the *Official Journal of the European Union*:

(a) paragraphs 1 to 7 of this Article;

(b) the fourth subparagraph of Article 19(1), the first subparagraph of Article 19a(1), the first subparagraph of Article 29a(1); and

(c) the second, fourth and fifth subparagraphs of Article 40a(1).

▼B

CHAPTER 2

GENERAL PROVISIONS AND PRINCIPLES

Article 4

General provisions

1. The annual financial statements shall constitute a composite whole and shall for all undertakings comprise, as a minimum, the balance sheet, the profit and loss account and the notes to the financial statements.

Member States may require undertakings other than small undertakings to include other statements in the annual financial statements in addition to the documents referred to in the first subparagraph.

▼B

2. The annual financial statements shall be drawn up clearly and in accordance with the provisions of this Directive.

3. The annual financial statements shall give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss. Where the application of this Directive would not be sufficient to give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss, such additional information as is necessary to comply with that requirement shall be given in the notes to the financial statements.

4. Where in exceptional cases the application of a provision of this Directive is incompatible with the obligation laid down in paragraph 3, that provision shall be disapplied in order to give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss. The disapplication of any such provision shall be disclosed in the notes to the financial statements together with an explanation of the reasons for it and of its effect on the undertaking's assets, liabilities, financial position and profit or loss.

The Member States may define the exceptional cases in question and lay down the relevant special rules which are to apply in those cases.

5. Member States may require undertakings other than small undertakings to disclose information in their annual financial statements which is additional to that required pursuant to this Directive.

6. By way of derogation from paragraph 5, Member States may require small undertakings to prepare, disclose and publish information in the financial statements which goes beyond the requirements of this Directive, provided that any such information is gathered under a single filing system and the disclosure requirement is contained in the national tax legislation for the strict purposes of tax collection. The information required in accordance with this paragraph shall be included in the relevant part of the financial statements.

7. Member States shall communicate to the Commission any additional information they require in accordance with paragraph 6 upon the transposition of this Directive and when they introduce new requirements in accordance with paragraph 6 in national law.

8. Member States using electronic solutions for filing and publishing annual financial statements shall ensure that small undertakings are not required to publish, in accordance with Chapter 7, the additional disclosures required by national tax legislation, as referred to in paragraph 6.

Article 5

General disclosure

The document containing the financial statements shall state the name of the undertaking and the information prescribed by points (a) and (b) of Article 5 of Directive 2009/101/EC.

▼B

Article 6

General financial reporting principles

1. Items presented in the annual and consolidated financial statements shall be recognised and measured in accordance with the following general principles:

(a) the undertaking shall be presumed to be carrying on its business as a going concern;

(b) accounting policies and measurement bases shall be applied consistently from one financial year to the next;

(c) recognition and measurement shall be on a prudent basis, and in particular:

(i) only profits made at the balance sheet date may be recognised,

(ii) all liabilities arising in the course of the financial year concerned or in the course of a previous financial year shall be recognised, even if such liabilities become apparent only between the balance sheet date and the date on which the balance sheet is drawn up, and

(iii) all negative value adjustments shall be recognised, whether the result of the financial year is a profit or a loss;

(d) amounts recognised in the balance sheet and profit and loss account shall be computed on the accrual basis;

(e) the opening balance sheet for each financial year shall correspond to the closing balance sheet for the preceding financial year;

(f) the components of asset and liability items shall be valued separately;

(g) any set-off between asset and liability items, or between income and expenditure items, shall be prohibited;

(h) items in the profit and loss account and balance sheet shall be accounted for and presented having regard to the substance of the transaction or arrangement concerned;

(i) items recognised in the financial statements shall be measured in accordance with the principle of purchase price or production cost; and

(j) the requirements set out in this Directive regarding recognition, measurement, presentation, disclosure and consolidation need not be complied with when the effect of complying with them is immaterial.

2. Notwithstanding point (g) of paragraph 1, Member States may in specific cases permit or require undertakings to perform a set-off between asset and liability items, or between income and expenditure items, provided that the amounts which are set off are specified as gross amounts in the notes to the financial statements.

▼B

3. Member States may exempt undertakings from the requirements of point (h) of paragraph 1.

4. Member States may limit the scope of point (j) of paragraph 1 to presentation and disclosures.

5. In addition to those amounts recognised in accordance with point (c)(ii) of paragraph 1, Member States may permit or require the recognition of all foreseeable liabilities and potential losses arising in the course of the financial year concerned or in the course of a previous financial year, even if such liabilities or losses become apparent only between the balance sheet date and the date on which the balance sheet is drawn up.

Article 7

Alternative measurement basis of fixed assets at revalued amounts

1. By way of derogation from point (i) of Article 6(1), Member States may permit or require, in respect of all undertakings or any classes of undertaking, the measurement of fixed assets at revalued amounts. Where national law provides for the revaluation basis of measurement, it shall define its content and limits and the rules for its application.

2. Where paragraph 1 is applied, the amount of the difference between measurement on a purchase price or production cost basis and measurement on a revaluation basis shall be entered in the balance sheet in the revaluation reserve under ‘Capital and reserves’.

The revaluation reserve may be capitalised in whole or in part at any time.

The revaluation reserve shall be reduced where the amounts transferred to that reserve are no longer necessary for the implementation of the revaluation basis of accounting. The Member States may lay down rules governing the application of the revaluation reserve, provided that transfers to the profit and loss account from the revaluation reserve may be made only where the amounts transferred have been entered as an expense in the profit and loss account or reflect increases in value which have actually been realised. No part of the revaluation reserve may be distributed, either directly or indirectly, unless it represents a gain actually realised.

Save as provided under the second and third subparagraphs of this paragraph, the revaluation reserve may not be reduced.

3. Value adjustments shall be calculated each year on the basis of the revalued amount. However, by way of derogation from Articles 9 and 13, Member States may permit or require that only the amount of the value adjustments arising as a result of the purchase price or production cost measurement basis be shown under the relevant items in the layouts set out in Annexes V and VI and that the difference arising as a result of the measurement on a revaluation basis under this Article be shown separately in the layouts.

▼B

Article 8

Alternative measurement basis of fair value

1. By way of derogation from point (i) of Article 6(1) and subject to the conditions set out in this Article:

(a) Member States shall permit or require, in respect of all undertakings or any classes of undertaking, the measurement of financial instruments, including derivative financial instruments, at fair value; and

(b) Member States may permit or require, in respect of all undertakings or any classes of undertaking, the measurement of specified categories of assets other than financial instruments at amounts determined by reference to fair value.

Such permission or requirement may be restricted to consolidated financial statements.

2. For the purpose of this Directive, commodity-based contracts that give either contracting party the right to settle in cash or some other financial instrument shall be considered to be derivative financial instruments, except where such contracts:

(a) were entered into and continue to meet the undertaking's expected purchase, sale or usage requirements at the time they were entered into and subsequently;

(b) were designated as commodity-based contracts at their inception; and

(c) are expected to be settled by delivery of the commodity.

3. Point (a) of paragraph 1 shall apply only to the following liabilities:

(a) liabilities held as part of a trading portfolio; and

(b) derivative financial instruments.

4. Measurement according to point (a) of paragraph 1 shall not apply to the following:

(a) non-derivative financial instruments held to maturity;

(b) loans and receivables originated by the undertaking and not held for trading purposes; and

(c) interests in subsidiaries, associated undertakings and joint ventures, equity instruments issued by the undertaking, contracts for contingent consideration in a business combination, and other financial instruments with such special characteristics that the instruments, according to what is generally accepted, are accounted for differently from other financial instruments.

▼B

5. By way of derogation from point (i) of Article 6(1), Member States may, in respect of any assets and liabilities which qualify as hedged items under a fair value hedge accounting system, or identified portions of such assets or liabilities, permit measurement at the specific amount required under that system.

6. By way of derogation from paragraphs 3 and 4, Member States may permit or require the recognition, measurement and disclosure of financial instruments in conformity with international accounting standards adopted in accordance with Regulation (EC) No 1606/2002.

7. The fair value within the meaning of this Article shall be determined by reference to one of the following values:

(a) in the case of financial instruments for which a reliable market can readily be identified, the market value. Where the market value is not readily identifiable for an instrument but can be identified for its components or for a similar instrument, the market value may be derived from that of its components or of the similar instrument;

(b) in the case of financial instruments for which a reliable market cannot be readily identified, a value resulting from generally accepted valuation models and techniques, provided that such valuation models and techniques ensure a reasonable approximation of the market value.

Financial instruments that cannot be measured reliably by any of the methods described in points (a) and (b) of the first subparagraph shall be measured in accordance with the principle of purchase price or production cost in so far as measurement on that basis is possible.

8. Notwithstanding point (c) of Article 6(1), where a financial instrument is measured at fair value, a change in value shall be included in the profit and loss account, except in the following cases, where such a change shall be included directly in a fair value reserve:

(a) the instrument accounted for is a hedging instrument under a system of hedge accounting that allows some or all of the change in value not to be shown in the profit and loss account; or

(b) the change in value relates to an exchange difference arising on a monetary item that forms part of an undertaking's net investment in a foreign entity.

Member States may permit or require a change in the value of an available for sale financial asset, other than a derivative financial instrument, to be included directly in a fair value reserve. That fair value reserve shall be adjusted when amounts shown therein are no longer necessary for the implementation of points (a) and (b) of the first subparagraph.

▼B

9. Notwithstanding point (c) of Article 6(1), Member States may permit or require, in respect of all undertakings or any classes of undertaking, that, where assets other than financial instruments are measured at fair value, a change in the value be included in the profit and loss account.

CHAPTER 3

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Article 9

General provisions concerning the balance sheet and the profit and loss account

1. The layout of the balance sheet and of the profit and loss account shall not be changed from one financial year to the next. Departures from that principle shall, however, be permitted in exceptional cases in order to give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss. Any such departure and the reasons therefor shall be disclosed in the notes to the financial statements.

2. In the balance sheet and in the profit and loss account the items set out in Annexes III to VI shall be shown separately in the order indicated. Member States shall permit a more detailed subdivision of those items, subject to adherence to the prescribed layouts. Member States shall permit the addition of subtotals and of new items, provided that the contents of such new items are not covered by any of the items in the prescribed layouts. Member States may require such subdivision or subtotals or new items.

3. The layout, nomenclature and terminology of items in the balance sheet and profit and loss account that are preceded by arabic numerals shall be adapted where the special nature of an undertaking so requires. Member States may require such adaptations for undertakings which form part of a particular economic sector.

Member States may permit or require balance sheet and profit and loss account items that are preceded by arabic numerals to be combined where they are immaterial in amount for the purposes of giving a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss or where such combination makes for greater clarity, provided that the items so combined are dealt with separately in the notes to the financial statements.

4. By way of derogation from paragraphs 2 and 3 of this Article, Member States may limit the undertaking's ability to depart from the layouts set out in Annexes III to VI to the extent that this is necessary in order for the financial statements to be filed electronically.

5. In respect of each balance sheet and profit and loss account item, the figure for the financial year to which the balance sheet and the profit and loss account relate and the figure relating to the corresponding item for the preceding financial year shall be shown. Where those figures are not comparable, Member States may require the figure for the preceding financial year to be adjusted. Any case of non-comparability or any adjustment of the figures shall be disclosed, with explanations, in the notes to the financial statements.

▼B

6. Member States may permit or require adaptation of the layout of the balance sheet and profit and loss account in order to include the appropriation of profit or the treatment of loss.

7. In respect of the treatment of participating interests in annual financial statements:

(a) Member States may permit or require participating interests to be accounted for using the equity method as provided for in Article 27, taking account of the essential adjustments resulting from the particular characteristics of annual financial statements as compared to consolidated financial statements;

(b) Member States may permit or require that the proportion of the profit or loss attributable to the participating interest be recognised in the profit and loss account only to the extent of the amount corresponding to dividends already received or the payment of which can be claimed; and

(c) where the profit attributable to the participating interest and recognised in the profit and loss account exceeds the amount of dividends already received or the payment of which can be claimed, the amount of the difference shall be placed in a reserve which cannot be distributed to shareholders.

Article 10

Presentation of the balance sheet

For the presentation of the balance sheet, Member States shall prescribe one or both of the layouts set out in Annexes III and IV. If a Member State prescribes both layouts, it shall permit undertakings to choose which of the prescribed layouts to adopt.

Article 11

Alternative presentation of the balance sheet

Member States may permit or require undertakings, or certain classes of undertaking, to present items on the basis of a distinction between current and non-current items in a different layout from that set out in Annexes III and IV, provided that the information given is at least equivalent to that otherwise to be provided in accordance with Annexes III and IV.

Article 12

Special provisions relating to certain balance sheet items

1. Where an asset or liability relates to more than one layout item, its relationship to other items shall be disclosed either under the item where it appears or in the notes to the financial statements.

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2. Own shares and shares in affiliated undertakings shall be shown only under the items prescribed for that purpose.

3. Whether particular assets are to be shown as fixed assets or current assets shall depend upon the purpose for which they are intended.

4. Rights to immovables and other similar rights as defined by national law shall be shown under ‘Land and buildings’.

5. The purchase price or production cost or revalued amount, where Article 7(1) applies, of fixed assets with limited useful economic lives shall be reduced by value adjustments calculated to write off the value of such assets systematically over their useful economic lives.

6. Value adjustments to fixed assets shall be subject to the following:

(a) Member States may permit or require value adjustments to be made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date;

(b) value adjustments shall be made in respect of fixed assets, whether their useful economic lives are limited or not, so that they are valued at the lower figure to be attributed to them at the balance sheet date if it is expected that the reduction in their value will be permanent;

(c) the value adjustments referred to in points (a) and (b) shall be charged to the profit and loss account and disclosed separately in the notes to the financial statements if they have not been shown separately in the profit and loss account;

(d) measurement at the lower of the values provided for in points (a) and (b) may not continue if the reasons for which the value adjustments were made have ceased to apply; this provision shall not apply to value adjustments made in respect of goodwill.

7. Value adjustments shall be made in respect of current assets with a view to showing them at the lower market value or, in particular circumstances, another lower value to be attributed to them at the balance sheet date.

Measurement at the lower value provided for in the first subparagraph may not continue if the reasons for which the value adjustments were made no longer apply.

8. Member States may permit or require that interest on capital borrowed to finance the production of fixed or current assets be included within production costs, to the extent that it relates to the period of production. Any application of this provision shall be disclosed in the notes to the financial statements.

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9. Member States may permit the purchase price or production cost of stocks of goods of the same category and all fungible items including investments to be calculated either on the basis of weighted average prices, on the basis of the 'first in, first out' (FIFO) method, the 'last in, first out' (LIFO) method, or a method reflecting generally accepted best practice.

10. Where the amount repayable on account of any debt is greater than the amount received, Member States may permit or require that the difference be shown as an asset. It shall be shown separately in the balance sheet or in the notes to the financial statements. The amount of that difference shall be written off by a reasonable amount each year and completely written off no later than at the time of repayment of the debt.

11. Intangible assets shall be written off over the useful economic life of the intangible asset.

In exceptional cases where the useful life of goodwill and development costs cannot be reliably estimated, such assets shall be written off within a maximum period set by the Member State. That maximum period shall not be shorter than five years and shall not exceed 10 years. An explanation of the period over which goodwill is written off shall be provided within the notes to the financial statements.

Where national law authorises the inclusion of costs of development under 'Assets' and the costs of development have not been completely written off, Member States shall require that no distribution of profits take place unless the amount of the reserves available for distribution and profits brought forward is at least equal to that of the costs not written off.

Where national law authorises the inclusion of formation expenses under 'Assets', they shall be written off within a period of maximum five years. In that case, Member States shall require that the third subparagraph apply mutatis mutandis to formation expenses.

In exceptional cases, the Member States may permit derogations from the third and fourth subparagraphs. Such derogations and the reasons therefor shall be disclosed in the notes to the financial statements.

12. Provisions shall cover liabilities the nature of which is clearly defined and which at the balance sheet date are either likely to be incurred or certain to be incurred, but uncertain as to their amount or as to the date on which they will arise.

The Member States may also authorise the creation of provisions intended to cover expenses the nature of which is clearly defined and which at the balance sheet date are either likely to be incurred or certain to be incurred, but uncertain as to their amount or as to the date on which they will arise.

At the balance sheet date, a provision shall represent the best estimate of the expenses likely to be incurred or, in the case of a liability, of the amount required to meet that liability. Provisions shall not be used to adjust the values of assets.

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Article 13

Presentation of the profit and loss account

1. For the presentation of the profit and loss account, Member States shall prescribe one or both of the layouts set out in Annexes V and VI. If a Member State prescribes both layouts, it may permit undertakings to choose which of the prescribed layouts to adopt.

2. By way of derogation from Article 4(1), Member States may permit or require all undertakings, or any classes of undertaking, to present a statement of their performance instead of the presentation of profit and loss items in accordance with Annexes V and VI, provided that the information given is at least equivalent to that otherwise required by Annexes V and VI.

Article 14

Simplifications for small and medium-sized undertakings

1. Member States may permit small undertakings to draw up abridged balance sheets showing only those items in Annexes III and IV preceded by letters and roman numerals, disclosing separately:

(a) the information required in brackets in D (II) under ‘Assets’ and C under ‘Capital, reserves and liabilities’ of Annex III, but in the aggregate for each; or

(b) the information required in brackets in D (II) of Annex IV.

2. Member States may permit small and medium-sized undertakings to draw up abridged profit and loss accounts within the following limits:

(a) in Annex V, items 1 to 5 may be combined under one item called ‘Gross profit or loss’;

(b) in Annex VI, items 1, 2, 3 and 6 may be combined under one item called ‘Gross profit or loss’.

CHAPTER 4

NOTES TO THE FINANCIAL STATEMENTS

Article 15

General provisions concerning the notes to the financial statements

Where notes to the balance sheet and profit and loss account are presented in accordance with this Chapter, the notes shall be presented in the order in which items are presented in the balance sheet and in the profit and loss account.

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Article 16

Content of the notes to the financial statements relating to all undertakings

1. In the notes to the financial statements all undertakings shall, in addition to the information required under other provisions of this Directive, disclose information in respect of the following:

(a) accounting policies adopted;

(b) where fixed assets are measured at revalued amounts, a table showing:

(i) movements in the revaluation reserve in the financial year, with an explanation of the tax treatment of items therein, and

(ii) the carrying amount in the balance sheet that would have been recognised had the fixed assets not been revalued;

(c) where financial instruments and/or assets other than financial instruments are measured at fair value:

(i) the significant assumptions underlying the valuation models and techniques where fair values have been determined in accordance with point (b) of Article 8(7),

(ii) for each category of financial instrument or asset other than financial instruments, the fair value, the changes in value included directly in the profit and loss account and changes included in fair value reserves,

(iii) for each class of derivative financial instrument, information about the extent and the nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows, and

(iv) a table showing movements in fair value reserves during the financial year;

(d) the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions and affiliated or associated undertakings shall be disclosed separately;

(e) the amount of advances and credits granted to members of the administrative, managerial and supervisory bodies, with indications of the interest rates, main conditions and any amounts repaid or written off or waived, as well as commitments entered into on their behalf by way of guarantees of any kind, with an indication of the total for each category;

(f) the amount and nature of individual items of income or expenditure which are of exceptional size or incidence;

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(g) amounts owed by the undertaking becoming due and payable after more than five years, as well as the undertaking's entire debts covered by valuable security furnished by the undertaking, with an indication of the nature and form of the security; and

(h) the average number of employees during the financial year.

2. Member States may require mutatis mutandis that small undertakings are to disclose information as required in points (a), (m), (p), (q) and (r) of Article 17(1).

For the purposes of applying the first subparagraph, the information required in point (p) of Article 17(1) shall be limited to the nature and business purpose of the arrangements referred to in that point.

For the purposes of applying the first subparagraph, the disclosure of the information required in point (r) of Article 17(1) shall be limited to transactions entered into with the parties listed in the fourth subparagraph of that point.

3. Member States shall not require disclosure for small undertakings beyond what is required or permitted by this Article.

Article 17

Additional disclosures for medium-sized and large undertakings and public-interest entities

1. In the notes to the financial statements, medium-sized and large undertakings and public-interest entities shall, in addition to the information required under Article 16 and any other provisions of this Directive, disclose information in respect of the following matters:

(a) for the various fixed asset items:

(i) the purchase price or production cost or, where an alternative basis of measurement has been followed, the fair value or revalued amount at the beginning and end of the financial year,

(ii) additions, disposals and transfers during the financial year,

(iii) the accumulated value adjustments at the beginning and end of the financial year,

(iv) value adjustments charged during the financial year,

(v) movements in accumulated value adjustments in respect of additions, disposals and transfers during the financial year, and

(vi) where interest is capitalised in accordance with Article 12(8), the amount capitalised during the financial year.

(b) if fixed or current assets are the subject of value adjustments for taxation purposes alone, the amount of the adjustments and the reasons for making them;

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(c) where financial instruments are measured at purchase price or production cost:

(i) for each class of derivative financial instrument:

— the fair value of the instruments, if such a value can be determined by any of the methods prescribed in point (a) of Article 8(7), and

— information about the extent and nature of the instruments,

(ii) for financial fixed assets carried at an amount in excess of their fair value:

— the book value and the fair value of either the individual assets or appropriate groupings of those individual assets, and

— the reasons for not reducing the book value, including the nature of the evidence underlying the assumption that the book value will be recovered;

(d) the amount of the emoluments granted in respect of, the financial year to the members of administrative, managerial and supervisory bodies by reason of their responsibilities and any commitments arising or entered into in respect of retirement pensions of former members of those bodies, with an indication of the total for each category of body.

