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CEE GUIDE



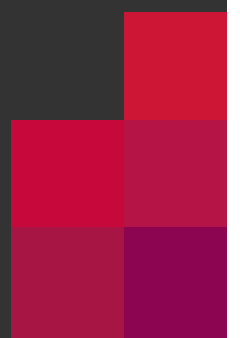
A PRACTICAL GUIDE FOR INVESTORS AND ENTREPRENEURS

in cross-border transactions across
Central and Eastern Europe

2. Corporate governance and regulatory compliance in CEE



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Introduction

Mergers and acquisitions are not a stand-alone strategy, they are a key instrument for executing a company's broader agenda and creating long-term value. Delivering a successful transaction requires more than accurate documentation – it requires comprehensive transaction services supported by business insight, sector expertise and a strong understanding of local markets. This is where Ecovis adds value: international experience rooted in Europe, combined with robust local teams across Central and Eastern Europe.

Through the cooperation and commitment of Ecovis members in the CEE region, we have developed a regional platform for entrepreneurs and investors seeking a reliable partner for transactions in these markets. As part of Ecovis International – a leading global consulting firm originating in Continental Europe – we link cross-border capabilities with on-the-ground knowledge in each jurisdiction.

CEE Guide 2026 – “*Every Move Counts*” reflects our core belief that in transactions, market entry and everyday compliance there are no neutral decisions: each step can either reinforce or weaken the process.

The idea “Every Move Counts” was inspired by the Rubik's Cube. Just like solving the cube, every transaction requires precision, balance and awareness of how one move influences the whole structure.



poland



czech republic



slovakia



croatia

Poland

Overview

Understanding the rules of corporate governance and compliance in Poland is a key starting point for investors, founders and international businesses entering the market. In practice, the main areas of focus include the management structure in Poland, the scope of management board's members' liability, annual corporate reporting obligations, statutory audit requirements, and the increasingly important field of whistleblowing and ESG compliance. For businesses operating in Poland, the legal and regulatory framework is shaped primarily by the Commercial Companies Code, the Accounting Act, the National Court Register (KRS) and the Central Register of Beneficial Owners (CRBR).

Management Structure

For foreign investors, management structure in Poland depends largely on the chosen legal form. In a limited liability company (sp. z o.o.), the management board is mandatory and may consist of one or more members, a supervisory board or audit committee is generally optional but becomes mandatory if the share capital exceeds PLN 500,000 and the company has more than 25 shareholders. In a joint-stock company (S.A.), the management board is also mandatory, but a supervisory board is always required and exercises permanent supervision over a company's activities. This makes Polish corporate governance more flexible for private LLC structures and more formalised for joint-stock companies.

From a risk perspective, management board's members' liability in Poland is a material issue rather than a formal concept. Management board members must act with professional diligence and loyalty to a company. They may also face personal exposure in specific situations, especially where tax enforcement against a company proves ineffective or where a company fails to file bankruptcy on time. Under Polish insolvency rules, the bankruptcy petition should be filed within 30 days from the date on which insolvency grounds arise. This combination of fiduciary standards, tax exposure and insolvency-related liability means board appointments in Poland should be considered carefully, particularly in distressed or fast-scaling businesses.

Corporate Reporting Obligations

The core corporate reporting obligations in Poland are highly structured, and deadline driven. Annual financial statements must be prepared within 3 months from the balance sheet date, approved within 6 months, and then filed with the register court (KRS) within 15 days after approval. If the statements are not approved on time, they must still be filed after the statutory deadline and then re-filed after approval. For companies entered in KRS, filings are made electronically through the financial documents' repository (RDF), which is now a standard part of corporate compliance in Poland.

Poland's UBO register is the CRBR (Central Register of Beneficial Owners), which serves as the local equivalent of a beneficial ownership register. Under the current AML rules, relevant entities must report beneficial ownership data within 14 days of KRS registration and update that data within 14 days of a relevant change. Failure to file, late filing, or filing inaccurate data may trigger a monetary penalty of up to PLN 1 million. At the same time, the Polish system is relatively transparent: financial statements of KRS-registered entities can be checked online free of charge through the public financial documents browser.

Statutory Audits & Accounting Standards

AA statutory audit in Poland is mandatory for annual consolidated financial statements, for joint-stock companies, for regulated entities such as banks and insurers, and for other entities that meet at least two of the following thresholds in the preceding financial year: at least 50 employees, at least EUR 3.125 million in total assets, and at least EUR 6.25 million in net revenue from sales of goods and products. In addition, annual financial statements prepared under IFRS are subject to audit. This means that audit exposure in Poland is determined not only by sector, but also by legal form, group structure and financial scale.

As a rule, local GAAP in Poland remains the default accounting framework under the Accounting Act. However, IFRS in Poland may be used by listed issuers

and by entities belonging to groups whose parent company prepares consolidated financial statements under IFRS. For international investors, this creates a familiar but still dual environment: local accounting remains central for most privately held businesses, while IFRS becomes relevant in listed, cross-border and group-reporting structures.

Whistleblowing & ESG Compliance

Whistleblowing compliance in Poland is no longer a future issue. The Whistleblower Protection Act was adopted in June 2024 and entered into force on 25 September 2024, with some external reporting provisions taking effect later. As a rule, legal entities with at least 50 persons performing paid work must establish an internal whistleblowing procedure. That procedure must cover, among other things, reporting channels, acknowledgement of receipt within 7 days, and feedback within a maximum of 3 months. The Polish regime also includes criminal sanctions for obstructing reports, retaliating against whistleblowers or unlawfully revealing their identity.

