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German Commercial Code – Excerpt

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Auszug aus dem Handelsgesetzbuch (HGB) englische Sprachfassung

in der im Bundesgesetzblatt Teil III, Gliederungsnummer 4100-1, veröffentlichten bereinigten Fassung, zuletzt geändert durch Artikel 14 des Gesetzes vom 22. Dezember 2020 (BGBl. I S. 3256).

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First Book. Merchant Class

First Chapter. Merchants

§ 1 (Merchant by definition)

(1) Merchant within the meaning of this Code shall mean anyone who conducts a commercial business.

(2) Commercial business shall mean any business, unless the undertaking, due to its character or size, does not require to be commercially organised.

§ 2 (Merchant by voluntary registration)

[1]A commercial undertaking whose business does not already qualify as commercial business pursuant to § 1 (2) shall be deemed as a commercial business within the meaning of this Code in case that the commercial name of the undertaking is registered in the commercial register. [2]An entrepreneur is entitled, but not obliged, to cause a registration in accordance with the provisions applicable to the registration of commercial undertakings. [3]In case that a registration is made, the registration of the commercial name is also cancelled on the entrepreneur's application, unless the requirement of § 1 (2) is not fulfilled.

§ 3 (Agriculture and forestry undertakings as merchants)

(1) The provisions of § 1 are not applicable to agriculture and forestry.

(2) § 2 shall apply to an undertaking active in agriculture or forestry which, by its character or size, requires a commercial organisation of business operations, subject to the proviso that a cancellation of the commercial name shall take place only in accordance with the generic provisions applicable to cancellation of commercial undertakings subsequent to a registration in the commercial register.

(3) In case that an undertaking is linked with an agriculture or forestry operation that qualifies as a merely ancillary commercial business of the agriculture or forestry undertaking, the provisions of (1) and (2) shall apply analogously to the undertaking operated as an ancillary commercial business.

§ 4 (cancelled)

§ 5 (Merchant by way of registration)

In case that a commercial name is registered in the commercial register, it may not be claimed vis-a-vis a third party invoking the registration that the business operated under this commercial name was no commercial business.

§ 6 (Commercial companies; merchant by legal form)

(1) The provisions existing with regard to merchants shall also apply to commercial companies.

(2) The rights and obligations of an association that is qualified as merchant by the law remain unaffected irrespective of the subject of its undertaking even in case that the requirements of § 1 (2) are not fulfilled.

§ 7 (Merchant status and public law)

The application of the provisions of this Code concerning merchants is not affected by public law provisions under which the right to pursue a commercial business is excluded or made dependent on certain requirements.

Second to Ninth Chapter (§§ 8-104a) are not reproduced here.

Second Book. Commercial Partnerships and Silent Partnership (§§ 105-237) is not reproduced here.

Third Book. Commercial Books

First Chapter. Provisions Applying to All Merchants

First Sub-chapter. Bookkeeping. Inventory

§ 238 Duty to keep books

(1) [1]Every merchant is obliged to keep books clearly showing his commercial transactions and his financial position in accordance with generally accepted accounting principles. [2]The bookkeeping has to be maintained in a way that an overview of the business transactions and the position of the undertaking can be derived from it within a reasonable period by a third-party expert. [3]Business transactions have to be traceable in their origin and processing.

(2) A merchant is obliged to retain copies of all business correspondence sent out consistent with the original (such as copies, prints, duplicates or other reproductions of the text on a writing surface, photographic or other data carriers).

§ 239 Commercial bookkeeping methods

(1) [1]A merchant has to use a living language for keeping his books and other required records. [2]If abbreviations, numbers, letters or symbols are used, their meaning has to be clearly specified in each particular case.

(2) Entries in books and other required records have to be complete, correct, timely and orderly.

(3) [1]An entry or a commercial record may not be altered in such a way that the original meaning is no longer ascertainable. [2]Likewise, no modifications may be made that leave unclear whether they were made originally or later.

(4) [1]Commercial books and other required records may also consist of organized files of original documents or be kept on electronic data carriers, as far as these bookkeeping methods, including the procedures used, comply with generally accepted accounting principles. If commercial books and other required records are kept on electronic data carriers, it has to be ensured, in particular, that the electronic data are available during the statutory retention period and can be put into a legible form at any time within a reasonable time period. [2](1) to (3) shall be applied *mutatis mutandis*.

§ 240 Inventory

(1) At the beginning of his business, every merchant shall record his real estates, receivables and liabilities, the amount of his cash at hand and his other assets precisely and, doing so, specify the value of the individual assets and liabilities.

(2) A merchant has to draw up such an inventory for the end of every financial year. The term of the financial year may not exceed twelve months. The inventory has to be drawn up within a period consistent with proper business conduct.

(3) Tangible fixed assets, raw materials, supplies and operating materials, if they are regularly replaced and their total value is of subordinate importance to the company, may be recognised at a constant quantity and a constant value, if quantity, value and composition of the inventory are subject to only minor changes. [2]However, as a general rule, a physical inventory has to be taken every three calendar years.

(4) Similar inventory items and other movable (fixed or current) assets and liabilities of the same type or approximately the same value may each be combined into one single group and recognised at the weighted average value.

§ 241 Procedures for simplification of keeping the inventory

(1) [1]When drawing up an inventory, the stock of assets in terms of kind, quantity and value may also be determined by means of recognised statistical methods based on random sampling. [2]The procedure has to comply with generally accepted accounting principles. [3]Drawing up the inventory by using this method has to be as meaningful as drawing up the inventory physically.

(2) When drawing up the inventory for the end of a financial year, a physical inventory of the assets for that date is not required, as far as the use of another procedure consistent with generally accepted accounting principles ensures that the stock of assets in terms of kind, quantity and value can be determined at that time without any physical inventory.

(3) Assets do not need to be recorded in the inventory at the end of a financial year if:

1. the merchant has already recorded these assets in terms of quantity, value and kind on the basis of a physical inventory or on the basis of another procedure permitted under (2) in a special inventory drawn up to a day within the last three months before or the first two months after the end of the financial year, and
2. on the basis of the special inventory, which was drawn up by applying an updating or retrograde method consistent with generally accepted accounting principles, it is ensured that the stock of all assets existing at the end of the financial year may be properly valued at that point in time.

§ 241a Exemption from the duty of keeping books and drawing up an inventory

[1]Sole merchants, whose profit does not exceed 60.000 Euro and turnover revenues do not exceed 600.000 Euro on the balance sheet dates of two subsequent financial years, do not need to apply §§ 238-241. [2]In case of a new establishment, the legal consequences shall already apply in case that the amounts specified in sentence 1 are not exceeded on the first balance sheet date after starting the new establishment.

Second Sub-chapter. Opening Balance Sheet. Financial Statements

First Title. General Provisions

§ 242 Duty to prepare

(1) [1]At the beginning of his business and at the end of each financial year, a merchant has to prepare financial statements showing the proportion of his assets and liabilities (opening balance sheet, balance sheet). [2]The provisions applicable to the annual financial statements shall be applied to the opening balance sheet analogously insofar as they relate to the balance sheet.

(2) A merchant has to prepare a comparison of the expenses and revenues of that financial year (profit and loss account) to the end of every financial year.

(3) Annual financial statements consist of the balance sheet and the profit and loss account.

(4) [1](1) – (3) do not apply to sole merchants within the meaning of § 241a. [2]In case of a new establishment, the legal consequences according to sentence 1 shall already apply if the values defined in § 241a sentence 1 are not exceeded on the first balance sheet date following the new establishment.

§ 243 Principle of preparation

(1) Annual financial statements have to be prepared in accordance with generally accepted accounting principles.

(2) Annual financial statements have to be clearly arranged and easy to comprehend.

(3) Annual financial statements have to be prepared within a time period consistent with a proper conduct of business.

§ 244 Language. Currency

Annual financial statements have to be prepared in the German language and in Euro.

§ 245 Signature

Annual financial statements have to be signed and dated by the merchant. In case that there are several general partners, the financial statements have to be signed by all general partners.

Second Title. Recognition Provisions

§ 246 Completeness. Prohibition of offset

(1) [1]Annual financial statements have to include all assets, liabilities, prepaid expenses and deferred income, as well as expenses and revenues, unless otherwise provided by law. [2]Assets have to be included in the owner's balance sheet; if an asset is attributable to a third party as beneficial owner rather than to its legal owner, the third party has to show it in its balance sheet instead. [3]Debts have to be shown in the balance sheet of the debtor. [4]The difference by which the consideration paid for the acquisition of an undertaking exceeds the value of the individual assets of the acquired undertaking reduced by the debts at the time of the acquisition (purchased goodwill) shall be considered as an asset of limited useful life.

(2) [1]Items of the assets side may neither be offset against items of the liabilities side, nor may expenses be offset against revenues, or rights in real property against encumbrances on real property. [2]Assets that are not accessible to all other creditors and exclusively serve to fulfil debts from pension obligations or comparable obligations with long-term maturity have to be offset against these debts; the corresponding expenses and revenues from discounting and from the assets being offset have to be treated accordingly. [3]In case the fair value of the assets exceeds the amount of the debts, the surplus has to be recognised on the assets side under a separate item.

(3) [1]The recognition methods applied to the previous annual financial statements are to be retained. [2]§ 252 (2) has to be applied analogously.

§ 247 Balance sheet contents

(1) In the balance sheet, the fixed and current assets, the equity, the liabilities and the prepaid expenses and deferred income have to be shown separately and subdivided adequately.

(2) Only the items that are intended to serve business operations permanently have to be shown under fixed assets.

(3) (cancelled)

§ 248 Prohibitions and options on recognition

(1) The following items may not be recognised in the balance sheet as assets items:

1. expenses for the establishment of an undertaking,
2. expenses for the procurement of equity, and
3. expenses for the conclusion of insurance contracts.

