Richtlinienvorschlag zur Überarbeitung der Corporate Sustainability Reporting Directive (CSRD)

- Lesefassung -

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Hinweise zur Lesefassung

Die vorliegende Lesefassung umfasst die Änderungen der im Inhaltsverzeichnis genannten Gesetzestexte. Aufgenommen in die Lesefassung sind dabei im Wesentlichen nur jene Gesetzesparagraphen der betroffenen Gesetze, die durch den Richtlinienvorschlag geändert werden.

Es kann nicht ausgeschlossen werden, dass sich bei der Erstellung der Lesefassung Übertragungsfehler ergeben haben. Allein gültig ist die Originalfassung des Richtlinienvorschlages.

Bilanzrichtlinie (Directive 2013/34/EU)

DIRECTIVE 2013/34/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 26 June 2013


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.

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.

3. The coordination measures prescribed by Articles 19a, 19d, 29a, 30 and 33, Article 34(1), second subparagraph, point (aa), paragraphs 2 and 3 of Article 34, 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:

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

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

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

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:

   (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;
(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, 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; 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 (15);

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

(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;

(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;

(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.

(17) 'sustainability matters' means sustainability factors as defined in Article 2, point (24) of Regulation (EU) 2019/2088 of the European Parliament and of the Council, and governance factors;

(18) 'sustainability reporting' means reporting information related to sustainability matters in accordance with Articles 19a, 19d and 29a of this Directive;

(19) 'intangibles' means non-physical resources that contribute to the undertaking’s value creation;

(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 for the specific conformity assessment activity referred to in Article 34(1), second subparagraph, point (aa) of this Directive.

Article 3 - Categories of undertakings and groups

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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.

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:
      (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.

Article 19a - Sustainability Reporting

Non-financial statement

1. Large undertakings and, as of 1 January 2026, small and medium-sized undertakings which are public-interest entities exceeding on their balance sheet dates the criterion of the average number of 500 employees during the financial year undertakings referred to in Article 2, point (1), point (a), shall include in the management report a non-financial statement containing information to the extent necessary for an understanding of the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance, and position and impact of its activity, relating to.

2. The information referred to in paragraph 1 shall contain in particular:
   (a) a brief description of the undertaking's business model and strategy, including:
      (i) the resilience of the undertaking's business model and strategy to risks related to sustainability matters;
      (ii) the opportunities for the undertaking related to sustainability matters;
      (iii) the plans of the undertaking 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;
      (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 policies pursued and targets related to sustainability matters set by the undertaking and of the progress the undertaking has made towards achieving those targets;
   (c) the outcome of those policies; a description of the role of the administrative, management and supervisory bodies with regard to sustainability matters;
   (d) a description of the undertaking’s policies in relation to thosesustainability matters, including:
(e) a description of the non-financial key performance indicators implemented; with regard to sustainability matters:

(i) the due diligence processes implemented; with regard to sustainability matters;

(ii) the principal risks related to those matters linked to the undertaking's actual or potential adverse impacts connected with the undertaking's value chain, including its own operations including, where relevant and proportionate, its products and services, its business relationships, products and its supply chain;

(iii) any actions taken and the result of such actions, to prevent, mitigate or services which are likely to cause remediate actual or potential adverse impacts in those areas;

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

(g) indicators relevant to the particular business

disclosures referred to in points (a) to (f).

Undertakings shall also disclose information on intangibles, including information on intellectual, human, and social and relationship capital.

Undertakings shall report the process carried out to identify the information that they have included in the management report in accordance with paragraph 1 and in this process they shall take account of short, medium and long-term horizons.

3. The information referred to in paragraphs 1 and 2 shall contain forward-looking and retrospective information, and qualitative and quantitative information. Undertakings does not pursue policies in relation to one or more of those matters, the non-financial statement shall provide a clear and reasoned explanation for not doing so.

The non-financial statement referred to in the first subparagraph shall also, where appropriate, include the information referred to in paragraphs 1 and 2 shall contain information about the undertaking’s value chain, including the undertaking’s own operations, products and services, its business relationships and its supply chain.

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

Member States may allow information relating to impending developments or matters in the course of negotiation to be omitted in exceptional cases where, in the duly justified opinion of the members of the administrative, management and supervisory bodies, acting within the competences assigned to them by national law and having collective responsibility for that opinion, the disclosure of such information would be seriously prejudicial to the commercial position of the undertaking, provided that such omission does not prevent a fair and balanced understanding of the undertaking's development, performance, position and impact of its activity.

4. In requiring the disclosure of Undertakings shall report the information referred to in the first subparagraph, Member States shall provide that paragraphs 1 to 3 in accordance with the sustainability reporting standards referred to in Article 19b.

5. By way of derogation from Article 19a paragraphs 1 to 4, small and medium sized undertakings referred to in Article 2, point (1), point (a), may rely on national, Union-based or international frameworks, and if they do so report in accordance with the sustainability reporting standards for small and medium sized undertakings shall specify which frameworks they have relied upon referred to in Article 19c.

6. Undertakings fulfilling that comply with the obligation requirements set out in paragraphs 1 to 4 shall be deemed to have fulfilled with the obligation relating to the analysis of non-financial information set out in the third subparagraph of Article 19(1).

7. An undertaking which is a subsidiary undertaking shall be exempted from the obligations set out in paragraphs 1 to 4 if that undertaking and its subsidiary undertakings are included in the consolidated management report or the separate report of another of a parent undertaking, drawn up in accordance with Articles 29 and this Article.

8. Where an undertaking prepares a separate report corresponding to the same financial year whether or not relying on national, Union-based or international frameworks and covering the information required for the non-financial statement as provided for in paragraph 1, Member States
may exempt that is a subsidiary undertaking from the obligation to prepare the non-financial statement laid down in paragraph 1, provided a parent undertaking that such separate report:

(a) is published together with the management report in accordance with Article 30; or

(b) made publicly available within a reasonable period of time, not exceeding six months after the balance sheet date, on the undertaking’s website, and is referred to in the management report.

Paragraph 2 shall apply mutatis mutandis to is established in a third country shall also be exempted from the obligations set out in paragraphs 1 to 4 where that undertaking and its subsidiary undertakings preparing a separate report as referred to in the first subparagraph of this paragraph.

5. Member States shall ensure that the statutory auditor or audit firm checks whether the non-financial statement referred to in paragraph 1 or the separate report referred to in paragraph 4 has been provided.

6. Member States may require that the information are included in the non-financial statement referred to in paragraph 1 or in the separate report referred to in paragraph 4 be verified by an independent assurance services provider consolidated management report of that parent undertaking and where the consolidated management report is drawn up in a manner that may be considered equivalent, in accordance with the relevant implementing measures adopted pursuant to Article 23(4), point (i), of Directive 2004/109/EC of the European Parliament and of the Council6 , to the manner required by the sustainability reporting standards referred to in Article 19b of this Directive.

The consolidated management report of the parent undertaking referred to in subparagraph 1 shall be published in accordance with Article 30, in the manner prescribed by the law of the Member State by which the undertaking that is exempted from the obligations set out in paragraphs 1 to 4 is governed.

The Member State by which the undertaking that is exempted from the obligations set out in paragraphs 1 to 4 is governed, may require that the consolidated management report referred to in the first subparagraph of this paragraph is published in an official language of the Member State or in a language customary in the sphere of international finance, and that any necessary translation into those languages is certified.

The management report of an undertaking that is exempted from the obligations set out in paragraphs 1 to 4 shall contain all of the following information:

(a) the name and registered office of the parent undertaking that reports information at group level in accordance with Articles 29 and 29a, or in a manner that may be considered equivalent, in accordance with the implementing measures adopted pursuant to Article 23(4), point (i) of Directive 2004/109/EC, to the manner required by the sustainability reporting standards referred to in Article 19b;

(b) the fact that the undertaking is exempted from the obligations set out in paragraphs 1 to 4 of this Article.

Article 19b - Sustainability reporting standards

1. The Commission shall adopt delegated acts in accordance with Article 49 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 in which that information shall be reported. In particular:

(a) by 31 October 2022, the Commission shall adopt delegated acts specifying the information that undertakings are to report in accordance with paragraphs 1 and 2 of Article 19a, and at least specifying information corresponding to the needs of financial market participants subject to the disclosure obligations of Regulation (EU) 2019/2088.

(b) by 31 October 2023, the Commission shall adopt delegated acts specifying:

(i) complementary information that undertakings shall report with regard to the sustainability matters and reporting areas listed in Article 19a(2), where necessary;
(ii) information that undertakings shall report that is specific to the sector in which they operate.

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

2. The sustainability reporting standards referred to in paragraph 1 shall require that the information to be reported is understandable, relevant, representative, verifiable, comparable, and is represented in a faithful manner.