In the ESG area, ESG compliance in Poland is currently driven mainly by CSRD-based sustainability reporting. Poland implemented CSRD with effect from 1 January 2025, introducing sustainability reporting under ESRS and requiring assurance of sustainability reporting for in-scope entities. At the same time, Poland also implemented the EU “stop-the-clock” changes in July 2025, postponing ESG reporting by two years for companies that were otherwise supposed to start reporting in 2026 and 2027. In practical terms, ESG in Poland now matters both as a legal reporting issue and as a transaction-readiness topic for lenders, auditors and investors.

Practical Takeaways

For investors, the main takeaway is clear: doing business in Poland requires an early compliance design, not post-closing clean-up. The choice between sp. z o.o. and S.A. affects supervision and governance; annual reporting deadlines should be built into the compliance calendar from day one, beneficial ownership filings should be monitored closely, and whistleblowing and ESG should already be treated as part of mainstream governance for larger or internationally financed businesses.

Local Note

AA distinctive feature of corporate compliance in Poland is the combination of formal legal requirements with a relatively digital reporting infrastructure. Financial filings are handled electronically, and KRS makes financial statements publicly accessible online free of charge. At the same time, Polish compliance remains highly deadline-sensitive, especially for annual filings and CRBR updates, so procedural discipline is often just as important as the substantive legal analysis.

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poland



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slovakia



croatia



Czech Republic

Overview

Understanding corporate governance and compliance in the Czech Republic is an important starting point for investors entering the Czech market. In practice, the main issues include the management structure in the Czech Republic, the scope of directors' liability, annual corporate reporting obligations, the rules governing the beneficial owner register, and the current position on statutory audit, whistleblowing and ESG compliance.

For most businesses, the key points of reference are the Commercial Register, the Collection of Deeds, the beneficial owner register, and the Czech accounting framework.

Management Structure

For foreign investors, the management structure in the Czech Republic depends primarily on the legal form selected. A Czech s.r.o. is generally the most flexible vehicle and is managed by one or more executive directors. A Czech a.s. is more formal and may operate under either a monistic or dualistic governance model, which makes it more suitable for larger businesses or more institutional investment structures.

In practical terms, this gives investors room to shape governance arrangements, but it also means that representation rules, signing authority and shareholder-reserved matters should be addressed at an early stage in the constitutional documentation.

From a governance-risk perspective, directors' liability in the Czech Republic is a substantive issue rather than a purely formal one. Directors are expected to act with due care and in the interests of the company, and the management of the business remains their responsibility rather than a simple execution of shareholder instructions.

Exposure becomes more significant in distressed situations, particularly where management fails to respond to insolvency risks or breaches statutory duties. For investors, this means that board appointments in Czech entities should be treated as real compliance decisions with legal and operational consequences.

Corporate Reporting Obligations

The main corporate reporting obligations in the Czech Republic are procedural and deadline-driven. Financial statements must be discussed by the competent corporate body within six months after the end of the financial year. Once approved, they must be filed with the Collection of Deeds within 30 days, and in any event no later than 12 months after the balance-sheet date. This filing discipline is important because the Collection of Deeds serves as a key public source of information for counterparties, lenders and potential buyers assessing Czech companies.

The beneficial owner register remains a core compliance item, although access to it has become more restricted. While the register continues to operate as a public administration information system under a dedicated legal framework, online public access to beneficial ownership data was curtailed in December 2025 following court-driven privacy concerns.

In practical terms, Czech entities still need to ensure that beneficial ownership information remains accurate and up to date, even though the register is no longer a fully open transparency tool in the way many market participants previously expected.

Statutory Audits & Accounting Standards

A statutory audit in the Czech Republic changed materially from 1 January 2026. Under the amended rules, small accounting entities are generally exempt from mandatory audit, while medium-sized and large entities remain within scope, together with public-interest entities such as banks, insurers and securities issuers.

The revised general thresholds are now CZK 120 million in assets, CZK 240 million in turnover and more than 50 employees, based on the usual two-out-of-three test across consecutive periods. In practice, this narrows the audit perimeter for many privately held companies compared with the previous regime.

As a rule, Czech accounting standards remain the default framework for most companies, while IFRS in the Czech Republic applies where specifically required or otherwise relevant, particularly in regulated sectors and group-reporting structures. For investors, the practical implication is straightforward: even where the wider group reports under IFRS, Czech entities must still comply with local accounting rules and local filing requirements unless a specific IFRS route is available.

Whistleblowing & ESG Compliance

Whistleblowing compliance in the Czech Republic is already part of mainstream corporate compliance. The Czech Whistleblower Protection Act entered into force on 1 August 2023, and employers with more than 50 employees are generally within its scope. For investors, this means whistleblowing is no longer a policy add-on, but a standard component of internal governance, HR and risk-control systems.

The ESG landscape is less settled. The Czech Republic has been working on CSRD implementation, but as of January 2026 full transposition was still incomplete, and reporting under the CSRD was not mandatory for the 2025 financial year.