(2) [1]Self-produced intangible fixed assets may be included in the balance sheet as asset items. [2]Self-produced brands, print titles, publishing rights, customer lists or comparable intangible fixed assets may not be included as asset items.

§ 249 Provisions

(1) [1]Provisions have to be made for uncertain liabilities and for anticipated losses from pending transactions. [2]Furthermore, provisions have to be made for:

1. expenses for maintenance omitted in the financial year, which will be carried out in the following financial year within three months, or for overburden removal, which will be carried out in the following financial year,
2. warranties granted without any legal obligation.

(2) [1]Provisions for other purposes than those specified in (1) are not permissible. [2]Provisions may only be reversed if the reason for them no longer applies.

§ 250 Prepaid expenses and deferred income

(1) Payments made before the balance sheet date have to be recognised as prepaid expenses on the assets side to the extent that they represent expenses for a specified period after the balance sheet date.

(2) Receipts before the balance sheet date have to be recognised as deferred income on the liability side in case that they represent income for a specified period after the balance sheet date.

(3) [1]In case that the settlement amount of a liability is higher than its issue amount, the difference may be included in the prepaid expenses on the assets side. [2]The difference has to be depreciated annually, which may be distributed over the entire term of the liability.

§ 251 Contingencies and commitments

[1]Liabilities arising from an issuance and transfer of bills of exchange, from suretyships, guarantees of bills of exchange and check guarantees, and from warranty agreements as well as contingencies and commitments arising from a provision of security for third-party liabilities have to be shown below the balance sheet, provided that they do not have to be shown on the liabilities side; these liabilities may be reported as one single amount. [2]Contingencies and commitments also have to be reported in case that they are matched by equivalent claims for recourse.

Third Title. Measurement Provisions

§ 252 General principles of measurement

(1) In particular, the following shall apply to the measurement of assets and liabilities shown in the annual financial statements:

1. The measurements in the opening balance sheet of the financial year have to be identical with those in the closing balance sheet of the preceding financial year.
2. The measurement has to be based on the assumption that the business will continue as a going concern, provided that this is not precluded by factual or legal circumstances.
3. The assets and liabilities have to be valued individually as of the balance sheet date.
4. The measurement has to be carried out on a prudent basis, namely all foreseeable risks and losses that have emerged until the balance sheet date have to be taken into account, even if they first became known between the balance sheet date and the date of preparation of the annual financial statements; profits have to be taken into account only if they are realised on the balance sheet date.
5. Expenses and revenues of a financial year have to be taken into account in the financial statements irrespective of the time of the corresponding payments.
6. Measurement methods applied to the previous annual financial statements have to be retained.

(2) Deviations from the principles specified in (1) are only admissible in justifiable exceptional cases.

§ 253 Initial and subsequent measurement

(1) [1]Assets have to be assessed at the highest with the acquisition or production costs, reduced by depreciation and recognition of an impairment loss pursuant to (3) – (5). [2]Liabilities have to be assessed at their settlement amount and provisions in an amount required for settlement on the basis of a reasonable commercial assessment. [3]Insofar as the amount of pension obligations is determined exclusively according to the fair value of securities within the meaning of § 266 (2) A. III. 5, provisions for these have to be recognised at the fair value of these securities insofar as it exceeds a guaranteed minimum amount. [4]Assets to be offset pursuant to § 246 (2) sentence 2 have to be valued with their fair value. [5]Micro-corporations (§ 267a) may only carry out a measurement at fair value if they do not make use of any of the reliefs provided for in § 264 (1) sentence 5, § 266 (1) sentence 4, § 275 (5) and § 326 (2). [6]In case that a micro-corporation makes use of at least one of the reliefs mentioned in sentence 5, the measurement of the assets shall be carried out according to sentence 1, also insofar as an offsetting according to § 246 (2) sentence 2 is provided for.

(2) [1]Provisions with a remaining maturity of more than one year have to be discounted using the average market interest rate corresponding to their remaining maturity, which is derived from the past ten financial years in the case of pension obligations and from the past seven financial years in the case of other provisions. [2]In derogation from sentence 1, provisions for pension obligations or comparable long-term obligations may be discounted at a flat rate using the average market interest rate resulting from an assumed remaining maturity of 15 years. [3]Sentences 1 and 2 shall apply analogously to liabilities based on pension obligations for which a consideration may no longer be expected. [4]The discount rate applicable pursuant to sentences 1 and 2 shall be determined by the Deutsche Bundesbank in compliance with an ordinance and published monthly. [5]In the ordinance pursuant to sentence 4 that does not require the Bundesrat's consent, the Federal Ministry of Justice and Consumer Protection, in accordance with the Deutsche Bundesbank, shall regulate further details on the determination of discount rates, in particular the methodology of determination and its bases as well as the form of announcement.

(3) [1]The costs of acquisition or production of fixed assets with a limited useful life have to be reduced by depreciation according to a regular schedule. [2]The schedule has to distribute the acquisition or production costs over the financial years in which the asset can prospectively be used. [3]If, in exceptional cases, the prospective useful life of a self-produced intangible fixed asset cannot be estimated reliably, amortisation of the production costs has to be carried out over a period of ten years. [4]Sentence 3 shall apply analogously to goodwill acquired for consideration. [5]Irrespective of whether they have a limited useful life, impairment losses have to be recognised on fixed assets in the event of a prospective permanent reduction in value, in order to report them at their lower value, which is attributed to them on the balance sheet date. [6]In the case of financial assets, impairment losses may also be recognised if the prospective reduction in value is not permanent.

(4) [1]In the case of current assets, impairment losses have to be recognised in order to report them at a lower value resulting from an exchange or market price on the balance sheet date. [2]If an exchange or market price cannot be determined and if the acquisition or production costs exceed the value attributable to the assets on the balance sheet date, an impairment loss has to be recognised to this value.

(5) [1]A lower measurement pursuant to (3) sentence 5 or 6 and (4) may not be retained if the reasons for it no longer apply. [2]A lower measurement of a goodwill acquired for consideration has to be retained.

(6) [1]In the case of provisions for pension obligations, the difference between the recognition of the provisions according to the corresponding average market interest rate from the past ten financial years and the recognition of the provisions according to the corresponding average market interest rate from the past seven financial years has to be determined in each

financial year. [2]Profits may only be distributed in case that the amount of reserves available for distribution remaining after distribution plus a profit carried forward and minus a loss carried forward reaches at least the difference pursuant to sentence 1. [3]The difference pursuant to sentence 1 shall be presented in the notes or below the balance sheet in each financial year.

§ 254 Formation of valuation units

[1]If assets, liabilities, pending transactions or highly probable expected transactions are combined with financial instruments to offset hedge opposing changes in value or cash flows from the occurrence of comparable risks (valuation unit), § 249 (1), § 252 (1) Number 3 and 4, § 253 (1) sentence 1 and § 256a do not apply to the extent and for the period of time in which the opposing changes in value or cash flows offset each other. [2]Forward transactions concerning the acquisition or sale of goods shall likewise be deemed as financial instruments within the meaning of sentence 1.

§ 255 Measurement standards

(1) [1]Acquisition costs shall mean the expenses incurred to acquire an asset and render it operational, insofar as they can be attributed individually to the asset. [2]Costs of acquisition also include ancillary expenses as well as subsequent costs of acquisition. [3]Reductions in the acquisition price that are individually attributable to the asset have to be deducted.

(2) [1]Production costs shall mean the expenses incurred through the consumption of goods and the availment of services for the production of an asset, its expansion or for a significant improvement beyond its original condition. [2]This shall include the material costs, the manufacturing costs and the special costs of manufacturing as well as appropriate parts of the material overheads, the manufacturing overheads and the depreciation of fixed assets, insofar as this is caused by the production. [3]When calculating the production costs, appropriate parts of the costs of general administration as well as appropriate expenses for social facilities of the enterprise, for voluntary social benefits and for the company pension scheme may be included, as far as they are attributable to the period of production. [4]Costs of research and distribution may not be included.

(2a) [1]The production costs of a self-produced intangible fixed asset shall mean the expenses incurred in its development in accordance with (2). [2]Development shall mean the application of research results or other knowledge for new development of goods or processes or for further development of goods or processes by means of substantial changes. [3]Research shall mean the independent and planned search for new scientific or technical knowledge or experience of a general nature, about whose technical usability and economic prospects of success basically no statements can be made. [3]In case that research and development cannot be reliably distinguished from each other, a recognition on the assets side is prohibited.

(3) [1]Interest on borrowed capital is not part of the production costs. [2]Interest on borrowed capital used to finance the production of an asset may be recognised insofar as it is attributable to the period of production; in this case it is considered as production cost of the asset.

(4) [1]The fair value corresponds to the market price. [2]In the absence of an active market from which the market price can be derived, the fair value has to be determined by means of generally accepted measurement methods. [3]If a fair value can neither be determined pursuant to sentence 1 nor pursuant to sentence 2, the costs of acquisition or production have to be retained pursuant to § 253 (4). [4]The last fair value determined pursuant to sentence 1 or 2 is deemed as the acquisition or production costs within the meaning of sentence 3.

§ 256 Procedures for simplifying measurement

[1]Insofar as it is in compliance with the generally accepted accounting principles, for the measurement of similar assets of the inventories it may be assumed that the earliest or the latest acquired or produced assets have been consumed or sold first. [2]§ 240 (3) and (4) is also applicable to the annual financial statements.

§ 256a Currency conversion

[1]Assets and liabilities denominated in foreign currency have to be converted at the average spot exchange rate as of the balance sheet date. [2]In the case of a remaining maturity of one year or less, § 253 (1) sentence 1 and § 252 (1) Number 4 half-sentence 2 are not to be applied.

