

This document - provided as a courtesy - is an unofficial translation of the French original document entitled "*Notice explicative*". In case of discrepancy in interpretation, the French version shall prevail.

**EXPLANATORY NOTE
SELF-ASSESSMENT FORMS**

DEROGATION PURSUANT TO ARTICLE 27 OF THE LAW OF 19 DECEMBER 2002 ON THE TRADE AND COMPANY REGISTER AND THE BOOKKEEPING AND ANNUAL ACCOUNTS OF UNDERTAKINGS:

- 1. NEW REQUEST**
- 2. RENEWAL REQUEST**

TABLE OF CONTENTS

CONTEXT AND PRACTICAL ASPECTS	3
1. HOW TO FILL IN A “NEW REQUEST” FORM FOR DEROGATION PURSUANT TO ARTICLE 27 LRCS ?	4
SECTION I – Company information	4
SECTION II – Nature of the derogation	4
SECTION III – Questions and explanatory elements	4
SECTION IV – Statement	5
2. HOW TO FILL IN A “RENEWAL REQUEST” FORM FOR A DEROGATION PURSUANT TO ARTICLE 27 LRCS ?	6
SECTION I – Company information	6
SECTION II – Nature of the derogation	6
SECTION III – Questions and explanatory elements	6
SECTION IV – Statement	9

CONTEXT AND PRACTICAL ASPECTS

Pursuant to Article 27, sub-paragraph 1, of the amended law of 19 December 2002 on the trade and companies register and the bookkeeping and annual accounts of companies (LRCS), companies may submit a request for derogation in order to be authorized to derogate from certain legal provisions in accounting matters. In order to submit a request for derogation, the companies applying for derogation (hereafter "the applicants") must submit a written request on paper to the Minister of Justice, specifying the nature, purpose and reasons for the request. In addition, in the case of a request for a derogation relating to the consolidated accounts, the applicants must attach to its request a group organization chart covering all entities included in the scope of consolidation and indicating the percentages of ownership and the jurisdictions to which the direct and indirect subsidiaries belong.

In addition to the above, the applicants are requested to complete a self-assessment form, the purpose and content of which are set out in this explanatory note. The purpose of the self-assessment forms is to enable the applicants themselves to carry out a prior verification of compliance with their legal and regulatory obligations as applicable in Luxembourg. In this respect, it is stressed that only requests from companies in compliance with their legal and regulatory obligations will be further considered by the services of the Ministry of Justice and of the Accounting Standards Commission (CNC). The self-assessment form for a "New request" applies to companies that have never received a prior authorization to prepare and publish their consolidated accounts in accordance with a derogatory accounting framework. The self-assessment form relating to a "Renewal request" is intended for companies that have already been authorized to prepare and publish their consolidated accounts in accordance with a derogatory accounting framework. With regard to the procedure and upon receipt of the request, the services of the Ministry of Justice immediately confirm due receipt of the request to the applicants and send in return the self-assessment form for completion by the applicant. After receiving the duly completed self-assessment form, the services of the Ministry of Justice communicate the request together with the organization chart and the self-assessment form to the CNC so that it can issue – as requested by law – a reasoned opinion on the request for derogation. The reasoned opinion of the CNC is then sent to the Minister of Justice, who decides whether to grant or refuse the derogation requested by the applicant. The duration of this procedure varies according to the nature of the derogation request and the compliance status of the applicant. As a general rule, requests for exemptions for the preparation and publication of consolidated accounts in accordance with internationally recognized accounting standards are processed within a period of 4 to 8 weeks following the submission of a complete request by the applicant.

1. HOW TO FILL IN A "NEW REQUEST" FORM FOR DEROGATION PURSUANT TO ARTICLE 27 LRCS ?

SECTION I – Company information

Indicate the full corporate name (in capital letters) of the applicant including:

- the company name resulting from the Articles of Association ;
- the legal form of the company.

This section must also include the RCS number (Trade and Companies Register) and the date of the request.