In practical terms, ESG compliance in the Czech Republic currently sits between growing EU-level pressure and an unfinished domestic implementation framework. For investors, this makes the Czech market one where sustainability reporting developments should be monitored closely, particularly in larger groups and forward-looking transactions.

Practical Takeaways

For investors, the key message is that doing business in the Czech Republic continues to reward disciplined corporate housekeeping. Governance can be relatively flexible, particularly in an s.r.o., but filing discipline, board responsibility and beneficial ownership accuracy remain essential.

Audit exposure has become lighter for smaller entities from 2026, while whistleblowing is already a standard compliance expectation and ESG remains an evolving area that warrants close attention.

Local Note

A distinctive feature of corporate compliance in the Czech Republic is the practical importance of the Collection of Deeds as a transaction-readiness tool. Another notable development is the reduced public accessibility of the beneficial owner register.

As a result, Czech compliance today combines familiar CEE formalism with a more privacy-driven approach to ownership transparency.

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poland



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slovakia



croatia



Slovakia

Overview

Understanding corporate governance and compliance in Slovakia is an important starting point for investors entering the Slovak market.

In practice, the main issues include the management structure in Slovakia, directors' exposure in insolvency and day-to-day corporate operations, annual corporate reporting obligations, beneficial ownership reporting, the scope of statutory audit in Slovakia, and the evolving framework for whistleblowing and ESG compliance.

For most businesses, the Commercial Register and the Registry of Financial Statements remain the core anchors of ongoing corporate compliance.

Management Structure

For most foreign investors, the standard Slovak vehicle is the „s. r. o.“ In this structure, executive management is handled by one or more managing directors, while a supervisory board is optional. The more formal „a. s.“ is typically used for larger or more institutional setups and comes with a more developed governance structure, including a supervisory board. In practical terms, Slovakia offers flexibility at the private-company level, but the governance burden rises once a more formal share-company structure is selected.

From a risk perspective, directors' liability in Slovakia becomes particularly relevant in distressed situations. Market guidance consistently notes that if a company is over-indebted, the managing director must file for bankruptcy within 30 days from learning of that fact, or from the point at which he or she should have learned of it with due care.

For investors, this makes board appointments in Slovak entities especially important in leveraged businesses, turnaround situations and acquisition platforms involving post-closing restructuring.

Corporate Reporting Obligations

The main corporate reporting obligations in Slovakia are built around the Registry of Financial Statements, which is a public administration information system designed to simplify the business environment and centralise annual financial information.

In practice, financial statements are typically filed within three months after the end of the financial year, with possibility of an extension up to six months. Annual reports, where required, follow on a longer timetable, generally linked to the approval of the financial statements. This creates a reporting environment that is formal, structured and relatively transparent for counterparties reviewing Slovak entities.

Beneficial ownership reporting also remains part of the Slovak compliance landscape. Slovakia has operated a national beneficial ownership framework for several years, and the obligation to register beneficial ownership data continues to apply broadly. At the same time, public visibility has narrowed: public access to beneficial ownership data in the Register of Legal Entities was limited in July 2025, following privacy-driven legal developments. In practical terms, UBO compliance in Slovakia remains mandatory, even though ownership transparency is now more restricted from the perspective of the wider public.

Statutory Audits & Accounting Standards

A statutory audit in Slovakia is generally required where an entity exceeds at least two of the following criteria: EUR 4 million in total assets, EUR 8 million in net turnover and 50 employees.

Listed entities and certain regulated businesses also fall within the audit perimeter regardless of size. For investors, this means audit exposure in Slovakia is driven both by financial scale and by the nature of the company's business and financing profile.

As a rule, local accounting in Slovakia follows Slovak accounting regulations, while IFRS is most relevant in consolidated reporting and specific regulated contexts. In practical terms, this gives Slovakia a familiar dual environment for international groups: local accounts remain the compliance core, while IFRS sits above them in broader group-reporting and public-interest frameworks.

Whistleblowing & ESG Compliance

Whistleblowing compliance in Slovakia is already an established operational issue. Private employers with 50 or more employees must maintain an internal whistleblowing system, and Slovakia also has a dedicated Whistleblower Protection Office, which plays an active supervisory and enforcement role. For investors, this means whistleblowing in Slovakia should be treated as a real compliance obligation with practical consequences, rather than as a paper-only policy area.

On ESG, Slovakia completed CSRD transposition through amendments that introduced mandatory sustainability reporting under the ESRS framework from 2025/2026 for certain companies. OECD materials also confirm that, from 10 July 2025, a two-year postponement was introduced for certain later-wave companies in line with the EU “stop-the-clock” directive. In practical terms, Slovakia already has a functioning sustainability-reporting framework, but the entry timetable for some businesses has shifted.

Practical Takeaways

For investors, Slovakia offers a familiar Central European compliance model: flexible for an “s. r. o.,” but formal in filings and serious in terms of board accountability. The Registry of Financial Statements, beneficial ownership reporting, audit thresholds and whistleblowing obligations all require active monitoring.

ESG compliance is already legally embedded, but the timetable should be read carefully in light of the updated postponement rules.

Local Note

A distinctive feature of corporate compliance in Slovakia is the combination of a relatively accessible private-company form with a strong insolvency-duty culture and a centralised financial reporting registry. Another notable development is that beneficial ownership reporting remains mandatory even though public visibility of that data has narrowed since mid-2025.

