

The International Bar Association Company Director Checklist – Estonia

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Item	Number	Check	Item	Number	Check
Before appointment			Potential liability	16	<input type="checkbox"/>
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People to meet with	2	<input type="checkbox"/>	Special circumstances		
Documents to review	3	<input type="checkbox"/>	Bankruptcy	18	<input type="checkbox"/>
Ongoing duties			Takeover bids	19	<input type="checkbox"/>
Points for attention	4	<input type="checkbox"/>	Market abuse/insider dealing	20	<input type="checkbox"/>
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Introduction

This checklist is intended to serve as a practical guide to the main duties and obligations of the directors of:

- private limited companies; and
- public limited companies

with their registered office in the Republic of Estonia, including public limited companies listed on a regulated market, arising from the Estonian law, mainly from:

- Commercial Code, passed on 15.02.1995, as amended;
- Securities Market Act, passed on 17.10.2001, as amended;
- Bankruptcy Act, passed on 22.01.2003, as amended;
- Reorganisation Act, passed on 04.12.2008, as amended;
- Penal Code, passed on 06.06.2001, as amended; and
- General Part of the Civil Code Act, passed on 27.03.2002, as amended.

If any specifics of listed public companies are relevant, see the third column of this checklist below. Please note that we are not describing the applicable EU Directives and EU Regulations, although majority of them have been implemented into or reflected in the Estonian law.

Disclaimer

This checklist is informational in character only and is not intended to be comprehensive in all respects or to serve as a substitute for professional advice. In all cases, however, specific legal advice should be sought. This checklist was last updated on 25 March 2022.

DUTIES AND OBLIGATIONS OF THE DIRECTORS			
	Action/issue	Specifics of listed public companies (if relevant)	Comments/notes
Before appointment			
1. Items to understand	<ul style="list-style-type: none"> • precise nature and scope of the company's business activities; • skills the company needs or access to resources that the company lacks; • how many directors the company has and whether the duties are divided between the directors; • whether the company has a supervisory board; • corporate structure (corporate bodies, shares ownership – sole shareholder or multiple shareholders); • remuneration package and vacation regulation – the law does not require to pay the director any fee for the performance of his/her duties nor does the law oblige the company to grant an annual leave to a director; • time commitment and term of service required; • collective bargaining agreement (if any) • company's corporate governance framework, if any. 	<ul style="list-style-type: none"> • relevant market regulator's rules, incl. all obligations related to policies prepared and published; • check whether the company has published documents in accordance with applicable law. 	<ul style="list-style-type: none"> • Is the industry sector and company's business activity one that you are familiar with? Are you expected to be an industry expert? • Consider if joining the board would place you in a position of conflict. • Ascertain if the company has registered its UBO and if the company forms a corporate group. • Consider if the remuneration meets with your expectation in the context of what will be expected of you in terms of your time, skills and expertise. Note that any remuneration has to be approved by the company's general meeting. • Is the company following the good corporate governance? • Ascertain that you meet the requirements and prerequisites for serving as a director. In the case of certain companies, the directors are subject to an increased requirements pursuant to law (e.g., reputation requirement in the case of credit institutions, etc.).
2. People to meet with	<ul style="list-style-type: none"> • other directors, management team and CEO/CFO; • supervisory board members, if any; • possible option is also to meet with company's tax advisors, lawyers, auditors and other consultants (external and internal), but this is not a common practice in Estonia. 		<ul style="list-style-type: none"> • Are you a right fit from the company's perspective, as well as from your own perspective? • Ascertain if there is any current litigation and the potential liability of the company. • Ascertain if there have been any queries from regulatory authorities and the circumstances giving rise to such queries.