SECTION II – Nature of the derogation

Indicate the financial year(s) covered by the new derogation request and specify the derogatory accounting standards that are envisaged for the preparation and publication of the consolidated accounts prepared for statutory purposes and related filing with the RCS.

SECTION III – Questions and explanatory elements

1. Filing of the annual accounts with the RCS

The obligation to draw up and publish the annual accounts provided for in Title II LRCS is intended in particular to protect third party creditors and the public in general by informing them of the company's financial position and results. In this context, the filing of the annual accounts with the RCS is a key element without which the protection desired by the legislator is not effective. Consequently, it is of the utmost importance that the company's annual accounts be approved within six (6) months of the end of the financial year and filed with the RCS within one (1) month of their approval.

Indicate the status of the company with regard to the filing of the annual accounts and related reports with the RCS and their compliance with applicable legal and regulatory provisions.

2. Filing of the consolidated accounts with the RCS

The obligation to draw up and publish the consolidated accounts provided for in Title XVII (formerly Section XVI) of the amended Commercial Companies Law of 1915 (LSC) is intended in particular to protect third party creditors and the public in general by informing them of the group's financial position and results. In this context, the filing of the consolidated accounts with the RCS is a key element without which the protection desired by the legislator is not effective. Consequently, it is of the utmost importance that the company's consolidated accounts be approved within six (6) months of the end of the financial year and filed with the RCS within one (1) month of their approval.

Indicate the status of the company with regard to the filing of consolidated accounts and related reports with the RCS and their compliance with applicable legal and regulatory provisions.

SECTION IV – Statement

Pursuant to Article 69^{ter} of LRCS and Article 1740-1 of LSC (formerly Article 339^{ter}), the members of the administrative, management and supervisory bodies have a collective obligation to ensure that the annual accounts, consolidated accounts and related reports are prepared and published in accordance with the requirements of the law.

In this context, the legal representatives of the company are required to certify that the statements in the self-assessment form are genuine and accurate in all respects.

2. HOW TO FILL IN A "RENEWAL REQUEST" FORM FOR A DEROGATION PURSUANT TO ARTICLE 27 LRCS ?

SECTION I – Company information

Indicate the full corporate name (in capital letters) of the applicant including:

- the company name resulting from the Articles of Association ;
- the legal form of the company.

This section must also include the RCS number (Trade and Companies Register) and the date of the request.

SECTION II – Nature of the derogation

Indicate the financial year(s) covered by the new derogation request and specify the derogatory accounting standards that are envisaged for the preparation and publication of the consolidated accounts prepared for statutory purposes and related filing with the RCS.

SECTION III – Questions and explanatory elements

1. Financial year(s) covered by the previous ministerial authorization	This self-assessment form covers all the years covered by the previous ministerial authorization. Indicate the financial year(s) covered by the previous ministerial authorization.
2. Filing of financial data with the RCS	The obligation to draw up and publish annual accounts provided for in Title II LRCS and consolidated accounts provided for in Title XVII (formerly Section XVI) of LSC is intended in particular to protect third party creditors and the general public by informing them of the company's and group's financial position and results. In this context, the filing of financial information (annual accounts and consolidated accounts) with the RCS is a key element without which the protection desired by the legislator is not effective. Consequently, it is of the utmost importance that the consolidated accounts - covered by the ministerial authorization - as well as the company's annual accounts be approved within six (6) months of the end of the financial year and filed with the RCS within one (1) month of their approval. Indicate the status of the company with regard to the filing of the annual accounts and consolidated accounts as well as of the related reports with the RCS and their compliance with applicable legal and regulatory provisions.