Member States may waive the requirement to disclose such information where its disclosure would make it possible to identify the financial position of a specific member of such a body;

(e) the average number of employees during the financial year, broken down by categories and, if they are not disclosed separately in the profit and loss account, the staff costs relating to the financial year, broken down between wages and salaries, social security costs and pension costs;

(f) where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year;

(g) the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in his own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by the undertaking.

Member States may allow the information required to be disclosed by the first subparagraph of this point to take the form of a statement filed in accordance with Article 3(1) and (3) of Directive 2009/101/EC; the filing of such a statement shall be disclosed in the notes to the financial statements. Member States may also allow that information to be omitted when its nature is

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such that it would be seriously prejudicial to any of the undertakings to which it relates. Member States may make such omissions subject to prior administrative or judicial authorisation. Any such omission shall be disclosed in the notes to the financial statements;

(h) the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital, without prejudice as far as the amount of that capital is concerned to point (e) of Article 2of Directive 2009/101/EC or to points (c) and (d) of Article 2 of Directive 2012/30/EU;

(i) where there is more than one class of shares, the number and the nominal value or, in the absence of a nominal value, the accounting par value for each class;

(j) the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer;

(k) the name, the head or registered office and the legal form of each of the undertakings of which the undertaking is a member having unlimited liability;

(l) the name and registered office of the undertaking which draws up the consolidated financial statements of the largest body of undertakings of which the undertaking forms part as a subsidiary undertaking;

(m) the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest body of undertakings of which the undertaking forms part as a subsidiary undertaking and which is also included in the body of undertakings referred to in point (l);

(n) the place where copies of the consolidated financial statements referred to in points (l) and (m) may be obtained, provided that they are available;

(o) the proposed appropriation of profit or treatment of loss, or where applicable, the appropriation of the profit or treatment of the loss;

(p) the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking;

(q) the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet; and

(r) transactions which have been entered into with related parties by the undertaking, including the amount of such transactions, the nature of the related party relationship and other information about the transactions necessary for an understanding of the financial position of the undertaking. Information about individual transactions may be aggregated according to their nature except where separate information is necessary for an understanding of the effects of related party transactions on the financial position of the undertaking.

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Member States may permit or require that only transactions with related parties that have not been concluded under normal market conditions be disclosed.

Member States may permit that transactions entered into between one or more members of a group be not disclosed, provided that subsidiaries which are party to the transaction are wholly owned by such a member.

Member States may permit that a medium-sized undertaking limit the disclosure of transactions with related parties to transactions entered into with:

(i) owners holding a participating interest in the undertaking;

(ii) undertakings in which the undertaking itself has a participating interest; and

(iii) members of the administrative, management or supervisory bodies of the undertaking.

2. Member States shall not be required to apply point (g) of paragraph 1 to an undertaking which is a parent undertaking governed by their national laws in the following cases:

(a) where the undertaking in which that parent undertaking holds a participating interest for the purposes of point (g) of paragraph 1 is included in consolidated financial statements drawn up by that parent undertaking, or in the consolidated financial statements of a larger body of undertakings as referred to in Article 23(4);

(b) where that participating interest has been dealt with by that parent undertaking in its annual financial statements in accordance with Article 9(7), or in the consolidated financial statements drawn up by that parent undertaking in accordance with Article 27(1) to (8).

Article 18

Additional disclosures for large undertakings and public-interest entities

1. In the notes to the financial statements, large undertakings and public-interest entities shall, in addition to the information required under Articles 16 and 17 and any other provisions of this Directive, disclose information in respect of the following matters:

(a) the net turnover broken down by categories of activity and into geographical markets, in so far as those categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services are organised; and

(b) the total fees for the financial year charged by each statutory auditor or audit firm for the statutory audit of the annual financial statements, and the total fees charged by each statutory auditor or audit firm for other assurance services, for tax advisory services and for other non-audit services.

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2. Member States may allow the information referred to in point (a) of paragraph 1to be omitted where the disclosure of that information would be seriously prejudicial to the undertaking. Member States may make such omissions subject to prior administrative or judicial authorisation. Any such omission shall be disclosed in the notes to the financial statements.

3. Member States may provide that point (b) of paragraph 1 is not to apply to the annual financial statements of an undertaking where that undertaking is included within the consolidated financial statements required to be drawn up under Article 22, provided that such information is given in the notes to the consolidated financial statements.

CHAPTER 5

MANAGEMENT REPORT

Article 19

Contents of the management report

1. The management report shall include a fair review of the development and performance of the undertaking's business and of its position, together with a description of the principal risks and uncertainties that it faces.

The review shall be a balanced and comprehensive analysis of the development and performance of the undertaking's business and of its position, consistent with the size and complexity of the business.

To the extent necessary for an understanding of the undertaking's development, performance or position, the analysis shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters. In providing the analysis, the management report shall, where appropriate, include references to, and additional explanations of, amounts reported in the annual financial statements.

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Undertakings which, on their balance sheet dates, exceed a net turnover of EUR 450 000 000 and an average number of 1 000 employees during the financial year shall report information on the key intangible resources and explain how the business model of the undertaking fundamentally depends on such resources and how such resources are a source of value creation for the undertaking.

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2. The management report shall also give an indication of:

(a) the undertaking's likely future development;

(b) activities in the field of research and development;

(c) the information concerning acquisitions of own shares prescribed by Article 24(2) of Directive 2012/30/EU;

(d) the existence of branches of the undertaking; and

(e) in relation to the undertaking's use of financial instruments and where material for the assessment of its assets, liabilities, financial position and profit or loss:

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(i) the undertaking's financial risk management objectives and policies, including its policy for hedging each major type of forecasted transaction for which hedge accounting is used; and

(ii) the undertaking's exposure to price risk, credit risk, liquidity risk and cash flow risk.

3. Member States may exempt small undertakings from the obligation to prepare management reports, provided that they require the information referred to in Article 24(2) of Directive 2012/30/EU concerning the acquisition by an undertaking of its own shares to be given in the notes to the financial statements.

4. Member States may exempt small and medium-sized undertakings from the obligation set out in the third subparagraph of paragraph 1 in so far as it relates to non-financial information.

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Article 19a

Sustainability reporting

1. ►M8 Undertakings which, on their balance sheet dates, exceed a net turnover of EUR 450 000 000 and an average number of 1 000 employees during the financial year shall include in their management report information necessary to understand the undertaking’s impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking’s development, performance and position. ◄

The information referred to in the first subparagraph shall be clearly identifiable within the management report, through a dedicated section of the management report.

2. The information referred to in paragraph 1 shall contain:

(a) a brief description of the undertaking’s business model and strategy, including:

(i) the resilience of the undertaking’s business model and strategy in relation to risks related to sustainability matters;

(ii) the opportunities for the undertaking related to sustainability matters;

(iii) the plans of the undertaking, including implementing actions and related financial and investment plans, to ensure that its business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to 1,5 °C in line with the Paris Agreement under the United Nations Framework Convention on Climate Change

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adopted on 12 December 2015 (the ‘Paris Agreement’) and the objective of achieving climate neutrality by 2050 as established in Regulation (EU) 2021/1119 of the European Parliament and of the Council ([1]), and, where relevant, the exposure of the undertaking to coal-, oil- and gas-related activities;

(iv) how the undertaking’s business model and strategy take account of the interests of the undertaking’s stakeholders and of the impacts of the undertaking on sustainability matters;

(v) how the undertaking’s strategy has been implemented with regard to sustainability matters;

(b) a description of the time-bound targets related to sustainability matters set by the undertaking, including, where appropriate, absolute greenhouse gas emission reduction targets at least for 2030 and 2050, a description of the progress the undertaking has made towards achieving those targets, and a statement of whether the undertaking’s targets related to environmental factors are based on conclusive scientific evidence;

(c) a description of the role of the administrative, management and supervisory bodies with regard to sustainability matters, and of their expertise and skills in relation to fulfilling that role or the access such bodies have to such expertise and skills;

(d) a description of the undertaking’s policies in relation to sustainability matters;

(e) information about the existence of incentive schemes linked to sustainability matters which are offered to members of the administrative, management and supervisory bodies;

(f) a description of:

(i) the due diligence process implemented by the undertaking with regard to sustainability matters, and, where applicable, in line with Union requirements on undertakings to conduct a due diligence process;

(ii) the principal actual or potential adverse impacts connected with the undertaking’s own operations and with its value chain, including its products and services, its business relationships and its supply chain, actions taken to identify and monitor those impacts, and other adverse impacts which the undertaking is required to identify pursuant to other Union requirements on undertakings to conduct a due diligence process;

([1]) Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’) (OJ L 243, 9.7.2021, p. 1).

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(iii) any actions taken by the undertaking to prevent, mitigate, remediate or bring an end to actual or potential adverse impacts, and the result of such actions;

(g) a description of the principal risks to the undertaking related to sustainability matters, including a description of the undertaking's principal dependencies on those matters, and how the undertaking manages those risks;

(h) indicators relevant to the disclosures referred to in points (a) to (g).

Undertakings shall report the process carried out to identify the information that they have included in the management report in accordance with paragraph 1 of this Article. The information listed in the first subparagraph of this paragraph shall include information related to short-, medium- and long-term time horizons, as applicable.

3. Where applicable, the information referred to in paragraphs 1 and 2 shall contain information about the undertaking's own operations and about its value chain, including its products and services, its business relationships and its supply chain.

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For the purposes of the third, fourth and fifth subparagraphs the following definitions apply:

(a) 'reporting undertaking' means an undertaking required to report pursuant to paragraph 1 of this Article;

(b) 'protected undertaking' means an undertaking which:

(i) does not exceed, on its balance sheet date, an average number of 1 000 employees during the preceding financial year; and

(ii) is in the value chain of a reporting undertaking;

(c) 'voluntary standards' means the standards for voluntary use as referred to in Article 29ca.

Reporting undertakings may rely on a self-declaration from undertakings in their value chain to determine whether they are protected undertakings. Reporting undertakings shall not be required to take steps to verify the information contained in such a self-declaration. However, they shall not rely on the self-declaration where they know, or can reasonably be expected to know, that the declaration is manifestly incorrect.

Protected undertakings shall have the right to decline to provide information exceeding the information specified in the voluntary standards in response to a request made for the purpose of sustainability reporting as required by this Directive. Furthermore:

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(a) when establishing contractual and other arrangements for the purpose of meeting the sustainability reporting requirements of this Directive, reporting undertakings shall not require protected undertakings to provide information exceeding the information specified in the voluntary standards;

(b) any contractual provision contrary to point (a) shall not be binding, without however affecting the binding nature of the remaining provisions of the contract;

(c) where a reporting undertaking requests information, directly or indirectly, from protected undertakings for the purpose of sustainability reporting as required by this Directive, and some or all of that information exceeds the information specified in the voluntary standards, that reporting undertaking shall ensure that protected undertakings are informed of the following:

(i) which information exceeds the information specified in the voluntary standards; and

(ii) protected undertakings' statutory right to decline to provide the information;

(d) reporting undertakings that report the necessary value chain information without reporting from protected undertakings any information that exceeds the information specified in the voluntary standards are deemed to have complied with the obligation to report value chain information set out in the first subparagraph.

Nothing in the fourth subparagraph:

(a) affects information requests for purposes other than the purpose of sustainability reporting as required by this Directive, including requests for the purpose of complying with Union requirements on undertakings to conduct a due diligence process; or

(b) imposes or implies any obligation on any undertaking in the value chain to provide sustainability information.

For the first three years of being subject to sustainability reporting requirements in accordance with paragraph 1, and in the event that not all the necessary information regarding its value chain is available, the undertaking shall explain the efforts made to obtain the necessary information about its value chain, the reasons why not all of the necessary information could be obtained, and its plans to obtain the necessary information in the future. After that three-year transition period, the undertaking shall meet the reporting requirements for value chain information by using information directly obtained from undertakings in its value chain or estimates for that information, as appropriate.

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Where applicable, the information referred to in paragraphs 1 and 2 shall also contain references to, and additional explanations of, the other information included in the management report in accordance with Article 19, and the amounts reported in the annual financial statements.

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When reporting the information referred to in paragraphs 1 and 2, undertakings may omit the following information:

(a) in exceptional cases, information the disclosure of which would be seriously prejudicial to the commercial position of the undertaking, provided that the following conditions are met:

(i) such omission does not prevent a fair and balanced understanding of the undertaking's development, performance and position, or of its principal risks or principal impacts;

(ii) the undertaking has determined that it is impossible to disclose the information in a manner that would enable it to meet the objectives of the disclosure requirement without seriously prejudicing its commercial position, for example on an aggregated basis;

(iii) the undertaking discloses the fact that it has used the exemption laid down in this subparagraph; and

(iv) the undertaking reassesses at each reporting date whether the information may still be omitted;

(b) information corresponding to intellectual capital, intellectual property, know-how, technological information, or the results of innovation, which would qualify as a trade secret as defined in Article 2, point (1), of Directive (EU) 2016/943 of the European Parliament and of the Council ([1]), provided that the following conditions are met:

(i) the undertaking discloses the fact that it has used the exemption laid down in this subparagraph; and

(ii) the undertaking reassesses at each reporting date whether the information may still be omitted;

(c) classified information defined in Article 2, point (7), of Regulation (EU) 2023/2418 of the European Parliament and of the Council ([2]), provided that the following conditions are met:

(i) the undertaking discloses the fact that it has used the exemption laid down in this subparagraph; and

(ii) the undertaking reassesses at each reporting date whether the information may still be omitted;

([1]) Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (OJ L 157, 15.6.2016, p. 1, ELI: http://data.europa.eu/eli/dir/2016/943/oj).

([2]) Regulation (EU) 2023/2418 of the European Parliament and of the Council of 18 October 2023 on establishing an instrument for the reinforcement of the European defence industry through common procurement (EDIRPA) (OJ L, 2023/2418, 26.10.2023, ELI: http://data.europa.eu/eli/reg/2023/2418/oj).

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(d) other information that is to be protected from unauthorised access or disclosure because of obligations laid down in other Union legal acts or national law, or in order to safeguard the privacy or security of a natural person or the security of a legal person, provided that the following conditions are met:

(i) the undertaking discloses the fact that it has used the exemption laid down in this subparagraph; and

(ii) the undertaking reassesses at each reporting date whether the information may still be omitted.

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4. Undertakings shall report the information referred to in paragraphs 1 to 3 of this Article in accordance with the sustainability reporting standards adopted pursuant to Article 29b.

5. The management of the undertaking shall inform the workers' representatives at the appropriate level and discuss with them the relevant information and the means of obtaining and verifying sustainability information. The workers' representatives' opinion shall be communicated, where applicable, to the relevant administrative, management or supervisory bodies.

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8. Undertakings that comply with the requirements set out in paragraphs 1 to 4 of this Article and undertakings that rely on the derogation laid down in paragraph 6 of this Article shall be deemed to have complied with the requirement set out in the third subparagraph of Article 19(1).

9. Provided that the conditions set out in the second subparagraph of this paragraph are met, an undertaking which is a subsidiary undertaking shall be exempted from the obligations set out in paragraphs 1 to 4 of this Article ("the exempted subsidiary undertaking") if such undertaking and its subsidiary undertakings are included in the consolidated management report of a parent undertaking, drawn up in accordance with Articles 29 and 29a. An undertaking which is a subsidiary undertaking of a parent undertaking that is established in a third country shall also be exempted from the obligations set out in paragraphs 1 to 4 of this Article where such undertaking and its subsidiary undertakings are included in the consolidated sustainability reporting of that parent undertaking that is established in a third country and where that consolidated sustainability reporting is carried out in accordance with the sustainability reporting standards adopted pursuant to Article 29b or in a manner equivalent to those sustainability reporting standards, as determined in accordance with an implementing act on the equivalence of sustainability reporting standards adopted pursuant to the third subparagraph of Article 23(4) of Directive 2004/109/EC of the European Parliament and of the Council ([1]).

The exemption in the first subparagraph shall be subject to the following conditions:

([1]) Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).

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(a) the management report of the exempted subsidiary undertaking contains all of the following information:

(i) the name and registered office of the parent undertaking that reports information at group level in accordance with this Article or in a manner equivalent to the sustainability reporting standards adopted pursuant to Article 29b of this Directive, as determined in accordance with an implementing act on the equivalence of sustainability reporting standards adopted pursuant to the third subparagraph of Article 23(4) of Directive 2004/109/EC;

(ii) the weblinks to the consolidated management report of the parent undertaking or, where applicable, to the consolidated sustainability reporting of the parent undertaking, as referred to in the first subparagraph of this paragraph, and to the assurance opinion referred to in point (aa) of the second subparagraph of Article 34(1) of this Directive or to the assurance opinion referred to in point (b) of this subparagraph;

(iii) the information that the undertaking is exempted from the obligations set out in paragraphs 1 to 4 of this Article;

(b) if the parent undertaking is established in a third country, its consolidated sustainability reporting and the assurance opinion on the consolidated sustainability reporting, expressed by one or more person(s) or firm(s) authorised to give an opinion on the assurance of sustainability reporting under the law governing that parent undertaking, are published in accordance with Article 30 of this Directive, and in accordance with the law of the Member State by which the exempted subsidiary undertaking is governed;

(c) if the parent undertaking is established in a third country, the disclosures laid down in Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council ([1]), covering the activities carried out by the exempted subsidiary undertaking established in the Union and its subsidiary undertakings, are included in the management report of the exempted subsidiary undertaking, or in the consolidated sustainability reporting carried out by the parent undertaking established in a third country.

The Member State by whose national law the exempted subsidiary undertaking is governed may require that the consolidated management report or, where applicable, the consolidated sustainability report, of the parent undertaking is published in a language that that Member State accepts, and that any necessary translation into such language is provided. Any translation that has not been certified shall include a statement to that effect.

([1]) Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

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Undertakings which are exempted from preparing a management report in accordance with Article 37 shall not be obliged to provide the information referred to in points (a)(i) to (iii) of the second subparagraph of this paragraph, provided that such undertakings publish the consolidated management report in accordance with Article 37.

For the purposes of the first subparagraph of this paragraph, and where Article 10 of Regulation (EU) No 575/2013 applies, credit institutions referred to in point (b) of the first subparagraph of Article 1(3) of this Directive that are permanently affiliated to a central body which supervises them under the conditions laid down in Article 10 of Regulation (EU) No 575/2013 shall be treated as subsidiary undertakings of that central body.

For the purposes of the first subparagraph of this paragraph, insurance undertakings referred to in point (a) of the first subparagraph of Article 1(3) of this Directive that are part of a group, on the basis of financial relationships as referred to in point (c)(ii) of Article 212(1) of Directive 2009/138/EC, and which are subject to group supervision in accordance with points (a) to (c) of Article 213(2) of that Directive shall be treated as subsidiary undertakings of the parent undertaking of that group.

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10. The exemption laid down in paragraph 9 shall also apply to public-interest entities subject to the requirements of this Article.

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Article 20

Corporate governance statement

1. Undertakings referred to in point (1)(a) of Article 2 shall include a corporate governance statement in their management report. That statement shall be included as a specific section of the management report and shall contain at least the following information:

(a) a reference to the following, where applicable:

(i) the corporate governance code to which the undertaking is subject,

(ii) the corporate governance code which the undertaking may have voluntarily decided to apply,

(iii) all relevant information about the corporate governance practices applied over and above the requirements of national law.

Where reference is made to a corporate governance code referred to in points (i) or (ii), the undertaking shall also indicate where the relevant texts are publicly available. Where reference is made to the information referred to in point (iii), the undertaking shall make details of its corporate governance practices publicly available;

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(b) where an undertaking, in accordance with national law, departs from a corporate governance code referred to in points (a)(i) or (ii), an explanation by the undertaking as to which parts of the corporate governance code it departs from and the reasons for doing so; where the undertaking has decided not to refer to any provisions of a corporate governance code referred to in points (a)(i) or (ii), it shall explain its reasons for not doing so;

(c) a description of the main features of the undertaking's internal control and risk management systems in relation to the financial reporting process;

(d) the information required by points (c), (d), (f), (h) and (i) of Article 10(1) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids ([1]), where the undertaking is subject to that Directive;

(e) unless the information is already fully provided for in national law, a description of the operation of the shareholder meeting and its key powers and a description of shareholders' rights and how they can be exercised;

(f) the composition and operation of the administrative, management and supervisory bodies and their committees; and

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(g) a description of the diversity policy applied in relation to the undertaking's administrative, management and supervisory bodies with regard to gender and other aspects such as, age, disabilities or educational and professional background, the objectives of that diversity policy, how it has been implemented and the results in the reporting period. If no such policy is applied, the statement shall contain an explanation as to why that is the case.

Undertakings subject to Article 19a shall be deemed to have complied with the obligation laid down in point (g) of the first subparagraph of this paragraph where they include the information required under that point as part of their sustainability reporting and a reference thereto is included in the corporate governance statement.

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2. Member States may permit the information required by paragraph 1 of this Article to be set out in:

(a) a separate report published together with the management report in the manner set out in Article 30; or

(b) a document publicly available on the undertaking's website, to which reference is made in the management report.

([1]) OJ L 142, 30.4.2004, p. 12.

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That separate report or that document referred to in points (a) and (b), respectively, may cross-refer to the management report, where the information required by point (d) of paragraph 1 of this Article is made available in that management report.

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3. The statutory auditor or audit firm shall express an opinion in accordance with the second subparagraph of Article 34(1) regarding information prepared under points (c) and (d) of paragraph 1 of this Article and shall check that the information referred to in points (a), (b), (e), (f) and (g) of paragraph 1 of this Article has been provided.