3. Documents to review	<ul style="list-style-type: none"> • company's articles of association; • recent board minutes and other board documents; • recent minutes from the company's general meeting and supervisory board (if the company has one); • company's annual reports on its business activities, • company's annual reports on relations with other interrelated entities, if any • financial data for the past three years; • potential petitions for company's insolvency filed with the insolvency court; • company's business plan and corporate strategy; • company's insurance coverage for directors; • press releases by the company and press clippings about the company; • whether the company has a tax debt; • are there any notices about the company in the official publication <i>Ametlikud Teadaanded</i> (the Official Gazette) (e.g. notice about enforcement proceeding started against the company). 	<ul style="list-style-type: none"> • rules of the relevant market regulator; • all policies prepared and published according to the rules of the market regulator and applicable law; • annual reports and quarterly reports published in accordance with the applicable regulations; • report on material transactions with the related persons (according to the applicable regulations). 	<ul style="list-style-type: none"> • Consider how often the board meets, how are the meetings held and how decisions are taken • Consider the company's current financial position and its financial track record over the past three years. • Ascertain whether there has been any change in accounting policies or practices and if the policies and practices are followed. • A director faces exposure to personal liability. It is therefore important to review and assess the adequacy of the company's directors' and officers' insurance arrangements that are in place (if any).
Ongoing duties			
4. Points for attention	<ul style="list-style-type: none"> • How are decisions made within the company? • What is the board's risk appetite? • Satisfy yourself as to the internal regulation of the company and the corporate governance framework. • Familiarize yourself with the company's group, check, whether the company has duly registered its UBO/s. 	<ul style="list-style-type: none"> • How is reporting (according to the applicable regulations, relevant market's rules and Good Corporate Governance Practice) secured? Does the company (historically) comply with the relevant obligations resulting from the applicable regulations? For example, has it duly published its annual and quarterly reports, report on material changes, which may have impact to the activities of the company, any changes of rights connected 	<ul style="list-style-type: none"> • Understand how the board works in practice and if independent judgement is truly encouraged. • Consider if your personality fits within that risk-taking environment. • Understand the company's accounting policies and practices.

		with shares, any changes related to its registered capital?	
5. Legal status of directors	<p>Generally, the directors have all competences that are not entrusted to another body of the company by the company's articles of association.</p> <p>The basic duty imposed on you is to serve with the due care of a prudent manager and with necessary loyalty and required knowledge and thoroughness.</p> <p>You have to comply with the duties imposed on the directors by the laws as well as by (if the following documents are in accordance with the laws) articles of association, agreements on execution of their service and other potentially relevant corporate documents (e.g., resolutions of the general meeting or supervisory board's resolution).</p>		The shareholders may also adopt resolutions on matters within the competence of the management board or supervisory board. In such case, the shareholders shall be liable in the same manner as members of the management board or supervisory board.
6. Parties to which duties are owed	<p>The directors owe their duty to serve with the due care of a prudent manager to the company itself and the corporate body which appointed and recalled you (usually general meeting).</p> <p>If you breach your duties, you can be removed from the office by a resolution of the competent corporate body, or (in specific cases) by decision of the competent court. If the company does not have a supervisory board, shareholders whose shares represent at least 1/10 of the share capital may, with good reason, request the removal of a director by a court.</p> <p>Generally, you are liable only towards the company, however, in certain cases you may</p>		If the company has a supervisory board, the directors are appointed by the supervisory board. If the company does not have a supervisory board, then the directors are appointed by the company's general meeting.