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

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

(i) climate change mitigation;

(ii) climate change adaptation;

(iii) water and marine resources;

(iv) resource use and circular economy;

(v) pollution;

(vi) biodiversity and ecosystems;

(b) specify the information that undertakings are to disclose about social factors, including information about:

(i) equal opportunities for all, including gender equality and equal pay for equal work, training and skills development, and employment and inclusion of people with disabilities;

(ii) working conditions, including secure and adaptable employment, wages, social dialogue, collective bargaining and the involvement of workers, work-life balance, and a healthy, safe and welladapted work environment;

(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, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work and the ILO fundamental conventions and the Charter of Fundamental Rights of the European Union.

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

(i) the role of the undertaking’s administrative, management and supervisory bodies, including with regard to sustainability matters, and their composition;

(ii) business ethics and corporate culture, including anti-corruption and anti-bribery;

(iii) political engagements of the undertaking, including its lobbying activities;

(iv) the management and quality of relationships with business partners, including payment practices;
the undertaking’s internal control and risk management systems, including in relation to the undertaking’s reporting process.

3. When adopting delegated acts pursuant to paragraph 1, the Commission shall take account of:

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

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

(c) the criteria set out in the delegated acts adopted pursuant to Regulation (EU) 2020/852;

(d) the disclosure requirements applicable to benchmarks 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, (EU) 2020/1817 and (EU) 2020/1818;

(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;


Article 19c - Sustainability reporting standards for SMEs

The Commission shall adopt delegated acts in accordance with Article 49 to provide for sustainability reporting standards proportionate to the capacities and characteristics of small and medium-sized undertakings. Those sustainability reporting standards shall specify which information referred to in Articles 19a and 29a small and medium-sized undertakings referred to in Article 2, point (1)(a) shall report. They shall take into account the criteria set out in Article 19b, paragraphs 2 and 3. They shall also, where relevant, specify the structure in which that information shall be reported.

The Commission shall adopt those delegated acts at the latest by 31 October 2023.

Article 19d - Single electronic reporting format

1. Undertakings subject to Article 19a shall prepare their financial statements and their management report in a single electronic reporting format in accordance with Article 3 of Commission Delegated Regulation (EU) 2019/815 and shall mark-up their sustainability reporting, including the disclosures laid down in Article 8 of Regulation (EU) 2020/852, in accordance with that Delegated Regulation.

2. Undertakings subject to Article 29a shall prepare their consolidated financial statements and their consolidated management report in a single electronic reporting format in accordance with Article 3 of Delegated Regulation (EU) 2019/815 and shall mark-up sustainability reporting, including the disclosures laid down in Article 8 of Regulation (EU) 2020/852.
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;

(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 (16), 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; and

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

(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, for instance, age, gender, or educational and professional backgrounds, 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 this is the case.

Undertakings subject to Article 19a may comply with the obligation laid down in points (c), (f) and (g) of the first subparagraph of this Article where they include the information required under those points as part of their sustainability reporting.

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.

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

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.

CHAPTER 6
CONSOLIDATED FINANCIAL STATEMENTS AND REPORTS

Article 21 - Scope of the consolidated financial statements and reports

Article 22 - The requirement to prepare consolidated financial statements

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:

(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;

(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 international accounting standards adopted in accordance with Regulation (EC) No 1606/2002;

(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:

(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:

(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:

(i) in accordance with this Directive, with the exception of the requirements laid down in Article 29a.
(ii) in accordance with international accounting standards adopted pursuant to Regulation (EC) No 1606/2002,

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

(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 (17);

(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).

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 - Article 28

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.

**Article 29a**

Consolidated non-financial statement sustainability reporting

1. Public-interest entities which are parent undertakings of a large group exceeding on its balance sheet dates, on a consolidated basis, the criterion of the average number of 500 employees during the financial year shall include in the consolidated management report a consolidated non-financial statement containing information to the extent necessary for an understanding of the group’s impacts on sustainability matters, and information necessary to understand how sustainability matters affect the group’s development, performance, and position and impact of its activity, relating to, as a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters.

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

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

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

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

      (iii) the plans of the group to ensure that the group’s business model and strategy 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;

      (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 targets related to sustainability matters set by the group and of the progress of the undertaking towards achieving them;

   (c) a description of the role of the administrative, management and supervisory bodies with regard to sustainability matters;

   (d) a description of the group’s policies pursued by the group in relation to those sustainability matters, including:

   (e) a description of:

      (i) the due diligence processes implemented; with regard to sustainability matters;

      (c) the outcome of those policies;

      (d)(ii) the principal risks related to those matters linked to the group’s actual or potential adverse impacts connected with the group’s value chain, including its own operations, including, where relevant and proportionate, its products and services, its business relationships, products and its supply chain;

      (iii) any actions taken, and the result of such actions, to prevent, mitigate or services which are likely to cause remediate actual or potential adverse impacts in those areas;

   (f) a description of the principal risks to the group related to sustainability matters, including the group’s principal dependencies on such factors, and how the group manages those risks;
(e) non-financial key performance indicators relevant to the particular business relevant to the disclosures referred to in points (a) to (f).

Where the group does not pursue policies in relation to one or more of those matters, the consolidated non-financial statement shall provide a clear and reasoned explanation for not doing so.

The consolidated non-financial statement referred to in the first subparagraph shall also report information on intangibles, including information on intellectual, human, and social and relationship capital.

Parent undertakings shall describe the process carried out to identify the information that they have included in the consolidated management report in accordance with this Article.

3. The information referred to in paragraphs 1 and 2 shall contain forward-looking information and information about past performance, and qualitative and quantitative information. This information shall take into account short, medium and long-term time horizons, where appropriate.

The information referred to in paragraphs 1 and 2 shall include information about the group’s value chain, including its own operations, its products and services, its business relationships and its supply chain, where appropriate.

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

Member States may allow information relating to impending developments or matters in the course of negotiation to be omitted in exceptional cases where, in the duly justified opinion of the members of the administrative, management and supervisory bodies, acting within the competences assigned to them by national law and having collective responsibility for that opinion, the disclosure of such information would be seriously prejudicial to the commercial position of the group, provided that such omission does not prevent a fair and balanced understanding of the group's development, performance, position and impact of its activity.

4. In requiring the disclosure of information referred to in the first subparagraph, Member States shall provide that the paragraphs 1 to 3 in accordance with the sustainability reporting standards referred to in Article 19b.

5. By way of derogation from Article 29a, paragraphs 1-4, parent undertakings may rely on national, Union-based or international frameworks. undertakings that are small and if it does so, the parent undertaking shall specify which frameworks it has relied upon, medium sized undertakings referred to in Article 2, point (1), point (a), may report in accordance with the sustainability reporting standards for small and medium sized undertakings referred to in Article 19c.

6. A parent undertaking fulfilling that complies with the obligation requirements set out in paragraphs 1 to 4 shall be deemed to have fulfilled the obligation relating to the analysis of non-financial information complied with the requirements set out in the third subparagraph of Article 19(1), Article 19(1)19a and in Article 29.

7. A parent undertaking which is also a subsidiary undertaking shall be exempted from the obligation set out in paragraphs 1 to 4 if that exempted parent undertaking and its subsidiaries are included in the consolidated management report or the separate report of another undertaking, drawn up in accordance with Article 29 and this Article of another undertaking, drawn up in accordance with Article 29 and this Article. A parent undertaking that is a subsidiary undertaking from a parent undertaking that is established in a third country shall also be exempted from the obligations set out in paragraphs 1 to 4 where that undertaking and its subsidiary undertakings are included in the consolidated management report of that parent undertaking and where the consolidated management report is drawn up in a manner that may be considered equivalent, in accordance with the relevant implementing measures adopted pursuant to Article 23(4)(i) of Directive 2004/109/EC, to the manner required by the sustainability reporting standards referred to in Article 19b of this Directive.

4. Where a parent undertaking prepares a separate report corresponding to the same financial year, referring to the whole group, whether or not relying on national, Union-based or international frameworks and covering the information required for the consolidated non-financial statement as provided for in paragraph 1, Member States may exempt that parent undertaking from the obligation
to prepare the consolidated non-financial statement laid down in paragraph 1, provided that such separate report:

(a) is published together with the consolidated management report of the parent undertaking referred to in subparagraph 1 shall be published in accordance with Article 30, or, in the manner prescribed by the law of the Member State by which the parent undertaking that is exempted from the obligations set out in paragraphs 1 to 4 is governed.

(b) is made publicly available within a reasonable period of time, not exceeding six months after the balance sheet date, on the website of the parent undertaking referred to in subparagraph 1 shall be published in accordance with Article 30, or, in the manner prescribed by the law of the Member State by which the parent undertaking that is exempted from the obligations set out in paragraphs 1 to 4 is governed may require that the consolidated management report is published in its official language or in a language customary in the sphere of international finance, and that any necessary translation into those languages is certified.

Paragraph 2 shall apply mutatis mutandis to parent undertakings preparing a separate report as referred to in the first subparagraph of this paragraph is published in its official language or in a language customary in the sphere of international finance, and that any necessary translation into those languages is certified.

5. Member States shall ensure that the statutory auditor or audit firm checks whether the consolidated non-financial statement referred to in paragraph 1 or the separate management report referred to in paragraph of a parent undertaking that is exempted from the obligations set out in paragraphs 1 to 4 has been provided.