4. Member States may exempt undertakings referred to in paragraph 1 which have only issued securities other than shares admitted to trading on a regulated market within the meaning of point (14) of Article 4(1) of Directive 2004/39/EC from the application of points (a), (b), (e), (f) and (g) of paragraph 1 of this Article, unless such undertakings have issued shares which are traded in a multilateral trading facility within the meaning of point (15) of Article 4(1) of Directive 2004/39/EC.

5. Notwithstanding Article 40, point (g) of paragraph 1 shall not apply to small and medium-sized undertakings.

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CHAPTER 6

CONSOLIDATED FINANCIAL STATEMENTS AND REPORTS

Article 21

Scope of the consolidated financial statements and reports

For the purposes of this Chapter, a parent undertaking and all of its subsidiary undertakings shall be undertakings to be consolidated where the parent undertaking is an undertaking to which the coordination measures prescribed by this Directive apply by virtue of Article 1(1).

Article 22

The requirement to prepare consolidated financial statements

1. A Member State shall require any undertaking governed by its national law to draw up consolidated financial statements and a consolidated management report if that undertaking (a parent undertaking):

(a) has a majority of the shareholders' or members' voting rights in another undertaking (a subsidiary undertaking);

(b) has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another undertaking (a subsidiary undertaking) and is at the same time a shareholder in or member of that undertaking;

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(c) has the right to exercise a dominant influence over an undertaking (a subsidiary undertaking) of which it is a shareholder or member, pursuant to a contract entered into with that undertaking or to a provision in its memorandum or articles of association, where the law governing that subsidiary undertaking permits its being subject to such contracts or provisions.

A Member State need not prescribe that a parent undertaking must be a shareholder in or member of its subsidiary undertaking. Those Member States the laws of which do not provide for such contracts or clauses shall not be required to apply this provision; or

(d) is a shareholder in or member of an undertaking, and:

(i) a majority of the members of the administrative, management or supervisory bodies of that undertaking (a subsidiary undertaking) who have held office during the financial year, during the preceding financial year and up to the time when the consolidated financial statements are drawn up, have been appointed solely as a result of the exercise of its voting rights; or

(ii) controls alone, pursuant to an agreement with other shareholders in or members of that undertaking (a subsidiary undertaking), a majority of shareholders' or members' voting rights in that undertaking. The Member States may introduce more detailed provisions concerning the form and contents of such agreements.

Member States shall prescribe at least the arrangements referred to in point (ii). They may subject the application of point (i) to the requirement that the voting rights represent at least 20 % of the total.

However, point (i) shall not apply where a third party has the rights referred to in points (a), (b) or (c) with regard to that undertaking.

2. In addition to the cases mentioned in paragraph 1, Member States may require any undertaking governed by their national law to draw up consolidated financial statements and a consolidated management report if:

(a) that undertaking (a parent undertaking) has the power to exercise, or actually exercises, dominant influence or control over another undertaking (the subsidiary undertaking); or

(b) that undertaking (a parent undertaking) and another undertaking (the subsidiary undertaking) are managed on a unified basis by the parent undertaking.

3. For the purposes of points (a), (b) and (d) of paragraph 1, the voting rights and the rights of appointment and removal of any other subsidiary undertaking as well as those of any person acting in his own name but on behalf of the parent undertaking or of another subsidiary undertaking shall be added to those of the parent undertaking.

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4. For the purposes of points (a), (b) and (d) of paragraph 1, the rights mentioned in paragraph 3 shall be reduced by the rights:

(a) attaching to shares held on behalf of a person who is neither the parent undertaking nor a subsidiary of that parent undertaking; or

(b) attaching to shares:

(i) held by way of security, provided that the rights in question are exercised in accordance with the instructions received, or

(ii) held in connection with the granting of loans as part of normal business activities, provided that the voting rights are exercised in the interests of the person providing the security.

5. For the purposes of points (a) and (d) of paragraph 1, the total of the shareholders' or members' voting rights in the subsidiary undertaking shall be reduced by the voting rights attaching to the shares held by that undertaking itself, by a subsidiary undertaking of that undertaking or by a person acting in his own name but on behalf of those undertakings.

6. Without prejudice to Article 23(9), a parent undertaking and all of its subsidiary undertakings shall be undertakings to be consolidated regardless of where the registered offices of such subsidiary undertakings are situated.

7. Without prejudice to this Article and Articles 21 and 23, a Member State may require any undertaking governed by its national law to draw up consolidated financial statements and a consolidated management report if:

(a) that undertaking and one or more other undertakings to which it is not related as described in paragraphs 1 or 2, are managed on a unified basis in accordance with:

(i) a contract concluded with that undertaking, or

(ii) the memorandum or articles of association of those other undertakings; or

(b) the administrative, management or supervisory bodies of that undertaking and of one or more other undertakings to which it is not related, as described in paragraphs 1 or 2, consist in the majority of the same persons in office during the financial year and until the consolidated financial statements are drawn up.

8. Where the Member State option referred to in paragraph 7 is exercised, the undertakings described in that paragraph and all of their subsidiary undertakings shall be consolidated, where one or more of those undertakings is established as one of the types of undertaking listed in Annex I or Annex II.

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9. Paragraph 6 of this Article, Article 23(1), (2), (9) and (10) and Articles 24 to 29 shall apply to the consolidated financial statements and the consolidated management report referred to in paragraph 7 of this Article, subject to the following modifications:

(a) references to parent undertakings shall be understood to refer to all of the undertakings specified in paragraph 7 of this Article; and

(b) without prejudice to Article 24(3), the items 'capital', 'share premium account', 'revaluation reserve', 'reserves', 'profit or loss brought forward', and 'profit or loss for the financial year' to be included in the consolidated financial statements shall be the aggregate amounts attributable to each of the undertakings specified in paragraph 7 of this Article.

Article 23

Exemptions from consolidation

1. Small groups shall be exempted from the obligation to draw up consolidated financial statements and a consolidated management report, except where any affiliated undertaking is a public-interest entity.

2. Member States may exempt medium-sized groups from the obligation to draw up consolidated financial statements and a consolidated management report, except where any affiliated undertaking is a public-interest entity.

3. Notwithstanding paragraphs 1 and 2 of this Article, a Member State shall, in the following cases, exempt from the obligation to draw up consolidated financial statements and a consolidated management report any parent undertaking (the exempted undertaking) governed by its national law which is also a subsidiary undertaking, including a public-interest entity unless that public-interest entity falls under point (1)(a) of Article 2, the own parent undertaking of which is governed by the law of a Member State and:

(a) the parent undertaking of the exempted undertaking holds all of the shares in the exempted undertaking. The shares in the exempted undertaking held by members of its administrative, management or supervisory bodies pursuant to a legal obligation or an obligation in its memorandum or articles of association shall be ignored for this purpose; or

(b) the parent undertaking of the exempted undertaking holds 90 % or more of the shares in the exempted undertaking and the remaining shareholders in or members of the exempted undertaking have approved the exemption.

4. The exemptions referred to in paragraph 3 shall fulfil all of the following conditions:

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(a) the exempted undertaking and, without prejudice to paragraph 9, all of its subsidiary undertakings are consolidated in the financial statements of a larger body of undertakings, the parent undertaking of which is governed by the law of a Member State;

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(b) the consolidated financial statements referred to in point (a) and the consolidated management report of the larger body of undertakings are drawn up by the parent undertaking of that body, in accordance with the law of the Member State by which that parent undertaking is governed, in accordance with this Directive, with the exception of the requirements laid down in Article 29a, or in accordance with international accounting standards adopted in accordance with Regulation (EC) No 1606/2002;

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(c) in relation to the exempted undertaking the following documents are published in the manner prescribed by the law of the Member State by which that exempted undertaking is governed, in accordance with Article 30:

(i) the consolidated financial statements referred to in point (a) and the consolidated management report referred to in point (b),

(ii) the audit report, and

(iii) where appropriate, the appendix referred to in paragraph 6.

That Member State may require that the documents referred to in points (i), (ii) and (iii) be published in its official language and that the translation be certified;

(d) the notes to the annual financial statements of the exempted undertaking disclose the following:

(i) the name and registered office of the parent undertaking that draws up the consolidated financial statements referred to in point (a), and

(ii) the exemption from the obligation to draw up consolidated financial statements and a consolidated management report.

5. In cases not covered by paragraph 3, a Member State may, without prejudice to paragraphs 1, 2 and 3 of this Article, exempt from the obligation to draw up consolidated financial statements and a consolidated management report any parent undertaking (the exempted undertaking) governed by its national law which is also a subsidiary undertaking, including a public-interest entity unless that public-interest entity falls under point (1)(a) of Article 2, the parent undertaking of which is governed by the law of a Member State, provided that all the conditions set out in paragraph 4 are fulfilled and provided further:

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(a) that the shareholders in or members of the exempted undertaking who own a minimum proportion of the subscribed capital of that undertaking have not requested the preparation of consolidated financial statements at least six months before the end of the financial year;

(b) that the minimum proportion referred to in point (a) does not exceed the following limits:

(i) 10 % of the subscribed capital in the case of public limited liability companies and limited partnerships with share capital; and

(ii) 20 % of the subscribed capital in the case of undertakings of other types;

(c) that the Member State does not make the exemption subject to:

(i) the condition that the parent undertaking, which prepared the consolidated financial statements referred to in point (a) of paragraph 4, is governed by the national law of the Member State granting the exemption, or

(ii) conditions relating to the preparation and auditing of those financial statements.

6. A Member State may make the exemptions provided for in paragraphs ***3*** and 5 subject to the disclosure of additional information, in accordance with this Directive, in the consolidated financial statements referred to in point (a) of paragraph 4, or in an appendix thereto, if that information is required of undertakings governed by the national law of that Member State which are obliged to prepare consolidated financial statements and are in the same circumstances.

7. Paragraphs 3 to 6 shall apply without prejudice to Member State legislation on the drawing-up of consolidated financial statements or consolidated management reports in so far as those documents are required:

(a) for the information of employees or their representatives; or

(b) by an administrative or judicial authority for its own purposes.

8. Without prejudice to paragraphs 1, 2, 3 and 5 of this Article, a Member State which provides for exemptions under paragraphs 3 and 5 of this Article may also exempt from the obligation to draw up consolidated financial statements and a consolidated management report any parent undertaking (the exempted undertaking) governed by its national law which is also a subsidiary undertaking, including a public-interest entity unless that public-interest entity falls under point (1)(a) of Article 2, the parent undertaking of which is not governed by the law of a Member State, if all of the following conditions are fulfilled:

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(a) the exempted undertaking and, without prejudice to paragraph 9, all of its subsidiary undertakings are consolidated in the financial statements of a larger body of undertakings;

(b) the consolidated financial statements referred to in point (a) and, where appropriate, the consolidated management report are drawn up:

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(i) in accordance with this Directive, with the exception of the requirements laid down in Article 29a,

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(ii) in accordance with international accounting standards adopted pursuant to Regulation (EC) No 1606/2002,

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(iii) in a manner equivalent to consolidated financial statements and consolidated management reports drawn up in accordance with this Directive, with the exception of the requirements laid down in Article 29a, or

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(iv) in a manner equivalent to international accounting standards as determined in accordance with Commission Regulation (EC) No 1569/2007 of 21 December 2007 establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives 2003/71/EC and 2004/109/EC of the European Parliament and of the Council ([1]);

(c) the consolidated financial statements referred to in point (a) have been audited by one or more statutory auditor(s) or audit firm(s) authorised to audit financial statements under the national law governing the undertaking which drew up those statements.

Points (c) and (d) of paragraph 4 and paragraphs 5, 6 and 7 shall apply.

9. An undertaking, including a public-interest entity, need not be included in consolidated financial statements where at least one of the following conditions is fulfilled:

(a) in extremely rare cases where the information necessary for the preparation of consolidated financial statements in accordance with this Directive cannot be obtained without disproportionate expense or undue delay;

(b) the shares of that undertaking are held exclusively with a view to their subsequent resale; or

(c) severe long-term restrictions substantially hinder:

(i) the parent undertaking in the exercise of its rights over the assets or management of that undertaking; or

(ii) the exercise of unified management of that undertaking where it is in one of the relationships defined in Article 22(7).

([1]) OJ L 340, 22.12.2007, p. 66.

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10. Without prejudice to point (b) of Article 6(1), Article 21 and paragraphs 1 and 2 of this Article, any parent undertaking, including a public-interest entity, shall be exempted from the obligation imposed in Article 22 if:

(a) it only has subsidiary undertakings which are immaterial, both individually and collectively; or

(b) all its subsidiary undertakings can be excluded from consolidation by virtue of paragraph 9 of this Article.

Article 24

The preparation of consolidated financial statements

1. Chapters 2 and 3 shall apply in respect of consolidated financial statements, taking into account the essential adjustments resulting from the particular characteristics of consolidated financial statements as compared to annual financial statements.

2. The assets and liabilities of undertakings included in a consolidation shall be incorporated in full in the consolidated balance sheet.

3. The book values of shares in the capital of undertakings included in a consolidation shall be set off against the proportion which they represent of the capital and reserves of those undertakings in accordance with the following:

(a) except in the case of shares in the capital of the parent undertaking held either by that undertaking itself or by another undertaking included in the consolidation, which shall be treated as own shares in accordance with Chapter 3, that set-off shall be effected on the basis of book values as they stand on the date on which those undertakings are included in a consolidation for the first time. Differences arising from that set-off shall, as far as possible, be entered directly against those items in the consolidated balance sheet which have values above or below their book values;

(b) a Member State may permit or require set-offs on the basis of the values of identifiable assets and liabilities as at the date of acquisition of the shares or, in the event of acquisition in two or more stages, as at the date on which the undertaking became a subsidiary;

(c) any difference remaining after the application of point (a) or resulting from the application of point (b) shall be shown as goodwill in the consolidated balance sheet;

(d) the methods used to calculate the value of goodwill and any significant changes in value in relation to the preceding financial year shall be explained in the notes to the financial statements;

(e) where the offsetting of positive and negative goodwill is authorised by a Member State, the notes to the financial statements shall include an analysis of the goodwill;

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(f) negative goodwill may be transferred to the consolidated profit and loss account where such a treatment is in accordance with the principles set out in Chapter 2.

4. Where shares in subsidiary undertakings included in the consolidation are held by persons other than those undertakings, the amount attributable to those shares shall be shown separately in the consolidated balance sheet as non-controlling interests.

5. The income and expenditure of undertakings included in a consolidation shall be incorporated in full in the consolidated profit and loss account.

6. The amount of any profit or loss attributable to the shares referred to in paragraph 4 shall be shown separately in the consolidated profit and loss account as the profit or loss attributable to non-controlling interests.

7. Consolidated financial statements shall show the assets, liabilities, financial positions, profits or losses of the undertakings included in a consolidation as if they were a single undertaking. In particular, the following shall be eliminated from the consolidated financial statements:

(a) debts and claims between the undertakings;

(b) income and expenditure relating to transactions between the undertakings; and

(c) profits and losses resulting from transactions between the undertakings, where they are included in the book values of assets.

8. Consolidated financial statements shall be drawn up as at the same date as the annual financial statements of the parent undertaking.

A Member State may, however, permit or require consolidated financial statements to be drawn up as at another date in order to take account of the balance sheet dates of the largest number or the most important of the undertakings included in the consolidation, provided that:

(a) that fact shall be disclosed in the notes to the consolidated financial statements and reasons given;

(b) account shall be taken, or disclosure made, of important events concerning the assets and liabilities, the financial position and the profit or loss of an undertaking included in a consolidation which have occurred between that undertaking's balance sheet date and the consolidated balance sheet date; and

(c) where an undertaking's balance sheet date precedes or follows the consolidated balance sheet date by more than three months, that undertaking shall be consolidated on the basis of interim financial statements drawn up as at the consolidated balance sheet date.

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9. If the composition of the undertakings included in a consolidation has changed significantly in the course of a financial year, the consolidated financial statements shall include information which makes the comparison of successive sets of consolidated financial statements meaningful. This obligation may be fulfilled by the preparation of an adjusted comparative balance sheet and an adjusted comparative profit and loss account.

10. Assets and liabilities included in consolidated financial statements shall be measured on a uniform basis and in accordance with Chapter 2.

11. An undertaking which draws up consolidated financial statements shall apply the same measurement bases as are applied in its annual financial statements. However, Member States may permit or require that other measurement bases in accordance with Chapter 2 be used in consolidated financial statements. Where use is made of this derogation, that fact shall be disclosed in the notes to the consolidated financial statements and reasons given.

12. Where assets and liabilities included in consolidated financial statements have been measured by undertakings included in the consolidation using bases differing from those used for the purposes of the consolidation, those assets and liabilities shall be re-measured in accordance with the bases used for the consolidation. Departures from this requirement shall be permitted in exceptional cases. Any such departures shall be disclosed in the notes to the consolidated financial statements and reasons given.

13. Deferred tax balances shall be recognised on consolidation provided that it is probable that a charge to tax will arise within the foreseeable future for one of the undertakings included in the consolidation.

14. Where assets included in consolidated financial statements have been the subject of value adjustments solely for tax purposes, they shall be incorporated in the consolidated financial statements only after those adjustments have been eliminated.

Article 25

Business combinations within a group

1. A Member State may permit or require the book values of shares held in the capital of an undertaking included in the consolidation to be set off against the corresponding percentage of capital only, provided that the undertakings in the business combination are ultimately controlled by the same party both before and after the business combination, and that control is not transitory.

2. Any difference arising under paragraph 1 shall be added to or deducted from consolidated reserves, as appropriate.

3. The application of the method described in paragraph 1, the resulting movement in reserves and the names and registered offices of the undertakings concerned shall be disclosed in the notes to the consolidated financial statements.

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Article 26

Proportional consolidation

1. Where an undertaking included in a consolidation manages another undertaking jointly with one or more undertakings not included in that consolidation, Member States may permit or require the inclusion of that other undertaking in the consolidated financial statements in proportion to the rights in its capital held by the undertaking included in the consolidation.

2. Article 23(9) and (10) and Article 24 shall apply mutatis mutandis to the proportional consolidation referred to in paragraph 1 of this Article.

Article 27

Equity accounting of associated undertakings

1. Where an undertaking included in a consolidation has an associated undertaking, that associated undertaking shall be shown in the consolidated balance sheet as a separate item with an appropriate heading.

2. When this Article is applied for the first time to an associated undertaking, that associated undertaking shall be shown in the consolidated balance sheet either:

(a) at its book value calculated in accordance with the measurement rules laid down in Chapters 2 and 3. The difference between that value and the amount corresponding to the proportion of capital and reserves represented by the participating interest in that associated undertaking shall be disclosed separately in the consolidated balance sheet or in the notes to the consolidated financial statements. That difference shall be calculated as at the date on which that method is used for the first time; or

(b) at an amount corresponding to the proportion of the associated undertaking's capital and reserves represented by the participating interest in that associated undertaking. The difference between that amount and the book value calculated in accordance with the measurement rules laid down in Chapters 2 and 3 shall be disclosed separately in the consolidated balance sheet or in the notes to the consolidated financial statements. That difference shall be calculated as at the date on which that method is used for the first time.

A Member State may prescribe the application of one or other of the options provided for in points (a) and (b). In such cases, the consolidated balance sheet or the notes to the consolidated financial statements shall indicate which of those options has been used.

In addition, for the purposes of points (a) and (b), a Member State may permit or require the calculation of the difference as at the date of acquisition of the shares or, where they were acquired in two or more stages, as at the date on which the undertaking became an associated undertaking.

3. Where an associated undertaking's assets or liabilities have been valued by methods other than those used for consolidation in accordance with Article 24(11), they may, for the purpose of calculating the difference referred to in points (a) and (b) of paragraph 2, be

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revalued by the methods used for consolidation. Where such revaluation has not been carried out, that fact shall be disclosed in the notes to the consolidated financial statements. A Member State may require such revaluation.

4. The book value referred to in point (a) of paragraph 2, or the amount corresponding to the proportion of the associated undertaking's capital and reserves referred to in point (b) of paragraph 2, shall be increased or reduced by the amount of any variation which has taken place during the financial year in the proportion of the associated undertaking's capital and reserves represented by that participating interest; it shall be reduced by the amount of the dividends relating to that participating interest.

5. In so far as the positive difference referred to in points (a) and (b) of paragraph 2 cannot be related to any category of assets or liabilities, it shall be treated in accordance with the rules applicable to the item 'goodwill' as set out in point (d) of Article 12(6), the first subparagraph of Article 12(11), point (c) of Article 24(3), and Annex III and Annex IV.

6. The proportion of the profit or loss of the associated undertakings attributable to the participating interests in such associated undertakings shall be shown in the consolidated profit and loss account as a separate item under an appropriate heading.

7. The eliminations referred to in Article 24(7) shall be effected in so far as the facts are known or can be ascertained.

8. Where an associated undertaking draws up consolidated financial statements, paragraphs 1 to 7 shall apply to the capital and reserves shown in such consolidated financial statements.

9. This Article need not be applied where the participating interest in the capital of the associated undertaking is not material.

Article 28

The notes to the consolidated financial statements

1. The notes to the consolidated financial statements shall set out the information required by Articles 16, 17 and 18, in addition to any other information required under other provisions of this Directive, in a way which facilitates the assessment of the financial position of the undertakings included in the consolidation taken as a whole, taking account of the essential adjustments resulting from the particular characteristics of consolidated financial statements as compared to annual financial statements, including the following:

(a) in disclosing transactions between related parties, transactions between related parties included in a consolidation that are eliminated on consolidation shall not be included;

(b) in disclosing the average number of employees employed during the financial year, there shall be separate disclosure of the average number of employees employed by undertakings that are proportionately consolidated; and

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(c) in disclosing the amounts of emoluments and advances and credits granted to members of the administrative, managerial and supervisory bodies, only amounts granted by the parent undertaking and its subsidiary undertakings to members of the administrative, managerial and supervisory bodies of the parent undertaking shall be disclosed.