Third Sub-chapter. Retention and Presentation

§ 257 Retention of records. Retention periods

(1) Every merchant is obliged to retain the following documents in an orderly manner:

1. commercial books, inventories, opening balance sheets, annual financial statements, separate financial statements pursuant to § 325 (2a), management reports, consolidated financial statements, group management reports as well as work instructions and other organisational documents necessary for understanding these documents,
2. commercial letters received,
3. copies of commercial letters sent out,
4. original records underlying the entries made in the books to be kept by the merchant pursuant to § 238 (1) (accounting records).

(2) Only written documents related to commercial transactions qualify as commercial letters.

(3) [1]Except for opening balance sheets, financial statements and consolidated financial statements, documents referred to in (1) may also be kept as photographic reproductions or on other data carriers provided that this complies with generally accepted accounting principles and it is assured that the reproduction or data

1. provide a picture-perfect duplicate of the commercial letters received and accounting records and exactly re produces the content of the other documents whenever they are put into a legible form and
2. is accessible during the retention period and can be put into a legible form at any time within reasonable time. [2]If records were produced on electronic data carriers on the basis of § 239 (4) sentence 1, the data may also be kept in print-out form rather than in the electronic data carrier. Printed records may also be retained pursuant to sentence 1.

(4) Records listed in (1) Number 1 and 4 have to be retained for ten years, and the other records listed in (1) have to be retained for six years.

(5) The period of retention begins at the end of the calendar year in which the last entry in the commercial record was made, the inventory drawn up, the opening balance sheet or the annual financial statements were adopted, separate financial statements pursuant to § 325 (2a) or consolidated financial statements were set up, a commercial letter was received or sent out or an accounting record was created.

§ 258 Presentation in litigation

(1) In the course of litigation the court may order the presentation of the commercial books of either party upon application or ex officio.

(2) The provisions of the Code of Civil Procedure concerning the duty of the opposing party to present documents remain unaffected.

§ 259 Excerpt in case of presentation in litigation

In case that commercial books are presented in the course of litigation, their contents have to be inspected to the extent that they concern the contentious issue among the parties present. An excerpt has to be made where appropriate. The remaining contents of the books have to be disclosed to the court to the extent that this is necessary to assess whether the books were properly kept.

§ 260 Presentation in winding-up procedures

In winding-up proceedings, especially in succession, community of property and partnership division matters, the court may order a presentation of commercial books in order to take notice of their full content.

§ 261 Presentation of documents from image media or other data media

Anyone who is able to present documents subject to storage duties only in the form of a reproduction from image media or other data media is obliged to provide at his own expense the devices which are necessary to put the documents into a legible form; if so required, he has to print out the documents or furnish readable reproductions without any auxiliary devices at his own expense.

Fourth Sub-chapter. Federal State Law

§ 262 (cancelled)

§ 263 Reservation of federal state law provisions

German Federal State law provisions applicable to undertakings without a separate juridical personality of a municipality, an association of municipalities or a special purpose association deviating from regulations of this Chapter remain unaffected.

Second Chapter. Supplementary Provisions for Corporations (Stock Corporations, Partnerships Limited by Shares and Limited Liability Companies) and Certain Commercial Partnerships

First Sub-chapter. Financial Statements of a Corporation and Management Report

First Title. General Provisions

§ 264 Duty to prepare; exemption

(1) [1]The legal representatives of a corporation have to supplement the annual financial statements (§ 242) with notes, which form a unit together with the balance sheet and profit and loss account, and have to prepare a management report. [2]The legal representatives of a capital market-oriented corporation that is not obliged to prepare consolidated financial statements have to supplement the annual financial statements with a cash flow statement and an equity statement, which form a unit together with the balance sheet, profit and loss statement account and notes; they may supplement the annual financial statements with a segment reporting. [3]Annual financial statements and the management report have to be prepared by the legal representatives in the first three months of a financial year for the previous financial year. [4]Small corporations (§ 267 (1)) do not need to prepare a management report; small corporations may also prepare the annual financial statements later, provided that this is compliant with a proper conduct of business, but within the first six calendar months of the financial year. [5]Micro corporations (§ 267a) do not need to supplement annual financial statements with notes in case that they include

1. the disclosures referred to in § 268 (7);
2. the disclosures referred to in § 285 Number 9 letter c); and
3. in case of a stock corporation, the disclosures referred to in § 160 (3) sentence 2 of the Stock Corporation Act

below the balance sheet.

(1a) [1]The annual financial statements shall state the commercial name, the registered office, the register court and the number under which the company is registered in the commercial register. [2]If the company is in liquidation or winding up, this fact shall be stated as well.

(2) [1]The annual financial statements of a corporation have to give a factually accurate view of the net asset, financial position and results of operations of the corporation in accordance with generally accepted accounting principles. [2]In case that, as a result of special circumstances, the financial statements do not give a factually accurate view within the meaning of sentence 1, additional disclosures have to be provided in the notes. [3]The legal representatives of a corporation which issues securities (§ 2 (1) of the Securities Trading Act) as a domestic issuer (§ 2 (14) of the Securities Trading Act) and which is not corporation within the meaning of § 327a have to affirm in writing at the time of signing that, to the best of their knowledge, the annual financial statements, give a factually accurate view within the meaning of sentence 1 or that the notes contain disclosures according to sentence 2. [3]If a micro corporation makes use of the relief according to (1) sentence 5, additional disclosures have to be provided below the balance sheet according to sentence 2. [5]It shall be assumed that annual financial statements which were prepared under consideration of the relief for small corporations comply with the requirements of sentence 1.

(3) [1]A corporation that is not capital-market oriented within the meaning of § 264d and that is included as a subsidiary in the consolidated financial statements of a parent undertaking with a registered office in a Member State of the European Union or another state that is a party to the Agreement on the European Economic Area does not need to apply the provisions of this Sub-chapter and the third and fourth Sub-chapter of this Chapter, if all of the following requirements are fulfilled:

1. all shareholders of the subsidiary have approved the exemption for the respective financial year;
2. the parent undertaking has agreed to guarantee the obligations entered into by the subsidiary up to the balance sheet date in the following financial year;
3. the consolidated financial statements and the consolidated management report were prepared and audited in accordance with the legal requirements of the state in which the parent undertaking has its registered office, and in accordance with the following Directives:
   a) Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182 of 29 June 2013, p. 19); last amended by Directive 2014/102/EU (OJ L 334 of 21 November 2014, p. 86);
   b) Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits on financial statements and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (OJ L 157 of 9 June 2006, p. 87) as amended by Directive 2013/34/EU (OJ L 182 of 29 June 2013, p.19);
4. the exemption of the subsidiary is disclosed in the notes to the consolidated financial statements of the parent undertaking, and
5. the following was disclosed for the subsidiary undertaking according to § 325 (1) to (1b):
   a) the resolution according to number 1,
   b) the declaration according to number 2,
   c) the consolidated financial statements,
   d) the consolidated management report, and
   e) the opinion on the consolidated financial statements and the consolidated financial statements of the parent undertaking according to number 3.

[2]In case that the parent undertaking has already disclosed some or all documents specified in sentence 1 number 5, the subsidiary does not need to disclose the respective documents again, provided that these can be found in the Federal Gazette under the subsidiary; § 326 (2) shall not be applied to this disclosure. [3]Sentence 2 shall only apply in case that the parent undertaking has disclosed the respective document in German or English language or if the

subsidiary undertaking additionally discloses the certified translation of this document in German language according to § 325 (1) to (1b).

(4) If a corporation is the subsidiary of a parent undertaking that has prepared consolidated financial statements according to the provisions of the Disclosure Act, and if the option right according to § 13 (3) sentence 1 of the Publicity Act was made use of, (3) shall not be applied; § 314 (3) remains unaffected.

§ 264a Application to certain general commercial partnerships and limited partnerships

(1) The regulations of the first to fifth Subchapter of the Second Chapter also have to be applied to general commercial partnerships and limited partnerships in which not at least one general partner qualifies as

1. a natural person, or
2. a general commercial partnership, limited partnership or other business partnership with a natural person as general partner or the association of companies continues in this way.

(2) In the provisions of this Chapter, members of a corporate body legally representing a company which in turn legally represents a general commercial partnership shall be considered as legal representatives of a general commercial partnership or limited partnership pursuant to (1).

§ 264b Exemption of general commercial partnerships and limited partnerships within the meaning of § 264a from the application of the provisions of this Chapter

A commercial partnership within the meaning of § 264a (1) is exempt from the duty to prepare, have audited and disclose annual financial statements and management reports pursuant to this Chapter in case that all of the following requirements are fulfilled:

1. the respective company is included in the consolidated financial statements and consolidated management report
   a) of a general partner of the respective company or
   b) of a parent undertaking having its registered office in a Member State of the European Union or another Contracting State to the Agreement on the European Economic Area, if a larger number of undertakings is included in these consolidated financial statements;
2. the requirement referred to in § 264 (3) sentence 1 Number 3 is fulfilled;
3. the exemption of the commercial partnership is stated in the notes to the consolidated financial statements, and
4. the consolidated financial statements, the consolidated management report and the auditor's report pursuant to § 325 (1) to (1b) have been disclosed for the commercial partnership; § 264 (3) sentence 2 and 3 has to be applied analogously.

§ 264c Special provisions for general commercial partnerships and limited partnerships within the meaning of§ 264a

(1) [1]As a general rule, loans, receivables and liabilities vis-a-vis partners have to be shown as such separately in each case or included in the notes. [2]In case that they are shown under other items, this feature has to be noted.