	<p>be liable towards the third parties (creditors) under tort law (civil liability).</p>		
<p>7. Powers of the board of directors</p>	<p>The board of directors is endowed with:</p> <ul style="list-style-type: none"> • internal powers towards the company (i.e., to manage the course of company's business, etc.); and • external powers to act on behalf the company and represent it vis-à-vis third parties (enter into agreements etc.). <p><u>Internal powers</u></p> <p>You are in charge of company's business management which can generally be defined as:</p> <ul style="list-style-type: none"> • steering the company; • organizing and managing the company's business; • deciding the company's organizational, technical, business, personnel, financial and other day-to-day operational issues. <p>List of examples of business management:</p> <ul style="list-style-type: none"> • operational matters (supplies, sales or advertising, financial strategies, loans, etc.); • organising the process of preparing and signing the financial statements, including the management's proposal for the distribution of the profit or covering the loss of the financial period; • decisions whether to raise a claim in court to collect a company's receivable; • decisions on relocation of the company's premises; • employees related issues - their management, hiring, training, remuneration, creation of job assignments. 	<p>The directors have to fulfill various obligation set out by the relevant market regulator's rules and by the applicable law. For example, they have to secure that the company publishes duly its annual and semi-annual reports, report on material changes, which may have impact to the activities of the company, any changes of rights connected with shares, any changes related to its registered capital, etc.</p>	

	<p>External powers You are entitled to act on behalf of the company (e.g., to conclude contracts, grant a power of attorney to a third party to represent the company etc.) in the manner set out by the company's articles of association.</p> <p>If the company has a supervisory board, then consent of the supervisory board is required for conclusion of transactions, which are beyond the scope of everyday economic activities. If the company has a supervisory board, the management board shall, in managing, adhere to the lawful orders of the supervisory board.</p> <p>Upon concluding transactions on behalf of a company, the directors are required to adhere the restrictions prescribed by the articles of association or established by the shareholders, the supervisory board or the management board.</p>		
<p>8. Duty of loyalty</p>	<p>The duty of loyalty requires that the decisions and actions of the management board are made in the interest of the company and that such decisions are not affected by the personal interests of the directors. The management board's duty of loyalty is directed towards the company. In a company with multiple shareholders, a director is not allowed to act in the interest of only one or some shareholders.</p>		
<p>9. Duty of care</p>	<p>Duty of care is generally considered an objective standard, which means that the directors must, in their decision-making, exercise such degree of care that a reasonable</p>		<p>The duty to act thoroughly is closely associated with the duty to be informed. The requirement of sufficient information presupposes the performance of a specific action and the</p>

	<p>person would exercise under similar circumstances when acting in the interest of the company. In case of public limited company, the director is required to act in the most economically purposeful manner.</p> <p>The degree of diligence means that the director acts by following the business judgement rule: (i) the director does not have a personal interest in such activity and does not have conflicting interest with the company; (ii) the director has acquired sufficient and necessary background information for making the decision and (iii) a bona fide person in similar situation believes that the decision is made in the best interests of the company.</p> <p>According to Estonian case law, the duty of care requires the director to act in the most economically purposeful manner taking into account the consideration the company received in return. It has been argued in case law that the director has complied with its duty of care if it (i) is diligent, (ii) is sufficiently informed before making a decision and (iii) does not take unreasonable risks for the company.</p>		<p>verification of the circumstances influencing the achievement of the desired objective and, if necessary, the request for additional information and explanations. Ensuring sufficient information requires, among other things, the performance of necessary research, the commissioning of expert assessments or analyses, and the involvement of specialists. The level of information required should be considered to be reasonably available information on what is necessary to assess the legal and economic risks associated with the activity. The case law also states that the duty of care of a director includes the obligation to make informed decisions, i.e. to ask experts for additional information and explanations if necessary.</p>
<p>10. Duty to have and maintain skills</p>	<p>In general, you do not have to be equipped with the expertise, skills, or abilities necessary to perform all activities that fall within the scope of the directors' authority.</p> <p>However, if you have certain expertise, skills, or abilities, you are obliged to use them in the performance of your duties - within the limits of your capabilities.</p>		<p>Additional requirements for being a director arise from special acts (e.g. reputation requirement in the case of credit institutions, etc.)</p>