6. Member States may require that shall contain all of the following information in the consolidated non-financial statement referred to in paragraph 1 or in the separate report referred to in paragraph 4 be verified by an independent assurance services provider:

(a) the name and registered office of the parent undertaking that reports information at group level in accordance with Articles 29 and this Article, or in a manner that may be considered equivalent, in accordance with the relevant implementing measures adopted pursuant to Article 23(4)(i) of Directive 2004/109/EC, to the manner required by the sustainability standards adopted pursuant to Article 19b;

(b) the fact that the undertaking is exempted from the obligations set out in paragraphs 1 to 4 of this Article.

CHAPTER 7

PUBLICATION

Article 30 - General publication requirement

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 format prescribed by Article 19d 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 23 of Directive 2009/101/EC(EU) 2017/1132 of the European Parliament and of the Council.

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

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 third subparagraph shall not apply to undertakings subject to Articles 19a and 29a.

1a. Member States shall ensure that management reports containing sustainability reporting drawn up by undertakings subject to Articles 19a and 29a are also made available to the relevant officially appointed mechanism referred to in Article 21(2) of Directive 2004/109/EC without delay following their publication.
Where the undertaking drawing up the management report is not subject to Directive 2004/109/EC, the relevant officially appointed mechanism shall be one of the officially appointed mechanisms of the Member State where the undertaking has its registered office.

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:

(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

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

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:

   (a) the annual financial statements, the management report, the corporate governance statement 
       when provided separately and the report referred to in Article 19a(4); and

   (b) the consolidated financial statements, the consolidated management reports, the consolidated 
       corporate governance statement when provided separately and the report referred to in Article 
       29a(4).

   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 in accordance 
   with Regulation (EC) No 1606/2002, with Delegated Regulation 2019/815, with the sustainability 
   reporting standards referred to in Article 19b of this Directive, and with the requirements of Article 
   19d of this Directive:

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

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

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.

CHAPTER 8

AUDITING

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

       (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;

   (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 reporting standards adopted pursuant to 
       Article 19b, the process carried out by the undertaking to identify the information reported 
       pursuant to those reporting standards, and the compliance with the requirement to mark-up 
       sustainability reporting in accordance with Article 19d, and as regards the compliance with the 
       reporting requirements of Article 8 of Regulation (EU) 2020/852.

   (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.
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.

3. This Article shall not apply to the non-financial statement referred to in Article 19a(1) and the consolidated non-financial statement referred to in Article 29a(1) or to the separate reports referred to in Articles 19a(4) and 29a(4). Member States may allow an independent assurance services provider to express the opinion referred to in paragraph 1, second subparagraph, point (aa), provided that it is subject to requirements that are consistent with those set out in Directive 2006/43/EC as regards the assurance of sustainability reporting as defined in Article 2(1), point (r) of that Directive.

Article 35 - Amendment of Directive 2006/43/EC as regards the audit report

CHAPTER 9
PROVISIONS CONCERNING EXEMPTIONS AND RESTRICTIONS ON EXEMPTIONS

Article 36 - Article 40

CHAPTER 10
REPORT ON PAYMENTS TO GOVERNMENTS

Article 41 - Article 48

CHAPTER 11
FINAL PROVISIONS

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.

2. The power to adopt delegated acts referred to in Article 1(2), Article 3(13), Article 46(2), Article 19b and Article 46(2)19c shall be conferred on the Commission for an indeterminate period of time from the date referred to in Article 54.

3. The delegation of power referred to in Article 1(2), Article 3(13), Article 46(2), Article 19b and Article 46(2)19c 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.

3a. When adopting delegated acts pursuant to Articles 19b and 19c, the Commission shall take into consideration technical advice from EFRAG, provided such advice has been developed with proper due process, public oversight and transparency and with the expertise of relevant stakeholders, and is accompanied by cost-benefit analyses that include analyses of the impacts of the technical advice on sustainability matters.

The Commission shall consult the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 on the technical advice provided by EFRAG prior to the adoption of the delegated acts referred to in Articles 19b and 19c. The Commission shall request the opinion of the European Securities and Markets Authority on the technical advice provided by
EFRAG, in particular with regard to its consistency with Regulation (EU) 2019/2088 and its delegated acts. The European Securities and Markets Authority shall provide its opinion within two months from the date of the request from the Commission.

The Commission shall also consult the European Banking Authority, the European Insurance and Occupational Pensions Authority, 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 Articles 19b and 19c. Where any of those bodies decide to submit an opinion, they shall do so within two months from the date of being consulted by the Commission.

4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

5. A delegated act adopted pursuant to Article 1(2), Article 3(13—OF), Article 46(2), Article 19b and Article 19c 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.

**Article 50 - Committee procedure**

**Article 51 - Penalties**

1. Without prejudice to paragraph 2, 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.

2. In case of a breach of the national provisions transposing Articles 19a, 19d and 29a, Member States shall provide for at least the following administrative measures and sanctions:
   
   (a) a public statement indicating the natural person or the legal entity responsible and the nature of the infringement;
   
   (b) an order requiring the natural person or the legal entity responsible to cease the conduct constituting the infringement and to desist from any repetition of that conduct;
   
   (c) administrative pecuniary sanctions.

3. Member States shall ensure that, when determining the type and level of penalties, administrative sanctions or measures referred to in paragraph 2, all relevant circumstances are taken into account, including:

   (a) the gravity and the duration of the breach;
   
   (b) the degree of responsibility of the natural person or legal entity responsible;
   
   (c) the financial strength of the natural person or legal entity responsible;
   
   (d) the importance of profits gained or losses avoided by the natural person or legal entity responsible, in so far as such profits or losses can be determined;
   
   (e) the losses sustained by third parties as a result of the breach, in so far as those losses can be determined;
   
   (f) the level of cooperation of the natural person or legal entity responsible with the competent authority;
   
   (g) previous infringements by the natural person or legal entity responsible.

**Article 52 - Article 55**
CHAPTER I
SUBJECT MATTER AND DEFINITIONS

Article 1 - Subject matter

This Directive establishes rules concerning the statutory audit of annual and consolidated accounts and the assurance of annual and consolidated sustainability reporting, where this is performed by the statutory auditor or audit firm carrying out the statutory audit of financial statements.

Article 29 of this Directive shall not apply to the statutory audit of annual and consolidated financial statements of public-interest entities unless specified in Regulation (EU) No 537/2014 of the European Parliament and the Council (16).

Article 2 - Definitions

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

1. ‘statutory audit’ means an audit of annual financial statements or consolidated financial statements in so far as:
   (a) required by Union law;
   (b) required by national law as regards small undertakings;
   (c) voluntarily carried out at the request of small undertakings which meets national legal requirements that are equivalent to those for an audit under point (b), where national legislation defines such audits as statutory audits;

2. ‘statutory auditor’ means a natural person who is approved in accordance with this Directive by the competent authorities of a Member State to carry out statutory audits and assurance engagements of sustainability reporting;

3. ‘audit firm’ means a legal person or any other entity, regardless of its legal form, that is approved in accordance with this Directive by the competent authorities of a Member State to carry out statutory audits and assurance engagements of sustainability reporting;

4. ‘third-country audit entity’ means an entity, regardless of its legal form, which carries out audits of the annual or consolidated financial statements of a company incorporated in a third country, other than an entity which is registered as an audit firm in any Member State as a consequence of approval in accordance with Article 3;

5. ‘third-country auditor’ means a natural person who carries out audits of the annual or consolidated financial statements of a company incorporated in a third country, other than a person who is registered as a statutory auditor in any Member State as a consequence of approval in accordance with Articles 3 and 44;

6. ‘group auditor’ means the statutory auditor(s) or audit firm(s) carrying out the statutory audit of consolidated accounts;
7. ‘network’ means the larger structure:
   - which is aimed at cooperation and to which a statutory auditor or an audit firm belongs, and
   - which is clearly aimed at profit- or cost-sharing or shares common ownership, control or management, common quality-control policies and procedures, a common business strategy, the use of a common brand-name or a significant part of professional resources;

8. ‘affiliate of an audit firm’ means any undertaking, regardless of its legal form, which is connected to an audit firm by means of common ownership, control or management;


10. ‘competent authorities’ means the authorities designated by law that are in charge of the regulation and/or oversight of statutory auditors and audit firms or of specific aspects thereof; the reference to ‘competent authority’ in a specific Article means a reference to the authority responsible for the functions referred to in that Article;

12. ‘international accounting standards’ means International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and related Interpretations (SIC-IFRIC interpretations), subsequent amendments to those standards and related interpretations, and future standards and related interpretations issued or adopted by the International Accounting Standards Board (IASB);

13. ‘public-interest entities’ means:
   (a) entities governed by the law of a Member State 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;
   (b) credit institutions as defined in point 1 of Article 3(1) of Directive 2013/36/EU of the European Parliament and of the Council (\(^\text{17}\)), other than those referred to in Article 2 of that Directive;
   (c) insurance undertakings within the meaning of Article 2(1) of Directive 91/674/EEC; or
   (d) entities 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;