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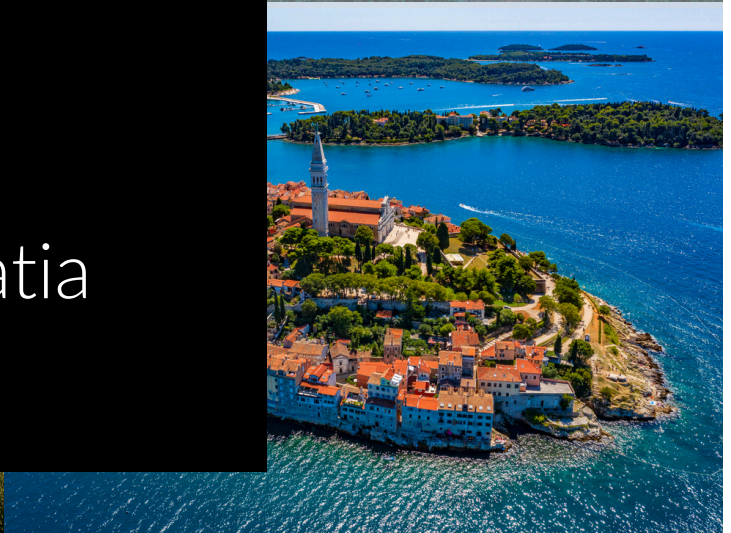
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slovakia



croatia



Croatia

Overview

Understanding corporate governance and compliance in Croatia is an important starting point for investors entering the local market. In practice, the main issues include the management structure in Croatia, the liability exposure of directors, annual corporate reporting obligations, beneficial ownership registration, the rules on statutory audit and accounting standards, and the increasingly relevant area of whistleblowing and ESG compliance. For most businesses, day-to-day compliance is shaped above all by the Croatian company-law framework and the central reporting role of FINA.

Management Structure

For most foreign investors, the standard Croatian vehicle is the d.o.o. A Croatian limited liability company typically operates with one or more directors responsible for the management of the company, while a supervisory board is not mandatory in every case. A more formal supervisory layer applies in certain situations, including larger companies and specific statutory cases. In practical terms, this gives investors useful flexibility at initial market entry, while preserving a more structured governance model where company size, ownership profile or regulatory requirements call for it.

From a liability perspective, Croatia applies a serious standard to directors.

Croatian company law applies a strict standard to directors. Board members who fail to fulfil their duties are jointly and severally liable for damage suffered by the company, and in the event of a dispute they must demonstrate that they acted with due care and diligence. For investors, this means Croatian governance should not be treated as merely formal, especially where board members are expected to manage financial pressure, tax exposure or intra-group decision-making.

Corporate Reporting Obligations

The Croatian reporting calendar follows a practical two-step rhythm. The deadline for annual financial statements submitted to FINA for statistical and other needs is 30 April, while the deadline for public

disclosure is generally 30 June, or six months after the end of the business year for entities whose financial year differs from the calendar year.

In practice, this means Croatian compliance requires close coordination between accounting close, tax reporting and publication deadlines. Croatia also maintains a public Beneficial Ownership Register. The official government service allows free public searches by company name or Croatian company identification number (OIB) and provides access to certain publicly available information on beneficial owners, including the nature and scope of ownership. For investors, this means UBO compliance in Croatia remains both a legal obligation and a visible transparency issue in transactions, financing and onboarding processes.

Statutory Audits & Accounting Standards

Croatia's statutory-audit regime is closely linked to company size, legal category and public-interest status. The broader accounting framework was updated through the new Accounting Act, adopted in July 2024 and effective from 27 July 2024, while the audit profession continues to be regulated under the Croatian Audit Act.

In practical terms, investors should expect audit exposure to increase for larger undertakings, public interest entities and businesses brought into scope by special legislation or capital-markets status.

Local accounting in Croatia remains anchored in domestic law, but EU-driven reporting and assurance requirements are increasingly layered onto that framework. For investors, the practical implication is straightforward: Croatia remains a local-law accounting jurisdiction first, but one that is being steadily reshaped by broader European corporate-reporting rules.

Whistleblowing & ESG Compliance

Whistleblowing compliance in Croatia is already part of mainstream corporate governance. Croatia adopted the

current whistleblower framework in 2022, and employers with 50 or more employees are generally required to establish internal reporting channels, with certain regulated sectors falling within scope regardless of headcount. In practice, this means whistleblowing in Croatia is no longer a niche legal topic, but a standard operational compliance requirement.

The ESG framework is also active. Croatia transposed the EU Corporate Sustainability Reporting Directive (CSRD) into national law in 2024 through amendments to the Accounting Act, Audit Act and Capital Markets Act, and the Croatian regulator HANFA stated that sustainability reporting would begin in 2025 for the 2024 financial year for in-scope entities. More recently, the later-wave timetable has also been affected by the EU “stop-the-clock” changes, which were transposed into Croatian law at the end of 2025. For investors, the message is clear: ESG in Croatia is already a legal reality, but the reporting timetable for some companies now needs to be read against the updated phased-in schedule.

Practical Takeaways

For investors, Croatia offers a governance model that is familiar in structure but formal in execution. The d.o.o. is flexible enough for most operating structures, but reporting deadlines, beneficial ownership visibility, whistleblowing obligations and growing ESG requirements all need to be planned early. In larger structures, audit exposure and supervisory-board requirements should also be reviewed from the outset.