	<p>If you acknowledge/must have acknowledged that you are unable to comply with their duties to act with the due care of a prudent manager you have to draw conclusions for yourself (e.g. to consult certain issue with competent professional or to resign from the office in case of permanent obstacle preventing you to perform your service).</p>		
<p>11. Additional duties (confidentiality, etc.)</p>	<p>In addition to above mentioned obligations, you have to:</p> <ul style="list-style-type: none"> • maintain confidentiality of all the confidential information and facts, the disclosure of which to third parties could cause damage to the company; • comply with the restriction on competition imposed on you; • comply with all the conflict-of-interest rules; • obtain all the corporate consents and approvals of the juridical acts to be performed on behalf of the company, if relevant, incl. comply with the restriction on right of representation. Whenever the company wishes to conclude a transaction with any of its directors (or other company where the director has a considerable shareholding), such transaction needs to be approved by the shareholders of the company (or supervisory board, if the company has one); • act on behalf of the company in a manner set out by the articles of association and service agreement, if any (i.e., do not act on behalf of the company without another competent director(s), if relevant); 		<p>The conflict of interest rules are applicable not only to certain relationships between the director and the company, but also to persons related to the director, e.g. relatives of the director.</p> <p>As regards the restriction on competition, the rules are set out in the Commercial Code and they can be specified by the agreement on performance of the director's office. The restriction on competition can be agreed also for the period after the termination of the director's office.</p>

	<ul style="list-style-type: none"> • cooperate with and comply with your obligations vis-à-vis other competent corporate bodies/entities (if relevant), such as supervisory board; • duly conduct your duties of control and supervision of any person and entity to which you delegated your powers; • duly manage and conduct the internal corporate issues, including convocations of the general meetings, to ensure that the prescribed records and accounts are duly and properly kept and filed. 		
<p>12. Delegation of powers/authority</p>	<p>Internally – within the company – the management board members may delegate certain tasks to lower-tier managers, e.g., the company’s senior employees (i.e., a vertical delegation of tasks), or the respective tasks may be delegated/distributed among the management board members themselves (i.e., a horizontal delegation of powers).</p> <p>Externally – concerning third parties - the members of the management board may authorize other management board members, employees, and third parties to represent the company. In such a case the management board members acting on behalf of the company issue a power of attorney. However, pursuant to the law, the competence of a body of a legal person (e.g. management board) shall not be transferred to any other body or person. This means that granting of an authorization to a third party shall not take place to the extent that it would be construed as the transfer of the statutory right of representation of the management board to a third party as a whole.</p>		<p>While delegating powers, you are required to act with the due care of prudent managers, so that you have to:</p> <ul style="list-style-type: none"> • select the respective party as any other reasonably diligent person would have done; • define clear terms of reference for the selected person and provide all necessary information, cooperation and guide the selected person; • adequately control the exercise of the delegated authority, not only personally but also by means of properly set control mechanisms; and • withdraw the delegated powers without undue delay from the party that failed to act duly and in the interests of the company. <p>Delegation does not relieve the duty of care of a prudent manager.</p>

<p>13. Conflicts of interest (inc. intragroup dealings)</p>	<p>If you ascertain that your interests may directly or indirectly conflict with the interests of the company during the performance of your duties (e.g., you/your close person/person controlled by you intend to enter into any contract with the company) you have to inform other executives and the company's supervisory board, if the company has a supervisory board or general meeting without undue delay in this regard.</p> <p>Subsequently, the relevant corporate body of the company is entitled to</p> <ul style="list-style-type: none"> • temporarily suspend you from the performance of your duty in conflict or • forbid you to enter into the respective agreement; • agree the terms of the agreement and to appoint a representative to the company for entering this transaction. <p>The above relates to your restriction on right of representation in some specific transactions. Whenever the company wishes to conclude a transaction with any of its directors (or other company where the director has a considerable shareholding) or conduct legal disputes, such transaction or disputes needs to be approved by the shareholders of the company, who will appoint the representative of the company in such transactions and disputes. Without the approval of the shareholders, such transaction is void, unless it is concluded in the course of everyday economic activities of the company, or according to the market prices.</p>		
<p>14. Compliance with statutory obligations</p>	<p>You must act with the due care of a prudent manager and hence you are generally responsible for the company's compliance</p>		