2. The notes to the consolidated financial statements shall, in addition to the information required under paragraph 1, set out the following information:

(a) in relation to undertakings included in the consolidation:

(i) the names and registered offices of those undertakings,

(ii) the proportion of the capital held in those undertakings, other than the parent undertaking, by the undertakings included in the consolidation or by persons acting in their own names but on behalf of those undertakings, and

(iii) information as to which of the conditions referred to in Article 22(1), (2) and (7) following the application of Article 22(3), (4) and (5) has formed the basis on which the consolidation has been carried out. That disclosure may, however, be omitted where consolidation has been carried out on the basis of point (a) of Article 22(1) and where the proportion of the capital and the proportion of the voting rights held are the same.

The same information shall be given in respect of undertakings excluded from a consolidation on the grounds of immateriality pursuant to point (j) of Article 6(1) and Article 23(10), and an explanation shall be given for the exclusion of the undertakings referred to in Article 23(9);

(b) the names and registered offices of associated undertakings included in the consolidation as described in Article 27(1) and the proportion of their capital held by undertakings included in the consolidation or by persons acting in their own names but on behalf of those undertakings;

(c) the names and registered offices of undertakings proportionally consolidated under Article 26, the factors on which joint management of those undertakings is based, and the proportion of their capital held by the undertakings included in the consolidation or by persons acting in their own names but on behalf of those undertakings; and

(d) in relation to each of the undertakings, other than those referred to in points (a), (b) and (c), in which undertakings included in the consolidation, either themselves or through persons acting in their own names but on behalf of those undertakings, hold a participating interest:

(i) the name and registered office of those undertakings,

(ii) the proportion of the capital held,

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(iii) the amount of the capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted.

The information concerning capital and reserves and the profit or loss may also be omitted where the undertaking concerned does not publish its balance sheet.

3. Member States may allow the information required by points (a) to (d) of paragraph 2 to take the form of a statement filed in accordance with Article 3(3) of Directive 2009/101/EC. The filing of such a statement shall be disclosed in the notes to the consolidated financial statements. Member States may also allow that information to be omitted when its nature is such that its disclosure would be seriously prejudicial to any of the undertakings to which it relates. Member States may make such omissions subject to prior administrative or judicial authorisation. Any such omission shall be disclosed in the notes to the consolidated financial statements.

Article 29

The consolidated management report

1. The consolidated management report shall, as a minimum, in addition to any other information required under other provisions of this Directive, set out the information required by Articles 19 and 20, taking account of the essential adjustments resulting from the particular characteristics of a consolidated management report as compared to a management report in a way which facilitates the assessment of the position of the undertakings included in the consolidation taken as a whole.

2. The following adjustments to the information required by Articles 19 and 20 shall apply:

(a) in reporting details of own shares acquired, the consolidated management report shall indicate the number and nominal value or, in the absence of a nominal value, the accounting par value of all of the parent undertaking's shares held by that parent undertaking, by subsidiary undertakings of that parent undertaking or by a person acting in his own name but on behalf of any of those undertakings. A Member State may permit or require the disclosure of those particulars in the notes to the consolidated financial statements;

(b) in reporting on internal control and risk management systems, the corporate governance statement shall refer to the main features of the internal controls and risk management systems for the undertakings included in the consolidation, taken as a whole.

3. Where a consolidated management report is required in addition to the management report, the two reports may be presented as a single report.

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Article 29a

Consolidated sustainability reporting

1. ►M8 Parent undertakings of a group which, on its balance sheet date, exceeds, on a consolidated basis, a net turnover of EUR 450 000 000 and an average number of 1 000 employees during the financial year shall include in the consolidated management report information necessary to understand the group's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the group's development, performance and position. ◄

The information referred to in the first subparagraph shall be clearly identifiable within the consolidated management report, through a dedicated section of the consolidated management report.

2. The information referred to in paragraph 1 shall contain:

(a) a brief description of the group's business model and strategy, including:

(i) the resilience of the group's business model and strategy in relation to risks related to sustainability matters;

(ii) the opportunities for the group related to sustainability matters;

(iii) the plans of the group, including implementing actions and related financial and investment plans, to ensure that its business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to 1,5 °C in line with the Paris Agreement and the objective of achieving climate neutrality by 2050 as established in Regulation (EU) 2021/1119 and where relevant, the exposure of the group to coal-, oil- and gas-related activities;

(iv) how the group's business model and strategy take account of the interests of the group's stakeholders and of the impacts of the group on sustainability matters;

(v) how the group's strategy has been implemented with regard to sustainability matters;

(b) a description of the time-bound targets related to sustainability matters set by the group, including, where appropriate, absolute greenhouse gas emission reduction targets at least for 2030 and 2050, a description of the progress the group has made towards achieving those targets, and a statement of whether the group's targets related to environmental factors are based on conclusive scientific evidence;

(c) a description of the role of the administrative, management and supervisory bodies with regard to sustainability matters, and of their expertise and skills in relation to fulfilling that role or the access such bodies have to such expertise and skills;

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(d) a description of the group's policies in relation to sustainability matters;

(e) information about the existence of incentive schemes linked to sustainability matters which are offered to members of the administrative, management and supervisory bodies;

(f) a description of:

(i) the due diligence process implemented by the group with regard to sustainability matters, and, where applicable, in line with Union requirements on undertakings to conduct a due diligence process;

(ii) the principal actual or potential adverse impacts connected with the group's own operations and with its value chain, including its products and services, its business relationships and its supply chain, actions taken to identify and monitor those impacts, and other adverse impacts which the parent undertaking is required to identify pursuant to other Union requirements to conduct a due diligence process;

(iii) any actions taken by the group to prevent, mitigate, remediate or bring an end to actual or potential adverse impacts, and the result of such actions;

(g) a description of the principal risks to the group related to sustainability matters, including the group's principal dependencies on those matters, and how the group manages those risks;

(h) indicators relevant to the disclosures referred to in points (a) to (g).

Parent undertakings shall report the process carried out to identify the information that they have included in the consolidated management report in accordance with paragraph 1 of this Article. The information listed in the first subparagraph of this paragraph shall include information related to short-, medium- and long-term time horizons, as applicable.

3. Where applicable, the information referred to in paragraphs 1 and 2 shall contain information about the group's own operations and about its value chain, including its products and services, its business relationships and its supply chain.

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For the purposes of the third, fourth and fifth subparagraphs, the following definitions apply:

(a) 'reporting undertaking' means an undertaking required to report pursuant to paragraph 1 of this Article;

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(b) ‘protected undertaking’ means an undertaking which:

(i) does not exceed, on its balance sheet date, an average number of 1 000 employees during the preceding financial year; and

(ii) is in the value chain of a reporting undertaking;

(c) ‘voluntary standards’ means the standards for voluntary use as referred to in Article 29ca.

Reporting undertakings may rely on a self-declaration from undertakings in their value chain to determine whether they are protected undertakings. Reporting undertakings shall not be required to take steps to verify the information contained in such a self-declaration. However, they shall not rely on the self-declaration where they know, or can reasonably be expected to know, that the declaration is manifestly incorrect.

Protected undertakings have the right to decline to provide information exceeding the information specified in the voluntary standards in response to a request made for the purpose of sustainability reporting as required by this Directive. Furthermore:

(a) when establishing contractual and other arrangements for the purpose of meeting the sustainability reporting requirements of this Directive, reporting undertakings shall not require protected undertakings to provide information exceeding the information specified in the voluntary standards;

(b) any contractual provision contrary to point (a) shall not be binding, without however affecting the binding nature of the remaining provisions of the contract;

(c) where a reporting undertaking requests information, directly or indirectly, from protected undertakings for the purpose of sustainability reporting as required by this Directive, and some or all of that information exceeds the information specified in the voluntary standards, that reporting undertaking shall ensure that protected undertakings are informed of the following:

(i) which information exceeds the information specified in the voluntary standards; and

(ii) protected undertakings’ statutory right to decline to provide the information;

(d) reporting undertakings that report the necessary value chain information without reporting from protected undertakings any information that exceeds the information specified in the voluntary standards are deemed to have complied with the obligation to report value chain information set out in the first subparagraph.

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Nothing in the fourth subparagraph:

(a) affects information requests for purposes other than the purpose of sustainability reporting as required by this Directive, including requests for the purpose of complying with Union requirements on undertakings to conduct a due diligence process; or

(b) imposes or implies any obligation on any undertaking in the value chain to provide sustainability information.

For the first three years of being subject to sustainability reporting requirements in accordance with paragraph 1, and in the event that not all the necessary information regarding its value chain is available, the parent undertaking shall explain the efforts made to obtain the necessary information about its value chain, the reasons why not all of the necessary information could be obtained, and its plans to obtain the necessary information in the future. After that three-year transition period, the parent undertaking shall meet the reporting requirements for value chain information by using information directly obtained from undertakings in its value chain or estimates for that information, as appropriate.

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Where applicable, the information referred to in paragraphs 1 and 2 shall also include references to, and additional explanations of, the other information included in the consolidated management report in accordance with Article 29 of this Directive and the amounts reported in the consolidated financial statements.

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When reporting the information referred to in paragraphs 1 and 2, parent undertakings may omit the following information:

(a) in exceptional cases, information the disclosure of which would be seriously prejudicial to the commercial position of the group, provided that the following conditions are met:

(i) such omission does not prevent a fair and balanced understanding of the group's development, performance and position, or of its principal risks or principal impacts;

(ii) the parent undertaking has determined that it is impossible to disclose the information in a manner that would enable it to meet the objectives of the disclosure requirement without seriously prejudicing the group's commercial position, for example on an aggregated basis;

(iii) the parent undertaking discloses the fact that it has used the exemption laid down in this subparagraph; and

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(iv) the parent undertaking reassesses at each reporting date whether the information may still be omitted;

(b) information corresponding to intellectual capital, intellectual property, know-how, technological information, or the results of innovation, which would qualify as a trade secret as defined in Article 2, point (1), of Directive (EU) 2016/943, provided that the following conditions are met:

(i) the parent undertaking discloses the fact that it has used the exemption laid down in this subparagraph; and

(ii) the parent undertaking reassesses at each reporting date whether the information may still be omitted;

(c) classified information defined in Article 2, point (7), of Regulation (EU) 2023/2418, provided that the following conditions are met:

(i) the parent undertaking discloses the fact that it has used the exemption laid down in this subparagraph; and

(ii) the parent undertaking reassesses at each reporting date whether the information may still be omitted;

(d) other information that is to be protected from unauthorised access or disclosure because of obligations laid down in other Union legal acts or national law, or in order to safeguard the privacy or security of a natural person or the security of a legal person, provided that the following conditions are met:

(i) the parent undertaking discloses the fact that it has used the exemption laid down in this subparagraph; and

(ii) the parent undertaking reassesses at each reporting date whether the information may still be omitted.

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4. Where the reporting undertaking identifies significant differences between the risks for, or impacts of, the group and the risks for, or impacts of, one or more of its subsidiary undertakings, the undertaking shall provide an adequate understanding of, as appropriate, the risks for, and impacts of, the subsidiary undertaking or subsidiary undertakings concerned.

Undertakings shall indicate which subsidiary undertakings included in the consolidation are exempted from annual or consolidated sustainability reporting pursuant to Articles 19a(9) or 29a(8) respectively.

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4a. By way of derogation from paragraph 1 of this Article, in cases where the composition of the group has changed during the financial year due to acquisitions or mergers of undertakings, the parent undertaking may decide not to include in the consolidated management report related to that financial year the information referred to in paragraph 1 of this Article regarding undertakings subject to an acquisition or a merger.

By way of derogation from paragraph 1 of this Article, the parent undertaking may decide not to include in the consolidated management report the information referred to in paragraph 1 of this Article regarding any subsidiary undertaking that leaves the group during the financial year.

A parent undertaking exercising the options referred to in the first or second subparagraph shall indicate any significant event that affected the subsidiary undertaking during the financial year and that has an effect on the group's impacts on, or risks or opportunities related to, sustainability matters.

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5. Parent undertakings shall report the information referred to in paragraphs 1 to 3 of this Article in accordance with the sustainability reporting standards adopted pursuant to Article 29b.

6. The management of the parent undertaking shall inform the workers' representatives at the appropriate level and discuss with them the relevant information and the means of obtaining and verifying sustainability information. The workers' representatives' opinion shall be communicated, where applicable, to the relevant administrative, management or supervisory bodies.

7. A parent undertaking that complies with the requirements set out in paragraphs 1 to 5 of this Article shall be deemed to have complied with the requirements set out in the third subparagraph of Article 19(1) and Article 19a.

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7a. By way of derogation from paragraph 1, Member States shall ensure that parent undertakings that are financial holding undertakings whose subsidiary undertakings' business models and operations are independent of one another may choose not to include in their consolidated management report the information referred to in paragraph 1.

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8. Provided that the conditions set out in the second subparagraph of this paragraph are met, a parent undertaking which is a subsidiary undertaking shall be exempted from the obligations set out in paragraphs 1 to 5 of this Article (the 'exempted parent undertaking') if such parent undertaking and its subsidiary undertakings are included in the consolidated management report of another undertaking, drawn up in accordance with Article 29 and this Article. A parent undertaking which is a subsidiary undertaking of a parent undertaking that is established in a third country shall also be exempted from the obligations set out in paragraphs 1 to 5 of this Article where such parent undertaking

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and its subsidiary undertakings are included in the consolidated sustainability reporting of that parent undertaking that is established in a third country and where that consolidated sustainability reporting is carried out in accordance with the sustainability reporting standards adopted pursuant to Article 29b or in a manner equivalent to those sustainability reporting standards, as determined in accordance with an implementing act on the equivalence of sustainability reporting standards adopted pursuant to the third subparagraph of Article 23(4) of Directive 2004/109/EC.

The exemption in the first subparagraph shall be subject to the following conditions:

(a) the management report of the exempted parent undertaking contains all of the following information:

(i) the name and registered office of the parent undertaking that reports information at group level in accordance with this Article, or in a manner equivalent to the sustainability reporting standards adopted pursuant to Article 29b of this Directive, as determined in accordance with an implementing act on the equivalence of sustainability reporting standards adopted pursuant to the third subparagraph of Article 23(4) of Directive 2004/109/EC;

(ii) the weblinks to the consolidated management report of the parent undertaking or, where applicable, to the consolidated sustainability reporting of the parent undertaking, as referred to in the first subparagraph of this paragraph, and to the assurance opinion referred to in point (aa) of the second subparagraph of Article 34(1) of this Directive or to the assurance opinion referred to in point (b) of this subparagraph;

(iii) the information that the parent undertaking is exempted from the obligations set out in paragraphs 1 to 5 of this Article;

(b) if the parent undertaking is established in a third country, its consolidated sustainability reporting and the assurance opinion, expressed by one or more person(s) or firm(s) authorised to give an opinion on the assurance of sustainability reporting under the national law governing the parent undertaking, are published in accordance with Article 30, and in accordance with the law of the Member State by which the exempted parent undertaking is governed;

(c) if the parent undertaking is established in a third country, the disclosures laid down in Article 8 of Regulation (EU) 2020/852, covering the activities carried out by the subsidiary undertaking established in the Union and exempted from sustainability reporting on the basis of Article 19a(9) of this Directive, shall be included in the management report of the exempted parent undertaking, or in the consolidated sustainability reporting carried out by the parent undertaking established in a third country.

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The Member State by whose national law the exempted parent undertaking is governed may require that the consolidated management report or, where applicable, the consolidated sustainability report of the parent undertaking is published in a language that that Member State accepts, and that any necessary translation into such language is provided. Any translation that has not been certified shall include a statement to that effect.

Parent undertakings which are exempted from preparing a management report pursuant to Article 37 shall not be obliged to provide the information referred to in points (a)(i) to (a)(iii) of the second subparagraph of this paragraph, provided that such undertakings publish the consolidated management report in accordance with Article 37.

For the purposes of the first subparagraph of this paragraph, and where Article 10 of Regulation (EU) No 575/2013 applies, credit institutions referred to in point (b) of the first subparagraph of Article 1(3) of this Directive that are permanently affiliated to a central body which supervises them under the conditions laid down in Article 10 of Regulation (EU) No 575/2013 shall be treated as subsidiary undertakings of that central body.

For the purposes of the first subparagraph of this paragraph, insurance undertakings referred to in point (a) of the first subparagraph of Article 1(3) of this Directive that are part of a group, on the basis of financial relationships referred to in point (c)(ii) of Article 212(1) of Directive 2009/138/EC, and which are subject to group supervision in accordance with points (a) to (c) of Article 213(2) of that Directive shall be treated as subsidiary undertakings of the parent undertaking of that group.

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9. The exemption laid down in paragraph 8 shall also apply to public-interest entities subject to the requirements of this Article.

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CHAPTER 6a

SUSTAINABILITY REPORTING STANDARDS

Article 29b

Sustainability reporting standards

1. The Commission shall adopt delegated acts in accordance with Article 49 supplementing this Directive to provide for sustainability reporting standards. Those sustainability reporting standards shall specify the information that undertakings are to report in accordance with Articles 19a and 29a and, where relevant, shall specify the structure to be used to present that information.

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In the delegated acts referred to in the first subparagraph of this paragraph the Commission shall, by 30 June 2023, specify the information that undertakings are to report in accordance with Article 19a(1) and (2), and Article 29a(1) and (2) where appropriate, which shall at least include the information that financial market participants subject to the disclosure obligations of Regulation (EU) 2019/2088 need in order to comply with those obligations.

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The reporting requirements laid down in the delegated acts referred to in the first subparagraph shall not enter into force earlier than four months after their adoption by the Commission.

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The Commission shall, at least every three years after their date of application, review the delegated acts adopted pursuant to this Article, taking into consideration the technical advice of the European Financial Reporting Advisory Group (EFRAG), and, where necessary, it shall amend such delegated acts to take into account relevant developments, including developments with regard to international standards.

The Commission shall, at least once a year, consult the European Parliament, and consult jointly the Member State Expert Group on Sustainable Finance, referred to in Article 24 of Regulation (EU) 2020/852, and the Accounting Regulatory Committee, referred to in Article 6 of Regulation (EC) No 1606/2002, on EFRAG's work programme as regards the development of sustainability reporting standards.

2. ►M8 The sustainability reporting standards shall ensure the quality of reported information, by requiring that it is understandable, relevant, verifiable, comparable and represented in a faithful manner. The sustainability reporting standards shall avoid imposing a disproportionate administrative or financial burden on undertakings, including by taking account, to the greatest extent possible, of the work of global standard-setting initiatives for sustainability reporting as required by point (a) of paragraph 5, and by ensuring as much coherence as possible with requirements in other Union legal acts. The sustainability reporting standards shall, to the extent possible, prioritise the disclosure of quantitative information, taking account of the burden on undertakings and the needs of users. ◄

The sustainability reporting standards shall, taking into account the subject matter of a particular sustainability reporting standard:

(a) specify the information that undertakings are to disclose about the following environmental factors:

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(i) climate change mitigation, including as regards scope 1, scope 2 and, where relevant, scope 3 greenhouse gas emissions;

(ii) climate change adaptation;

(iii) water and marine resources;

(iv) resource use and the circular economy;

(v) pollution;

(vi) biodiversity and ecosystems;

(b) specify the information that undertakings are to disclose about the following social and human rights factors:

(i) equal treatment and opportunities for all, including gender equality and equal pay for work of equal value, training and skills development, the employment and inclusion of people with disabilities, measures against violence and harassment in the workplace, and diversity;

(ii) working conditions, including secure employment, working time, adequate wages, social dialogue, freedom of association, existence of works councils, collective bargaining, including the proportion of workers covered by collective agreements, the information, consultation and participation rights of workers, work-life balance, and health and safety;

(iii) respect for the human rights, fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights and other core UN human rights conventions, including the UN Convention on the Rights of Persons with Disabilities, the UN Declaration on the Rights of Indigenous Peoples, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the fundamental conventions of the International Labour Organization, the European Convention for the protection of Human Rights and Fundamental Freedoms, the European Social Charter, and the Charter of Fundamental Rights of the European Union;

(c) specify the information that undertakings are to disclose about the following governance factors:

(i) the role of the undertaking's administrative, management and supervisory bodies with regard to sustainability matters, and their composition, as well as their expertise and skills in relation to fulfilling that role or the access such bodies have to such expertise and skills;

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(ii) the main features of the undertaking's internal control and risk management systems, in relation to the sustainability reporting and decision-making process;

(iii) business ethics and corporate culture, including anti-corruption and anti-bribery, the protection of whistleblowers and animal welfare;

(iv) activities and commitments of the undertaking related to exerting its political influence, including its lobbying activities;

(v) the management and quality of relationships with customers, suppliers and communities affected by the activities of the undertaking, including payment practices, especially with regard to late payment to small and medium-sized undertakings.

3. The sustainability reporting standards shall specify the forward-looking, retrospective, qualitative and quantitative information, as appropriate, to be reported by undertakings.

4. ►**M8** Sustainability reporting standards shall take account of the difficulties that undertakings may encounter in gathering information from actors throughout their value chain, especially from those which are not subject to the sustainability reporting requirements laid down in Article 19a or 29a and from suppliers in emerging markets and economies. Sustainability reporting standards shall specify disclosures on value chains that are proportionate and relevant to the capacities and the characteristics of undertakings in value chains, and to the scale and complexity of their activities, especially those of undertakings that are not subject to the sustainability reporting requirements in Article 19a or 29a. Sustainability reporting standards shall not specify disclosures that would require undertakings to obtain from undertakings in their value chain which, on their balance sheet dates, do not exceed an average number of 1 000 employees during the financial year any information that exceeds the information to be disclosed pursuant to the sustainability reporting standards for voluntary use referred to in Article 29ca. ◄

The first subparagraph is without prejudice to Union requirements on undertakings to conduct a due diligence process.