(2) [1]§ 266 (3) Letter A has to be applied subject to the proviso that the following items are to be shown separately as equity:

I. capital shares;
II. reserves;
III. profit carried forward/loss carried forward;
IV. profit/loss.

[2]Capital shares of the general partners have to be shown instead of the item "subscribed capital"; they may also be shown collectively. [3]The loss allocable to the capital share of a general partner for the financial year has to be deducted from the capital share. [4]To the extent that the loss exceeds the capital share, it has to be shown separately on the assets side under receivables and be denominated "obligations to make contributions of general partners", provided that there is an obligation to pay. [5]Provided that no such payment obligation exists, the amount has to be referred to as "share in losses of general partners not covered by capital contributions" and shown in accordance with § 268 (3) Sentences 2 to 5 have to be applied analogously to capital contributions of limited partners; doing so, these have to be shown collectively and separate from capital shares of general partners. [6]However, receivables may only be shown to the extent that a payment obligation exists; the same shall apply in case that a limited partner withdraws profit shares while his capital share is reduced by losses to an amount less than the capital contribution made or in case that the capital share is reduced as a consequence of a withdrawal of capital to an amount less than the amount referred to. [7]Only those amounts have to be shown as reserves that are established on the basis of a partnership agreement. [8]The amount of capital contributions registered in the commercial register in accordance with § 172 (1) has to be included in the notes, to the extent that these contributions have not been paid.

((3)[1]Other assets of the partners (private assets) may not be included in a balance sheet and expenses and income allocable to the private assets may not be included in a profit and loss statement. [2]However, tax expenses of the partners corresponding to the tax rate of the company acting as general partner may be openly deducted or added in a profit and loss statements as "profit/loss" item.

(4) [1]Shares in companies that act as general partners have to be shown on the assets side of the balance sheet under item A.III.1 or A.III.3. [2]§ 272 (4) has to be applied subject to the proviso that a special item designated "adjustment item for capitalised own shares" has to be formed for these shares in the amount recognised on the assets side under the item "equity".

(5) [1]In case that a company makes use of its option right pursuant to § 266 (1) sentence 3 or sentence 4, the classification of the abridged balance sheet shall be governed by the exercise of this option right. [2]The identification of the balance sheet items pursuant to the above paragraphs remains unaffected.

§ 264d Capital market-oriented corporations

A corporation qualifies as capital-market oriented in case that it uses an organised market within the meaning of § 2 (11) of the Securities Trading Act through securities issued by itself within the meaning of § 2 (1) of the Securities Trading Act or has applied or admission of such securities for trading on an organised market.

§ 265 General classification principles

(1) [1]The layout, in particular the breakdown of successive balance sheets and profit and loss account statement has to be retained, provided that no deviations are required due to exceptional circumstances. [2]These deviations have to be included and justified in the notes.

(2) [1]The corresponding amount from the previous financial year has to be included both in the balance sheet and on the profit and loss statement for each item. [2]In case that the amounts are not comparable, this has to be reported and explained in the notes. [3]In case that the amount from the previous year is adjusted, this likewise has to be reported and explained in the notes.

(3) In case that an asset or a liability is related to several balance sheet items, the relation to the other items either has to be noted in the item under which the asset or liability is shown or reported in the notes, provided that this is necessary for the preparation of clearly structured annual financial statements.

(4) [1]In case that the existence of several lines of business requires a structuring of the annual financial statements in accordance with different regulations for classification, financial statements have to be prepared in accordance with the classification regulations prescribed for one line of business and supplemented according to the classification required for the other lines of business. [1]The additional information has to be reported and argued in the notes.

(5) [1]A further sub-classification of items is admissible; however, the prescribed classification always has to be observed. [2]New items and subtotals may be added in case that their contents are not already covered by a prescribed item.

(6) The classification and designation of the items of the balance sheet and the profit and loss statement with Arabic numerals has to be changed in case that this is required due to specificities of the corporation for the sake of preparing clearly structured annual financial statements.

(7) Balance sheet items and profit and loss statement items with Arabic numerals may be shown in aggregated form, provided that no special forms are prescribed and in case that

1. they express an amount that is not significant for providing a factually accurate picture within the meaning of § 264 (2) or
2. the showing in aggregated form serves to enhance the clarity of the presentation; in such case, however, the aggregated items have to be shown separately in the notes.

(8) Items on the balance sheet or the profit and loss statement not showing an amount do not need to be shown, unless an amount was shown under this item in the previous financial year.

Second Title. Balance Sheet

§ 266 Structuring of a balance sheet

(1) [1]A balance sheet has to be prepared in the form of an account. [2]For this purpose, medium-sized and large corporations (§ 267 (2) and (3)) have to show on the assets side the items referred to in (2) and on the liabilities side the items referred to in (3) separately and in the prescribed order. [3]Small corporations (§ 267 (1)) are only required to prepare an abridged balance sheet, in which only the items specified in (2) and (3) designated with letters and Roman numerals have to be shown separately and in the prescribed order. [4]Micro-corporations (§ 267a) are only required to prepare an abridged balance sheet in which only the items specified in (2) and (3) designated with letters have to be shown separately and in the prescribed order.

(2) Assets Side

A. Fixed Assets:
   I. Intangible assets:
      1. internally generated industrial property rights and similar rights and values;
      2. concessions acquired for a consideration, industrial property rights and similar rights and values and licenses to such rights and values;
      3. goodwill;
      4. down-payments made;
   II. Tangible assets:
      1. real estate, titles to land and buildings including buildings on third party land;
      2. technical equipment and machines;
      3. other plants, office fixtures and fittings;
      4. down-payments made and plants under construction
   III. Financial assets:
      1. shares in affiliated undertakings;
      2. loans to affiliated undertakings;
      3. participations;

   4. loans to undertakings with which the undertaking is linked by virtue of participating interests;
   5. securities kept as fixed assets;
   6. other loans.

B. Current assets:
   I. Inventories:
      1. raw materials, supplies and operating materials;
      2. unfinished products, unfinished services;
      3. finished goods and merchandise;
      4. down-payments made;
   II. Receivables and other assets:
      1. receivables for deliveries and services;
      2. receivables from affiliated undertakings;
      3. receivables from undertakings with which the undertaking is linked by virtue of participating interests;
      4. other assets;
   III. Securities:
      1. shares in affiliated undertakings;
      2. other securities.
   IV. Cash in hand, cash deposited with the Deutsche Bundesbank, bank deposits and cheques.

C. Prepaid expenses.
D. Deferred tax assets.
E. Asset difference resulting from the offsetting of assets.

(3) Liabilities Side

A. Equity:
   I. Subscribed capital;
   II. Capital reserves;
   III. Profit reserves:
      1. legal reserve;
      2. reserves for shares in a controlled undertaking or an undertaking in which a majority interest exists;
      3. statutory reserves;
      4. other revenue reserves;
   IV. Profit or loss carried forward;
   V. Profit/loss.

B. Provisions:
   1. provisions for pensions and similar obligations;
   2. provisions for taxation;
   3. other provisions.

C. Liabilities:
   1. bonds,
      of which convertible;
   2. liabilities due to credit institutions;
   3. payments received on account of orders;
   4. liabilities from supplies and services;
   5. liabilities from the acceptance of drafts and the issuance of promissory notes;
   6. liabilities due to affiliated undertakings;
   7. liabilities due to undertakings with which the undertaking is linked by virtue of participating interests;
   8. other liabilities,
      noting the amount for taxes,
      noting the amount in the frame of social insurance.

D. Deferred income.
E. Deferred tax liabilities.

§ 267 Definition of class sizes

(1) Small corporations shall mean those that do not exceed at least two of the following three characteristics:

1. A balance sheet total of 6.000.000 Euro.
2. Turnover revenues of 12.000.000 Euro in the twelve months before the balance sheet date.
3. An average of fifty employees during the financial year.

(2) Medium-sized corporations shall mean those that exceed at least two of the three characteristics described in (1) and do not exceed at least two of the following three characteristics:

1. A balance sheet total of 20.000.000 Euro.
2. Turnover revenues of 40.000.000 Euro in the twelve months before the balance sheet date.
3. An average of two-hundred-fifty employees during the financial year.

(3) [1]Large corporations shall mean those that exceed at least two of the three characteristics described in (2). [2]A corporation within the meaning of § 264d shall always be deemed to be large.

(4) [1]The legal consequences of the characteristics according to (1) to (3) sentence 1 shall only apply if they are exceeded or undercut on the balance sheet dates of two consecutive financial years. [2]In the case of a transformation or new establishment, the legal consequences shall already apply if the criteria of (1), (2) or (3) are fulfilled on the first balance sheet date after the transformation or new establishment. [3]Sentence 2 does not apply in the case of a change in legal form if the legal entity changing its legal form is a corporation or a commercial partnership within the meaning of § 264a (1).

(4a) [1]The balance sheet total shall be composed by the items listed in the letters A to E of § 266 (2). [2]A deficit shown on the assets side (§ 268 (3)) shall not be included in the balance sheet total.

(5) The average number of employees shall be the fourth part of the sum of the numbers of employees employed respectively on 31 March, 30 June, 30 September and 31 December, including employees employed abroad, but excluding those employed for their vocational training.

(6) The rights of employee representatives to obtain information under other laws remain unaffected.

§ 267a Micro-corporations

(1) [1]Micro-corporations shall mean small corporations that do not exceed at least two of the following three characteristics:

1. A balance sheet total of 350.000 Euro;
2. Turnover revenues of 700.000 Euro in the twelve months before the balance sheet date;
3. An average of ten employees during the financial year.

[2]§ 267 (4) to (6) shall apply analogously.

(2) The special provisions provided for small corporations in this Act (§ 267 (1)) shall apply analogously to micro-corporations, unless otherwise provided by law.