	<p>with all the statutory obligations imposed on it.</p> <p>If you delegate your powers, you continue to be responsible for the selection, terms of reference, information, guidance, cooperation, and control of the person to which the respective powers were delegated.</p> <p>Your failure to ensure the company's compliance might lead to the liability for any harm incurred by the company resulting hereof.</p>		
<p>15. Disclosure obligations</p>	<p>You are responsible for the publication of all the company's relevant information and documents as required by laws, for example:</p> <ul style="list-style-type: none"> • publication of the annual reports; • registration of the UBO; • keep registers and filings up to date (such as information obligatory registered in the public registers); • disclosure of relevant corporate issues to the company's shareholders, if relevant (e.g. contemplated transformations, decrease of registered capital, etc.); • overview of the economic activities and economic situation of the company to the supervisory board at least once every four months and immediate notice of any material deterioration of the economic condition of the company or any other material circumstances related to the economic activities of the company. 	<p>The disclosure obligation of companies listed on the regulated market are much broader. You have to familiarize yourself with the relevant market regulator's rules and obligations resulting from the relevant acts.</p>	

<p>16. Potential liability</p>	<p>In the case of a breach of the duty to act with the due care of a prudent manager or other obligations related to the directors' service, you can be held liable by either "civil (personal) liability" or "criminal liability".</p> <p><u>Civil liability</u> The civil liability means that you may be obligated to provide the company with full compensation for the harm incurred by the company.</p> <p>Generally, the director is liable towards the company, however, in certain cases the director may be liable towards third parties (creditors) under tort law. The general principles of tort law apply, and this means that the director must breach an obligation deriving from law the purpose of which is to protect such third party who wishes to submit the tort law claim. For example, if the director has not timely submitted the bankruptcy petition as required by law, this can result in losses to the creditors and they may submit a tort law claim directly against the director.</p> <p>The directors who cause damage to the company by violation of their obligations shall be solidarily liable for compensation for the damage caused. A director is released from liability if he/she proves that he/she has performed his/her obligations with due diligence. A claim for payment of compensation to a company for damage may also be submitted by a creditor of the company if the assets of the company are not sufficient to satisfy the claims of the creditor. In the case of declaration of bankruptcy of a</p>		
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	<p>company, only a trustee in bankruptcy may file a claim on behalf of the company.</p> <p><u>Criminal liability</u></p> <p>In addition to civil liability, you may also be found criminally liable if you commit any of the following activities under the Penal Code:</p> <ul style="list-style-type: none">• knowing damaging of the financial situation of the company if this results in a) material decline in the solvency; or b) insolvency; of the company and this is done by breaching the obligations of the director (punishable by a fine or up to three years' imprisonment);• illegal acquisition use or disclosure of a business secret if such act was committed for commercial purposes or with the aim to cause damage (punishable by a fine or up to two years' imprisonment);• knowing submission of incorrect essential information concerning the financial situation of or other verifiable facts relating to the company to the founders, shareholders, members, auditor or special auditor of the company (punishable by a fine or up to one year's imprisonment);• knowing breach of the requirements for maintaining accounting, or knowing and unlawful destruction, concealing or damaging of accounting documents, or failure to submit information or submission of incorrect information in accounting documents, if the possibility to obtain an overview of the financial situation		
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	<p>of the company is thereby significantly reduced (punishable by a fine or up to one year's imprisonment).</p> <p>In addition, you may be imposed a prohibition on business by the court.</p> <p><u>Allocation of Liability</u> According to the Commercial Code, the directors are jointly and severally liable towards the company if they have breached any of their obligations, except in cases described below. However, if a certain obligation of a director is individual (for example non-compete obligation), he/she is personally liable for the breach of such obligation.</p>		
<p>17. Duration of duties</p>	<p>You are deemed to be a member of the company's body with duty of loyalty for the entire period from the appointment to the management board until you are recalled or you resign from office and 24/7. As a result, you cannot do anything which is manifestly contrary to the interests of the company, even when you are not performing the duties directly related to the execution of your office.</p> <p>Upon the termination of directors' office, you are obliged to hand over to the company everything belonging to the company and in his possession and if you fail to do so, you are obliged to compensate the company for the harm incurred thereby.</p>		<p>If you act on behalf of the company after your term of office has ceased as if you were still the company's directors, you are liable for potential harm incurred by the company to the same extent as if your term of office lasted. In the event of a breach of the duty to act with due care, you are liable for any harm incurred by the company resulting from your conduct as if you were the director of the company.</p> <p>The service agreement may set out that certain obligations (e.g. related to restriction on competition, business secret) shall survive the termination of the office.</p>