14. ‘cooperative’ means a European Cooperative Society as defined in Article 1 of Council Regulation (EC) No 1435/2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE) (\(^\text{18}\)), or any other cooperative for which a statutory audit is required under Community law, such as credit institutions as defined in point 1 of Article 1 of Directive 2000/12/EC and insurance undertakings within the meaning of Article 2(1) of Directive 91/674/EEC;

15. ‘non-practitioner’ means any natural person who, during his or her involvement in the governance of the public oversight system and during the period of three years immediately preceding that involvement, has not carried out statutory audits, has not held voting rights in an audit firm, has not been a member of the administrative, management or supervisory body of an audit firm and has not been employed by, or otherwise associated with, an audit firm;

16. ‘key audit partner(s)’ mean(s):
   (a) the statutory auditor(s) designated by an audit firm for a particular audit engagement as being primarily responsible for carrying out the statutory audit on behalf of the audit firm; or
   (b) in the case of a group audit, at least the statutory auditor(s) designated by an audit firm as being primarily responsible for carrying out the statutory audit at the level of the group and the statutory auditor(s) designated as being primarily responsible at the level of material subsidiaries; or
   (c) the statutory auditor(s) who sign(s) the audit report;

17. ‘medium-sized undertakings’ means the undertakings referred to in Article 1(1) and Article 3(3) of Directive 2013/34/EU of the European Parliament and of the Council (\(^\text{19}\));

18. ‘small undertakings’ means the undertakings referred to in Article 1(1) and Article 3(2) of Directive 2013/34/EU;

19. ‘home Member State’ means a Member State in which a statutory auditor or audit firm is approved in accordance with Article 3(1);
20. ‘host Member State’ means a Member State in which a statutory auditor approved by his or her home Member State seeks to be also approved in accordance with Article 14, or a Member State in which an audit firm approved by its home Member State seeks to be registered or is registered in accordance with Article 3a.

21. ‘sustainability reporting’ means sustainability reporting as defined in Article 2, point (18), of Directive 2013/34/EU;

22. ‘assurance of sustainability reporting’ means the opinion expressed by the statutory auditor or audit firm in accordance with Article 34(1), second subparagraph, point (aa) and Article 34(2) of Directive 2013/34/EU.

CHAPTER II
APPROVAL, CONTINUING EDUCATION AND MUTUAL RECOGNITION

Article 3 - Approval of statutory auditors and audit firms

Article 3a - Recognition of audit firms

Article 4 - Good repute

Article 5 - Withdrawal of approval

Article 6 - Educational qualifications
Without prejudice to Article 11, a natural person may be approved to carry out a statutory audit and an assurance engagement of sustainability reporting only after having attained university entrance or equivalent level, then completed a course of theoretical instruction, undergone practical training and passed an examination of professional competence of university final or equivalent examination level, organised or recognised by the Member State concerned.

The competent authorities referred to in Article 32 shall cooperate with each other with a view to achieving a convergence of the requirements set out in this Article. When engaging in such cooperation, those competent authorities shall take into account developments in auditing and in the audit profession and, in particular, convergence that has already been achieved by the profession. They shall cooperate with the Committee of European Auditing Oversight Bodies (CEAOB) and the competent authorities referred to in Article 20 of Regulation (EU) No 537/2014 in so far as such convergence relates to the statutory audit of public-interest entities.

Article 7 - Examination of professional competence
The examination of professional competence referred to in Article 6 shall guarantee the necessary level of theoretical knowledge of subjects relevant to statutory audit and assurance of sustainability reporting and the ability to apply such knowledge in practice. Part at least of that examination shall be written.
**Article 8 - Test of theoretical knowledge**

1. The test of theoretical knowledge included in the examination shall cover the following subjects in particular:
   
   (a) general accounting theory and principles;
   
   (b) legal requirements and standards relating to the preparation of annual and consolidated accounts;
   
   (bb) legal requirements and standards relating to the preparation of annual and consolidated sustainability reporting;
   
   (c) international accounting standards;
   
   (cc) sustainability reporting standards;
   
   (d) financial analysis;
   
   (dd) sustainability analysis;
   
   (e) cost and management accounting;
   
   (f) risk management and internal control;
   
   (ff) due diligence processes with regard to sustainability matters
   
   (g) auditing and professional skills;
   
   (h) legal requirements and professional standards relating to statutory audit and statutory auditors;
   
   (i) international auditing standards as referred to in Article 26;
   
   (ii) sustainability assurance standards as referred to in Article 26a
   
   (h) legal requirements and professional standards relating to statutory audit and assurance of sustainability reporting and statutory auditors
   
   (j) professional ethics and independence.

2. It shall also cover at least the following subjects insofar as they are relevant to auditing:
   
   (a) company law and corporate governance;
   
   (b) the law of insolvency and similar procedures;
   
   (c) tax law;
   
   (d) civil and commercial law;
   
   (e) social security law and employment law;
   
   (f) information technology and computer systems;
   
   (g) business, general and financial economics;
   
   (h) mathematics and statistics;
   
   (i) basic principles of the financial management of undertakings.

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**Article 9 - Exemptions**

1. By way of derogation from Articles 7 and 8, a Member State may provide that a person who has passed a university or equivalent examination or holds a university degree or equivalent qualification in one or more of the subjects referred to in Article 8 may be exempted from the test of theoretical knowledge in the subjects covered by that examination or degree.

2. By way of derogation from Article 7, a Member State may provide that a holder of a university degree or equivalent qualification in one or more of the subjects referred to in Article 8 may be exempted from the test of the ability to apply in practice his or her theoretical knowledge of such subjects if he or she has received practical training in those subjects attested by an examination or diploma recognised by the State.
**Article 10 - Practical training**

1. In order to ensure the ability to apply theoretical knowledge in practice, a test of which is included in the examination, a trainee shall complete a minimum of three years’ practical training in, inter alia, the auditing of annual financial statements, consolidated financial statements or similar financial statements, and the assurance of annual and consolidated sustainability reporting. At least two thirds of such practical training shall be completed with a statutory auditor or an audit firm approved in any Member State.

2. Member States shall ensure that all training is carried out with persons providing adequate guarantees regarding their ability to provide practical training.

**Article 11 - Qualification through long-term practical experience**

A Member State may approve a person who does not satisfy the conditions laid down in Article 6 as a statutory auditor, if he or she can show either:

(a) that he or she has, for 15 years, engaged in professional activities which have enabled him or her to acquire sufficient experience in the fields of finance, law and accountancy, and sustainability reporting and has passed the examination of professional competence referred to in Article 7, or

(b) that he or she has, for seven years, engaged in professional activities in those fields and has, in addition, undergone the practical training referred to in Article 10 and passed the examination of professional competence referred to in Article 7.

**Article 12 - Combination of practical training and theoretical instruction**

**Article 13 - Continuing education**

**Article 14 - Approval of statutory auditors from another Member State**

1. The competent authorities shall establish procedures for the approval of statutory auditors who have been approved in other Member States. Those procedures shall not go beyond the requirement to complete an adaptation period as defined in point (g) of Article 3(1) of Directive 2005/36/EC of the European Parliament and of the Council (20) or to pass an aptitude test as defined in point (h) of that provision.

2. The host Member State shall decide whether the applicant seeking approval is to be subject to an adaptation period as defined in point (g) of Article 3(1) of Directive 2005/36/EC or an aptitude test as defined in point (h) of that provision.

The adaptation period shall not exceed three years and the applicant shall be subject to an assessment.

The aptitude test shall be conducted in one of the languages permitted by the language rules applicable in the host Member State concerned. It shall cover only the statutory auditor’s adequate knowledge of the laws and regulations of that host Member State in so far as it is relevant to statutory audits and assurance engagements of sustainability reporting.

3. The competent authorities shall cooperate within the framework of the CEAOB with a view to achieving a convergence of the requirements of the adaptation period and the aptitude test. They shall enhance the transparency and predictability of the requirements. They shall cooperate with the CEAOB and with the competent authorities referred to in Article 20 of Regulation (EU) No 537/2014 in so far as such convergence relates to statutory audits of public-interest entities.
Article 14a - Statutory auditors approved or recognised before 1 January 2023

Member States shall ensure that statutory auditors that are approved or recognised to carry out statutory audits before 1 January 2023 are not subject to the requirements of Articles 6, 7, 10, 11 and 14 of this Directive.

Member States shall ensure that statutory auditors approved before 1 January 2023 acquire the necessary knowledge in sustainability reporting and the assurance of sustainability reporting via the continuing education requirement of Article 13.