(3) The following entities do not qualify as micro corporations:

1. investment companies within the meaning of § 1 (11) of the Investment Code;
2. venture capital companies within the meaning of § 1a (1) of the Private Equity Companies Act, or

3. undertakings the sole purpose of which consists in the acquisition of interests in other undertakings and in performance of the management and exploitation of these interests without any direct or indirect interference in the management of these undertakings; in this context, an exercise of rights they are entitled to in their capacity as stockholder or shareholder shall be disregarded.

§ 268 Provisions on individual balance sheet items; balance sheet notes

(1) [1]A complete or partial appropriation of the annual result may also be taken into consideration in the preparation of a balance sheet. [2]In case that a partial appropriation of the annual result is taken into consideration in the preparation of a balance sheet, the items “profit/loss” and “profit carried forward/loss carried forward” is replaced by the item “balance sheet profit/balance sheet loss”. [3]Any profit or loss carried forward has to be included in the item "balance sheet profit/balance sheet loss" and reported separately on the balance sheet. [4]The disclosure may also be included in the notes.

(2) (cancelled)

(3) In case that the equity was used up by losses and there is an excess of liabilities side items over asset side items, such excess amount has to be shown separately at the end of the balance sheet on the assets side under the heading "deficit not covered by shareholders' equity".

(4) [1]The amount of receivables with a remaining maturity of more than one year has to be noted with each item separately shown. [2]In case that amounts are shown under the "other assets" item for assets that become legally existent only after the balance sheet date, these amounts have to be explained in the notes provided that they have a larger scope.

(5) [1]The amount of liabilities with a residual maturity of up to one year and the amount of liabilities with a residual maturity exceeding one year have to be noted with each item separately shown. [2]Down payments received on account of orders have to be shown separately under liabilities, provided that payments for inventory are not openly deducted from the item "inventory". [3]In case that amounts are shown under the "liabilities" item that become legally existent only after the balance sheet date, these amounts have to be explained in the notes provided that they have a larger scope.

(6) A difference entered on the assets side under prepaid expenses pursuant to § 250 (3) has to be shown separately on the balance sheet or reported in the notes.

(7) For contingencies and commitments listed in § 251

1. the disclosures on liabilities that are not to be shown on the liabilities side have to be included in the notes;
2. doing so, each of the contingencies and commitments have to be reported separately with indications of the liens or other forms of security granted, and
3. in this regard, each obligation with respect to pension provision and vis-a-vis affiliated undertakings has to be reported separately.

(8) [1]In case that self-produced intangible fixed assets are shown on the balance sheet, profits may only be distributed subject to the proviso that the reserves available for distribution remaining after distribution, adding profit carried forward and deducting loss carried forward, at least correspond with the total amounts assessed net of tax liabilities deferred for such purpose. [2]In case that deferred tax assets are shown on the balance sheet, sentence 1 has to be applied to the amount by which these deferred tax assets exceed the deferred tax liabilities. [3]In case of assets within the meaning of § 246 (2) sentence 2, sentence 1 has to be applied to the amount that exceeds the acquisition costs net of deferred tax liabilities.

§ 269 (cancelled)

§ 270 Setting up certain items

(1) Allocations to capital reserves and their liquidation have to be made already in the course of preparation of the balance sheet.

(2) In case that a complete or partial appropriation of the annual results is taken into consideration in the preparation of the balance sheet, withdrawals from and allocations to profit reserves that are required by law, shareholder agreement or statutes or that have been resolved on the basis of such provisions are to be taken into account already in the preparation of the balance sheet.

§ 271 Participations. Affiliated undertakings

(1) [1]Participations shall mean shares in other undertakings which are supposed to serve one's own business by developing a lasting affiliation with that other undertaking. [2]In this regard it is of no bearing whether the shares are securitised or not. [3]A participation shall be deemed to exist in case that shares in an undertaking altogether exceed one fifth of the nominal capital of this undertaking or, in case that no nominal capital exists, of the sum of all shares in the capital of this undertaking. [4]§ 16 (2) and (4) of the Stock Corporation Act have to be applied analogously to the calculation. [5]A membership in a registered cooperative shall not be deemed as a participation within the meaning of this Book.

(2) Affiliated undertakings within the meaning of this Book shall mean undertakings that have to be included as parent undertaking or subsidiary (§ 290) in a parent undertaking's consolidated financial statements pursuant to the provisions on full consolidation that, as the supreme parent, has to prepare the most comprehensive consolidated financial statements pursuant to the second Subchapter, even in case that the preparation remains undone, or that prepares or could prepare exempting consolidated financial statements pursuant to § 291 or § 292; subsidiaries not included pursuant to § 296 are also affiliated undertakings.

§ 272 Equity

(1) [1]Subscribed capital has to be shown at its nominal value. [2]The outstanding contributions to the subscribed capital not called-in have to be openly deducted from the item "subscribed capital"; a remaining amount has to be shown as item "capital called-in" in the main column of the liabilities side; an amount called-in but not yet paid-in has to be shown separately under receivables and designated accordingly.

(1a) [1]The nominal value or, in the absence of such, the accounting par value of acquired own shares has to be deducted clearly in the pre-column from the "subscribed capital" item. [2]The difference between the nominal value or the accounting par value and the acquisition costs of own shares has to be set off against the disposable reserves. [3]Expenses that are ancillary costs of acquisition are expenses of the financial year.

(1b) [1]After a sale of one's own shares, the showing pursuant to (1a) sentence 1 does no longer apply. [2]A difference resulting from an excess of the sales proceeds over the nominal value or the accounting par value has to be allocated to the respective reserves up to the amount set off against the freely disposable reserves. [3]Any remaining further difference has to be allocated to the capital reserve pursuant to (2) Number 1. [4]Ancillary costs of disposal are expenses of the financial year.

(2) The following has to be shown as capital reserves

1. amounts generated through issuance of shares, including subscription rights, above and beyond the nominal value or, in the absence of a nominal value, the amount generated above and beyond the accounting par value;
2. amounts generated through conversion rights and option rights for share acquisition in connection with an issuance of bonds;

3. the amount of additional payments made by shareholders for the granting of a preference right for their shares;
4. amounts of other additional payments made by shareholders into the equity.

(3) [1]Only those amounts may be shown as profit reserves that resulted from the returns of the financial year or a previous financial year. [2]This shall include statutory reserves or reserves based on the shareholder agreement or statutes and other profit reserves.

(4) [1]A reserve has to be created for shares in a controlling undertaking or an undertaking with a majority interest. [2]An amount has to be allocated to the reserve that corresponds to the amount assessed on the assets side of the balance sheet for the shares in the controlling undertaking or undertaking with a majority interest. [3]A reserve that has to be created already in the course of preparation of the balance sheet may be created from available freely disposable reserves. [4]The reserve has to be dissolved to the extent that the shares in the controlling undertaking or undertaking with a majority interest are sold, issued or withdrawn or that a lower amount is assessed on the assets side.

(5) [1]In case that the share of the profit in the profit and loss statement attributable to a participation exceeds the amounts that were received as dividend or profit share or the payment of which may be claimed by the corporation, the difference has to be allocated to a reserve that is not eligible for distribution. [2]The reserve has to be dissolved to the extent that the amounts are collected or a claim for their payment is acquired by the corporation.

§ 273 (cancelled)

§ 274 Deferred taxes

(1) [1]In case that differences exist between the commercial-law measurement and tax-law measurement of assets, liabilities as well as prepaid expenses and deferred income that may be expected to settle in later financial years, an overall tax burden resulting from these differences has to be shown in the balance sheet as deferred tax liabilities (§ 266 (3) E.). [2]An overall tax relief resulting from these differences may be shown in the balance sheet as deferred tax assets (§ 266 (2) D.). [3]Any resulting tax burden or tax relief may also be shown without offsetting. [4]Tax losses carried forward have to be taken into account in the calculation of deferred tax assets in the amount of the offset of loss that is expectable within the next five financial years.

(2) [1]The amounts of resulting tax burden and tax relief have to be valued at the individual tax rates applicable to the undertaking at the time of settlement of the differences and are not to be discounted. [2]The items shown have to be dissolved upon occurrence of the tax burden and tax relief or once such tax burden or tax relief may no longer be reasonably expected. [3]The expenses or revenues resulting from a change of deferred tax assets or tax liabilities shown in the balance sheet have to be separately shown in the profit and loss account under the item "taxes on income and profit ".

§ 274a Size-related relief

Small corporations are exempted from an application of the following provisions:

1. § 268 (4) sentence 2 on the duty to explain certain receivables in the notes,
2. § 268 (5) sentence 3 on the explanation of certain obligations in the notes,
3. § 268 (6) on accrued and deferred items according to § 250 (3),
4. § 274 concerning the delimitation of deferred taxes.

Third Title. Profit and Loss Account

§ 275 Classification

(1) [1]A profit and loss account shall be prepared in a vertical form according to the total cost procedure or the sales cost procedure. [2]Doing so, the items referred to in (2) or (3) have to be shown separately in the prescribed order.

(2) In case that the total cost procedure is applied, the following have to be shown:

1. turnover revenues
2. variation in stock of finished goods and in work in progress
3. other own work capitalised
4. other operating income
5. material costs:
   a) costs of raw material, supplies, operating materials and acquired goods
   b) costs of services acquired
6. personnel costs:
   a) wages and salaries
   b) social security and expenses for pensions and support,
   noting the amount for pensions
7. depreciation and recognition of impairment losses:
   a) for intangible fixed assets and tangible assets
   b) for current assets, to the extent that they exceed the usual depreciation of the corporation
8. other operating expenses
9. income from participations,
   noting the amount from affiliated undertakings
10. income from other securities and financial investment asset loans,
    noting the amount from affiliated undertakings
11. other interest and similar income,
    noting the amount from affiliated undertakings
12. depreciation of financial fixed assets and of securities included in current assets
13. interest and similar expenses,
    noting the amount to affiliated undertakings
14. taxes on income and profit
15. result after taxes
16. other taxes
17. profit/loss.