5. When adopting delegated acts pursuant to paragraph 1, the Commission shall, to the greatest extent possible, take account of:

(a) the work of global standard-setting initiatives for sustainability reporting, and existing standards and frameworks for natural capital accounting and for greenhouse gas accounting, responsible business conduct, corporate social responsibility, and sustainable development;

(b) the information that financial market participants need in order to comply with their disclosure obligations laid down in Regulation (EU) 2019/2088 and the delegated acts adopted pursuant to that Regulation;

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(c) the criteria, indicators and methodologies set out in the delegated acts adopted pursuant to Regulation (EU) 2020/852, including the technical screening criteria established pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of that Regulation and the reporting requirements set out in the delegated act adopted pursuant to Article 8 of that Regulation;

(d) the disclosure requirements applicable to benchmark administrators in the benchmark statement and in the benchmark methodology and the minimum standards for the construction of EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks in accordance with Commission Delegated Regulations (EU) 2020/1816 ([1]), (EU) 2020/1817 ([2]) and (EU) 2020/1818 ([3]);

(e) the disclosures specified in the implementing acts adopted pursuant to Article 434a of Regulation (EU) No 575/2013;

(f) Commission Recommendation 2013/179/EU ([4]);

(g) Directive 2003/87/EC of the European Parliament and of the Council ([5]);

(h) Regulation (EU) 2021/1119;

(i) Regulation (EC) No 1221/2009 of the European Parliament and of the Council ([6]);

([1]) Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

([2]) Commission Delegated Regulation (EU) 2020/1817 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation on how environmental, social and governance factors are reflected in the benchmark methodology (OJ L 406, 3.12.2020, p. 12).

([3]) Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

([4]) Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).

([5]) Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

([6]) Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC (OJ L 342, 22.12.2009, p. 1).

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(j) Directive (EU) 2019/1937 of the European Parliament and of the Council ([1]).

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Article 29ca

Sustainability reporting standards for voluntary use

1. In order to facilitate voluntary reporting of sustainability information by undertakings which, on their balance sheet date, do not exceed an average number of 1 000 employees during the preceding financial year, and to limit the information that may be required for the purposes of this Directive from such undertakings in the value chain, the Commission shall be empowered to establish, by means of delegated acts in accordance with Article 49, sustainability reporting standards for voluntary use by 19 July 2026.

2. Without prejudice to paragraph 3 of this Article, the sustainability reporting standards for voluntary use referred to in paragraph 1 of this Article shall be based on Commission Recommendation (EU) 2025/1710 ([2]), in its original version. They shall also be proportionate to, and relevant for, the capacities and the characteristics of the undertakings for which they are designed and to the scale and complexity of their activities. The sustainability reporting standards for voluntary use shall also, to the extent possible, specify the structure to be used to present such sustainability information.

3. The Commission shall, at least every four years after the date of their application, review the sustainability reporting standards for voluntary use referred to in paragraph 1 and, where necessary, it shall amend them to take into account developments relevant to sustainability reporting.

4. When reviewing the sustainability reporting standards for voluntary use pursuant to paragraph 3, the Commission shall take into consideration technical advice from EFRAG.

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CHAPTER 6b

SINGLE ELECTRONIC REPORTING FORMAT

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Article 29d

Single electronic reporting format

1. Undertakings subject to the requirements of Article 19a of this Directive shall prepare their management report in the electronic

([1]) Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).

([2]) Commission Recommendation (EU) 2025/1710 of 30 July 2025 on a voluntary sustainability reporting standard for small and medium-sized undertakings (OJ L, 2025/1710, 5.8.2025, ELI: http://data.europa.eu/eli/reco/2025/1710/oj).

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reporting format specified in Article 3 of Commission Delegated Regulation (EU) 2019/815 ([1]) and shall mark up their sustainability reporting, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852, in accordance with the electronic reporting format specified in that Delegated Regulation. Until such rules on the marking-up are adopted by way of that Delegated Regulation, undertakings shall not be required to mark up their sustainability reporting.

2. Parent undertakings subject to the requirements of Article 29a shall prepare their consolidated management report in the electronic reporting format specified in Article 3 of Delegated Regulation (EU) 2019/815 and shall mark up their sustainability reporting, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852, in accordance with the electronic reporting format specified in that Delegated Regulation. Until such rules on the marking-up are adopted by way of that Delegated Regulation, parent undertakings shall not be required to mark up their sustainability reporting.

CHAPTER 6c

DIGITAL SUPPORT MEASURES

Article 29e

Digital portal for sustainability reporting

The Commission shall provide for a dedicated portal through which undertakings can access information, guidance and support, including relevant templates, with regard to the mandatory and voluntary sustainability reporting framework referred to in this Directive. The portal shall be interconnected with online support measures provided by Member States, where available, to take account of national context.

Article 29f

Report on technological solutions for sustainability reporting

The Commission shall, by 19 March 2028, submit a report to the European Parliament and the Council on technological solutions for sustainability reporting, which includes initiatives that will enable undertakings to collect, process and exchange data in a secure, seamless and automated manner.

([1]) Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (OJ L 143, 29.5.2019, p. 1, ELI: http://data.europa.eu/eli/reg_del/2019/815/oj).

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CHAPTER 7

PUBLICATION

Article 30

General publication requirement

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1. Member States shall ensure that undertakings publish within a reasonable period of time, which shall not exceed 12 months after the balance sheet date, the duly approved annual financial statements and the management report, in the electronic reporting format referred to in Article 29d of this Directive where applicable, together with the opinion and statement submitted by the statutory auditor or audit firm referred to in Article 34 of this Directive, as laid down by the laws of each Member State in accordance with Chapter III of Title 1 of Directive (EU) 2017/1132 of the European Parliament and of the Council ([1]).

Member States may require undertakings subject to Articles 19a and 29a to make the management report available to the public on their website, free of charge. Where an undertaking does not have a website, Member States may require it to make a written copy of its management report available upon request.

Where an independent assurance services provider expresses the opinion referred to in point (aa) of the second subparagraph of Article 34(1), that opinion shall be published together with the documents referred to in the first subparagraph of this paragraph.

Member States may, however, exempt undertakings from the obligation to publish the management report where a copy of all or part of any such report can be easily obtained upon request at a price not exceeding its administrative cost.

The exemption laid down in the fourth subparagraph of this paragraph shall not apply to undertakings subject to the requirements on sustainability reporting laid down in Articles 19a and 29a.

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2. Member States may exempt an undertaking referred to in Annex II to which the coordination measures prescribed by this Directive apply by virtue of point (b) of Article 1(1) from publishing its financial statements in accordance with Article 3 of Directive 2009/101/EC, provided that those financial statements are available to the public at its head office, in the following cases:

([1]) Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law (OJ L 169, 30.6.2017, p. 46).

▼B

(a) all the members of the undertaking concerned that have unlimited liability are undertakings referred to in Annex I governed by the laws of Member States other than the Member State whose law governs that undertaking, and none of those undertakings publishes the financial statements of the undertaking concerned with its own financial statements;

(b) all the members of the undertaking concerned that have unlimited liability are undertakings which are not governed by the laws of a Member State but which have a legal form comparable to those referred to in Directive 2009/101/EC.

Copies of the financial statements shall be obtainable upon request. The price of such a copy may not exceed its administrative cost.

3. Paragraph 1 shall apply with respect to consolidated financial statements and consolidated management reports.

Where the undertaking drawing up the consolidated financial statements is established as one of the types of undertaking listed in Annex II and is not required by the national law of its Member State to publish the documents referred to in paragraph 1 in the same manner as prescribed in Article 3 of Directive 2009/101/EC, it shall, as a minimum, make those documents available to the public at its head office and a copy shall be provided upon request, the price of which shall not exceed its administrative cost.

Article 31

Simplifications for small and medium-sized undertakings

1. Member States may exempt small undertakings from the obligation to publish their profit and loss accounts and management reports.

2. Member States may permit medium-sized undertakings to publish:

(a) abridged balance sheets showing only those items preceded by letters and roman numerals in Annexes III and IV and disclosing separately, either in the balance sheet or in the notes to the financial statements:

(i) C (I) (3), C (II) (1), (2), (3) and (4), C (III) (1), (2), (3) and (4), D (II) (2), (3) and (6) and D (III) (1) and (2) under ‘Assets’ and C, (1), (2), (6), (7) and (9) under ‘Capital, reserves and liabilities’ in Annex III,

(ii) C (I) (3), C (II) (1), (2), (3) and (4), C (III) (1), (2), (3) and (4), D (II) (2), (3) and (6), D (III) (1) and (2), F (1), (2), (6), (7) and (9) and (I) (1), (2), (6), (7) and (9) in Annex IV,

(iii) the information required as indicated in brackets in D (II) under ‘Assets’ and C under ‘Capital, reserves and liabilities’ in Annex III, in total for all the items concerned and separately for D (II) (2) and (3) under ‘Assets’ and C (1), (2), (6), (7) and (9) under ‘Capital, reserves and liabilities’,

▼B

(iv) the information required as indicated in brackets in D (II) in Annex IV, in total for all the items concerned, and separately for D (II) (2) and (3);

(b) abridged notes to their financial statements without the information required in points (f) and (j) of Article 17(1).

This paragraph shall be without prejudice to Article 30(1), in so far as that Article relates to the profit and loss account, the management report and the opinion of the statutory auditor or audit firm.

Article 32

Other publication requirements

1. Where the annual financial statements and the management report are published in full, they shall be reproduced in the form and text on the basis of which the statutory auditor or audit firm has drawn up his/her/its opinion. They shall be accompanied by the full text of the audit report.

2. If the annual financial statements are not published in full, the abridged version of those financial statements, which shall not be accompanied by the audit report, shall:

(a) indicate that the version published is abridged;

(b) refer to the register in which the financial statements have been filed in accordance with Article 3 of Directive 2009/101/EC or, where the financial statements have not yet been filed, disclose that fact;

(c) disclose whether an unqualified, qualified or adverse audit opinion was expressed by the statutory auditor or audit firm, or whether the statutory auditor or audit firm was unable to express an audit opinion;

(d) disclose whether the audit report included a reference to any matters to which the statutory auditor or audit firm drew attention by way of emphasis without qualifying the audit opinion.

Article 33

Responsibility and liability for drawing up and publishing the financial statements and the management report

▼M8

1. Member States shall ensure that the members of the administrative, management and supervisory bodies of an undertaking, acting within the competences assigned to them by national law, have collective responsibility for ensuring that the following documents are drawn up and published in accordance with the requirements of this Directive and, where applicable, with the international accounting standards adopted pursuant to Regulation (EC) No 1606/2002, with Delegated Regulation (EU) 2019/815, with the sustainability reporting standards referred to in Article 29b of this Directive, and with the requirements of Article 29d of this Directive:

▼M8

(a) the annual financial statements, the management report and the corporate governance statement when provided separately; and

(b) the consolidated financial statements, the consolidated management report and the consolidated corporate governance statement when provided separately.

By way of derogation from the first subparagraph of this paragraph, Member States may provide that the members of the administrative, management and supervisory bodies of an undertaking, acting within the competences assigned to them by national law, do not have collective responsibility for ensuring that the management report, or consolidated management report, as applicable, is prepared in accordance with Article 29d.

▼B

2. Member States shall ensure that their laws, regulations and administrative provisions on liability, at least towards the undertaking, apply to the members of the administrative, management and supervisory bodies of the undertakings for breach of the duties referred to in paragraph 1.

▼M5

Article 33a

Accessibility of information on the European single access point

1. From 10 January 2028, Member States shall ensure that, when making public the management report, consolidated management report, including for both reports the information required in Article 8 of Regulation (EU) 2020/852, as well as the annual financial statements, consolidated financial statements, audit report, assurance report, sustainability reports concerning third-country undertakings and related assurance opinion, the statement referred to in Article 40a(2), fourth subparagraph, of this Directive, the report on payments to governments, and the consolidated report on payments to governments referred to in Article 30, Article 40d and Article 45 of this Directive, the undertakings referred to in Articles 19a, 29a and40a of this Directive submit those statements and reports at the same time to the collection body referred to in paragraph 4 of this Article for the purpose of making them accessible on the European single access point (ESAP) established under Regulation (EU) 2023/2859 of the European Parliament and of the Council ([1]).

Member States shall ensure that the information complies with the following requirements:

(a) be submitted in a data extractable format as defined in Article 2, point (3), of Regulation (EU) 2023/2859 or, where required by Union or national law, in a machine-readable format, as defined in Article 2, point (4), of that Regulation;

(b) be accompanied by the following metadata:

([1]) Regulation (EU) 2023/2859 of the European Parliament and of the Council of 13 December 2023 establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability (OL L, 2023/2859, 20.12.2023, ELI: http://data.europa.eu/eli/reg/2023/2859/oj).

▼M5

(i) all the names of the undertaking to which the information relates and, where the reporting undertaking is an exempted subsidiary undertaking as referred to in Article 29a(4), second subparagraph, the name of the parent undertaking that reports information at group level;

(ii) the legal entity identifier of the undertaking and, where the reporting undertaking is an exempted subsidiary undertaking as referred to in Article 29a(4), second subparagraph, where available, the legal entity identifier of the parent undertaking that reports information at group level, as specified pursuant to Article 7(4), point (b), of Regulation (EU) 2023/2859;

(iii) the size of the undertaking by category, as specified pursuant to Article 7(4), point (d), of that Regulation;

(iv) the industry sector(s) of the economic activities of the undertaking, as specified pursuant to Article 7(4), point (e), of that Regulation;

(v) the type of information, as classified pursuant to Article 7(4), point (c), of that Regulation;

(vi) an indication of whether the information contains personal data.

2. Where an undertaking has submitted the information referred to in paragraph 1 of this Article to an Officially Appointed Mechanism pursuant to Article 23a of Directive 2004/109/EC in order to make that information accessible on ESAP, that undertaking shall be deemed to have fulfilled its obligations under paragraph 1 of this Article, provided that this information complies with all requirements on metadata set out in paragraph 1 of this Article.

3. For the purposes of paragraph 1, point (b)(ii), Member States shall ensure that undertakings obtain a legal entity identifier.

4. By 9 January 2028, for the purpose of making the information referred to in paragraph 1 of this Article accessible on ESAP, Member States shall designate at least one collection body as defined in Article 2, point (2), of Regulation (EU) 2023/2859 and notify ESMA thereof.

5. For the purpose of ensuring the efficient collection and management of information submitted in accordance with paragraph 1, the Commission shall be empowered to adopt implementing measures to specify:

▼M5

(a) any other metadata to accompany the information;

(b) the structuring of data in the information;

(c) for which information a machine-readable format is required and, in such cases, which machine-readable format is to be used.

6. Where necessary, the Commission shall adopt guidelines to ensure that the metadata submitted in accordance with paragraph 5, point (a), are correct.

▼B

CHAPTER 8

▼M4

AUDITING AND ASSURANCE OF SUSTAINABILITY REPORTING

▼B

Article 34

General requirement

1. Member States shall ensure that the financial statements of public-interest entities, medium-sized and large undertakings are audited by one or more statutory auditors or audit firms approved by Member States to carry out statutory audits on the basis of Directive 2006/43/EC.

The statutory auditor(s) or audit firm(s) shall also:

(a) express an opinion on:

(i) whether the management report is consistent with the financial statements for the same financial year, and

▼M4

(ii) whether the management report has been prepared in accordance with the applicable legal requirements, excluding the requirements on sustainability reporting laid down in Article 19a of this Directive;

▼M8

(aa) where applicable, express an opinion based on a limited assurance engagement as regards the compliance of the sustainability reporting with the requirements of this Directive, including the compliance of the sustainability reporting with the sustainability reporting standards adopted pursuant to Article 29b, the process carried out by the undertaking to identify the information reported pursuant to those sustainability reporting standards, and the compliance with the requirement to mark up sustainability reporting in accordance with Article 29d, and as regards the compliance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852;

▼B

(b) state whether, in the light of the knowledge and understanding of the undertaking and its environment obtained in the course of the audit, he, she or it has identified material misstatements in the management report, and shall give an indication of the nature of any such misstatements.

▼B

2. The first subparagraph of paragraph 1 shall apply mutatis mutandis with respect to consolidated financial statements. The second subparagraph of paragraph 1 shall apply mutatis mutandis with respect to consolidated financial statements and consolidated management reports.

▼M8

2a. Member States shall ensure that the opinion referred to in paragraph 1, second subparagraph, point (aa), is prepared in a manner that fully respects the right of the undertakings in the value chain which, on their balance sheet dates, do not exceed an average number of 1 000 employees during the preceding financial year to decline to provide to the reporting undertaking any information that exceeds the information specified in the standards for voluntary use referred to in Article 29ca.

▼M4

3. Member States may allow a statutory auditor or an audit firm other than the one(s) carrying out the statutory audit of financial statements to express the opinion referred to in point (aa) of the second subparagraph of paragraph 1.

4. Member States may allow an independent assurance services provider established in their territory to express the opinion referred to in point (aa) of the second subparagraph of paragraph 1, provided that such independent assurance services provider is subject to requirements that are equivalent to those set out in Directive 2006/43/EC of the European Parliament and of the Council [1] as regards the assurance of sustainability reporting as defined in point 22 of Article 2 of that Directive, in particular the requirements on:

(a) training and examination, ensuring that independent assurance services providers acquire the necessary expertise concerning sustainability reporting and the assurance of sustainability reporting;

(b) continuing education;

(c) quality assurance systems;

(d) professional ethics, independence, objectivity, confidentiality and professional secrecy;

(e) appointment and dismissal;

(f) investigations and sanctions;

(g) the organisation of the work of the independent assurance services provider, in particular in terms of sufficient resources and personnel and the maintenance of client account records and files; and

(h) reporting irregularities.

[1] Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (OJ L 157, 9.6.2006, p. 87).

▼M4

Member States shall ensure that, where an independent assurance services provider expresses the opinion referred to in point (aa) of the second subparagraph of paragraph 1 of this Article, that opinion is prepared in accordance with Articles 26a, 27a and 28a of Directive 2006/43/EC and that, where applicable, the audit committee, or a dedicated committee, reviews and monitors the independence of the independent assurance services provider in accordance with point (e) of Article 39(6) of Directive 2006/43/EC.

Member States shall ensure that independent assurance services providers accredited before 1 January 2024 for the assurance of sustainability reporting, in accordance with Regulation (EC) No 765/2008, are not subject to the training and examination requirements referred to in point (a) of the first subparagraph of this paragraph.

Member States shall ensure that independent assurance services providers that on 1 January 2024 are undergoing the accreditation process in accordance with the relevant national requirements are not subject to the training and examination requirements referred to in point (a) of the first subparagraph as regards the assurance of sustainability reporting, provided they complete that process by 1 January 2026.

Member States shall ensure that the independent assurance services providers referred to in the third and fourth subparagraphs acquire the necessary knowledge in sustainability reporting and the assurance of sustainability reporting via the continuing education requirement referred to in point (b) of the first subparagraph.

If a Member State, pursuant to the first subparagraph, decides to allow an independent assurance services provider to express the opinion referred to in point (aa) of the second subparagraph of paragraph 1, it shall also allow a statutory auditor other than the one(s) carrying out the statutory audit of financial statements to do so, as provided for in paragraph 3.

5. From 6 January 2027, a Member State that has made use of the option provided for in paragraph 4 (the ‘host Member State’) shall allow independent assurance services provider established in a Member State other than the host Member State (the ‘home Member State’) to carry out the assurance of sustainability reporting.

The home Member State shall be responsible for the supervision of the independent assurance services providers established in its territory, unless the host Member State decides to supervise the assurance of sustainability reporting carried out by independent assurance services providers in its territory.

If the host Member State decides to supervise the assurance of sustainability reporting carried out in its territory by independent assurance services providers registered in another Member State, the host Member State shall:

▼M4

(a) not impose more stringent requirements or liability on such independent assurance services providers than those required for assurance of sustainability reporting by the national laws for the independent assurance services providers or auditors established in that host Member State; and

(b) inform other Member States about its decision to supervise the assurance of sustainability reporting carried out by independent assurance services providers established in other Member States.

6. Member States shall ensure that where an undertaking is required by Union law to have elements of its sustainability reporting verified by an accredited independent third party, the report of the accredited independent third party is made available either as an annex to the management report or by other publicly accessible means.

▼B

Article 35

Amendment of Directive 2006/43/EC as regards the audit report

Article 28 of Directive 2006/43/EC is replaced by the following:

'Article 28

Audit reporting

1. The audit report shall include:

(a) an introduction which shall, as a minimum, identify the financial statements that are the subject of the statutory audit, together with the financial reporting framework that has been applied in their preparation;

(b) a description of the scope of the statutory audit which shall, as a minimum, identify the auditing standards in accordance with which the statutory audit was conducted;

(c) an audit opinion, which shall be either unqualified, qualified or an adverse opinion and shall state clearly the opinion of the statutory auditor as to:

(i) whether the annual financial statements give a true and fair view in accordance with the relevant financial reporting framework, and,

(ii) where appropriate, whether the annual financial statements comply with statutory requirements.

If the statutory auditor is unable to express an audit opinion, the report shall contain a disclaimer of opinion;

(d) a reference to any matters to which the statutory auditor draws attention by way of emphasis without qualifying the audit opinion;

▼B

(e) the opinion and statement referred to in the second subparagraph of Article 34(1) of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (*).