Local Note

A distinctive feature of corporate compliance in Croatia is the central role of FINA as a reporting gateway and the public-facing character of the Croatian beneficial ownership register. In practical terms, Croatia combines formal CEE-style corporate compliance with a comparatively high level of transparency for both ownership and financial reporting.

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latvia



lithuania



estonia



hungary



Latvia

Overview

Understanding corporate governance and compliance in Latvia is an important starting point for investors entering the Latvian market. In practice, the main issues include the management structure in Latvia, the role and liability of board members, annual corporate reporting obligations, beneficial ownership reporting within the Latvian register framework, the rules on statutory audit in Latvia, and the growing importance of whistleblowing and ESG compliance. For most companies, the Enterprise Register and the annual reporting regime form the core of ongoing corporate compliance.

Management Structure

For most foreign investors, the most commonly used Latvian vehicle is the SIA (limited liability company). In this structure, the management board serves as the executive body, while a supervisory council remains optional. By contrast, the more formal AS (joint stock company) structure comes with a stronger supervisory framework and may be better suited to larger businesses or operations with a capital-markets profile. In practical terms, this gives investors a clear choice between a lighter private-company model and a more formal governance structure in which supervision is more firmly institutionalised.

From a liability perspective, Latvia should not be seen as a light-touch governance jurisdiction. Members of both the management board and the supervisory board may be held liable for damages caused to the company under the Commercial Law. For investors, this means Latvian governance should be built around real accountability, particularly where the local company operates within a wider group, follows shareholder instructions or manages related-party transactions and flows.

Corporate Reporting Obligations

The main corporate reporting obligations in Latvia are calendar-driven and depend on the company's size and audit status. In practice, annual reports are filed with the State Revenue Service, and where the reporting year matches the calendar year, the filing deadline typically falls between 31 March and 31 May,

with group reporting in some cases extending to 31 July. This means compliance in Latvia is not simply about preparing financial statements, but also about matching the reporting package to the company's category and reporting perimeter.

Latvia's beneficial ownership reporting is integrated into the broader register infrastructure overseen by the Enterprise Register.

The beneficial ownership register records identity and control information and operates within the main business registration ecosystem rather than separately from it. In practical terms, this makes UBO compliance in Latvia an ongoing reporting obligation rather than a one-off incorporation exercise.

Statutory Audits & Accounting Standards

A statutory audit in Latvia is generally mandatory for medium-sized and large companies, for entities whose transferable securities are traded on a regulated market, and for certain smaller companies that exceed specified thresholds.

The most commonly cited trigger for smaller entities is exceeding two of the following criteria for two consecutive years: EUR 4 million in balance-sheet total, EUR 8 million in net revenue, and 50 employees.

Latvia also applies a review requirement for some smaller companies that fall below the full audit threshold. Audit services may only be provided by a certified sworn auditor or a commercial company of sworn auditors.

As a rule, local accounting standards in Latvia are governed by national accounting laws, while IFRS becomes relevant in more specific cases, including certain entities and reporting scenarios. For investors, the practical conclusion is straightforward: Latvia remains a local-GAAP jurisdiction first, but one that fits comfortably into the broader European reporting framework where scale, financing structure or listing status makes that necessary.

Whistleblowing & ESG Compliance

Whistleblowing compliance in Latvia has been in force under the current Whistleblowing Act since 4 February 2022. As a general rule, entities with 50 or more employees must establish an internal whistleblowing system, although certain sectors are subject to broader obligations. In practice, Latvia treats whistleblowing as an established compliance area rather than an emerging one, which means foreign investors should expect functioning internal channels, internal ownership and operational processes rather than a policy that exists only on paper.

The ESG framework in Latvia is now shaped to a significant extent by the Sustainability Information Disclosure Law, which transposed the CSRD and entered into force on 17 October 2024. Latvia then implemented the EU “stop-the-clock” postponement through amendments that took effect on 24 October 2025. In practical terms, sustainability reporting is now a real legal requirement in Latvia, but its timing must be assessed in light of the updated phased EU timetable.

Practical Takeaways

For investors, the Latvian model is relatively business-friendly, but it remains formal and disciplined in reporting terms. The SIA offers governance flexibility, yet annual reporting deadlines, beneficial ownership filings and audit triggers all require close monitoring. Whistleblowing is already part of standard compliance practice, while ESG has moved from an upcoming topic to an active legal and governance issue, particularly for larger groups and more structured cross-border businesses.

Local Note

A distinctive feature of corporate compliance in Latvia is the strong institutional role of the Enterprise Register and the way corporate and beneficial ownership transparency are embedded within the same system. Latvia also stands out in having both an established whistleblowing regime and an already transposed sustainability reporting framework. In practical terms, this gives investors a relatively coherent compliance environment, but one in which reporting discipline remains essential.

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latvia



lithuania



estonia



hungary



Lithuania

Overview

Understanding corporate governance and compliance in Lithuania is an important starting point for investors, founders and international groups entering the local market. In practice, the key areas include the management structure, the role and liability exposure of the CEO and board members, annual corporate reporting obligations, beneficial ownership transparency through the JADIS system and its subsystem JANGIS, statutory audit requirements, and increasingly formalised whistleblowing and sustainability (ESG) compliance. While the legal framework is relatively clear and structured, compliance in Lithuania is highly operational and deadline-driven, requiring continuous monitoring rather than one-off implementation.