(3) In case that the sales cost method is applied, the following have to be shown:

1. turnover revenues
2. production costs for services rendered for achieving turnover revenues
3. gross earnings from turnovers
4. distribution costs
5. general administrative expenses
6. other operating income
7. other operating expenses
8. revenues from participations,
   noting the amount from affiliated undertakings
9. income from other securities and financial investment asset loans,
   noting the amount from affiliated undertakings
10. other interest and similar income,
    noting the amount from affiliated undertakings
11. depreciation of financial fixed assets and of securities included in current assets
12. interest and similar expenses,
    noting the amount to affiliated undertakings
13. taxes on income and profit
14. result after taxes

15. other taxes
16. profit/loss.

(4) Changes in the capital and revenue reserves may be shown in the profit and loss account only after the item "profit/loss".

(5) Instead of the vertical form pursuant to (2) and (3), the profit and loss account for micro corporations (§ 267a) may be presented as follows:

1. turnover revenues;
2. other income;
3. material costs;
4. personnel costs;
5. depreciation and recognition of impairment losses;
6. other expenses;
7. taxes;
8. profit/loss.

§ 276 Size-related relief

[1]Small and medium-sized corporations (§ 267 para. 1 and 2) may combine the items specified in § 275 (2) Number 1 to 5 or (3) Number 1 to 3 and 6 to a single item under the heading "gross results". [2]The reliefs pursuant to sentence 1 shall not apply to micro corporations (§ 267a) that make use of the regulation of § 275 (5).

§ 277 Provisions on particular items in a profit and loss account

(1) As turnover revenues have to be shown the revenues from the sale and renting or leasing of products as well as from the performance of services of the corporation after deducting sales reductions and value added tax and other taxes directly related to the turnover.

(2) Both changes in quantity and value have to be taken into account as variations in stock, but depreciation and recognition of an impairment loss only to the extent that it does not exceed the usual depreciation and recognition of an impairment loss of the corporation.

(3) [1]Impairment losses pursuant to § 253 (3) sentence 5 and 6 have to be shown separately or included in the notes. [2]Income and expenses from an assumption of losses or on the basis of profits received or transferred from a profit pool, a profit transfer agreement or a partial profit transfer agreement each have to be shown separately under the appropriate heading.

(4) (cancelled)

(5) [1]Income generated from discounting has to be shown separately in the profit and loss account under the item “other interest and similar income” and expenses have to be shown separately under the item “interest and similar expenses”. [2]Income generated from currency conversion has to be shown separately in the profit and loss account under the item "other operating income" and expenses arising from currency conversion separately under the item "other operating expenses".

§ 278 (repealed)

Fourth Title. (cancelled)

§§ 279 to 283 (cancelled)

Fifth Title. Notes

§ 284 Explanation of the balance sheet and profit and loss account

(1) [1]The notes have to include those disclosures that are prescribed for individual items of the balance sheet or the profit and loss account; they have to be presented in the order of the individual items of the balance sheet or the profit and loss account. [2]Information not included in the balance sheet or profit and loss account as a consequence of the exercise of an option right shall also be included in the notes.

(2) In the notes

1. the accounting and measurement principles used for the balance sheet items and the profit and loss statement items have to be disclosed;
2. deviations from the accounting and measurement principles have to be reported and justified, and their effect on the net assets, financial position and results of operations has to be described separately;
3. in case that a measurement method pursuant to § 240 (4) and § 256 sentence 1 is applied, the differences have to be shown in a lump-sum basis for the respective group in case that the valuation shows a substantial difference compared to a measurement based on the last known exchange price or market price before the balance sheet date; and
4. disclosures have to be made with regard to the inclusion of interest on borrowed capital in the costs of production.

(3) [1]The development of the individual items of the fixed assets has to be described in a separate breakdown in the notes. [2]Doing so, additions, disposals, transfers and impairment reversals of a financial year and depreciation and recognition of an impairment loss have to be shown separately, based on the total costs of acquisition and production. [3]The following information on depreciation and recognition of an impairment loss has to be included separately:

1. the full amount of depreciation and recognition of an impairment loss at the beginning and at the end of the fiscal year;
2. depreciation and recognition of an impairment loss taken in the course of the fiscal year;
3. the full amount of changes in depreciation and recognition of an impairment loss in conjunction with additions and disposals and transfers in the course of the fiscal year.

[4]In case that interest on borrowed capital was included in the costs of production, the amount of interest recognised on the assets side in the fiscal year, if any, has to be included for each individual item of the fixed assets.

§ 285 Other mandatory disclosures

The following information has to be included in the notes as well:

1. with regard to the liabilities shown in the balance sheet
   a) the total amount of liabilities with a remaining maturity of more than five years,
   b) the total amount of liabilities that are secured by liens or similar rights, with a disclosure of type and form of security;
2. a breakdown of the disclosures required in Number 1 for each liability item according to the prescribed classification scheme;
3. type and purpose and risks, advantages and financial effects of transactions not included in the balance sheet, to the extent that the risks and advantages are material and the disclosure is required for the assessment of the financial position of the undertaking;

3a. the total amount of other financial obligations that are neither included in the balance sheet nor to be disclosed pursuant to § 268 (7) or Number 3, if this disclosure is required for an assessment of the financial position; obligations related to pension provision and obligations to affiliated or associated undertakings have to be disclosed separately in each case;
4. a breakdown of turnover revenues according to lines of business and geographically defined markets in case that the lines of business and geographically defined markets differ substantially from each other, taking into account the organisation of sales, leasing or letting of products and the performance of services of the corporation;
5. (cancelled)
6. (cancelled)
7. the average number of employees employed during the financial year divided by groups;
8. when applying the cost-of-sales-method (§ 275 (3))
   a) the cost of material for the financial year, classified pursuant to § 275 (2) Number 5;
   b) the cost of personnel for the financial year, classified pursuant to§ 275 (2) Number 6;
9. for members of a management board, a supervisory board, an advisory board or a similar body, separately for each respective group of persons
   a) total remuneration (salaries, profit participations, subscription rights and other equity based compensation, expense allowances, insurance payments, commissions and fringe benefits of any kind) granted for activities in the financial year. [2]Likewise, remuneration that is not paid out but converted into claims of another kind or used to increase other claims has to be included in the calculation of the total remuneration. [3]In addition to the remuneration for the financial year, other remuneration granted in the financial year but not yet disclosed in any other annual financial statements has to be disclosed. [4]The subscription rights and other equity based compensation have to be shown at their fair value and number at the time of granting; subsequent changes in value that are based on a change in terms of exercise have to be taken into consideration.
   b) total remuneration (severance payments, pensions, benefits to surviving dependents and payments of a related nature) of former members of the corporate bodies referred to above and their surviving dependents. [2]Letter a) sentence 2 and 3 has to be applied analogously. [3]Furthermore, the amount of provisions established for this group of persons for ongoing pensions and pension entitlements and the amount of provisions not made for these obligations has to be disclosed;
   c) advances and credits granted, stating the interest rates, material terms and, where applicable, amounts paid back or waived during the financial year and contingencies and commitments entered into in favour of these persons;
10. all members of the management board and a supervisory board, even in case that they withdrew during the financial year or thereafter, with the last name and at least one first name, including the exercised profession and in case of companies listed on a stock exchange also the membership in supervisory boards and other controlling bodies within the meaning of § 125 (1) sentence 5 of the Stock Corporation Act. [2]The chairperson of a supervisory board, his deputies and a chairperson of the management board, where applicable, have to be referred to as such;
11. name and registered office of other undertakings, the amount of interest in the capital, the equity and the results of the last financial year, for which annual financial statements are available, insofar as they are participations within the meaning of § 271 (1) or such interest is held by a person for the account of the corporation;
11a. name, registered office and legal form of undertakings for which the corporation acts as general partner;
11b. with regard to listed corporations, all shares in large corporations have to be disclosed that exceed five per cent of the voting rights;
12. provisions not shown separately in the balance sheet under the item "other provisions" have to be explained if their scope is not insignificant;
13. in each case, an explanation of the period over which a goodwill acquired for consideration is amortised;
14. name and registered office of the parent undertaking of the corporation that prepares consolidated financial statements for the largest group of undertakings, and the place where the consolidated financial statements prepared by this parent can be obtained;

14a. name and registered office of the parent undertaking of the corporation that prepares consolidated financial statements for the smallest group of undertakings and the place where the consolidated financial statements prepared by this parent can be obtained;

15. to the extent that notes of annual financial statements of a commercial partnership within the meaning of § 264a (1) are concerned, the name and registered office of the companies that are general partners and their registered capital contributions;

15a. an existence of profit participation certificates, profit participation rights, convertible bonds, warrants, debtor warrants or comparable securities or rights, stating the number and rights securitised by them;

16. that the declaration prescribed pursuant to § 161 of the Stock Corporation Act was made and where this declaration was made available to the public;

17. the total fee charged by the auditor for the financial year, broken down into fees for
    a) auditing services,
    b) other confirmation services,
    c) tax advisory services,
    d) other services,

    provided that the information is not included in consolidated financial statements that include the undertaking;

18. for financial instruments pertaining to financial assets (§ 266 (2) A. III.) that are shown with a value above their fair value since an extraordinary depreciation was omitted pursuant to § 253 (3) sentence 6,
    a) the carrying amount and the fair value of the individual assets or of appropriate groupings and
    b) the reasons for an omission of depreciation including factual evidence which indicates that the impairment will presumably not be of a permanent nature;