2. The audit report shall be signed and dated by the statutory auditor. Where an audit firm carries out the statutory audit, the audit report shall bear the signature of at least the statutory auditor (s) carrying out the statutory audit on behalf of the audit firm. In exceptional circumstances Member States may provide that such signature(s) need not be disclosed to the public if such disclosure could lead to an imminent and significant threat to the personal security of any person. In any case the name(s) of the person(s) involved shall be known to the relevant competent authorities.

3. The audit report on the consolidated financial statements shall comply with the requirements set out in of paragraphs 1 and 2. In reporting on the consistency of the management report and the financial statements as required by point (e) of paragraph 1, the statutory auditor or audit firm shall consider the consolidated financial statements and the consolidated management report. Where the annual financial statements of the parent undertaking are attached to the consolidated financial statements, the audit reports required by this Article may be combined.

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(*) OJ L 182, 29.6.2013, p. 19.’

CHAPTER 9

PROVISIONS CONCERNING EXEMPTIONS AND RESTRICTIONS ON EXEMPTIONS

Article 36

Exemptions for micro-undertakings

1. Member States may exempt micro-undertakings from any or all of the following obligations:

(a) the obligation to present ‘Prepayments and accrued income’ and ‘Accruals and deferred income’. Where a Member State makes use of that option, it may permit those undertakings, only in respect of other charges as referred to in point (b)(vi) of paragraph 2 of this Article, to depart from point (d) of Article 6(1) with regard to the recognition of ‘Prepayments and accrued income’ and ‘Accruals and deferred income’, provided that this fact is disclosed in the notes to the financial statements or, in accordance with point (b) of this paragraph, at the foot of the balance sheet;

(b) the obligation to draw up notes to the financial statements in accordance with Article 16, provided that the information required by points (d) and (e) of Article 16(1) of this Directive and by Article 24(2) of Directive 2012/30/EU is disclosed at the foot of the balance sheet;

▼B

(c) the obligation to prepare a management report in accordance with Chapter 5, provided that the information required by Article 24(2) of Directive 2012/30/EU is disclosed in the notes to the financial statements or, in accordance with point (b) of this paragraph, at the foot of the balance sheet;

(d) the obligation to publish annual financial statements in accordance with Chapter 7 of this Directive, provided that the balance sheet information contained therein is duly filed, in accordance with national law, with at least one competent authority designated by the Member State concerned. Whenever the competent authority is not the central register, commercial register or companies register, as referred to in Article 3(1) of Directive 2009/101/EC, the competent authority is required to provide the register with the information filed.

2. Member States may permit micro-undertakings:

(a) to draw up only an abridged balance sheet showing separately at least those items preceded by letters in Annexes III or IV, where applicable. In cases where point (a) of paragraph 1 of this Article applies, items E under 'Assets' and D under 'Liabilities' in Annex III or items E and K in Annex IV shall be excluded from the balance sheet;

(b) to draw up only an abridged profit and loss account showing separately at least the following items, where applicable:

(i) net turnover,

(ii) other income,

(iii) cost of raw materials and consumables,

(iv) staff costs,

(v) value adjustments,

(vi) other charges,

(vii) tax,

(viii) profit or loss.

3. Member States shall not permit or require the application of Article 8 to any micro-undertaking making use of any of the exemptions provided for in paragraphs 1 and 2 of this Article.

4. In respect of micro-undertakings, annual financial statements drawn up in accordance with paragraphs 1, 2 and 3 of this Article shall be regarded as giving the true and fair view required by Article 4(3), and consequently Article 4(4) shall not apply to such financial statements.

▼B

5. If point (a) of paragraph 1 of this Article applies, the balance sheet total referred to in point (a) of Article 3(1) shall consist of the assets referred to in items A to D under ‘Assets’ in Annex III or items A to D in Annex IV.

6. Without prejudice to this Article, Member States shall ensure that micro-undertakings are otherwise regarded as small undertakings.

7. Member States shall not make available the derogations provided for in paragraphs 1, 2 and 3 in respect of investment undertakings or financial holding undertakings.

8. Member States which at 19 July 2013 have brought into force laws, regulations or administrative provisions in compliance with Directive 2012/6/EU of the European Parliament and of the Council of 14 March 2012 amending Council Directive 78/660/EEC on the annual accounts of certain types of companies as regards micro-entities ([1]), may be exempted from the requirements set out in Article 3(9) with regard to the conversion into national currencies of thresholds set out in Article 3(1) when applying the first sentence of Article 53(1).

9. By 20 July 2018 the Commission shall submit to the European Parliament, to the Council and to the European Economic and Social Committee a report on the situation of micro-undertakings taking account, in particular, of the situation at national level regarding the number of undertakings covered by the size criteria and the reduction of administrative burdens resulting from the exemption from the publication requirement.

Article 37

Exemption for subsidiary undertakings

Notwithstanding the provisions of Directives 2009/101/EC and 2012/30/EU, a Member State shall not be required to apply the provisions of this Directive concerning the content, auditing and publication of the annual financial statements and the management report to undertakings governed by their national laws which are subsidiary undertakings, where the following conditions are fulfilled:

(1) the parent undertaking is subject to the laws of a Member State;

(2) all shareholders or members of the subsidiary undertaking have, in respect of each financial year in which the exemption is applied, declared their agreement to the exemption from such obligation;

(3) the parent undertaking has declared that it guarantees the commitments entered into by the subsidiary undertaking;

(4) the declarations referred to in points (2) and (3) of this Article are published by the subsidiary undertaking as laid down by the laws of the Member State in accordance with Chapter 2 of Directive 2009/101/EC;

([1]) OJ L 81, 21.3.2012, p. 3.

▼B

(5) the subsidiary undertaking is included in the consolidated financial statements drawn up by the parent undertaking in accordance with this Directive;

(6) the exemption is disclosed in the notes to the consolidated financial statements drawn up by the parent undertaking; and

(7) the consolidated financial statements referred to in point (5) of this Article, the consolidated management report, and the audit report are published for the subsidiary undertaking as laid down by the laws of the Member State in accordance with Chapter 2 of Directive 2009/101/EC.

Article 38

Undertakings which are members having unlimited liability of other undertakings

1. Member States may require undertakings referred to in point (a) of Article 1(1) which are governed by their laws and which are members having unlimited liability of any undertaking referred to in point (b) of Article 1(1) ('the undertaking concerned'), to draw up, have audited and publish, with their own financial statements, the financial statements of the undertaking concerned in accordance with this Directive; in such case the requirements of this Directive shall not apply to the undertaking concerned.

2. Member States shall not be required to apply the requirements of this Directive to the undertaking concerned where:

(a) the financial statements of the undertaking concerned are drawn up, audited and published in accordance with the provisions of this Directive by an undertaking which:

(i) is a member having unlimited liability of that undertaking concerned, and

(ii) is governed by the laws of another Member State;

(b) the undertaking concerned is included in consolidated financial statements drawn up, audited and published in accordance with this Directive by:

(i) a member having unlimited liability, or

(ii) where the undertaking concerned is included in the consolidated financial statements of a larger body of undertakings drawn up, audited and published in conformity with this Directive, a parent undertaking governed by the laws of a Member State. This exemption shall be disclosed in the notes to the consolidated financial statements.

3. In the cases referred to in paragraph 2, the undertaking concerned shall, upon request, reveal the name of the undertaking publishing the financial statements.

▼B

Article 39

Profit and loss account exemption for parent undertakings preparing consolidated financial statements

A Member State shall not be required to apply the provisions of this Directive concerning the auditing and publication of the profit and loss account to undertakings governed by its national laws which are parent undertakings, provided that the following conditions are fulfilled:

(1) the parent undertaking draws up consolidated financial statements in accordance with this Directive and is included in those consolidated financial statements;

(2) the exemption is disclosed in the notes to the annual financial statements of the parent undertaking;

(3) the exemption is disclosed in the notes to the consolidated financial statements drawn up by the parent undertaking; and

(4) the profit or loss of the parent undertaking, determined in accordance with this Directive, is shown in its balance sheet.

Article 40

Restriction of exemptions for public-interest entities

Unless expressly provided for in this Directive, Member States shall not make the simplifications and exemptions set out in this Directive available to public-interest entities. A public-interest entity shall be treated as a large undertaking regardless of its net turnover, balance sheet total or average number of employees during the financial year.

▼M4

CHAPTER 9a

REPORTING CONCERNING THIRD-COUNTRY UNDERTAKINGS

Article 40a

Sustainability reports concerning third-country undertakings

1. A Member State shall require that a subsidiary undertaking established in its territory whose ultimate parent undertaking is governed by the law of a third country publish and make accessible a sustainability report covering the information specified in points (a)(iii) to (a)(v), points (b) to (f) and, where appropriate, point (h) of Article 29a(2) at the group level of that ultimate third-country parent undertaking.

▼M8

The first subparagraph shall only apply to subsidiary undertakings which, on their balance sheet dates, exceed a net turnover of EUR 200 000 000 in the preceding financial year.

▼M4

A Member State shall require that a branch located in its territory, and which is a branch of an undertaking governed by the law of a third country, which is either not part of a group or is ultimately held by an undertaking that is formed in accordance with the law of a third country publish and make accessible a sustainability report covering the information specified in points (a)(iii) to (a)(v), points (b) to (f) and, where appropriate, point (h) of Article 29a(2), at the group level, or, if not applicable, the individual level, of the third-country undertaking.

▼M8

The rule referred to in the third subparagraph shall only apply to a branch where the third-country undertaking does not have a subsidiary undertaking as referred to in the first subparagraph, and where the branch generated a net turnover exceeding EUR 200 000 000 in the preceding financial year.

The first and third subparagraphs shall only apply to the subsidiary undertakings or branches referred to in those subparagraphs where the third-country undertaking, at its group level, or, if not applicable, the individual level, generated a net turnover in the Union exceeding EUR 450 000 000 for each of the last two consecutive financial years.

▼M4

Member States may require subsidiary undertakings or branches referred to in the first and third subparagraphs to send them information about the net turnover generated in their territory and in the Union by the third-country undertakings.

▼M8

By way of derogation from the first and third subparagraphs, where the third-country undertaking is a financial holding undertaking whose subsidiary undertakings' business models and operations are independent of one another, Member States shall ensure that the subsidiaries and the branches may decide not to publish and make accessible the sustainability report referred to in the first and third subparagraphs.

▼M4

2. Member States shall require that the sustainability report communicated by the subsidiary undertaking or branch as referred to in paragraph 1 is drawn up in accordance with the standards adopted pursuant to Article 40b.

By way of derogation from the first subparagraph of this paragraph, the sustainability report referred to in paragraph 1 of this Article may be drawn up in accordance with the sustainability reporting standards adopted pursuant to Article 29b or in a manner equivalent to those sustainability reporting standards, as determined in accordance with an implementing act on the equivalence of sustainability reporting standards adopted pursuant to the third subparagraph of Article 23(4) of Directive 2004/109/EC.

▼M4

Where the information required to draw up the sustainability report referred to in the first subparagraph of this paragraph is not available, the subsidiary undertaking or branch referred to in paragraph 1 shall request the third-country undertaking to provide them with all information necessary to enable them to meet their obligations.

In the event that not all the required information is provided, the subsidiary undertaking or branch referred to in paragraph 1 shall draw up, publish and make accessible the sustainability report referred to in paragraph 1, containing all information in its possession, obtained or acquired, and issue a statement indicating that the third-country undertaking did not make the necessary information available.

3. Member States shall require that the sustainability report referred to in paragraph 1 is published accompanied by an assurance opinion expressed by one or more person(s) or firm(s) authorised to give an opinion on the assurance of sustainability reporting under the national law of the third-country undertaking or of a Member State.

In the event that the third-country undertaking does not provide the assurance opinion in accordance with the first subparagraph, the subsidiary undertaking or branch shall issue a statement indicating that the third-country undertaking did not make the necessary assurance opinion available.

4. Member States may inform the Commission on an annual basis of the subsidiary undertakings or branches of third-country undertakings that fulfilled the publication requirement laid down in Article 40d and of the cases where a report was published but where the subsidiary undertaking or branch has acted in accordance with the fourth subparagraph of paragraph 2 of this Article. The Commission shall make publicly available on its website a list of the third-country undertakings that publish a sustainability report.

Article 40b

Sustainability reporting standards for third-country undertakings

The Commission shall adopt by ►M7 30 June 2026 ◄ a delegated act in accordance with Article 49 supplementing this Directive to provide for sustainability reporting standards for third-country undertakings that specify the information that is to be included in the sustainability reports referred to in Article 40a.

Article 40c

Responsibility for drawing up, publishing and making accessible sustainability reports concerning third-country undertakings

Member States shall provide that the branches of third-country undertakings are responsible for ensuring, to the best of their knowledge and ability, that their sustainability report is drawn up in accordance with Article 40a, and that that report is published and made accessible in accordance with Article 40d.

▼M4

Member States shall provide that the members of the administrative, management and supervisory bodies of the subsidiary undertakings referred to in Article 40a have collective responsibility for ensuring, to the best of their knowledge and ability, that their sustainability report is drawn up in accordance with Article 40a, and that that report is published and made accessible in accordance with Article 40d.

Article 40d

Publication

1. The subsidiary undertakings and branches referred to in Article 40a(1) of this Directive shall publish their sustainability report, together with the assurance opinion and, where applicable, the statement mentioned in the fourth subparagraph of Article 40a(2) of this Directive, within 12 months of the balance sheet date of the financial year for which the report is drawn up, as provided for by each Member State, in accordance with Articles 14 to 28 of Directive (EU) 2017/1132 and, where relevant, in accordance with Article 36 of that Directive.

2. Where the sustainability report together with the assurance opinion and, where applicable, with the statement published in accordance with paragraph 1 of this Article, are not made accessible, free of charge, to the public on the website of the register referred to in Article 16 of Directive (EU) 2017/1132, Member States shall ensure that the sustainability report together with the assurance opinion and, where applicable, with the statement published by the undertakings in accordance with paragraph 1 of this Article, are made accessible to the public in at least one of the official languages of the Union, free of charge, no later than 12 months after the balance sheet date of the financial year for which the report is drawn up, on the website of the subsidiary undertaking or the branch as referred to in Article 40a (1) of this Directive.

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CHAPTER 10

REPORT ON PAYMENTS TO GOVERNMENTS

Article 41

Definitions relating to reporting on payments to governments

For the purpose of this Chapter, the following definitions shall apply:

(1) ‘undertaking active in the extractive industry’ means an undertaking with any activity involving the exploration, prospection, discovery, development, and extraction of minerals, oil, natural gas deposits or other materials, within the economic activities listed in Section B, Divisions 05 to 08 of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 ([1]);

([1]) OJ L 393, 30.12.2006, p. 1.

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(2) ‘undertaking active in the logging of primary forests’ means an undertaking with activities as referred to in Section A, Division 02, Group 02.2 of Annex I to Regulation (EC) No 1893/2006, in primary forests;

(3) ‘government’ means any national, regional or local authority of a Member State or of a third country. It includes a department, agency or undertaking controlled by that authority as laid down in Article 22(1) to (6) of this Directive;

(4) ‘project’ means the operational activities that are governed by a single contract, license, lease, concession or similar legal agreements and form the basis for payment liabilities with a government. None the less, if multiple such agreements are substantially interconnected, this shall be considered a project;

(5) ‘payment’ means an amount paid, whether in money or in kind, for activities, as described in points 1 and 2, of the following types:

(a) production entitlements;

(b) taxes levied on the income, production or profits of companies, excluding taxes levied on consumption such as value added taxes, personal income taxes or sales taxes;

(c) royalties;

(d) dividends;

(e) signature, discovery and production bonuses;

(f) licence fees, rental fees, entry fees and other considerations for licences and/or concessions; and

(g) payments for infrastructure improvements.

Article 42

Undertakings required to report on payments to governments

1. Member States shall require large undertakings and all public-interest entities active in the extractive industry or the logging of primary forests to prepare and make public a report on payments made to governments on an annual basis.

2. That obligation shall not apply to any undertaking governed by the law of a Member State which is a subsidiary or parent undertaking, where both of the following conditions are fulfilled:

(a) the parent undertaking is subject to the laws of a Member State; and

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(b) the payments to governments made by the undertaking are included in the consolidated report on payments to governments drawn up by that parent undertaking in accordance with Article 44.

Article 43

Content of the report

1. Any payment, whether made as a single payment or as a series of related payments, need not be taken into account in the report if it is below EUR 100 000 within a financial year.

2. The report shall disclose the following information in relation to activities as described in points (1) and (2) of Article 41 in respect of the relevant financial year:

(a) the total amount of payments made to each government;

(b) the total amount per type of payment as specified in points (5)(a) to (g) of Article 41 made to each government;

(c) where those payments have been attributed to a specific project, the total amount per type of payment as specified in point (5)(a) to (g) of Article 41, made for each such project and the total amount of payments for each such project.

Payments made by the undertaking in respect of obligations imposed at entity level may be disclosed at the entity level rather than at project level.

3. Where payments in kind are made to a government, they shall be reported in value and, where applicable, in volume. Supporting notes shall be provided to explain how their value has been determined.

4. The disclosure of the payments referred to in this Article shall reflect the substance, rather than the form, of the payment or activity concerned. Payments and activities may not be artificially split or aggregated to avoid the application of this Directive.

5. In the case of those Member States which have not adopted the euro, the euro threshold identified in paragraph 1 shall be converted into national currency by:

(a) applying the exchange rate published in the *Official Journal of the European Union* as at the date of the entry into force of any Directive fixing that threshold, and

(b) rounding to the nearest hundred.

Article 44

Consolidated report on payments to governments

1. A Member State shall require any large undertaking or any public-interest entity active in the extractive industry or the logging of primary forests and governed by its national law to draw up a consolidated report on payments to governments in accordance with

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Articles 42 and 43 if that parent undertaking is under the obligation to prepare consolidated financial statements as laid down in Article 22(1) to (6).

A parent undertaking is considered to be active in the extractive industry or the logging of primary forests if any of its subsidiary undertakings are active in the extractive industry or the logging of primary forests.

The consolidated report shall only include payments resulting from extractive operations and/or operations relating to the logging of primary forests.

2. The obligation to draw up the consolidated report referred to in paragraph 1 shall not apply to:

(a) a parent undertaking of a small group, as defined in Article 3(5), except where any affiliated undertaking is a public-interest entity;

(b) a parent undertaking of a medium-sized group, as defined in Article 3(6), except where any affiliated undertaking is a public-interest entity; and

(c) a parent undertaking governed by the law of a Member State which is also a subsidiary undertaking, if its own parent undertaking is governed by the law of a Member State.

3. An undertaking, including a public-interest entity, need not be included in a consolidated report on payments to governments where at least one of the following conditions is fulfilled:

(a) severe long-term restrictions substantially hinder the parent undertaking in the exercise of its rights over the assets or management of that undertaking;

(b) extremely rare cases where the information necessary for the preparation of the consolidated report on payments to governments in accordance with this Directive cannot be obtained without disproportionate expense or undue delay;

(c) the shares of that undertaking are held exclusively with a view to their subsequent resale.

The above exemptions shall apply only if they are also used for the purposes of the consolidated financial statements.

Article 45

Publication

1. The report referred to in Article 42 and the consolidated report referred to in Article 44 on payments to governments shall be published as laid down by the laws of each Member State in accordance with Chapter 2 of Directive 2009/101/EC.

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2. Member States shall ensure that the members of the responsible bodies of an undertaking, acting within the competences assigned to them by national law, have responsibility for ensuring that, to the best of their knowledge and ability, the report on payments to governments is drawn up and published in accordance with the requirements of this Directive.

Article 46

Equivalence criteria

1. Undertakings referred to in Articles 42 and 44 that prepare and make public a report complying with third-country reporting requirements assessed, in accordance with Article 47, as equivalent to the requirements of this Chapter are exempt from the requirements of this Chapter except for the obligation to publish this report as laid down by the laws of each Member State in accordance with Chapter 2 of Directive 2009/101/EC.

2. The Commission shall be empowered to adopt delegated acts in accordance with Article 49 identifying the criteria to be applied when assessing, for the purposes of paragraph 1 of this Article, the equivalence of third-country reporting requirements and the requirements of this Chapter.

3. The criteria identified by the Commission in accordance with paragraph 2 shall:

(a) include the following:

(i) target undertakings,

(ii) target recipients of payments,

(iii) payments captured,

(iv) attribution of payments captured,

(v) breakdown of payments captured,

(vi) triggers for reporting on a consolidated basis,

(vii) reporting medium,

(viii) frequency of reporting, and

(ix) anti-evasion measures;

(b) otherwise be limited to criteria which facilitate a direct comparison of third-country reporting requirements with the requirements of this Chapter.

Article 47

Application of equivalence criteria

The Commission shall be empowered to adopt implementing acts identifying those third-country reporting requirements which, after applying the equivalence criteria identified in accordance with Article 46, it considers equivalent to the requirements of this Chapter. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 50(2).

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Article 48

Review

The Commission shall review and report on the implementation and effectiveness of this Chapter, in particular as regards the scope of, and compliance with, the reporting obligations and the modalities of the reporting on a project basis.

The review shall take into account international developments, in particular with regard to enhancing transparency of payments to governments, assess the impacts of other international regimes and consider the effects on competitiveness and security of energy supply. It shall be completed by 21 July 2018.

The report shall be submitted to the European Parliament and to the Council, together with a legislative proposal, if appropriate. That report shall consider the extension of the reporting requirements to additional industry sectors and whether the report on payments to governments should be audited. The report shall also consider the disclosure of additional information on the average number of employees, the use of subcontractors and any pecuniary penalties administered by a country.