CHAPTER III
REGISTRATION

Article 15- Article 20

CHAPTER IV
PROFESSIONAL ETHICS, INDEPENDENCE, OBJECTIVITY, CONFIDENTIALITY AND PROFESSIONAL SECRECY

Article 21 - Professional ethics and scepticism

Article 22 - Independence and objectivity

Article 22a - Employment by audited entities of former statutory auditors or of employees of statutory auditors or audit firms

Article 22b - Preparation for the statutory audit and assessment of threats to independence

Article 23 - Confidentiality and professional secrecy

Article 24 - Independence and objectivity of the statutory auditors carrying out the statutory audit on behalf of audit firms

Article 24a - Internal organisation of statutory auditors and audit firms
Article 24b - Organisation of the work

1. Member States shall ensure that, when the statutory audit and the assurance of sustainability reporting is carried out by an audit firm, that audit firm designates at least one key audit partner. The audit firm shall provide the key audit partner(s) with sufficient resources and with personnel that have the necessary competence and capabilities to carry out his, her or its duties appropriately.

Securing audit quality, independence and competence shall be the main criteria when the audit firm selects the key audit partner(s) to be designated. The key audit partner(s) shall be actively involved in the carrying-out of the statutory audit and the assurance of sustainability reporting.

2. When carrying out the statutory audit, the statutory auditor shall devote sufficient time to the engagement and shall assign sufficient resources to enable him or her to carry out his or her duties appropriately.

2a. When carrying out the assurance of sustainability reporting, the statutory auditor shall devote sufficient time to the engagement and shall assign sufficient resources to enable him or her to carry out his or her duties appropriately.

3. Member States shall ensure that the statutory auditor or the audit firm keeps records of any breaches of the provisions of this Directive and, where applicable, of Regulation (EU) No 537/2014. Member States may exempt statutory auditors and audit firms from this obligation with regard to minor breaches. Statutory auditors and audit firms shall also keep records of any consequence of any breach, including the measures taken to address such breach and to modify their internal quality control system. They shall prepare an annual report containing an overview of any such measures taken and shall communicate that report internally.

When a statutory auditor or an audit firm asks external experts for advice, he, she or it shall document the request made and the advice received.

4. A statutory auditor or an audit firm shall maintain a client account record. Such record shall include the following data for each audit client:

(a) the name, the address and the place of business;

(b) in the case of an audit firm, the name(s) of the key audit partner(s);

(c) the fees charged for the statutory audit, for the assurance of sustainability reporting and the fees charged for other services in any financial year.

5. A statutory auditor or an audit firm shall create an audit file for each statutory audit. The statutory auditor or the audit firm shall document at least the data recorded pursuant to Article 22b(1) the assurance of this Directive, and sustainability reporting, where applicable, Articles 6 to 8 of Regulation (EU) No 537/2014. The statutory auditor or the audit firm shall retain any other data and documents that are of importance in support of the report referred to in Articles 28 of this Directive and, where applicable, Articles 10 and 11 of Regulation (EU) No 537/2014 and for monitoring compliance with this Directive and other applicable legal requirements.

The audit file shall be closed no later than 60 days after the date of signature of the audit report referred to in Article 28 of this Directive and, where applicable, Article 10 of Regulation (EU) No 537/2014.

6. The statutory auditor or the audit firm shall keep records of any complaints made in writing about the performance of the statutory audits carried out.

7. Member States may lay down simplified requirements with regard to paragraphs 3 and 6 for the audits referred to in points (b) and (c) of point 1 of Article 2.

Article 25 - Audit fees

Member States shall ensure that adequate rules are in place which provide that fees for statutory audits and the assurance of sustainability reporting:

(a) are not influenced or determined by the provision of additional services to the audited entity;

(b) cannot be based on any form of contingency.
Article 25a - **Scope of the statutory audit**

Without prejudice to the reporting requirements referred to in Article 28 of this Directive and, where applicable, Articles 10 and 11 of Regulation (EU) No 537/2014, the scope of the statutory audit shall not include assurance on the future viability of the audited entity or on the efficiency or effectiveness with which the management or administrative body has conducted or will conduct the affairs of the entity.

Article 25b - **Professional Ethics, Independence, Objectivity, Confidentiality and Professional Secrecy as regards the assurance of sustainability reporting**

The requirements of Articles 21 to 24a as regards the statutory audit of financial statements shall apply to the assurance of sustainability reporting.

**CHAPTER V**

**AUDITING STANDARDS AND AUDIT REPORTING**

Article 26 - **Auditing standards**

1. Member States shall require statutory auditors and audit firms to carry out statutory audits in compliance with international auditing standards adopted by the Commission in accordance with paragraph 3.

Member States may apply national auditing standards, procedures or requirements as long as the Commission has not adopted an international auditing standard covering the same subject-matter.

2. For the purposes of paragraph 1, ‘international auditing standards’ means International Standards on Auditing (ISAs), International Standard on Quality Control (ISQC 1) and other related Standards issued by the International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Board (IAASB), in so far as they are relevant to the statutory audit.

3. The Commission shall be empowered to adopt, by means of delegated acts in accordance with Article 48a, the international auditing standards referred to in paragraph 1 in the area of audit practice, independence and internal quality controls of statutory auditors and audit firms for the purposes of the application of those standards within the Union.

   The Commission may adopt the international auditing standards only if they:
   
   (a) have been developed with proper due process, public oversight and transparency, and are generally accepted internationally;
   
   (b) contribute a high level of credibility and quality to the annual or consolidated financial statements in conformity with the principles set out in Article 4(3) of Directive 2013/34/EC;
   
   (c) are conducive to the Union public good; and
   
   (d) do not amend any of the requirements of this Directive or supplement any of its requirements apart from those set out in Chapter IV and Articles 27 and 28.

4. Notwithstanding the second subparagraph of paragraph 1, Member States may impose audit procedures or requirements in addition to the international auditing standards adopted by the Commission, only

   (a) if those audit procedures or requirements are necessary in order to give effect to national legal requirements relating to the scope of statutory audits; or
   
   (b) to the extent necessary to add to the credibility and quality of financial statements.

Member States shall communicate the audit procedures or requirements to the Commission at least three months before their entry into force or, in the case of requirements already existing at the time of adoption of an international auditing standard, at the latest within three months of the adoption of the relevant international auditing standard.
5. Where a Member State requires the statutory audit of small undertakings, it may provide that application of the auditing standards referred to in paragraph 1 is to be proportionate to the scale and complexity of the activities of such undertakings. Member States may take measures in order to ensure the proportionate application of the auditing standards to the statutory audits of small undertakings.

**Article 26a - Assurance standards for sustainability reporting**

1. Member States shall require statutory auditors and audit firms to carry out the assurance of sustainability reporting in compliance with assurance standards adopted by the Commission in accordance with paragraph 2.

   Member States shall apply national assurance standards, procedures or requirements as long as the Commission has not adopted an assurance standard covering the same subject-matter.

   Member States shall communicate the assurance procedures or requirements to the Commission at least three months before their entry into force.

2. The Commission shall be empowered to adopt, by means of delegated acts in accordance with Article 48a, the assurance standards referred to in paragraph 1 in order to set out the procedures that the auditor shall perform in order to draw its conclusions on the assurance of sustainability reporting, including engagement planning, risk consideration and response to risks and type of conclusions to be included in the audit report.

   The Commission may adopt the assurance standards only where they:

   (a) have been developed with proper due process, public oversight and transparency;

   (b) contribute a high level of credibility and quality to the annual or consolidated sustainability reporting;

   (c) are conducive to the Union public good.

3. Where the Commission adopts standards for reasonable assurance, the opinion referred to in Article 34(1), second subparagraph, point (aa) of Directive 2013/34/EU shall be based on a reasonable assurance engagement.

**Article 27 - Statutory audits of consolidated financial statements**

1. Member States shall ensure that in the case of a statutory audit of the consolidated financial statements of a group of undertakings:

   (a) in relation to the consolidated financial statements, the group auditor bears the full responsibility for the audit report referred to in Article 28 of this Directive and, where applicable, Article 10 of Regulation (EU) No 537/2014 and for, where applicable, the additional report to the audit committee as referred to in Article 11 of that Regulation;

   (b) the group auditor evaluates the audit work performed by any third-country auditor(s) or statutory auditor(s) and third-country audit entity(ies), or audit firm(s) for the purpose of the group audit, and documents the nature, timing and extent of the work performed by those auditors, including, where applicable, the group auditor's review of relevant parts of those auditors' audit documentation;

   (c) the group auditor reviews the audit work performed by third-country auditor(s) or statutory auditor(s) and third-country audit entity(ies) or audit firm(s) for the purpose of the group audit and documents it.

   The documentation retained by the group auditor shall be such as to enable the relevant competent authority to review the work of the group auditor.

   For the purposes of point (c) of the first subparagraph of this paragraph, the group auditor shall request the agreement of the third-country auditor(s), statutory auditor(s), third-country audit entity(ies) or audit firm(s) concerned to the transfer of relevant documentation during the conduct of the audit of consolidated financial statements, as a condition of the reliance by the group auditor on the work of those third-country auditor(s), statutory auditor(s), third-country audit entity(ies) or audit firm(s).
2. Where the group auditor is unable to comply with point (c) of the first subparagraph of paragraph 1, he, she or it shall take appropriate measures and inform the relevant competent authority. Such measures shall, as appropriate, include carrying out additional statutory audit work, either directly or by outsourcing such tasks, in the relevant subsidiary.