19. for each category of derivative financial instruments not shown in the balance sheet with their fair value
    a) their type and scope;
    b) their fair value, provided that this value may be reliably determined pursuant to § 255 (4), disclosing the applied measurement method;
    c) their carrying amount and the balance sheet item, in which the carrying amount, if any, is recorded; and
    d) the reasons why a determination of the fair value is unfeasible;

20. for financial instruments valued with their fair value
    a) the fundamental assumptions on which the determination of the fair value by means of generally acknowledged measurement methods was based, and
    b) scope and type of each category of derivative financial instruments, including material terms and conditions that might affect the amount, time and security of future cash flows;

21. at least those transactions with related undertakings and persons that were not entered into at arm's length conditions, provided that they are material, including information on the nature of relationship, the transaction value and further information that is required for the assessment of the financial situation; except for transactions with and between undertakings 100% of the shares of which are directly or indirectly owned and that are included in consolidated financial statements; information on transactions may be aggregated by types of transactions provided that no separate information is required for assessment of the effects on the financial situation;

22. in case of recognition on the assets side pursuant to § 248 (2), the total amount of research and development costs of the financial year and the amount of these costs that is accounted for by internally produced intangible fixed assets;

23. in case of application of § 254
    a) the amount to which, for the purpose of hedging which risks, the respective assets, debts, pending transactions and transactions the conclusion of which is expected with a high degree of probability are included into which kinds of valuation units and the amount of risks hedged through valuation units,
    b) for each of the hedged risks, the reason for which, the extent to which and the period for which the countervailing changes in value or payment flows will probably balance in the future, including the method of determination,
    c) an explanation of the transactions included in valuation units the conclusion of which may be expected with a high degree of probability,

provided that this information is not included in the management report;

24. on the provisions for pensions and similar obligations, the actuarial calculation methods applied and fundamental assumptions for the calculation such as interest rate, expected increases of wages and salaries and the mortality tables on which the calculation is based;
25. in case of set-off of assets and liabilities pursuant to § 246 (2) sentence 2, the costs of acquisition and fair value of the assets set off, the settlement amount of liabilities set off and the expenses and revenues set off; Number 20 Letter a) has to be applied analogously;
26. on units in special funds within the meaning of § 1 (10) of the Investment Code or investment shares in investment stock corporations with variable capital within the meaning of §§ 108 to 123 of the Investment Code or comparable EU-investment funds or comparable foreign investment funds of more than one tenth, broken down by investment objectives, their value within the meaning of §§ 168, 278 or § 286 (1) of the Investment Code or comparable foreign provisions on calculation of the market value, the difference from the carrying amount and the distribution made for the fiscal year and restrictions of the option to return units on a daily basis; furthermore, the reasons for an omission of depreciation in accordance with § 253 (3) sentence 6, including factual evidence suggesting that the impairment will presumably not be of a permanent nature; Number 18 is not to be applied insofar;
27. for liabilities, contingencies and commitments shown in the notes pursuant to § 268 (7), the reasons for the assessment of the risk that a recourse would be had to the respective liabilities, contingencies and commitments;
28. the total amount of amounts within the meaning of § 268 (8), broken down into amounts resulting from internally produced intangible fixed assets recognised on the assets side, amount resulting from deferred taxes recognised on the assets side and assets recognised on the assets side at their fair value;
29. on what kind of differences or tax loss carry forwards the deferred taxes are based and on which tax rates the valuation was based;
30. in case that deferred tax debts are shown in the balance sheet, the deferred tax balances at the end of the financial year and changes of these balances occurred in the course of the financial year;
31. the amount and type of each individual income and expenses of extraordinary size or extraordinary significance, to the extent that the amounts are not insignificant;
32. an explanation of the individual income and expenses that are attributable to another financial year with regard to their amount and type, to the extent that the amounts are not insignificant;
33. events of extraordinary significance that occurred after the close of the fiscal year and were neither taken into consideration in the profit and loss statement nor in the balance sheet, with information on their type and financial effects; and
34. the proposal for the appropriation of profits or the resolution on its appropriation.

§ 286 Omission of information

(1) Reporting has to be left undone to the extent that such omission is in the public interest of the Federal Republic of Germany or any of its Federal States.

(2) A classification of turnover revenues pursuant to § 285 Number 4 may be omitted provided that, according to reasonable business judgment, the classification tends to inflict substantial disadvantage on the corporation; information on the application of the exemption clause has to be included in the notes.

(3) [1]Disclosures pursuant to § 285 Number 11 and 11b may be omitted to the extent that they

1. are of minor importance for presentation of the state of net assets, financial position and results of operation of the corporation pursuant to § 264 (2), or
2. tend to inflict, according to reasonable business judgment, substantial disadvantage on the corporation or the other undertaking.

[2]Disclosure of equity and annual results may be omitted in case that the undertaking which is the subject of reporting is not obliged to disclose its annual financial statements and the

reporting corporation is incapable of exercising a controlling influence. [3]Sentence 1 Number 2 is not to be applied in case that a corporation or any of its subsidiaries (§ 290 (1) and (2)) is capital market oriented within the meaning of § 264d on the balance sheet date. [4]For the rest, the application of a derogatory regulation pursuant to sentence 1 Number 2 has to be disclosed in the notes.

(4) For companies that do not qualify as a listed stock corporation, the disclosures required in § 285 Number 9 Letter a) and b) of aggregate remuneration of the persons nominated therein may be omitted in case that the remuneration of a member of such corporate body is determinable by means of such disclosures.

(5) [1]The disclosures required in § 285 Number 9 Letter a) sentence 5 to 8 shall not be performed in case that the shareholders' meeting has passed an according resolution. [2]Such resolution that may be adopted for no longer than five calendar years requires a majority of at least three quarters of the share capital represented at the adoption of the resolution. [3]§ 136 (1) of the Stock Corporation Act shall apply analogously to a shareholder whose remuneration as member of the board of management is affected by the resolution.

§ 287 (cancelled)

§ 288 Size-related relief

(1) Small corporations (§ 267 (1)) do not need to

1. provide the disclosures pursuant to § 264c (2) sentence 9, § 265 (4) sentence 2, § 284 (2) Number 3, (3), § 285 Number 2, 3, 4, 8, 9 Letter a) and b), Number 10 to 12, 14, 15, 15a, 17 to 19, 21, 22, 24, 26 to 30, 32 to 34;
2. make a separation by groups with regard to the information pursuant to § 285 Number 7;
3. with regard to information pursuant to § 285 Number 14a, state the place where the consolidated financial statements prepared by the parent are available.

(2) [1]Medium-sized corporations (§ 267 (2)) do not need to provide the disclosures pursuant to § 285 Number 4, 29 and 32. [2]To the extent that they do not provide the disclosures pursuant to § 285 Number 17, they are obliged to transmit these to the chamber of auditors upon its written request. [3]Disclosures pursuant to § 285 Number 21 only need to be provided in case that the transactions were directly or indirectly concluded with a shareholder, undertakings in which the company itself holds an interest or members of a management, supervisory or administrative board.

Sixth Title. Management Report

§ 289 Contents of a management report

(1) [1]A management report shall describe the development of the undertaking’s business, including its performance, and of the company's position in such a way that it presents a factually accurate picture. [2]It has to include a balanced and comprehensive analysis of the development of the undertaking’s business and of its position, consistent with the size and complexity of the business. [3]The most important financial performance indicators for the undertaking's business have to be included in the analysis and explained with reference to the amounts and information shown in the annual financial statements. [4]Furthermore, the undertaking's foreseeable future development with its material opportunities and risks has to be assessed and explained in the management report; the underlying assumptions have to be disclosed. [5]The members of the body authorised to represent a corporation which issues securities (§ 2 (14) of the Securities Trading Act) as a domestic issuer ((§ 2 (1) of the Securities Trading Act) and which is not a corporation within the meaning of § 327a shall declare in a written statement attached to the management report that, to the best of their knowledge, the management report gives a true and fair view of the development and performance of the business and the position of the corporation, together with a description of the essential opportunities and risks associated with the business as defined in sentence 4.

(2) [1]In a management report it also has to be dealt with:

1.
   a) the objectives and methods of the undertaking's risk management, including its methods for hedging all important kinds of transactions that are covered in the scope of accounting of hedging transactions, and
   b) price fluctuation, default and liquidity risks and risks arising from cash flow fluctuations to which the undertaking is subject,

   each with regard to the use of financial instruments by the company and provided that this is of relevance for the assessment of the position or presumable development;

2. the field of research and development; and
3. existing branches of the undertaking.

[2]In case that information pursuant to § 160 (1) Number 2 of the Stock Corporation Act is required in the notes, a reference to this has to be made in the management report.

(3) In case of large corporations (§ 267 (3)), (1) sentence 3 shall apply analogously to non-financial performance indicators, such as information on environmental and employee interests, provided that they are of relevance for understanding the development of the undertaking's business or the undertaking's position.

(4) Corporations within the meaning of § 264d have to describe the material characteristics of the internal control and risk management system with regard to the accounting process in the management report.

§ 289a Supplementary requirements for certain stock corporations and partnerships limited by shares

[1]Stock corporations and partnerships limited by shares that make use of an organised market within the meaning of § 2 (11) of the Securities Trading Act through shares with voting rights issued by themselves have to disclose in the management report furthermore:

1. the composition of subscribed capital with separate showing of the rights and duties pertaining to each class of shares and the portion of this class of shares in the share capital;
2. restrictions concerning voting rights or a transfer of shares, even in case that these restrictions may arise from agreements between shareholders, provided that they are known to the board of management of the company;
3. direct or indirect interests in the capital exceeding 10 per cent of the voting rights;
4. shareholders vested with special rights conferring powers of control these special rights have to be described;
5. type of voting control in case that employees hold shares in the undertaking and do not exercise their powers of control directly;
6. statutory provisions and regulations in the statutes governing an appointment and removal of members of the board of management and an amendment of the statutes;
7. an authority of the board of management in particular with regard to the possibility to issue or buy back shares;
8. material agreements of the undertaking that are subject to the condition of a change of control as a consequence of a takeover offer, and the consequences arising from the above;
9. compensation agreements by the company concluded with members of the board of management or employees for a case of a takeover offer.