Special circumstances

18. Bankruptcy

Payments (e.g. payment of dividends) shall not be made to shareholders if the net assets of the company, as apparent from the annual report approved at the end of the previous financial year of the company, are less than or would be less than the total of share capital and reserves which pursuant to the law or the articles of association shall not be paid out to shareholders.

You are obliged to file a bankruptcy petition to a court within 20 days after the date on which the insolvency became evident, if a company is insolvent and the insolvency, due to the company's economic situation, is not temporary

During the bankruptcy proceedings, an (interim) trustee is appointed in the declaration of insolvency issued by the insolvency court. From that moment on, the debtor's right to administer and dispose of assets belonging to the insolvency estate is transferred to the trustee.

Based on the trustee's claim, a court shall revoke transactions concluded:

- during the period from the appointment of an interim trustee until declaration of bankruptcy;
- within one year before the appointment of an interim trustee if the other party knew or should have known that the transaction damages the interests of the creditors;
- before commencement of the term specified in previous clause if the transaction was concluded within

After insolvency has become evident, the directors shall no longer make payments on behalf of the company, except in the case where making the payments in the situation of insolvency conforms to the due diligence requirements. The directors shall solidarily compensate to the company any payments made by the company after the insolvency of the company became evident which, under the circumstances, were not made with due diligence.

	<p>3 years before the appointment of an interim trustee and the debtor intentionally damaged the interests of the creditors by the transaction and the other party to the transaction knew or should have known that the debtor damaged the interests of the creditors by the transaction;</p> <ul style="list-style-type: none"> • within 5 years before the appointment of an interim trustee if the debtor intentionally damaged the interests of the creditors by the transaction and the other party to the transaction was a person connected with the debtor and knew or should have known of the damage. <p>The directors are therefore normally not involved in insolvency proceedings. However, they have duties of disclosure and cooperation in order to assist the insolvency administrator, the insolvency court and creditors' bodies with the fulfilment of their duties.</p>		
<p>19. Takeover bids</p>	<p>N/A</p>	<p>Provisions apply to takeover bids made to acquire voting rights in public limited companies which are registered in Estonia (hereinafter target issuer) and of which all or a certain type of their shares are traded on an Estonian market.</p> <p>A takeover bid is a public tender for the acquisition of shares for money or securities traded on the market to the shareholders (hereinafter target persons) of the target issuer.</p> <p>The offeror and the target issuer must provide the target persons with significant, correct, accurate, complete and identical information for informed consideration of the takeover bid.</p>	

		<p>In addition, you have several obligations in case of takeover, for example:</p> <ul style="list-style-type: none"> • inform the employees; • act prudently and prevent any actions that could impede the takeover. <p>Violation of the rules for takeover bids are punishable for a monetary punishment.</p>	
20. Market abuse/insider dealing	<p>This legal sphere is mainly governed by the law of the European Union and this behavior has both civil and criminal consequences.</p> <p><u>Civil</u> If you abuse insider information for your own profit, you will be liable for the harm incurred by the company.</p> <p><u>Criminal</u> Abuse of inside information and market manipulation are punishable with a monetary punishment or imprisonment up to four years.</p>		
Defences			
21. Good corporate governance	<p>The directors are in charge of the company's business management and represent the company in all matters. In particular, some of these duties include:</p> <ul style="list-style-type: none"> • ensuring that the prescribed records and accounts are duly and properly kept and that shareholders list is administrated (if the list is not hold by the Estonian Register of Securities); • informing the shareholders, upon request, at the general meeting of the company about any company-related matters relevant for assessment of 	<p>The information and publication duties are much broader in case of companies listed on the regulated market. For example, they have publish regularly the annual and quarterly reports, report on material changes, which may have impact to the activities of the company, any changes of rights connected with shares, any changes related to its registered capital, etc.</p>	