3. Where the group auditor is subject to a quality assurance review or an investigation concerning the statutory audit of the consolidated financial statements of a group of undertakings, the group auditor shall, when requested, make available to the competent authority the relevant documentation he, she or it retains concerning the audit work performed by the respective third-country auditor(s), statutory auditor(s), third-country audit entity(ies) or audit firm(s) for the purpose of the group audit, including any working papers relevant to the group audit.

The competent authority may request additional documentation on the audit work performed by any statutory auditor(s) or audit firm(s) for the purpose of the group audit from the relevant competent authorities pursuant to Article 36.

Where a parent undertaking or a subsidiary undertaking of a group of undertakings is audited by an auditor or auditor(s) or an audit entity(ies) from a third country, the competent authority may request additional documentation on the audit work performed by any third-country auditor(s) or third country audit entity(ies) from the relevant competent authorities from third countries through the working arrangements referred to in Article 47.

By way of derogation from the third subparagraph, where a parent undertaking or a subsidiary undertaking of a group of undertakings is audited by an auditor or auditors or an audit entity or entities from a third country that has no working arrangements as referred to in Article 47, the group auditor shall, when requested, also be responsible for ensuring proper delivery of the additional documentation of the audit work performed by such third-country auditor(s) or audit entity(ies), including the working papers relevant to the group audit. In order to ensure such delivery, the group auditor shall retain a copy of such documentation, or alternatively agree with the third-country auditor(s) or audit entity(ies) that he, she or it is to be given unrestricted access to such documentation upon request, or take any other appropriate action. Where audit working papers cannot, for legal or other reasons, be passed from a third country to the group auditor, the documentation retained by the group auditor shall include evidence that he or she has undertaken the appropriate procedures in order to gain access to the audit documentation, and in the case of impediments other than legal ones arising from the legislation of the third country concerned, evidence supporting the existence of such impediments.

**Article 27a - Assurance of consolidated sustainability reporting**

The requirements of Article 27 as regards the audit of consolidated financial statements shall apply mutatis mutandis to the assurance of consolidated sustainability reporting.

**Article 28 - Audit reporting**

1. The statutory auditor(s) or the audit firm(s) shall present the results of the statutory audit and, where applicable, of the assurance of sustainability reporting in an audit report. The report shall be prepared in accordance with the requirements of auditing standards adopted by the Union or Member State concerned, as referred to in Article 26 and with the requirements of assurance standards adopted by the Commission or Member State concerned, as referred to in Article 26a.

2. The audit report shall be in writing and shall:

   (a) identify the entity whose annual or consolidated financial statements are the subject of the statutory audit; specify the annual or consolidated financial statements and the date and period they cover; and identify the financial reporting framework that has been applied in their preparation;

   (aa) specify the annual or consolidated sustainability reporting and the date and period they cover; and identify the sustainability reporting framework that has been applied in their preparation;
(b) include 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;

(bb) include a description of the scope of the assurance of sustainability reporting which shall, as a minimum, identify the assurance standards in accordance with which the assurance of sustainability reporting was conducted;

(c) include an audit opinion, which shall be either unqualified, qualified or an adverse opinion and shall state clearly the opinion of the statutory auditor(s) or the audit firm(s) 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(s) or the audit firm(s) are unable to express an audit opinion, the report shall contain a disclaimer of opinion;

(d) refer to any other matters to which the statutory auditor(s) or the audit firm(s) draw(s) attention by way of emphasis without qualifying the audit opinion;

(e) include an opinion on the opinions and statement, both of which shall be based on the work undertaken in the course of the audit, referred to in the second subparagraph of Article 34(1) of Directive 2013/34/EU, where applicable;

(f) provide a statement on any material uncertainty relating to events or conditions that may cast significant doubt about the entity's ability to continue as a going concern;

(g) identify the place of establishment of the statutory auditor(s) or the audit firm(s).

Member States may lay down additional requirements in relation to the content of the audit report.

3. Where the statutory audit was carried out by more than one statutory auditor or audit firm, the statutory auditor(s) or the audit firm(s) shall agree on the results of the statutory audit and submit a joint report and opinion. In the case of disagreement, each statutory auditor or audit firm shall submit his, her or its opinion in a separate paragraph of the audit report and shall state the reason for the disagreement.

The requirements of the first subparagraph as regards the statutory audit shall apply to the assurance of sustainability reporting.

4. The audit report shall be signed and dated by the statutory auditor. Where an audit firm carries out the statutory audit and, where applicable, the assurance of sustainability reporting, the audit report shall bear the signature of at least the statutory auditor(s) carrying out the statutory audit and the assurance of sustainability reporting on behalf of the audit firm. Where more than one statutory auditor or audit firm have been simultaneously engaged, the audit report shall be signed by all statutory auditors or at least by the statutory auditors carrying out the statutory audit and the assurance of sustainability reporting on behalf of every 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 event, the name(s) of the person(s) involved shall be known to the relevant competent authorities.

5. The report of the statutory auditor or the audit firm on the consolidated financial statements and, where applicable, on the consolidated sustainability reporting shall comply with the requirements set out in paragraphs 1 to 4. In reporting on the consistency of the management report and the financial statements as required by point (e) of paragraph 2, the statutory auditor or the 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 reports of the statutory auditors or the audit firms required by this Article may be combined.
CHAPTER VI
QUALITY ASSURANCE

Article 29 - Quality assurance systems

1. Each Member State shall ensure that all statutory auditors and audit firms are subject to a system of quality assurance which meets at least the following criteria:

(a) the quality assurance system shall be organised in such a manner that it is independent of the reviewed statutory auditors and audit firms and is subject to public oversight;

(b) the funding for the quality assurance system shall be secure and free from any possible undue influence by statutory auditors or audit firms;

(c) the quality assurance system shall have adequate resources;

(d) the persons who carry out quality assurance reviews shall have appropriate professional education and relevant experience in statutory audit and financial reporting and in the assurance of sustainability reporting combined with specific training on quality assurance reviews;

(e) the selection of reviewers for specific quality assurance review assignments shall be effected in accordance with an objective procedure designed to ensure that there are no conflicts of interest between the reviewers and the statutory auditor or audit firm under review;

(f) the scope of the quality assurance review, supported by adequate testing of selected audit files, shall include an assessment of compliance with applicable auditing standards and independence requirements, of the quantity and quality of resources spent, of the audit fees charged and of the internal quality control system of the audit firm;

(g) the quality assurance review shall be the subject of a report which shall contain the main conclusions of the quality assurance review;

(h) quality assurance reviews shall take place on the basis of an analysis of the risk and, in the case of statutory auditors and audit firms carrying out statutory audits as defined in point (a) of point 1 of Article 2, and, where applicable, carrying out assurance engagements of sustainability reporting, least every six years;

(i) the overall results of the quality assurance system shall be published annually;

(j) recommendations of quality reviews shall be followed up by the statutory auditor or audit firm within a reasonable period;

(k) quality assurance reviews shall be appropriate and proportionate in view of the scale and complexity of the activity of the reviewed statutory auditor or audit firm.

If the recommendations referred to in point (j) are not followed up, the statutory auditor or audit firm shall, if applicable, be subject to the system of disciplinary actions or penalties referred to in Article 30.

2. For the purpose of point (e) of paragraph 1, at least the following criteria shall apply to the selection of reviewers:

(a) reviewers shall have appropriate professional education and relevant experience in statutory audit and financial reporting and in the assurance of sustainability reporting combined with specific training on quality assurance reviews;

(b) a person shall not be allowed to act as a reviewer in a quality assurance review of a statutory auditor or an audit firm until at least three years have elapsed since that person ceased to be a partner or an employee of, or otherwise associated with, that statutory auditor or audit firm;

(c) reviewers shall declare that there are no conflicts of interest between them and the statutory auditor and the audit firm to be reviewed.

3. For the purpose of point (k) of paragraph 1, Member States shall require competent authorities, when undertaking quality assurance reviews of the statutory audits of annual or consolidated financial statements of medium-sized and small undertakings, to take account of the fact that the auditing standards adopted in accordance with Article 26 are designed to be applied in a manner that is proportionate to the scale and complexity of the business of the audited entity.
CHAPTER VII
INVESTIGATIONS AND SANCTIONS

Article 30 - Systems of investigations and sanctions

Article 30a - Sanctioning powers

Article 30b - Effective application of sanctions

Article 30c - Publication of sanctions and measures

Article 30d – Appeal

Article 30e - Reporting of breaches

Article 30f - Exchange of information

Article 30g - Investigations and Sanctions as regards the Assurance of Sustainability Reporting
The requirements of Articles 30 to 30f as regards the statutory audit of financial statements shall apply to the assurance of sustainability reporting.

CHAPTER VIII
PUBLIC OVERSIGHT AND REGULATORY ARRANGEMENTS BETWEEN MEMBER STATES

Article 32 - Principles of public oversight

Article 33 - Cooperation between public oversight systems at Community level

Article 34 - Mutual recognition of regulatory arrangements between Member States

Article 36 - Professional secrecy and regulatory cooperation between Member States
**Article 36a - Public Oversight and Regulatory Arrangements between Member States as regards the assurance of sustainability reporting**

The requirements of Articles 32, 33, 34 and 36 as regards the statutory audit of financial statements shall apply mutatis mutandis to the assurance of sustainability reporting.