[2]To the extent that a disclosure is required in the notes, information pursuant to Number 1, 3 and 9 may be omitted. [3]If a disclosure of information pursuant to sentence 1 is required in the notes, reference to such disclosure has to be made in the management report. [4]Information pursuant to Number 8 may be omitted to the extent that this disclosure tends to inflict substantial disadvantage on the company; this shall not affect disclosure obligations pursuant to other statutory provisions.

§ 289b Duty to issue a non-financial statement; exemptions

(1) [1]A corporation has to expand its management report by adding a non-financial statement in case that it fulfils the following characteristics:

1. the corporation fulfils the requirements of § 267 (3) sentence 1,
2. the corporation is issuer of securities within the meaning of § 264d, and
3. the corporation has employed more than 500 employees on an annual average.

[2]§ 267 (4) to (5) shall apply analogously. [3]If the non-financial statement constitutes a special chapter of the management report, the corporation may refer to the non-financial information included elsewhere in the management report.

(2) [1]Irrespective of other exemption clauses, a corporation within the meaning of (1) shall be exempted from the duty to expand the management reports by a non-financial statement, if

1. the corporation is included in the consolidated management report of a parent, and
2. the consolidated management report pursuant to Number 1 is drawn up subject to the national law of a Member State of the European Union or another Contracting State of the Agreement on the European Economic Area in accordance with Directive 2013/34/EU and contains a non-financial consolidated statement.

[2]Sentence 1 shall apply analogously, if the parent within the meaning of sentence 1 prepares and makes publicly accessible a separate non-financial consolidated report pursuant to § 315b (3) or subject to the national law of a Member State of the European Union or another Contracting State of the Agreement on the European Economic Area in accordance with Directive 2013/34/EU. [3]In case that a corporation is exempt from the duty to prepare a non-financial statement pursuant to sentences 1 or 2, this has to be stated in its management report jointly with an explanation by which parent the consolidated management report or separate non-financial consolidated report is made publicly accessible and where the report is disclosed or published in German or English language.

(3) [1]A corporation within the meaning of (1) shall likewise be exempt from the duty to expand the management report by a non-financial statement, if the corporation prepares a separate non-financial report outside of the management report for the same financial year and the following requirements are fulfilled:

1. the separate non-financial report fulfils at least the content-related requirements pursuant to § 289c, and
2. the corporation makes the separate non-financial report publicly accessible through:
   a) disclosure jointly with the management report pursuant to § 325, or
   b) publication on the internet website of the corporation latest four months after the balance sheet date and at least for ten calendar years, in case that the management report refers to this publication, stating the internet website.

[2](1) sentence 3 and §§ 289d and 289e have to be applied analogously to the separate non-financial report.

§ 289c Contents of a non-financial statement

(1) In the non-financial statement within the meaning of § 289b the business model of the corporation has to be briefly described.

(2) Moreover, the non-financial statement refers at least to the following aspects:

1. environment-related matters, with regard to which the information may concern, for instance, greenhouse gas emissions, water use, air pollution, use of renewable and non-renewable energies or protection of the biological diversity,
2. employee-related matters, with regard to which the information may concern, for instance, measures taken to ensure gender equality, working conditions, implementation of

fundamental conventions of the International Labour Organisation, respect for the rights of workers to be informed and consulted, social dialogue, respect for trade union rights, health protection or safety at work,
3. social matters, with regard to which the information may concern, for instance, the dialogue with local communities or on the regional level or the measures taken to ensure the protection and development of those local communities,
4. respect for human rights, with regard to which the information may concern, for instance, the prevention of human rights abuses, and
5. fight against corruption and bribery, with regard to which the information may concern, for instance, the existing instruments for fighting corruption and bribery.

(3) With regard to the aspects referred to in (2), information has to be included in each case in the non-financial statement that necessary for an understanding of the business development, performance and position of the corporation and the impacts of its activity on the aspects referred to in (2), including

1. a description of the policies pursued by the corporation, including the due diligence processes implemented by the corporation,
2. the outcome of those policies pursuant to Number 1,
3. the material risks linked to the business operations of the corporation and which are very likely to have caused or will cause severely adverse impacts on the aspects referred to in (2), and how these material risks are managed by the corporation,
4. the material risks linked to the business relationships of the corporation, its products and services and which are very likely to have caused or will cause severely adverse impacts on the aspects referred to in (2), to the extent that the information is relevant and the reporting on these material risks is out of proportion, and how these material risks are managed by the corporation,
5. the non-financial key performance indicators relevant to the business activity of the corporation,
6. to the extent it is necessary for understanding, references to, and additional explanations of, amounts reported in the financial statements.

(4) If the corporation does not pursue a policy in relation to one or more aspects referred to in (2), the non-financial statement has to provide, instead of the information related to the respective aspect pursuant to (3) Number 1 and 2, a clear and reasoned explanation for not doing so.

§ 289d Use of frameworks for reporting

[1]A corporation may use national, Union-based or international frameworks for the preparation of the non-financial statement. [2]In the statement it has to be stated whether the corporation made use of a framework for the preparation of the non-financial statement and, if this is the case, which framework was used, and otherwise, why no framework was used.

§ 289e Omission of adverse information

(1) In exceptional cases, the corporation does not have to include information on impending developments or matters in the course of negotiations in the non-financial statement, if

1. the information, in the reasonable commercial opinion of the members of the body authorised to represent of the corporation, might be seriously prejudicial to the commercial position of the corporation, and
2. the omission of information does not prevent a fair and balanced understanding of the actual business development, performance and position of the corporation and of the impacts of its activity.

(2) In case that a corporation makes use of (1) and the reasons for not including the information lapse after publication on the non-financial statement, the information has to be included in the next subsequent non-financial statement.

§ 289f Statement on corporate governance

(1) [1]Stock corporations listed and stock corporations that have exclusively issued securities other than shares for trading on an organised market within the meaning of § 2 (11) of the Securities Trading Act and the issued shares of which are traded on its own initiative over a multilateral trading system within the meaning of § 2 (8) sentence 1 Number 8 of the Securities Trading Act, have to include a declaration on corporate governance as a specific section in their management report. [2]The declaration may also be made publicly accessible on the website of the corporation. [3]In this case, a reference has to be included in the management report that provides the information about the website.

(2) In the declaration on corporate governance have to be included

1. the declaration pursuant to § 161 of the Stock Corporation Act;
1a. a reference to the corporations' website on which the remuneration report for the last financial year and the auditor's report pursuant to § 162 of the Stock Corporation Act, the applicable remuneration system pursuant to § 87a (1) and (2) sentence 1 of the Stock Corporation Act and the last remuneration resolution pursuant to § 113 (3) of the Stock Corporation Act are made publicly accessible;
2. relevant information on corporate governance practices that are applied over and above the statutory requirements, plus a reference where this information is publicly accessible;
3. a description of the functioning of the board of management and the supervisory board and the composition and functioning of the committees of these boards; if this information is publicly accessible on the website of the company, a reference may be made;
4. in case of stock corporations listed, the specification pursuant to § 76 (4) and § 111 (5) of the Stock Corporation Act, and information on whether the target figures were reached during the reference period, and if not, information on the reasons;
5. information whether the company complied with the respective minimum portion requirements for the appointment of women and men as supervisory board members during the reference period, and if not, information on the reasons, provided that the following companies are concerned:
   a) stock corporations listed that have to comply with minimum portion requirements due to § 96 (2) and (3) of the Stock Corporation Act, or
   b) European corporations (SE) listed that have to comply with minimum portion requirements due to § 17 (2) or § 24 (3) of the SE Implementation Act;
6. in case of stock corporations within the meaning of (1) that qualify as a large corporations pursuant to§ 267 (3) sentence 1 and (4) to (5), a description of the diversity policy implemented in relation to the composition of the body authorised to represent and the supervisory board with regard to aspects such as, for instance, age, gender, educational or professional backgrounds, and the objectives of this diversity policy, how it has been implemented and the results achieved in the financial year.

(3) (1) and (2) have to be applied analogously to partnerships limited by shares listed.

(4) [1]Other undertakings of which the representative body and supervisory board are obliged, pursuant to § 36 or § 52 of the Limited Liability Companies Act or pursuant to § 76 (4) of the Stock Corporation Act, also in conjunction with § 188 (1) sentence 1 of the Insurance Supervisory Act, or pursuant to § 111 (5) of the Stock Corporation Act also in conjunction with § 189 (3) sentence 1 of the Insurance Supervisory Act, to specify target figures for the proportion of women and periods for their achievement, have to include in their management report a declaration on corporate governance with the specifications and information pursuant to (2) Number 4 as separate section; (1) sentence 2 and 3 shall apply analogously. [2]Corporations that are not obliged to disclose a management report have to set up a declaration with the specifications and information pursuant to (2) Number 4 and publish this declaration pursuant to (1) sentence 2. [3]They may also fulfil this obligation by disclosure of a management report set up under consideration of sentence 1.

(5) If no such diversity policy is applied by an undertaking pursuant to (2) Number 6, also in conjunction with (3), it has to be explained in the statement on corporate governance why this is the case.

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Fourth and fifth Book (§§ 343-619) are not reproduced here