Management Structure

For foreign investors, the management structure in Lithuania is relatively flexible but legally well-defined. In both the private limited liability company (UAB) and the public limited liability company (AB), the general meeting of shareholders is the highest decision-making body. Day-to-day management and external representation are entrusted to the company manager, who acts as the mandatory single-person executive body. Lithuanian law does not recognise a joint CEO model (i.e. co-CEOs acting collectively as a single executive body), which results in a more centralised executive structure compared to some other jurisdictions.

At the same time, companies may establish additional collegial bodies, such as a management board and/or supervisory board, to strengthen governance, strategic oversight and internal control. The management board is a collegial body composed of natural persons (at least three members), typically appointed for a four-year term, responsible for key strategic and operational decisions, including the appointment and dismissal of the CEO, approval of significant transactions and oversight of company performance and compliance. The supervisory board, where established, performs a higher-level oversight function.

From a liability perspective, the CEO is primarily responsible for day-to-day management and operational compliance, while the board (and supervisory board, where applicable) is responsible for strategic decision-making and oversight; board members and managers are

expected to act in good faith, with due care and in the best interests of the company. They may incur civil liability—typically fault-based and, in relation to creditors, subsidiary in nature—for gross negligence or intentional misconduct, particularly in situations of financial distress.

Corporate Reporting Obligations

The main corporate reporting obligations in Lithuania are relatively clear in structure, but they remain highly deadline-driven. For both private and public limited liability companies, the annual general meeting of shareholders must typically be held within four months after the end of the financial year. Following that meeting, the annual financial statements, the annual report and, where relevant, the auditor's report must be submitted to the Register of Legal Entities within 30 days. Lithuania's registry environment is fully digital and includes not only incorporation and registration data, but also annual financial reporting, information on management bodies, representation rights and the company's legal status.

Lithuania's beneficial ownership regime is structured around the Information System of Legal Entities Participants (JADIS) and its dedicated beneficial ownership subsystem, JANGIS. JADIS collects data on legal entity participants, while JANGIS aggregates and maintains information on beneficial owners (with limited exceptions, such as entities wholly owned by the state or municipalities). Lithuanian law requires legal entities to obtain, maintain and update accurate beneficial ownership information, including detailed personal data and the nature and extent of control, and to submit such data electronically within 10 days of any change. Responsibility for the accuracy, completeness and timely submission of data lies with the management body. In practice, discrepancies or failure to submit data may lead to restrictions on business relationships or financial transactions. Accordingly, UBO compliance in Lithuania should be treated as an ongoing corporate governance obligation rather than a one-off formality.

Statutory Audits & Accounting Standards

A statutory audit in Lithuania is mandatory depending on legal form, size and regulated activities.

A statutory audit in Lithuania is mandatory depending on legal form, size and regulated activities. For many entities, an audit is required where at least two of the following thresholds are exceeded: total assets of EUR 2.5 million, net sales revenue of EUR 4.5 million, and an average annual headcount of 50 employees.

In addition, audits are mandatory for certain entities irrespective of size, including public-interest entities and specific state- or municipality-related structures.

For international groups, audit obligations should be assessed early, particularly in acquisition structures and fast-growing subsidiaries. Accounting in Lithuania is generally based on national Business Accounting Standards, while IFRS is mandatory for public-interest entities.

Whistleblowing & ESG Compliance

Whistleblowing compliance in Lithuania is an established and actively enforced operational requirement for the private sector. Under the Law on the Protection of Whistleblowers, private legal entities and other organisations employing 50 or more employees must establish internal reporting channels and ensure that they function effectively.

Entities employing between 50 and 249 employees may share reporting channels and related case-handling resources, provided confidentiality is maintained, while organisations with 250 or more employees must operate separate internal channels. Whistleblowing is therefore a concrete compliance obligation that should be embedded into internal procedures, HR frameworks and risk-management systems.

In the ESG space, compliance is driven primarily by sustainability reporting obligations under the CSRD. Lithuania implemented the framework from 1 July 2024, and first-wave sustainability reporting applies to large public-interest entities with more than 500 employees for the 2024 financial year.

At the same time, Lithuania implemented the EU “stop-the-clock” postponement in June 2025, deferring reporting for other large companies (with more than 250 employees) from 2025 to 2027.

Listed small and medium-sized companies will now report for financial years commencing on 2028. For investors, the practical implication is that ESG remains

central, but the reporting timetable now depends more directly on the company’s classification and reporting perimeter.

Practical Takeaways

For investors, the key point is that doing business in Lithuania requires a governance model that is structurally simple but disciplined in execution. The Lithuanian framework is flexible and manager-centric, but the compliance burden remains tangible.

Annual reporting deadlines, real-time JADIS/JANGIS updates (including the 10-day update obligation), audit thresholds and whistleblowing requirements all require active oversight. In larger structures, the ESG reporting timeline should also be assessed early, especially where the Lithuanian entity forms part of a broader cross-border reporting group. Overall, compliance should be treated as a continuous governance process integrated into finance, legal and risk management functions.