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The report shall also consider, taking into account developments in the OECD and the results of related European initiatives, the possibility of introducing an obligation requiring large undertakings to produce on an annual basis a country-by-country report for each Member State and third country in which they operate, containing information on, as a minimum, profits made, taxes paid on profits and public subsidies received.

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In addition, the report shall analyse the feasibility of the introduction of an obligation for all Union issuers to carry out due diligence when sourcing minerals to ensure that supply chains have no connection to conflict parties and respect the EITI and OECD recommendations on responsible supply chain management.

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CHAPTER 10a

REPORT ON INCOME TAX INFORMATION

Article 48a

Definitions relating to reporting on income tax information

1. For the purposes of this Chapter, the following definitions apply:

(1) ‘ultimate parent undertaking’ means an undertaking which draws up the consolidated financial statements of the largest body of undertakings;

(2) ‘consolidated financial statements’ means the financial statements prepared by a parent undertaking of a group, in which the assets, liabilities, equity, income and expenses are presented as those of a single economic entity;

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(3) ‘tax jurisdiction’ means a State or non-State jurisdiction which has fiscal autonomy in respect of corporate income tax;

(4) ‘standalone undertaking’ means an undertaking which is not part of a group as defined in Article 2, point (11).

2. For the purposes of Article 48b of this Directive, ‘revenue’ has the same meaning as:

(a) ‘net turnover’, for undertakings governed by the law of a Member State that do not apply international accounting standards adopted on the basis of Regulation (EC) No 1606/2002; or

(b) ‘revenue’ as defined by or within the meaning of the financial reporting framework on the basis of which the financial statements are prepared, for other undertakings.

Article 48b

Undertakings and branches required to report on income tax information

1. Member States shall require ultimate parent undertakings governed by their national laws, where the consolidated revenue on their balance sheet date exceeded for each of the last two consecutive financial years a total of EUR 750 000 000, as reflected in their consolidated financial statements, to draw up, publish and make accessible a report on income tax information as regards the latter of those two consecutive financial years.

Member States shall provide for an ultimate parent undertaking to no longer be subject to the reporting obligations set out in the first subparagraph where the total consolidated revenue on its balance sheet date falls below EUR 750 000 000 for each of the last two consecutive financial years as reflected in its consolidated financial statements.

Member States shall require standalone undertakings governed by their national laws, where the revenue on their balance sheet date exceeded for each of the last two consecutive financial years a total of EUR 750 000 000, as reflected in their annual financial statements, to draw up, publish and make accessible a report on income tax information as regards the latter of those two consecutive financial years.

Member States shall provide for a standalone undertaking to no longer be subject to the reporting obligations set out in the third subparagraph where the total revenue on its balance sheet date falls below EUR 750 000 000 for each of the last two consecutive financial years as reflected in its financial statements.

2. Member States shall provide that the rule set out in paragraph 1 does not apply to standalone undertakings or ultimate parent undertakings and their affiliated undertakings where such undertakings, including their branches, are established, or have their fixed places of business or permanent business activity, within the territory of a single Member State and no other tax jurisdiction.

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3. Member States shall provide that the rule set out in paragraph 1 of this Article does not apply to standalone undertakings and ultimate parent undertakings where such undertakings or their affiliated undertakings disclose a report, in accordance with Article 89 of Directive 2013/36/EU of the European Parliament and of the Council, [1] that encompasses information on all of their activities and, in the case of ultimate parent undertakings, on all the activities of all the affiliated undertakings included in the consolidated financial statements.

4. Member States shall require medium-sized and large subsidiary undertakings as referred to in Article 3(3) and (4) that are governed by their national laws and controlled by an ultimate parent undertaking that is not governed by the law of a Member State, where the consolidated revenue on its balance sheet date exceeded for each of the last two consecutive financial years a total of EUR 750 000 000, as reflected in its consolidated financial statements, to publish and make accessible a report on income tax information concerning that ultimate parent undertaking as regards the latter of those two consecutive financial years.

Where that information or report is not available, the subsidiary undertaking shall request its ultimate parent undertaking to provide it with all information required to enable it to meet its obligations under the first subparagraph. If the ultimate parent undertaking does not provide all the required information, the subsidiary undertaking shall draw up, publish and make accessible a report on income tax information containing all information in its possession, obtained or acquired, and a statement indicating that its ultimate parent undertaking did not make the necessary information available.

Member States shall provide for medium-sized and large subsidiary undertakings to no longer be subject to the reporting obligations set out in this paragraph where the total consolidated revenue of the ultimate parent undertaking on its balance sheet date falls below EUR 750 000 000 for each of the last two consecutive financial years as reflected in its consolidated financial statements.

5. Member States shall require branches opened in their territories by undertakings that are not governed by the law of a Member State to publish and make accessible a report on income tax information concerning the ultimate parent undertaking or the standalone undertaking referred to in the sixth subparagraph, point (a), as regards the latter of the last two consecutive financial years.

Where that information or report is not available, the person or persons designated to carry out the disclosure formalities referred to in Article 48e(2) shall request the ultimate parent undertaking or the standalone undertaking referred to in the sixth subparagraph, point (a), of this paragraph to provide them with all information necessary to enable them to meet their obligations.

[1] Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

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In the event that not all the required information is provided, the branch shall draw up, publish and make accessible a report on income tax information, containing all information in its possession, obtained or acquired, and a statement indicating that the ultimate parent undertaking or the standalone undertaking did not make the necessary information available.

Member States shall provide for the reporting obligations set out in this paragraph to apply only to branches which have a net turnover that exceeded the threshold as transposed pursuant to Article 3(2) for each of the last two consecutive financial years.

Member States shall provide for a branch subject to the reporting obligations under this paragraph to no longer be subject to those obligations where its net turnover falls below the threshold as transposed pursuant to Article 3(2) for each of the last two consecutive financial years.

Member States shall provide that the rules set out in this paragraph apply to a branch only where the following criteria are met:

(a) the undertaking that opened the branch is either an affiliated undertaking of a group whose ultimate parent undertaking is not governed by the law of a Member State and the consolidated revenue of which on its balance sheet date exceeded for each of the last two consecutive financial years a total of EUR 750 000 000, as reflected in its consolidated financial statements, or a standalone undertaking the revenue of which on its balance sheet date exceeded for each of the last two consecutive financial years a total of EUR 750 000 000 as reflected in its financial statements; and

(b) the ultimate parent undertaking referred to in point (a) of this subparagraph does not have a medium-sized or large subsidiary undertaking as referred to in paragraph 4.

Member States shall provide for a branch to no longer be subject to the reporting obligations set out in this paragraph where the criterion provided for in point (a) ceases to be met for two consecutive financial years.

6. Member States shall not apply the rules set out in paragraphs 4 and 5 of this Article where a report on income tax information is drawn up by an ultimate parent undertaking or standalone undertaking that is not governed by the law of a Member State, in a manner that is consistent with Article 48c, and meets the following criteria:

(a) it is made accessible to the public, free of charge and in an electronic reporting format which is machine-readable:

  (i) on the website of that ultimate parent undertaking or of that standalone undertaking;

  (ii) in at least one of the official languages of the Union;

  (iii) no later than 12 months after the balance sheet date of the financial year for which the report is drawn up; and

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(b) it identifies the name and the registered office of a single subsidiary undertaking, or the name and the address of a single branch governed by the law of a Member State, which has published a report in accordance with Article 48d(1).

7. Member States shall require subsidiary undertakings or branches not subject to the provisions of paragraphs 4 and 5 of this Article to publish and make accessible a report on income tax information where such subsidiary undertakings or branches serve no other objective than to circumvent the reporting requirements set out in this Chapter.

Article 48c

Content of the report on income tax information

1. The report on income tax information required under Article 48b shall include information relating to all the activities of the standalone undertaking or ultimate parent undertaking, including those of all affiliated undertakings consolidated in the financial statements in respect of the relevant financial year.

2. The information referred to in paragraph 1 shall consist of:

(a) the name of the ultimate parent undertaking or the standalone undertaking, the financial year concerned, the currency used for the presentation of the report and, where applicable, a list of all subsidiary undertakings consolidated in the financial statements of the ultimate parent undertaking, in respect of the relevant financial year, established in the Union or in tax jurisdictions included in Annexes I and II to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;

(b) a brief description of the nature of their activities;

(c) the number of employees on a full-time equivalent basis;

(d) revenues, which are to be calculated as:

(i) the sum of the net turnover, other operating income, income from participating interests, excluding dividends received from affiliated undertakings, income from other investments and loans forming part of the fixed assets, other interest receivable and similar income as listed in Annexes V and VI to this Directive; or

(ii) the income as defined by the financial reporting framework on the basis of which the financial statements are prepared, excluding value adjustments and dividends received from affiliated undertakings;

(e) the amount of profit or loss before income tax;

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(f) the amount of income tax accrued during the relevant financial year, which is to be calculated as the current tax expense recognised on taxable profits or losses of the financial year by undertakings and branches in the relevant tax jurisdiction;

(g) the amount of income tax paid on a cash basis, which is to be calculated as the amount of income tax paid during the relevant financial year by undertakings and branches in the relevant tax jurisdiction; and

(h) the amount of accumulated earnings at the end of the relevant financial year.

For the purposes of point (d), the revenues shall include transactions with related parties.

For the purposes of point (f), the current tax expense shall relate only to the activities of an undertaking in the relevant financial year and shall not include deferred taxes or provisions for uncertain tax liabilities.

For the purposes of point (g), taxes paid shall include withholding taxes paid by other undertakings with respect to payments to undertakings and branches within a group.

For the purposes of point (h), the accumulated earnings shall mean the sum of the profits from past financial years and the relevant financial year, the distribution of which has not yet been decided upon. With regard to branches, accumulated earnings shall be those of the undertaking which opened the branch.

3. Member States shall permit the information listed in paragraph 2 of this Article to be reported on the basis of the reporting instructions referred to in Section III, Parts B and C, of Annex III to Council Directive 2011/16/EU ([1]).

4. The information referred to in paragraphs 2 and 3 of this Article shall be presented using a common template and electronic reporting formats which are machine-readable. The Commission shall, by means of implementing acts, lay down that common template and those electronic reporting formats. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 50(2).

5. The report on income tax information shall present the information referred to in paragraph 2 or 3 separately for each Member State. Where a Member State comprises several tax jurisdictions, the information shall be aggregated at Member State level.

The report on income tax information shall also present the information referred to in paragraph 2 or 3 of this Article separately for each tax jurisdiction which, on 1 March of the financial year for which the report is to be drawn up, is listed in Annex I to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes, and shall provide such information separately for each tax jurisdiction which, on 1 March of the financial year for which the report is to be drawn up and on 1 March of the preceding financial year, was mentioned in Annex II to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes.

([1]) Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (OJ L 64, 11.3.2011, p. 1).

▼M3

The report on income tax information shall also present the information referred to in paragraph 2 or 3 on an aggregated basis for other tax jurisdictions.

The information shall be attributed to each relevant tax jurisdiction on the basis of establishment, the existence of a fixed place of business or of a permanent business activity which, given the activities of the group or standalone undertaking, can be subject to income tax in that tax jurisdiction.

Where the activities of several affiliated undertakings can be subject to income tax within a single tax jurisdiction, the information attributed to that tax jurisdiction shall represent the sum of the information relating to such activities of each affiliated undertaking and their branches in that tax jurisdiction.

Information on any particular activity shall not be attributed simultaneously to more than one tax jurisdiction.

6. Member States may allow for one or more specific items of information otherwise required to be disclosed in accordance with paragraph 2 or 3 to be temporarily omitted from the report where their disclosure would be seriously prejudicial to the commercial position of the undertakings to which the report relates. Any omission shall be clearly indicated in the report together with a duly reasoned explanation regarding the reasons therefor.

Member States shall ensure that all information omitted pursuant to the first subparagraph is made public in a later report on income tax information, within no more than five years of the date of its original omission.

Member States shall ensure that information pertaining to tax jurisdictions included in Annexes I and II to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes, as referred to in paragraph 5 of this Article, may never be omitted.

7. The report on income tax information may include, where applicable at group level, an overall narrative providing explanations for any material discrepancies between the amounts disclosed pursuant to paragraph 2, points (f) and (g), taking into account, if appropriate, corresponding amounts concerning previous financial years.

8. The currency used in the report on income tax information shall be the currency in which the consolidated financial statements of the ultimate parent undertaking or the annual financial statements of the standalone undertaking are presented. Member States shall not require this report to be published in a currency other than the currency used in the financial statements.

However, in the case mentioned in the second subparagraph of Article 48b(4), the currency used in the report on income tax information shall be the currency in which the subsidiary undertaking publishes its annual financial statements.

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9. Member States that have not adopted the euro may convert the threshold of EUR 750 000 000 into their national currency. In making that conversion, those Member States shall apply the exchange rate as at 21 December 2021 published in the *Official Journal of the European Union.* Those Member States may increase or decrease the thresholds by up to 5 % in order to produce a round sum in the national currencies.

The thresholds referred to in Article 48b(4) and (5) shall be converted to an equivalent amount in the national currency of any relevant third countries by applying the exchange rate as at 21 December 2021, rounded off to the nearest thousand.

10. The report on income tax information shall specify whether it was prepared in accordance with paragraph 2 or 3 of this Article.

Article 48d

Publication and accessibility

1. The report on income tax information and the statement mentioned in Article 48b of this Directive shall be published within 12 months of the balance sheet date of the financial year for which the report is drawn up as provided for by each Member State in accordance with Articles 14 to 28 of Directive (EU) 2017/1132 of the European Parliament and of the Council ([1]) and, where relevant, in accordance with Article 36 of Directive (EU) 2017/1132.

2. Member States shall ensure that the report on income tax information and the statement published by the undertakings in accordance with paragraph 1 of this Article are made accessible to the public in at least one of the official languages of the Union, free of charge, no later than 12 months after the balance sheet date of the financial year for which the report is drawn up, on the website of:

(a) the undertaking, where Article 48b(1) applies;

(b) the subsidiary undertaking or an affiliated undertaking, where Article 48b(4) applies; or

(c) the branch or the undertaking which opened the branch, or an affiliated undertaking, where Article 48b(5) applies.

3. Member States may exempt undertakings from applying the rules set out in paragraph 2 of this Article where the report on income tax information published in accordance with paragraph 1 of this Article is simultaneously made accessible to the public in an electronic reporting format which is machine-readable, on the website of the register referred to in Article 16 of Directive (EU) 2017/1132, and free of charge to any third party located within the Union. The website of the undertakings and branches, as referred to in paragraph 2 of this Article, shall contain information on that exemption and a reference to the website of the relevant register.

([1]) Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law (OJ L 169, 30.6.2017, p. 46).

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4. The report referred to in Article 48b(1), (4), (5), (6) and (7) and, where applicable, the statement referred to in paragraphs 4 and 5 of that Article, shall remain accessible on the relevant website for a minimum of five consecutive years.

Article 48e

Responsibility for drawing up, publishing and making accessible the report on income tax information

1. Member States shall provide that the members of the administrative, management and supervisory bodies of the ultimate parent undertakings or the standalone undertakings referred to in Article 48b (1), acting within the competences assigned to them under national law, have collective responsibility for ensuring that the report on income tax information is drawn up, published and made accessible in accordance with Articles 48b, 48c and 48d.

2. Member States shall provide that the members of the administrative, management and supervisory bodies of the subsidiary undertakings referred to in Article 48b(4) of this Directive and the person or persons designated to carry out the disclosure formalities provided for in Article 41 of Directive (EU) 2017/1132 for the branches referred to in Article 48b(5) of this Directive, acting within the competences assigned to them by national law, have collective responsibility for ensuring, to the best of their knowledge and ability, that the report on income tax information is drawn up in a manner that is consistent with or in accordance with, as relevant, Articles 48b and 48c, and that it is published and made accessible in accordance with Article 48d.

Article 48f

Statement by statutory auditor

Member States shall require that, where the financial statements of an undertaking governed by the law of a Member State are required to be audited by one or more statutory auditors or audit firms, the audit report shall state whether, for the financial year preceding the financial year for which the financial statements under audit were prepared, the undertaking was required under Article 48b to publish a report on income tax information and, if so, whether the report was published in accordance with Article 48d.

Article 48g

Commencement date for reporting on income tax information

Member States shall ensure that laws, regulations and administrative provisions transposing Articles 48a to 48f apply, at the latest, from the commencement date of the first financial year starting on or after 22 June 2024.

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Article 48h

Review clause

By 22 June 2027, the Commission shall submit a report on compliance with, and the impact of, the reporting obligations set out in Articles 48a to 48f and, taking into account the situation at OECD level, the need to ensure that there is a sufficient level of transparency and the need to preserve and ensure a competitive environment for undertakings and private investment, it shall review and assess, in particular, whether it would be appropriate to extend the obligation to report on income tax information set out in Article 48b to large undertakings and large groups, as defined in Article 3(4) and (7) respectively, and to extend the content of the report on income tax information set out in Article 48c to include additional items. In that report, the Commission shall also assess the impact that presenting the tax information on an aggregated basis for third-country tax jurisdictions as provided for in Article 48c(5) and the temporary omission of information provided for in Article 48c(6) has on the effectiveness of this Directive.

The Commission shall submit the report to the European Parliament and to the Council, together, where appropriate, with a legislative proposal.

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CHAPTER 11

TRANSITIONAL AND FINAL PROVISIONS

Article 48i

Transitional provisions

1. Until 6 January 2030, Member States shall permit a Union subsidiary undertaking which is subject to Article 19a or 29a and whose parent undertaking is not governed by the law of a Member State to prepare consolidated sustainability reporting, in accordance with the requirements of Article 29a, that includes all Union subsidiary undertakings of such parent undertaking that are subject to Article 19a or 29a.

Until 6 January 2030, Member States shall permit the consolidated sustainability reporting referred to in the first subparagraph of this paragraph to include the disclosures laid down in Article 8 of Regulation (EU) 2020/852, covering the activities carried out by all Union subsidiary undertakings of the parent undertaking referred to in the first subparagraph of this paragraph that are subject to Article 19a or 29a of this Directive.

2. The Union subsidiary undertaking referred to in paragraph 1 shall be one of the Union subsidiary undertakings of the group that generated the greatest turnover in the Union in at least one of the preceding five financial years, on a consolidated basis where applicable.

3. The consolidated sustainability reporting referred to in paragraph 1 of this Article shall be published in accordance with Article 30.

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4. For the purpose of the exemption laid down in Article 19a(9) and Article 29a(8), reporting in accordance with paragraph 1 of this Article shall be considered to be reporting by a parent undertaking at group level with respect to the undertakings included in the consolidation. Reporting in accordance with the second subparagraph of paragraph 1 of this Article shall be considered to fulfil the conditions referred to in point (c) of the second subparagraph of Article 19a(9) and point (c) of the second subparagraph of Article 29a(8), respectively.

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Article 49

Exercise of delegated powers

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

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2. The power to adopt delegated acts referred to in Article 1(2), point (a) of Article 3(13), Articles 29b and 40b, and Article 46(2) shall be conferred on the Commission for a period of 5 years from 5 January 2023. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the 5-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

2a. The power to adopt delegated acts referred to in points (b) and (c) of Article 3(13) and in Article 29ca shall be conferred on the Commission for an indeterminate period from 18 March 2026.

3. The delegation of power referred to in Article 1(2), Article 3(13), Articles 29b, 29ca and 40b, and Article 46(2) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of that decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

▼M3

3a. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making ([1]).

▼M4

3b. ►M8 When adopting delegated acts pursuant to Article 29b, the Commission shall take into consideration technical advice from EFRAG, provided that: ◄

(a) such advice has been developed with proper due process, public oversight and transparency, with the expertise and balanced participation of relevant stakeholders, and with sufficient public funding to ensure its independence, and on the basis of a work programme on which the Commission has been consulted;

([1]) OJ L 123, 12.5.2016, p. 1.

▼M4

(b) such advice is accompanied by cost-benefit analyses that include analyses of the impacts of the technical advice on sustainability matters;

(c) such advice is accompanied by an explanation of how it takes account of the elements listed in Article 29b(5);

(d) participation in EFRAG's work at technical level is based on expertise in sustainability reporting and is not conditional on a financial contribution.

Points (a) and (d) are without prejudice to the participation of public bodies and national standard-setting organisations in the technical work of EFRAG.

The accompanying documents for the EFRAG technical advice shall be submitted together with that technical advice.

▼M8

The Commission shall consult jointly the Member State Expert Group on Sustainable Finance, referred to in Article 24 of Regulation (EU) 2020/852, and the Accounting Regulatory Committee, referred to in Article 6 of Regulation (EC) No 1606/2002, on the draft delegated acts prior to their adoption as referred to in Article 29b of this Directive.

▼M4

The Commission shall request the opinion of the European Securities and Markets Authority (ESMA), the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA) on the technical advice provided by EFRAG, in particular with regard to its consistency with Regulation (EU) 2019/2088 and the delegated acts adopted pursuant to that Regulation. ESMA, EBA and EIOPA shall provide their opinions within two months of the date of receipt of the request from the Commission.

▼M8

The Commission shall also consult the European Environment Agency, the European Union Agency for Fundamental Rights, the European Central Bank, the Committee of European Auditing Oversight Bodies and the Platform on Sustainable Finance established pursuant to Article 20 of Regulation (EU) 2020/852 on the technical advice provided by EFRAG prior to the adoption of delegated acts referred to in Article 29b of this Directive. If any of those bodies decide to submit an opinion, they shall do so within two months of the date of being consulted by the Commission.

