

**1**

**Consequences of the absence of general meeting's consent to an agreement on performance of office**

27 Cdo 1293/2023 (26 October 2023)

Section 59(2) of the Business Corporations Act takes precedence over Section 48 of the Business Corporations Act with regard to the consequences of the absence of general meeting's consent to the agreement on performance of office of a member of an elected body. The agreement does not become effective until the consent of the general meeting is given (see Section 59(2) of the Business Corporation Act); Section 48 of the Business Corporation Act stating that the lack of consent results in nullity do not apply.

**2**

**Informing individual shareholders about contract content in conflicts of interest**

27 Cdo 1206/2022 (10. 1. 2023)

In the event of a conflict of interest of a member of an elected body with the interests of the company, it is exceptionally sufficient if a member of the elected body informs each shareholder of the content of the contract and all shareholders either consent to it or acknowledge it and waive the right to discuss such conflict of interest at the general meeting.

**3**

**Content of the invitation to the general meeting in a joint stock company**

27 Cdo 241/2023 (24. 10. 2023)

It is sufficient if the invitation to a general meeting of a joint stock company contains only basic information as to the reasons why a particular matter is to be decided and why in the manner proposed. It should not replace the actual discussion at the general meeting, at which the shareholders have the right to an explanation.

**4**

**Due managerial care: the general meeting's guidance to the strategic decision-making of a statutory body**

27 Cdo 238/2022 (18. 1. 2023)

Even in the case of strategic decision-making, i.e. not business management, the statutory body is entitled to request the instruction of the general meeting. If the law permits a request for a general meeting instruction in the context of business management, this request is all the more possible in a situation of more fundamental strategic decision-making (a *minori ad maius*).

**5**

**Breach of corporate loyalty**

27 Cdo 2232/2022 (26 April 2023)

Corporate loyalty is breached by a company shareholder by promoting their close person as a liquidator in order to delay the liquidation unnecessarily in order to pay in full the shareholder's claim against the company. A shareholder must abide by the decisions of the corporate bodies not only in form but also in substance.

# 6

## **Partial profit allocation to ring-fenced funds**

27 Cdo 948/2022 (25 April 2023)

If the articles of association stipulate that part of the profit is to be allocated to ring-fenced funds, the rules for the creation of these funds cannot be left to the board of directors, since, by law, the distribution of profit is decided by the general meeting. The articles of association must at least define the amount to which the funds are to be filled or determine what part of the profits are to be allocated to the funds and further determine their purpose. If the articles of association do not fulfil these conditions, they are not binding on the general meeting in this respect when deciding on the distribution of profits.

# 7

## **Preliminary contract validity and transfer agreement with condition precedent**

27 Cdo 1858/2022 (16. 2. 2023)

If a single deed contains both a preliminary contract for the transfer of a cooperative share and an agreement on the transfer of a cooperative share with a condition precedent for the effectiveness of the transfer linked to the non-execution of the contract based on the preliminary contract, it does not render the legal acts invalid.

# 8

## **Extension of the general meeting scope**

27 Cdo 955/2022 (9. 2. 2023)

The articles of association may extend the powers of the general meeting to the extent that this does not conflict with the coercive provisions of the law. In particular, the general meeting may not be entrusted with the power to give instructions to the statutory body on business management or a matter relating to business management.

# 9

## **Unlimited office term of elected body members and effectiveness of extension of office terms**

27 Cdo 1915/2022 (17. 5.2023)

In a joint-stock company, the length of the term of office of the elected body members may be determined in the articles of association without a time limit. The decision of the general meeting to extend the term of office of the members by amending the articles of association is effective against current and future members of elected bodies, in principle, at the time of its adoption. If such a decision is made by a sole shareholder, the decision is effective as regards the current and future members of the elected bodies upon receipt of the decision by the company.

# 10

## **Shortening elected body member office terms**

27 Cdo 2554/2022 (18 May 2023)

The decision of the general meeting of a joint stock company to shorten the term of office of elected body members by amending the articles of association is effective against current and future members of elected bodies principally at the time of its adoption. However, if this would mean that their term of office would end "retrospectively", the moment of the decision, or the moment specified in the decision, is the moment of the dismissal of the elected body members.



**Petra Konečná**  
Partner

petra.konecna@  
eversheds-sutherland.cz



**Lola Florianová**  
Senior Associate

lola.florianova@  
eversheds-sutherland.cz