Local Note

A distinctive feature of corporate compliance in Lithuania is the combination of relatively flexible corporate structuring with a highly digitalised registry system. The Register of Legal Entities operates fully online, stores both financial reporting and governance data, and functions alongside JADIS and its subsystem JANGIS for participant and beneficial ownership information. This makes Lithuania operationally efficient and investor-friendly, but it also means that reporting gaps, outdated ownership data and weaknesses in internal governance are more visible, traceable and easier to identify, reinforcing the need for accurate, timely and well-documented compliance processes.

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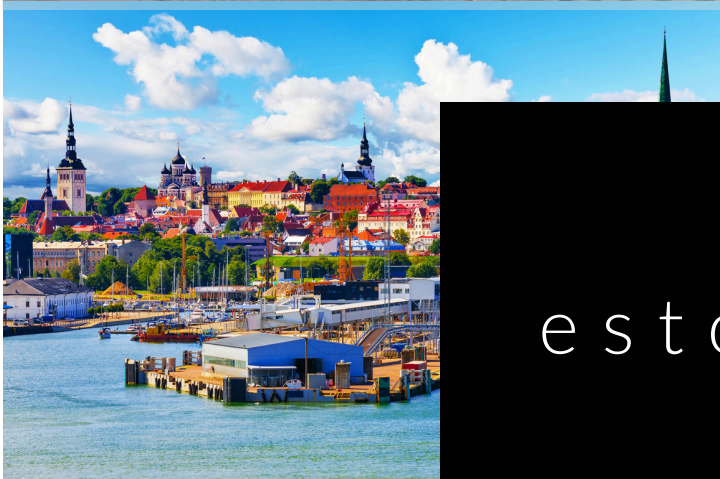
lithuania



estonia



hungary



Estonia

Overview

Understanding corporate governance and compliance in Estonia is particularly relevant for investors using the country as a digital gateway to the EU. In practice, the main issues include the management structure in Estonia, the liability exposure of management board members, annual corporate reporting obligations, beneficial ownership filings through the e-Business

Register, the rules on statutory audit in Estonia, and the increasingly important areas of whistleblowing and ESG compliance. A distinctive feature of the Estonian model is that much of this compliance architecture is built around a highly digital registry environment.

Management Structure

For most foreign investors, the standard Estonian vehicle is the OÜ. In this structure, the management board is responsible for day-to-day management and external representation, while a supervisory board is generally optional. A public limited company (AS) operates under a more formal governance model, with a supervisory board forming part of the core structure and additional corporate formalities applying more broadly. In practical terms, Estonia offers a relatively simple model for privately held operating businesses, while reserving a more structured governance framework for larger or more institutional entities.

From a governance-risk perspective, directors' liability in Estonia is not merely theoretical. Official guidance notes that the civil liability of a management board member arises primarily from the professional duty to manage the company properly and in the company's interests. For investors, this means Estonia's reputation for digital efficiency should not be confused with a low-accountability corporate regime. Board positions remain substantive, and liability exposure may arise where duties are breached or governance is poorly handled.

Corporate Reporting Obligations

The main corporate reporting obligations in Estonia are straightforward in structure but strict in execution. Every Estonian company must submit an annual report within six months after the end of the financial year, which for calendar-year entities typically means a deadline of 30 June.

The filing is made electronically through the e-Business Register, which serves as the official national portal for legal entities and corporate data. In practice, the Estonian system is efficient and user-friendly, but it leaves little room for delay or informal compliance.

Beneficial ownership reporting is also embedded in the same digital environment. Beneficial owner data is filed through the commercial register information system, and the management board is responsible for keeping that information accurate and up to date. This means that UBO compliance in Estonia should be viewed as part of ongoing corporate maintenance rather than as a one-off incorporation step.

Statutory Audits & Accounting Standards

A statutory audit in Estonia is triggered once a company moves into the relevant statutory size category, and the threshold regime was relaxed in 2025, reducing the audit burden for some smaller businesses while preserving assurance requirements for larger entities. Estonia also continues to operate a review layer below the full audit threshold. For investors, the practical question is not whether the audit regime exists, but when the company's scale, structure or growth profile brings it into scope.

As a rule, local accounting in Estonia is governed by the Accounting Act, while IFRS becomes more relevant in group-reporting, listed-company and capital-markets contexts. In practice, this creates a familiar framework for international investors: local standards remain the default for most companies, while the broader reporting architecture is aligned with wider European financial-reporting expectations.

Whistleblowing & ESG Compliance

Whistleblowing compliance in Estonia is now fully operational. The Act on Protection of Persons Who Report Work-Related Breaches of European Union Law entered into force on 1 September 2024. In practice, the largest employers came into scope first, while the obligation for entities with 50 to 249 employees followed from 1 January 2025. For investors, the key point is that whistleblowing in Estonia is no longer an

emerging topic. It is now part of the core compliance framework and should be reflected in internal reporting channels, governance procedures and risk-management systems.

The ESG framework has also moved firmly into force. Estonia transposed the CSRD through amendments adopted in December 2024, creating a legal basis for sustainability reporting, and then adopted further amendments in June 2025 to postpone reporting for certain later-wave companies by two years. In practical terms, ESG compliance in Estonia is no longer a future-only consideration. It is already part of the legal architecture, although the reporting timetable now depends more clearly on the company's category and reporting perimeter.

Practical Takeaways

For investors, Estonia combines ease of operation with disciplined digital compliance. The OÜ remains a simple and efficient vehicle, but annual reporting, beneficial ownership filings and board-level accountability require active attention.