▼B

4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

▼M8

5. A delegated act adopted pursuant to Article 1(2), Article 3(13), Article 29b, 29ca or 40b, or Article 46(2) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.

▼B

Article 50

Committee procedure

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Article 51

Penalties

Member States shall provide for penalties applicable to infringements of the national provisions adopted in accordance with this Directive and shall take all the measures necessary to ensure that those penalties are enforced. The penalties provided for shall be effective, proportionate and dissuasive.

Article 52

Repeal of Directives 78/660/EEC and 83/349/EEC

Directives 78/660/EEC and 83/349/EEC are repealed.

References to the repealed Directives shall be construed as references to this Directive and shall be read in accordance with the correlation table in Annex VII.

Article 53

Transposition

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 20 July 2015. They shall immediately inform the Commission thereof.

Member States may provide that the provisions referred to in the first subparagraph are first to apply to financial statements for financial years beginning on 1 January 2016 or during the calendar year 2016.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

Article 54

Entry into force

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 55

Addressees

This Directive is addressed to the Member States.

▼B

ANNEX I

TYPES OF UNDERTAKING REFERRED TO IN POINT (A) OF ARTICLE 1(1)

— Belgium:

la société anonyme/de naamloze vennootschap, la société en commandite par actions/de commanditaire vennootschap op aandelen, la société privée à responsabilité limitée/de besloten vennootschap met beperkte aansprakelijkheid, la société coopérative à responsabilité limitée/de coöperatieve vennootschap met beperkte aansprakelijkheid;

— Bulgaria:

акционерно дружество, дружество с ограничена отговорност, командитно дружество с акции;

— the Czech Republic:

společnost s ručením omezeným, akciová společnost;

— Denmark:

aktieselskaber, kommanditaktieselskaber, anpartsselskaber;

— Germany:

die Aktiengesellschaft, die Kommanditgesellschaft auf Aktien, die Gesellschaft mit beschränkter Haftung;

— Estonia:

aktsiaselts, osaühing;

— Ireland:

public companies limited by shares or by guarantee, private companies limited by shares or by guarantee;

— Greece:

η ανώνυμη εταιρία, η εταιρία περιορισμένης ευθύνης, η ετερόρρυθμη κατά μετοχές εταιρία;

— Spain:

la sociedad anónima, la sociedad comanditaria por acciones, la sociedad de responsabilidad limitada;

— France:

la société anonyme, la société en commandite par actions, la société à responsabilité limitée, la société par actions simplifiée;

▼M2

— In Croatia:

dioničko društvo, društvo s ograničenom odgovornošću;

▼B

— Italy:

la società per azioni, la società in accomandita per azioni, la società a responsabilità limitata;

— Cyprus:

Δημόσιες εταιρείες περιορισμένης ευθύνης με μετοχές ή με εγγύηση, ιδιωτικές εταιρείες περιορισμένης ευθύνης με μετοχές ή με εγγύηση;

— Latvia:

akciju sabiedrība, sabiedrība ar ierobežotu atbildību;

▼B

— Lithuania:

akcinės bendrovės, uždarosios akcinės bendrovės;

— Luxembourg:

la société anonyme, la société en commandite par actions, la société à responsabilité limitée;

— Hungary:

részvénytársaság, korlátolt felelősségű társaság;

— Malta:

kumpanija pubblika —public limited liability company, kumpannija privata —private limited liability company,

soċjeta in akkomandita bil-kapital maqsum f'azzjonijiet —partnership en commandite with the capital divided into shares;

— the Netherlands:

de naamloze vennootschap, de besloten vennootschap met beperkte aansprakelijkheid;

— Austria:

die Aktiengesellschaft, die Gesellschaft mit beschränkter Haftung;

— Poland:

spółka akcyjna, spółka z ograniczoną odpowiedzialnością, spółka komandytowo-akcyjna;

— Portugal:

a sociedade anónima, de responsabilidade limitada, a sociedade em comandita por ações, a sociedade por quotas de responsabilidade limitada;

— Romania:

societate pe acțiuni, societate cu răspundere limitată, societate în comandită pe acțiuni.

— Slovenia:

delniška družba, družba z omejeno odgovornostjo, komanditna delniška družba;

— Slovakia:

akciová spoločnosť, spoločnosť s ručením obmedzeným;

— Finland:

yksityinen osakeyhtiö/privat aktiebolag, julkinen osakeyhtiö/publikt aktiebolag;

— Sweden:

aktiebolag;

— the United Kingdom:

public companies limited by shares or by guarantee, private companies limited by shares or by guarantee

▼B

ANNEX II

TYPES OF UNDERTAKING REFERRED TO IN POINT (b) OF ARTICLE 1(1)

— Belgium

la société en nom collectif/de vennootschap onder firma, la société en commandite simple/de gewone commanditaire vennootschap, la société coopérative à responsabilité illimitée/de coöperatieve vennootschap met onbeperkte aansprakelijkheid;

— Bulgaria:

събирателно дружество, командитно дружество;

— the Czech Republic:

veřejná obchodní společnost, komanditní společnost;

— Denmark:

interessentskaber, kommanditselskaber;

— Germany:

die offene Handelsgesellschaft, die Kommanditgesellschaft;

— Estonia:

täisühing, usaldusühing;

— Ireland:

partnerships, limited partnerships, unlimited companies;

— Greece:

η ομόρρυθμος εταιρία, η ετερόρρυθμος εταιρία;

— Spain:

sociedad colectiva, sociedad en comandita simple;

— France:

la société en nom collectif, la société en commandite simple;

▼M2

— In Croatia:

javno trgovačko društvo, komanditno društvo, gospodarsko interesno udruženje;

▼B

— Italy:

la società in nome collettivo, la società in accomandita semplice;

— Cyprus:

Ομόρρυθμες και ετερόρρυθμες εταιρείες (συνεταιρισμοί);

— Latvia:

pilnsabiedrība, komandītsabiedrība;

— Lithuania:

tikrosios ūkinės bendrijos, komanditinės ūkinės bendrijos;

— Luxembourg:

la société en nom collectif, la société en commandite simple;

▼B

— Hungary:

közkereseti társaság, betéti társaság, közös vállalat, egyesülés, egyéni cég;

— Malta:

soċjeta f'isem kollettiv jew soċjeta in akkomandita, bil-kapital li mhux maqsum f'azzjonijiet meta s-soċji kollha li għandhom responsabbilita' llimitata huma soċjetajiet in akkomandita bil-kapital maqsum f'azzjonijiet — partnership en nom collectif or partnership en commandite with capital that is not divided into shares, when all the partners with unlimited liability are partnership en commandite with the capital divided into shares;

— the Netherlands:

de vennootschap onder firma, de commanditaire vennootschap;

— Austria:

die offene Gesellschaft, die Kommanditgesellschaft;

— Poland:

spółka jawna, spółka komandytowa;

— Portugal:

sociedade em nome colectivo, sociedade em comandita simples;

— Romania:

societate în nume colectiv, societate în comandită simplă;

— Slovenia:

družba z neomejeno odgovornostjo, komanditna družba;

— Slovakia:

verejná obchodná spoločnosť, komanditná spoločnosť;

— Finland:

avoin yhtiö/ öppet bolag, kommandiittiyhtiö/kommanditbolag;

— Sweden:

handelsbolag, kommanditbolag;

— the United Kingdom:

partnerships, limited partnerships, unlimited companies.

▼B

ANNEX III

HORIZONTAL LAYOUT OF THE BALANCE SHEET PROVIDED FOR IN ARTICLE 10

Assets

A. Subscribed capital unpaid

of which there has been called

(unless national law provides that called-up capital is to be shown under 'Capital and reserves', in which case the part of the capital called but not yet paid shall appear as an asset either under A or under D (II) (5)).

B. Formation expenses

as defined by national law, and in so far as national law permits their being shown as an asset. National law may also provide for formation expenses to be shown as the first item under 'Intangible assets'.

C. Fixed assets

I. Intangible assets

1. Costs of development, in so far as national law permits their being shown as assets.

2. Concessions, patents, licences, trade marks and similar rights and assets, if they were:

(a) acquired for valuable consideration and need not be shown under C (I) (3); or

(b) created by the undertaking itself, in so far as national law permits their being shown as assets.

3. Goodwill, to the extent that it was acquired for valuable consideration.

4. Payments on account.

II. Tangible assets

1. Land and buildings.

2. Plant and machinery.

3. Other fixtures and fittings, tools and equipment.

4. Payments on account and tangible assets in the course of construction.

III. Financial assets

1. Shares in affiliated undertakings.

2. Loans to affiliated undertakings.

3. Participating interests.

4. Loans to undertakings with which the undertaking is linked by virtue of participating interests.

5. Investments held as fixed assets.

6. Other loans.

▼B

D. Current assets

I. Stocks

1. Raw materials and consumables.

2. Work in progress.

3. Finished goods and goods for resale.

4. Payments on account.

II. Debtors

(Amounts becoming due and payable after more than one year shall be shown separately for each item.)

1. Trade debtors.

2. Amounts owed by affiliated undertakings.

3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests.

4. Other debtors.

5. Subscribed capital called but not paid (unless national law provides that called-up capital is to be shown as an asset under A).

6. Prepayments and accrued income (unless national law provides that such items are to be shown as assets under E).

III. Investments

1. Shares in affiliated undertakings.

2. Own shares (with an indication of their nominal value or, in the absence of a nominal value, their accounting par value), to the extent that national law permits their being shown in the balance sheet.

3. Other investments.

IV. Cash at bank and in hand

E. Prepayments and accrued income

(Unless national law provides that such items are to be shown as assets under D (II) (6).)

Capital, reserves and liabilities

A. Capital and reserves

I. Subscribed capital

(Unless national law provides that called-up capital is to be shown under this item, in which case the amounts of subscribed capital and paid-up capital shall be shown separately.)

II. Share premium account

III. Revaluation reserve

IV. Reserves

1. Legal reserve, in so far as national law requires such a reserve.

▼B

2. Reserve for own shares, in so far as national law requires such a reserve, without prejudice to point (b) of Article 24(1) of Directive 2012/30/EU.

3. Reserves provided for by the articles of association.

4. Other reserves, including the fair value reserve.

V. Profit or loss brought forward

VI. Profit or loss for the financial year

B. Provisions

1. Provisions for pensions and similar obligations.

2. Provisions for taxation.

3. Other provisions.

C. Creditors

(Amounts becoming due and payable within one year and amounts becoming due and payable after more than one year shall be shown separately for each item and for the aggregate of those items.)

1. Debenture loans, showing convertible loans separately.

2. Amounts owed to credit institutions.

3. Payments received on account of orders, in so far as they are not shown separately as deductions from stocks.

4. Trade creditors.

5. Bills of exchange payable.

6. Amounts owed to affiliated undertakings.

7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests.

8. Other creditors, including tax and social security authorities.

9. Accruals and deferred income (unless national law provides that such items are to be shown under D).

D. Accruals and deferred income

(Unless national law provides that such items are to be shown under C (9) under ‘Creditors’.)

▼B

ANNEX IV

VERTICAL LAYOUT OF THE BALANCE SHEET PROVIDED FOR IN ARTICLE 10

A. Subscribed capital unpaid

of which there has been called

(unless national law provides that called-up capital is to be shown under L, in which case the part of the capital called but not yet paid must appear either under A or under D (II) (5).)

B. Formation expenses

as defined by national law, and in so far as national law permits their being shown as an asset. National law may also provide for formation expenses to be shown as the first item under 'Intangible assets'.

C. Fixed assets

I. Intangible assets

1. Costs of development, in so far as national law permits their being shown as assets.

2. Concessions, patents, licences, trade marks and similar rights and assets, if they were:

(a) acquired for valuable consideration and need not be shown under C (I) (3); or

(b) created by the undertaking itself, in so far as national law permits their being shown as assets.

3. Goodwill, to the extent that it was acquired for valuable consideration.

4. Payments on account.

II. Tangible assets

1. Land and buildings.

2. Plant and machinery.

3. Other fixtures and fittings, tools and equipment.

4. Payments on account and tangible assets in the course of construction.

III. Financial assets

1. Shares in affiliated undertakings.

2. Loans to affiliated undertakings.

3. Participating interests.

4. Loans to undertakings with which the undertaking is linked by virtue of participating interests.

5. Investments held as fixed assets.

6. Other loans.

D. Current assets

I. Stocks

1. Raw materials and consumables.

2. Work in progress.

▼B

3. Finished goods and goods for resale.

4. Payments on account.

II. Debtors

(Amounts becoming due and payable after more than one year must be shown separately for each item.)

1. Trade debtors.

2. Amounts owed by affiliated undertakings.

3. Amounts owed by undertakings with which the company is linked by virtue of participating interests.

4. Other debtors.

5. Subscribed capital called but not paid (unless national law provides that called-up capital is to be shown as an asset under A).

6. Prepayments and accrued income (unless national law provides that such items are to be shown as assets under E).

III. Investments

1. Shares in affiliated undertakings.

2. Own shares (with an indication of their nominal value or, in the absence of a nominal value, their accounting par value), to the extent that national law permits their being shown in the balance sheet.

3. Other investments.

IV. Cash at bank and in hand

E. Prepayments and accrued income

(Unless national law provides that such items are to be shown under D (II) (6).)

F. Creditors: amounts becoming due and payable within one year

1. Debenture loans, showing convertible loans separately.

2. Amounts owed to credit institutions.

3. Payments received on account of orders, in so far as they are not shown separately as deductions from stocks.

4. Trade creditors.

5. Bills of exchange payable.

6. Amounts owed to affiliated undertakings.

7. Amounts owed to undertakings with which the company is linked by virtue of participating interests.

8. Other creditors, including tax and social security authorities.

9. Accruals and deferred income (unless national law provides that such items are to be shown under K).

▼B

G. Net current assets/liabilities

(Taking into account prepayments and accrued income when shown under E and accruals and deferred income when shown under K.)

H. Total assets less current liabilities

I. Creditors: amounts becoming due and payable after more than one year

1. Debenture loans, showing convertible loans separately.

2. Amounts owed to credit institutions.

3. Payments received on account of orders, in so far as they are not shown separately as deductions from stocks.

4. Trade creditors.

5. Bills of exchange payable.

6. Amounts owed to affiliated undertakings.

7. Amounts owed to undertakings with which the company is linked by virtue of participating interests.

8. Other creditors, including tax and social security authorities.

9. Accruals and deferred income (unless national law provides that such items are to be shown under K).

J. Provisions

1. Provisions for pensions and similar obligations.

2. Provisions for taxation.

3. Other provisions.

K. Accruals and deferred income

(Unless national law provides that such items are to be shown under F (9) or I (9) or both.)

L. Capital and reserves

I. Subscribed capital

(Unless national law provides that called-up capital is to be shown under this item, in which case the amounts of subscribed capital and paid-up capital must be shown separately.)

II. Share premium account

III. Revaluation reserve

IV. Reserves

1. Legal reserve, in so far as national law requires such a reserve.

2. Reserve for own shares, in so far as national law requires such a reserve, without prejudice to point (b) of Article 24(1) of Directive 2012/30/EU.

3. Reserves provided for by the articles of association.

4. Other reserves, including the fair value reserve.

V. Profit or loss brought forward

VI. Profit or loss for the financial year

▼B

ANNEX V

LAYOUT OF THE PROFIT AND LOSS ACCOUNT – BY NATURE OF EXPENSE, PROVIDED FOR IN ARTICLE 13

1. Net turnover.

2. Variation in stocks of finished goods and in work in progress.

3. Work performed by the undertaking for its own purposes and capitalised.

4. Other operating income.

5. (a) Raw materials and consumables.

   (b) Other external expenses.

6. Staff costs:

   (a) wages and salaries;

   (b) social security costs, with a separate indication of those relating to pensions.

7. (a) Value adjustments in respect of formation expenses and of tangible and intangible fixed assets.

   (b) Value adjustments in respect of current assets, to the extent that they exceed the amount of value adjustments which are normal in the undertaking concerned.

8. Other operating expenses.

9. Income from participating interests, with a separate indication of that derived from affiliated undertakings.

10. Income from other investments and loans forming part of the fixed assets, with a separate indication of that derived from affiliated undertakings.

11. Other interest receivable and similar income, with a separate indication of that derived from affiliated undertakings.

12. Value adjustments in respect of financial assets and of investments held as current assets.

13. Interest payable and similar expenses, with a separate indication of amounts payable to affiliated undertakings.

14. Tax on profit or loss.

15. Profit or loss after taxation.

16. Other taxes not shown under items 1 to 15.

17. Profit or loss for the financial year.

▼B

ANNEX VI

LAYOUT OF THE PROFIT AND LOSS ACCOUNT – BY FUNCTION OF EXPENSE, PROVIDED FOR IN ARTICLE 13

1. Net turnover.

2. Cost of sales (including value adjustments).

3. Gross profit or loss.

4. Distribution costs (including value adjustments).

5. Administrative expenses (including value adjustments).

6. Other operating income.

7. Income from participating interests, with a separate indication of that derived from affiliated undertakings.

8. Income from other investments and loans forming part of the fixed assets, with a separate indication of that derived from affiliated undertakings.

9. Other interest receivable and similar income, with a separate indication of that derived from affiliated undertakings.

10. Value adjustments in respect of financial assets and of investments held as current assets.

11. Interest payable and similar expenses, with a separate indication of amounts payable to affiliated undertakings.

12. Tax on profit or loss.

13. Profit or loss after taxation.

14. Other taxes not shown under items 1 to 13.

15. Profit or loss for the financial year.

▼B

ANNEX VII

Correlation table

Directive 78/660/EEC	Directive 83/349/EEC	This Directive
Article 1(1), first subparagraph, introductory wording	—	Article 1(1), point (a)
Article 1(1), first subparagraph, first to twenty seventh indents	—	Annex I
Article 1(1), second subparagraph	—	Article 1(1), point (b)
Article 1(1), second subparagraph, points (a) to (aa)	—	Annex II
Article 1(1), third subparagraph	—	—
Article 1(2)	—	—
Article 2(1)	—	Article 4(1)
Article 2(2)	—	Article 4(2)
Article 2(3)	—	Article 4(3)
Article 2(4)	—	Article 4(3)
Article 2(5)	—	Article 4(4)
Article 2(6)	—	Article 4(5)
Article 3	—	Article 9(1)
Article 4(1)	—	Article 9(2)
Article 4(2)	—	Article 9(3)
Article 4(3)	—	Article 9(3)
Article 4(4)	—	Article 9(5)
Article 4(5)	—	—
Article 4(6)	—	Article 6(1), point (h) and Article 6(3)
Article 5(1)	—	—
Article 5(2)	—	Article 2, point (14)
Article 5(3)	—	Article 2, point (15)
Article 6	—	Article 9(6)
Article 7	—	Article 6(1), point (g)
Article 8	—	Article 10
Article 9(A)	—	Annex III (A)
Article 9(B)	—	Annex III (B)
Article 9(C)	—	Annex III (C)
Article 9(D)	—	Annex III (D)
Article 9(E)	—	Annex III (E)

▼B

Directive 78/660/EEC	Directive 83/349/EEC	This Directive
Article 9(F)	—	—
Liabilities Article 9(A)	—	Capital, reserves and liabilities Annex III (A)
Article 9(B)	—	Annex III (B)
Article 9(C)	—	Annex III (C)
Article 9(D)	—	Annex III (D)
Article 9(E)	—	—
Article 10	—	Annex IV
Article 10a	—	Article 11
Article 11, first subparagraph	—	Article 3(2) and Article 14(1)
Article 11, second subparagraph	—	—
Article 11, third subparagraph	—	Article 3(9), first subparagraph
Article 12(1)	—	Article 3(10)
Article 12(2)	—	Article 3(9), second subparagraph
Article 12(3)	—	Article 3(11)
Article 13(1)	—	Article 12(1)
Article 13(2)	—	Article 12(2)
Article 14	—	Article 16(1), point (d)
Article 15(1)	—	Article 12(3)
Article 15(2)	—	Article 2, point (4)
Article 15(3), point (a)	—	Article 17(1), point (a)
Article 15(3), point (b)	—	—
Article 15(3), point (c)	—	Article 17(1), point (a)(i)
Article 15(4)	—	—
Article 16	—	Article 12(4)
Article 17	—	Article 2, point (2)
Article 18	—	—
Article 19	—	Article 2, point (8)
Article 20(1)	—	Article 12(12), first subparagraph
Article 20(2)	—	Article 12(12), second subparagraph
Article 20(3)	—	Article 12(12), third subparagraph
Article 21	—	—
Article 22, first subparagraph	—	Article 13(1)
Article 22, second subparagraph	—	Article 13(2)
Article 23, items 1 to 15	—	Annex V, items 1 to 15
Article 23, items16 to 19	—	—
Article 23, items 20 and 21	—	Annex V, items 16 and 17

▼B

Directive 78/660/EEC	Directive 83/349/EEC	This Directive
Article 24	—	—
Article 25, items 1 to 13	—	Annex VI, items 1 to 13
Article 25, items 14 to 17	—	—
Article 25, items 18 and 19	—	Annex VI, items 14 and 15
Article 26	—	—
Article 27, first subparagraph, introductory wording	—	Article 3(3)
Article 27, first subparagraph, points (a) and (c)	—	Article 14(2), points (a) and (b)
Article 27, first subparagraph, points (b) and (d)	—	—
Article 27, second subparagraph	—	Article 3(9) first subparagraph
Article 28	—	Article 2, point (5)
Article 29	—	—
Article 30	—	—
Article 31(1)	—	Article 6(1), introductory wording and points (a) to (f)
Article 31(1a)	—	Article 6(5)
Article 31(2)	—	Article 4(4)
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