<p>3. Reconciliation of consolidated shareholders' equity and net income</p>	<p>Derogations from general accounting laws and regulations may only be granted provided that a reconciliation of consolidated shareholders' equity and net income with generally accepted accounting principles in Luxembourg (LUX GAAP, LUX GAAP-FV, IFRS - EU) is included in the notes to the consolidated accounts. With regard to the positioning of such reconciliation in the notes to the consolidated accounts, this positioning is of primary importance insofar as the notes form an integral part of the consolidated accounts and are subject in this respect to the same provisions in terms of responsibility of the administrative or management body as well as in terms of auditing by the statutory auditor.</p> <p>Thus, the applicant is required to self-assess its compliance with respect to the inclusion and auditing of a reconciliation of consolidated equity and net income in the notes to its consolidated accounts.</p>
<p>4. Identification of consolidated accounts drawn up for statutory purposes</p>	<p>Consolidated accounts drawn up by companies authorized to derogate from generally accepted accounting principles in Luxembourg often serve several purposes resulting from contractual obligations (e.g. communication to financial institutions and/or other creditors), obligations towards third country market authorities as well as domestic legal obligations (e.g. filing with the RCS). It is important that consolidated accounts prepared for statutory filing with the RCS and subject to audit by the statutory auditor are clearly identified as such. A good practice identified consists of including in the opening section of the consolidated notes to the accounts - for example in note 2 "<i>Summary of significant accounting policies / Basis of preparation</i>" - a paragraph stating that "<i>the consolidated financial statements have been prepared in accordance with accounting standards [.....] for statutory purposes in accordance with a derogation pursuant to Article 27 of the amended law of 19 December 2002 obtained from the Minister of Justice on [dd/mm/yyyy] and include as such a reconciliation of consolidated equity and net income with generally accepted accounting principles in Luxembourg in note [XX]</i>". Companies authorized to derogate may draw inspiration from this good practice, which allows to clearly identify the nature of the consolidated accounts and to define the scope of the information presented by the administrative or management body and audited by the statutory auditor.</p>

<p>5. Preparation of a consolidated management report</p>	<p>The consolidated management report (art. 1720-1 LSC, previously art. 339) constitutes an important element of information in the context of third parties' protection as intended by the legislator, which supplements the information contained in the consolidated accounts with a qualitative and prospective approach. In this context, it is of the utmost importance that the content of the consolidated management report complies with the legal requirements and consists of "<i>at least a fair presentation</i>", by presenting "". Without value relevance, the consolidated management report loses all of its usefulness and value..</p>
<p>6. Statutory audit of consolidated accounts</p>	<p>The statutory audit of the consolidated accounts filed with the RCS constitutes a legal obligation (art. 1750-1 LSC, previously art. 340) from which a company under Luxembourg law cannot escape. This statutory audit is carried out in accordance with the provisions of the law of 23 July 2016 on the audit profession.</p>
<p>7. Content of the notes to the consolidated accounts: supplementary information</p>	<p>Companies incorporated under Luxembourg law that choose - by option - to prepare their consolidated accounts in accordance with the IFRS - EU regime as an exception to general accounting laws and regulations (LUX GAAP and LUX GAAP - FV regimes), nevertheless remain subject to the presentation in the notes to the consolidated accounts of certain information required by general accounting laws and regulations pursuant to Article 1780-1, 2nd paragraph LSC (previously Article 341<i>bis</i>, 2nd paragraph). These essentially consist of the disclosures provided for in Article 1712-19 points 2° to 5° (information on subsidiaries, associated companies and other equity interests), 11° (information on the number of employees), 13° and 14° (information on remuneration, advances and loans granted to members of the parent company's administrative, management or supervisory bodies) and 15° (information on fees paid to the statutory auditor) LSC (former Article 337). By extension, companies that have obtained authorization to prepare and publish their consolidated accounts in accordance with a derogatory accounting framework pursuant to Article 27 of LRCS must also include this additional information in the notes to their consolidated accounts.</p>

SECTION IV – Statement

Pursuant to Article 69^{ter} of LRCS and Article 1740-1 of LSC (formerly Article 339^{ter}), the members of the administrative, management and supervisory bodies have a collective obligation to ensure that the annual accounts, consolidated accounts and related reports are prepared and published in accordance with the requirements of the law. This principle of collective responsibility also applies to companies authorized to derogate from the accounting principles generally accepted in Luxembourg pursuant to Article 27 LRCS.

In this context, the legal representatives of the company are required to certify that the statements in the self-assessment form are genuine and accurate in all respects.