Audit thresholds have become more business-friendly, yet whistleblowing and sustainability reporting are now part of the real compliance landscape and should be addressed early in governance planning.

Local Note

A distinctive feature of corporate compliance in Estonia is that transparency, reporting and ownership information are deeply integrated into the e-Business Register ecosystem. This makes Estonia operationally attractive and highly accessible for investors, but it also means that weak governance, outdated ownership data or delayed annual reports become visible quickly and are harder to conceal behind administrative complexity.

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ECOVIS

Hungary

Overview

Understanding corporate governance and compliance in Hungary is particularly important for investors whose Hungarian operations form part of a wider regional structure. In practice, the main issues include the management structure in Hungary, annual corporate reporting obligations, beneficial ownership reporting under the Hungarian AML framework, the rules on statutory audit in Hungary, and the now-established compliance areas of whistleblowing and ESG regulation.

For most companies, the key variables remain the chosen legal form, filing discipline and whether the business has moved into a more regulated reporting perimeter.

Management Structure

For most foreign investors, the main Hungarian corporate vehicle is the Kft. In this form, the members' meeting acts as the supreme body, while one or more managing directors represent and manage the company. By contrast, a company limited by shares (Rt.), especially a public company (Nyrt.), sits within a more formal governance environment and is generally used for larger businesses, more capital-intensive structures or public-market settings. In practical terms,

Hungary offers a relatively flexible private-company model, but the governance architecture becomes more structured once the investor moves into a share-company format.

From a practical governance perspective, the choice of entity in Hungary is more than a technical incorporation question. Reporting, supervisory and control expectations differ materially between a Kft. and a more formal Rt. structure, and those differences become increasingly relevant as the business scales, adds investors or prepares for financing or exit processes.

For investors, this means legal form should be selected not only with capital structure and shareholder control in mind, but also with regard to future compliance burden, governance discipline and transaction-readiness.

Corporate Reporting Obligations

The main corporate reporting obligations in Hungary are highly deadline-driven. Annual financial statements must generally be prepared, approved and submitted by 31 May for calendar-year taxpayers, or by the last day of the fifth month following year-end where the financial year differs from the calendar year. In practice, filing is not a mere administrative step. Hungarian guidance stresses that missing key annual obligations may lead to penalties, deregistration warnings and broader compliance friction with the authorities.

Hungary also operates a central beneficial ownership regime linked closely to AML compliance. Hungarian legal entities must register their ultimate beneficial owners in the central register maintained by the Hungarian National Bank (MNB) and designated service providers, and this should be done without undue delay after registration. In practical terms, UBO compliance in Hungary remains a mandatory and continuing obligation, but the system is institution-led and AML-facing rather than designed as a fully open public transparency database.

Statutory Audits & Accounting Standards

A statutory audit in Hungary became materially lighter for many SMEs from 2025. Under the revised rules, an entity is generally exempt from mandatory audit if its average net revenue for the previous two financial years does not exceed HUF 600 million and its average headcount does not exceed 50 employees. This represented a significant easing compared with the previous HUF 300 million revenue threshold and reduced the number of businesses falling within the audit perimeter.

Hungary's accounting regime continues to be governed primarily by the Accounting Act, with financial statements prepared under Hungarian accounting rules unless IFRS is specifically available or required. For investors, the practical implication is straightforward: Hungary remains a local-accounting jurisdiction first, but one that is already capable of accommodating IFRS-based and group-reporting structures where the legal or commercial context requires it.

Whistleblowing & ESG Compliance

Whistleblowing compliance in Hungary is already part of mainstream corporate governance. Act XXV of 2023 requires private employers with at least 50 persons in an employment relationship to establish an internal whistleblowing system, while certain AML-regulated sectors are in scope regardless of headcount. Employers with 50 to 249 workers may jointly operate a system, whereas larger employers must maintain their own. In practice, this means Hungarian businesses are expected to have an operational reporting framework in place rather than a draft policy waiting to be implemented.

The ESG framework has also moved into an active regulatory phase. Hungary's ESG Act (Act CVIII of 2023) entered into force on 1 January 2024 and forms the backbone of the country's sustainability-reporting architecture. At the same time, the framework has already been recalibrated: 2025 amendments narrowed the scope of entities covered by the Hungarian ESG regime, and market guidance indicates that the effective timing of CSRD obligations was pushed back by two years for certain companies. For investors, Hungary is therefore a jurisdiction where ESG is firmly on the legal map, but where scope and timing must be checked carefully against the most recent legislative updates.

Practical Takeaways

For investors, Hungary remains commercially attractive, but compliance planning still matters. The Kft. offers a practical and flexible governance model, while audit exposure has eased for many SMEs after the 2025 threshold increase. At the same time, annual filing discipline, beneficial ownership reporting, whistleblowing obligations and the developing ESG framework all require active attention, especially where the Hungarian entity forms part of a wider cross-border group.

Local Note

A distinctive feature of corporate compliance in Hungary is that, although the headline burden has become lighter in areas such as audit thresholds and parts of the ESG timetable, the system remains formal and deadline-sensitive. Hungary also stands out as a jurisdiction where beneficial ownership compliance is important and centralised, but access to that information is more controlled and authority-facing than in some neighbouring markets.

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“Every Move Counts”