	<p>the matters on the agenda of the general meeting;</p> <ul style="list-style-type: none"> • overviews to supervisory board or shareholder, the management board shall present an overview of the economic activities and economic situation of the company to the shareholders (or supervisory board, if the company has a supervisory board) at least once every four months and shall immediately give notice of any material deterioration of the economic condition of the company or any other material circumstances related to the economic activities of the company. The management board shall also notify of any circumstances related to other companies belonging to the same group as the company, which may significantly affect the operation of the company. • submission of the approved annual report together with the proposal for the distribution of profit or the covering of loss, the division of the sales revenue and the sworn auditor's report, if auditing is compulsory, to the commercial register within 6 months after the end of the financial year. For that purpose, the management board must convey a shareholders' meeting. 		
<p>22. Minutes of board meetings and publication requirements</p>	<p>The law does not stipulate requirements for the adoption and recording of decisions of the management board. However, sometimes there might be a need to record the meeting, for example, the minutes can be important evidence in case the director needs to prove</p>		

	<p>his/her due diligence. If you record the meeting, we recommend that the minutes:</p> <ul style="list-style-type: none"> • are drawn up and signed by the chairman and the recording secretary of the meeting; • document the course of the board of directors' meetings and its decisions; • contain the attendance list as attachment to the minutes; • specify the directors who voted against the particular decisions or abstained (members not specified by name shall be deemed to have voted in favour of the relevant decision). 		
23. Discharge and Indemnification	<p>The limitation period for assertion of a claim against a director is 5 years unless the articles of association of the company or an agreement with the director prescribes another limitation period.</p> <p>A creditor or trustee in bankruptcy has the right to file the claim for payment of compensation to a company for damage also if the company has waived the claim against a director or has entered into a contract of compromise with such member or, upon agreement with the director, has limited the claim or filing thereof in another manner or reduced the limitation period.</p>		For indemnification see also the liability in point 16.
24. Insurance	<p>The Estonian law does not require professional liability insurance. Some of the companies have in place D&O insurance.</p>		
25. Resignation	<p>You have the right to resign from the office without being obliged to state the reasons for doing so. The form of resignation may be prescribed by articles of association. However, the written form is recommended.</p>		

	<p>The term of office ends on the date on which your resignation notice has reached all the members of the body who could have been informed by you.</p>		
26. Restructuring of assets	<p>Only a solvent company can be reorganized. If bankruptcy proceedings have already been initiated against a company, the reorganization procedure cannot be initiated at the same time.</p> <p>The aim of the reorganization procedure is to restructure debts that have already become due, e.g. to amend loan agreements and postpone the future payments if otherwise the continuity of the company's business will not likely be possible. The initiation of reorganization is decided by a court on the basis of the application from the company.</p> <p>The approval of at least 1/2 of the creditors is required for the adoption of the reorganization plan, and their claims must together account for at least 2/3 of the sum of all claims.</p>		
27. ESG and D&I policies, metrics, reports	<p>Estonian law does not provide for any obligations regarding ESG policy.</p> <p>The company is an employer, then it should follow the Employment Contracts Act, according to which the employer shall ensure the protection of employees against discrimination, follow the principle of equal treatment and promote equality in accordance with the Equal Treatment Act and Gender Equality Act.</p>		