**CHAPTER IX**

**APPOINTMENT AND DISMISSAL**

**Article 37 - Appointment of statutory auditors or audit firms**

1. The statutory auditor or audit firm shall be appointed by the general meeting of shareholders or members of the audited entity.

2. Member States may allow alternative systems or modalities for the appointment of the statutory auditor or audit firm, provided that those systems or modalities are designed to ensure the independence of the statutory auditor or audit firm from the executive members of the administrative body or from the managerial body of the audited entity.

3. Any contractual clause restricting the choice by the general meeting of shareholders or members of the audited entity pursuant to paragraph 1 to certain categories or lists of statutory auditors or audit firms as regards the appointment of a particular statutory auditor or audit firm to carry out the statutory audit of that entity shall be prohibited. Any such existing clauses shall be null and void.

**Article 38 - Dismissal and resignation of statutory auditors or audit firms**

1. Member States shall ensure that statutory auditors or audit firms may be dismissed only where there are proper grounds. Divergence of opinions on accounting treatments or audit procedures shall not be proper grounds for dismissal.

2. Member States shall ensure that the audited entity and the statutory auditor or audit firm inform the authority or authorities responsible for public oversight concerning the dismissal or resignation of the statutory auditor or audit firm during the term of appointment and give an adequate explanation of the reasons therefor.

3. In the case of a statutory audit of a public-interest entity, Member States shall ensure that it is permissible for
   
   (a) shareholders representing 5% or more of the voting rights or of the share capital;
   
   (b) the other bodies of the audited entities when defined by national legislation; or
   
   (c) the competent authorities referred to in Article 32 of this Directive or designated in accordance with Article 20(1) of Regulation (EU) No 537/2014 or, when provided for by national law, with Article 20(2) of that Regulation,

   to bring a claim before a national court for the dismissal of the statutory auditor(s) or the audit firm(s) where there are proper grounds for so doing.

**Article 38a - Appointment and dismissal as regards the assurance of sustainability reporting**

The requirements of Articles 37 and 38 as regards the statutory audit of financial statements shall apply to the assurance of sustainability reporting.
CHAPTER X
AUDIT COMMITTEE

Article 39 - Audit committee

1. Member States shall ensure that each public-interest entity has an audit committee. The audit committee shall be either a stand-alone committee or a committee of the administrative body or supervisory body of the audited entity. It shall be composed of non-executive members of the administrative body and/or members of the supervisory body of the audited entity and/or members appointed by the general meeting of shareholders of the audited entity or, for entities without shareholders, by an equivalent body.

At least one member of the audit committee shall have competence in accounting and/or auditing.

The committee members as a whole shall have competence relevant to the sector in which the audited entity is operating.

A majority of the members of the audit committee shall be independent of the audited entity. The chairman of the audit committee shall be appointed by its members or by the supervisory body of the audited entity, and shall be independent of the audited entity. Member States may require the chairman of the audit committee to be elected annually by the general meeting of shareholders of the audited entity.

2. By way of derogation from paragraph 1, Member States may decide that in the case of public-interest entities which meet the criteria set out in points (f) and (t) of Article 2(1) of Directive 2003/71/EC of the European Parliament and of the Council (23), the functions assigned to the audit committee may be performed by the administrative or supervisory body as a whole, provided that where the chairman of such a body is an executive member, he or she shall not act as chairman whilst such body is performing the functions of the audit committee.

Where an audit committee forms part of the administrative body or of the supervisory body of the audited entity in accordance with paragraph 1, Member States may permit or require the administrative body or the supervisory body, as appropriate, to perform the functions of the audit committee for the purpose of the obligations set out in this Directive and in Regulation (EU) No 537/2014.

3. By way of derogation from paragraph 1, Member States may decide that the following public-interest entities are not required to have an audit committee:

(a) any public-interest entity which is a subsidiary undertaking within the meaning of point 10 of Article 2 of Directive 2013/34/EU if that entity fulfils the requirements set out in paragraphs 1, 2 and 5 of this Article, Article 11(1), Article 11(2) and Article 16(5) of Regulation (EU) No 537/2014 at group level;

(b) any public-interest entity which is an UCITS as defined in Article 1(2) of Directive 2009/65/EC of the European Parliament and of the Council (24) or an alternative investment fund (AIF) as defined in Article 4(1)(a) of Directive 2011/61/EU of the European Parliament and of the Council (25);

(c) any public-interest entity the sole business of which is to act as an issuer of asset backed securities as defined in point 5 of Article 2 of Commission Regulation (EC) No 809/2004 (26);

(d) any credit institution within the meaning of point 1 of Article 3(1) of Directive 2013/36/EU whose shares are not 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 and which has, in a continuous or repeated manner, issued only debt securities admitted to trading in a regulated market, provided that the total nominal amount of all such debt securities remains below EUR 100 000 000 and that it has not published a prospectus under Directive 2003/71/EC.

The public-interest entities referred to in point (c) shall explain to the public the reasons why they consider that it is not appropriate for them to have either an audit committee or an administrative or supervisory body entrusted to carry out the functions of an audit committee.

4. By way of derogation from paragraph 1, Member States may require or allow a public-interest entity not to have an audit committee provided that it has a body or bodies performing equivalent functions to an audit committee, established and functioning in accordance with provisions in place in the
Member State in which the entity to be audited is registered. In such a case the entity shall disclose which body carries out those functions and how that body is composed.

5. Where all members of the audit committee are members of the administrative or supervisory body of the audited entity, the Member State may provide that the audit committee is to be exempt from the independence requirements laid down in the fourth subparagraph of paragraph 1.

6. Without prejudice to the responsibility of the members of the administrative, management or supervisory bodies, or of other members who are appointed by the general meeting of shareholders of the audited entity, the audit committee shall, inter alia:

(a) inform the administrative or supervisory body of the audited entity of the outcome of the statutory audit and of the outcome of the assurance of sustainability reporting and explain how the statutory audit and the assurance of sustainability reporting contributed to the integrity of financial and sustainability reporting and what the role of the audit committee was in that process;

(b) monitor the financial and sustainability reporting process, including the digital reporting process referred to in Article 19d and the process carried out by the undertaking to identify the information reported according to the standards adopted pursuant to Article 19b of Directive 2013/34/EU, and submit recommendations or proposals to ensure its integrity;

(c) monitor the effectiveness of the undertaking's internal quality control and risk management systems and, where applicable, its internal audit, regarding the financial and sustainability reporting of the audited entity, including its digital reporting as referred to in Article 19d, without breaching its independence;

(d) monitor the statutory audit of the annual and consolidated financial statements and the assurance of the annual and consolidated sustainability reporting, in particular, its performance, taking into account any findings and conclusions by the competent authority pursuant to Article 26(6) of Regulation (EU) No 537/2014;

(e) review and monitor the independence of the statutory auditors or the audit firms in accordance with Articles 22, 22a, 22b, 24a, 24b and 245b of this Directive and Article 6 of Regulation (EU) No 537/2014, and in particular the appropriateness of the provision of non-audit services to the audited entity in accordance with Article 5 of that Regulation;

(f) be responsible for the procedure for the selection of statutory auditor(s) or audit firm(s) and recommend the statutory auditor(s) or the audit firm(s) to be appointed in accordance with Article 16 of Regulation (EU) No 537/2014 except when Article 16(8) of Regulation (EU) No 537/2014 is applied.

CHAPTER XI

INTERNATIONAL ASPECTS

Article 44 - Approval of auditors from third countries

1. Subject to reciprocity, the competent authorities of a Member State may approve a third-country auditor as statutory auditor if that person has furnished proof that he or she complies with requirements equivalent to those laid down in Articles 4 and 6 to 13.

2. The competent authorities of a Member State shall, before granting approval to a third-country auditor who meets the requirements of paragraph 1, apply the requirements laid down in Article 14.

Article 45 - Registration and oversight of third-country auditors and audit entities

1. The competent authorities of a Member State shall, in accordance with Articles 15, 16 and 17, register every third-country auditor and audit entity, where that third-country auditor or audit entity provides an audit report concerning the annual or consolidated financial statements and, where applicable, concerning annual or consolidated sustainability reporting of an undertaking incorporated outside the Union whose transferable securities are admitted to trading on a regulated market of that Member State within the meaning of point 14 of Article 4(1)), point 14), of Directive 2004/39/EC, except where the undertaking in question is an issuer exclusively of issues outstanding debt securities for which one of the following applies:
(a) they have been admitted to trading on a regulated market in a Member State within the meaning of point (c) of Article 2(1), point (c), of Directive 2004/109/EC of the European Parliament and of the Council (27) prior to 31 December 2010 and the denomination per unit of which is, at the date of issue, at least EUR 50,000 or, in the case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 50,000;

(b) they are admitted to trading on a regulated market in a Member State within the meaning of point (c) of Article 2(1), point (c), of Directive 2004/109/EC from 31 December 2010 and the denomination per unit of which is, at the date of issue, at least EUR 100,000 or, in case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 100,000.

2. Articles 18 and 19 shall apply.

3. Member States shall subject registered third-country auditors and audit entities to their systems of oversight, their quality assurance systems and their systems of investigation and penalties. A Member State may exempt a registered third-country auditor or audit entity from being subject to its quality assurance system if another Member State’s or third country’s system of quality assurance that has been assessed as equivalent in accordance with Article 46 has carried out a quality review of the third-country auditor or audit entity concerned during the previous three years.

4. Without prejudice to Article 46, audit reports concerning annual accounts or consolidated accounts referred to in paragraph 1 of this Article issued by third-country auditors or audit entities that are not registered in the Member State shall have no legal effect in that Member State.

5. A Member State may register a third-country audit entity only if:

(b) the majority of the members of the administrative or management body of the third-country audit entity meet requirements which are equivalent to those laid down in Articles 4 to 10;

(c) the third-country auditor carrying out the audit on behalf of the third-country audit entity meets requirements which are equivalent to those laid down in Articles 4 to 10;

(d) the audits of the annual or consolidated financial statements referred to in paragraph 1 are carried out in accordance with international auditing standards as referred to in Article 26, as well as the requirements laid down in Articles 22, 22b and 25, or with equivalent standards and requirements;

(dd) the assurance of the annual or consolidated sustainability reporting referred to in paragraph 1 are carried out in accordance with assurance standards as referred to in Article 26a, as well as the requirements laid down in Articles 22, 22b, 25 and 25b;

(e) it publishes on its website an annual transparency report which includes the information referred to in Article 13 of Regulation (EU) No 537/2014 or it complies with equivalent disclosure requirements.

5a. A Member State may register a third-country auditor only if he or she meets the requirements set out in points (c), (d), (dd) and (e) of paragraph 5 of this Article.

6. In order to ensure uniform conditions of application of point (d) of paragraph 5 of this Article, the Commission shall be empowered to decide upon the equivalence referred to therein by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 48(2). Member States may assess the equivalence referred to in point (d) of paragraph 5 of this Article as long as the Commission has not taken any such decision.

The Commission shall be empowered to adopt delegated acts in accordance with Article 48a for the purpose of establishing the general equivalence criteria to be used in assessing whether the audits of the financial statements referred to in paragraph 1 of this Article are carried out in accordance with international auditing standards as referred to in Article 26 and the requirements laid down in Articles 22, 24 and 25. Such criteria, which are applicable to all third countries, shall be used by Member States when assessing equivalence at national level.

Article 46 - Derogation in the case of equivalence

Article 47 - Cooperation with competent authorities from third countries
CHAPTER XII
TRANSITIONAL AND FINAL PROVISIONS

Article 48 - Committee procedure

Article 48a - Exercise of the delegation
1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Articles 26(3), 45(6), 46(2) and 47(3) shall be conferred on the Commission for a period of five years from 16 June 2014. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-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.

3. The power to adopt delegated acts referred to in Article 26a(2) shall be conferred on the Commission for an indeterminate period of time.

4. The delegation of power referred to in Articles 26(3), 26a(2), 45(6), 46(2) and 47(3) 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 power specified in that decision. It shall take effect the day following the publication of the 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.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Articles 26(3), 26a(2), 45(6), 46(2) and 47(3) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of four 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 of the Council.

Article 50 - Repeal of Directive 84/253/EEC

Article 51 - Transitional provision

Article 52 - Minimum harmonisation

Article 53 – Transposition

Article 54 - Entry into force

Article 55 - Addressees
Article 5

Prohibition of the provision of non-audit services

1. A statutory auditor or an audit firm carrying out the statutory audit and, where applicable, the assurance of sustainability reporting, of a public-interest entity, or any member of the network to which the statutory auditor or the audit firm belongs, shall not directly or indirectly provide to the audited entity, to its parent undertaking or to its controlled undertakings within the Union any prohibited non-audit services in:

   (a) the period between the beginning of the period audited and the issuing of the audit report; and
   (b) the financial year immediately preceding the period referred to in point (a) in relation to the services listed in point (g) of the second subparagraph.

For the purposes of this Article, prohibited non-audit services shall mean:

(a) tax services relating to:
   (i) preparation of tax forms;
   (ii) payroll tax;
   (iii) customs duties;
   (iv) identification of public subsidies and tax incentives unless support from the statutory auditor or the audit firm in respect of such services is required by law;
   (v) support regarding tax inspections by tax authorities unless support from the statutory auditor or the audit firm in respect of such inspections is required by law;
   (vi) calculation of direct and indirect tax and deferred tax;
   (vii) provision of tax advice;

(b) services that involve playing any part in the management or decision-making of the audited entity;

(c) bookkeeping and preparing accounting records and financial statements;

(d) payroll services;

(e) designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems;

(f) valuation services, including valuations performed in connection with actuarial services or litigation support services;

(g) legal services, with respect to:
   (i) the provision of general counsel;
   (ii) negotiating on behalf of the audited entity; and
(iii) acting in an advocacy role in the resolution of litigation;

(h) services related to the audited entity’s internal audit function;

(i) services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity;

(j) promoting, dealing in, or underwriting shares in the audited entity;

(k) human resources services, with respect to:

(i) management in a position to exert significant influence over the preparation of the accounting records or financial statements which are the subject of the statutory audit, where such services involve:

— searching for or seeking out candidates for such position; or

— undertaking reference checks of candidates for such positions;

(ii) structuring the organisation design; and

(iii) cost control.

(l) consulting services for the preparation of sustainability reporting, where the statutory auditor or audit firm carries out the assurance of sustainability reporting.

2. Member States may prohibit services other than those listed in paragraph 1 where they consider that those services represent a threat to independence. Member States shall communicate to the Commission any additions to the list in paragraph 1.

3. By way of derogation from the second subparagraph of paragraph 1, Member States may allow the provision of the services referred to in points (a) (i), (a) (iv) to (a) (vii) and (f), provided that the following requirements are complied with:

(a) they have no direct or have immaterial effect, separately or in the aggregate on the audited financial statements;

(b) the estimation of the effect on the audited financial statements is comprehensively documented and explained in the additional report to the audit committee referred to in Article 11; and

(c) the principles of independence laid down in Directive 2006/43/EC are complied with by the statutory auditor or the audit firm.

4. A statutory auditor or an audit firm carrying out statutory audits of public-interest entities and, where the statutory auditor or the audit firm belongs to a network, any member of such network, may provide to the audited entity, to its parent undertaking or to its controlled undertakings non-audit services other than the prohibited non-audit services referred to in paragraphs 1 and 2 subject to the approval of the audit committee after it has properly assessed threats to independence and the safeguards applied in accordance with Article 22b of Directive 2006/43/EC. The audit committee shall, where applicable, issue guidelines with regard to the services referred to in paragraph 3.

Member States may establish stricter rules setting out the conditions under which a statutory auditor, an audit firm or a member of a network to which the statutory auditor or audit firm belongs may provide to the audited entity, to its parent undertaking or to its controlled undertakings non-audit services other than the prohibited non-audit services referred to in paragraph 1.

5. When a member of a network to which the statutory auditor or the audit firm carrying out a statutory audit of a public-interest entity belongs provides any of the non-audit services, referred to in paragraphs 1 and 2 of this Article, to an undertaking incorporated in a third country which is controlled by the audited public-interest entity, the statutory auditor or the audit firm concerned shall assess whether his, her or its independence would be compromised by such provision of services by the member of the network.

If his, her or its independence is affected, the statutory auditor or the audit firm shall apply safeguards where applicable in order to mitigate the threats caused by such provision of services in a third country. The statutory auditor or the audit firm may continue to carry out the statutory audit of the public-interest entity only if he, she or it can justify, in accordance with Article 6 of this Regulation and Article 22b of Directive 2006/43/EC, that such provision of services does not affect his, her or its professional judgement and the audit report.
For the purposes of this paragraph:

(a) being involved in the decision-taking of the audited entity and the provision of the services referred to in points (b), (c) and (e) of the second subparagraph of paragraph 1 shall be deemed to affect such independence in all cases and to be incapable of mitigation by any safeguards.

(b) provision of the services referred to in the second subparagraph of paragraph 1 other than points (b), (c) and (e) thereof shall be deemed to affect such independence and therefore to require safeguards to mitigate the threats caused thereby.

6. Paragraphs 4 and 5 referring to the statutory audit of financial statements shall apply to the assurance of sustainability reporting, where applicable.

Article 14

Information for competent authorities

Statutory auditors and audit firms shall provide annually to his, her or its competent authority a list of the audited public-interest entities by revenue generated from them, dividing those revenues into:

(a) revenues from statutory audit;

(b) revenues from non-audit services other than those referred to in Article 5(1) which are required by Union or national legislation, specifying the revenues from the assurance of sustainability reporting;

and,

(c) revenues from non-audit services other than those referred to in Article 5(1) which are not required by Union or national legislation.