

The International Bar Association Company Director Checklist – Italy

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Before appointment					
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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 (limited liability companies) and
- joint stock companies

with their registered office in Italy, including public joint stock companies listed on a regulated market, i.e. Italian Stock Exchange, arising from the Italian law, namely:

- Italian Civil Code;
- Legislative Decree no. 58 of 24 February 1998 and subsequent amendments and integrations ("**Italian Financial Act**").

Since the majority of the companies in Italy is private, we are focusing primarily on private companies, however for specifics of listed public companies (in comparison with the private ones), please 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 Italian law.

Just as an explanatory note: the abovementioned companies may choose to adopt different models of governance governed by the Italian Civil Code by means of a specific statutory provision, namely, the traditional model, the one-tier model or the two-tier model. The ordinary or traditional model provides for the presence of a Board of Directors and a Board of Statutory Auditors. The management body may be represented by a Sole Director or by a Board; it performs management functions, i.e. it is responsible for managing the company in accordance with the corporate purpose; the Board of Statutory Auditors is in charge of controlling the work of the management body. The one-tier model envisages a single management body (i.e. the Board of Directors) that deals with both management and control: a Control Committee is created within the Board of Directors, made up of directors with specific requirements (integrity, professionalism and independence); the accounting control is entrusted to an external auditor or an Auditing company. In the two-tier model there is a Supervisory Board (appointed by the Shareholders' Meeting) that deals with control and at the same time appoints the Management Committee. As relates to directors of public – listed – companies, they have to prepare and timely publicize various documents/information in accordance with the relevant law, in particular with the Italian Civil Code and the Italian Financial Act.

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 [●].

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; • current corporate structure (corporate bodies, shares ownership – sole shareholder or multiple shareholders; potential formal corporate group structure); • remuneration; • time commitment (duration of the office) required; • collective bargaining agreement (if any) • company's corporate governance framework, if any; and • requirements and prerequisites for becoming a member of the management body. 	<ul style="list-style-type: none"> • relevant market regulator's rules; • remuneration policy prepared and published in accordance with the Italian Financial Act; • check whether the company has published documents in accordance with the Italian Financial Act. 	<ul style="list-style-type: none"> • Is the industry sector/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 (see section 13 herein). • 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 Shareholders' Meeting. Also note that the listed companies must publish their remuneration policy in accordance with the Italian Financial Act. • Satisfy yourself as to the adequacy of the company's corporate governance. • Ascertain that you meet the requirements and prerequisites for serving as a member of the management body set out by the law provisions (integrity, professionalism and independence etc.)
2. People to meet with	<ul style="list-style-type: none"> • CEO/CFO; • other directors; • management team; • company's tax advisors (external and internal); • company's lawyers (external and internal); and • company's auditors (external and internal), if any. 		<ul style="list-style-type: none"> • You will be responsible for the conduct of the management body, as well as your own. Assure yourself of their integrity and competence. • 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.

			<ul style="list-style-type: none"> • Ascertain if there has been change in company's bodies, such as the management body and the control body, in recent years and the circumstances in which the change was made. • Ascertain if there have been any queries from regulatory authorities and the circumstances giving rise to such queries. • Ascertain if your inclusion on the management body will change significantly the composition and independence of the management body.
3. Documents to review	<ul style="list-style-type: none"> • company's by-laws; • recent management body minutes and other management body documents; • recent minutes from the company's Shareholders' Meeting; • 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. 	<ul style="list-style-type: none"> • Rules of the relevant market regulator; • Annual reports and semi-annual reports published in accordance with the Italian Financial Act; • Procedures for transactions with related parties (according to the Italian Financial Act); • Remuneration policy. 	<ul style="list-style-type: none"> • Consider how often the management body meets, how are the meetings held, ascertain the issues raised, and how decisions are taken • Consider also the proposals for reform (if any) or other potential changes in the company. • 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. • A director faces exposure to personal liability. It is therefore very important to review and assess the adequacy of the company's directors' and officers' insurance arrangements that are in place.
Ongoing duties			
4. Points for attention	<ul style="list-style-type: none"> • How are decisions made within the company? • What is the management body's risk appetite? 	<ul style="list-style-type: none"> • How is reporting (according to the Italian Financial Act and relevant market's rules) secured? Does the company (historically) comply with the relevant obligations 	<ul style="list-style-type: none"> • Understand how the management body works in practice. • Consider if your personality fits within that risk-taking environment.

	<ul style="list-style-type: none"> • Satisfy yourself as to the internal regulation of the company and the corporate governance framework. • Familiarize yourself with the company's group, check, check the persons related to the company (the definition of who are quite broad under Italian law). 	<p>resulting from the Italian Financial Act? Has it e.g. published duly its annual and semi-annual reports, remuneration policy, procedures for transactions with related parties?</p>	<ul style="list-style-type: none"> • Consider if the company has a culture of candor, transparency and voluntary disclosure. • Understand the company's accounting policies and practices.
5. Legal status of directors	<p>Generally, the directors must perform the duties imposed on them by law and by the company's by-laws with the diligence required by the nature of the office and their specific expertise (see Article 2392 of the Italian Civil Code).</p> <p>Among the duties of the directors are the duty to act within the company's corporate purpose and within the scope of the powers granted to them.</p> <p>The directors have to comply with the duties imposed by the laws and - if the following documents are in accordance with the laws – may act within the limits of the by-laws and other potentially relevant corporate documents (e.g., resolutions of the Shareholders' Meeting).</p>		<p>The director is always obliged to check compliance of the Shareholders' Meetings/Sole Shareholder's decision with the applicable law. In case of profit distribution, the director has to check whether the distribution (even if approved by the Shareholders' Meeting/Sole Shareholder) respects the relevant criteria set out by the Italian Civil Code. If a distribution is contrary to law, the directors, who approve it, shall be held responsible for failing to act with the due diligence.</p>
6. Parties to which duties are owed	<p>Generally, the directors have the duty to serve with due diligence the corporate body which appointed them.</p> <p>Following the breach of the duties owed to the company, the director can be removed from the office by a resolution of the competent corporate body (e.g. the Shareholders' Meeting), or (in very specific cases) by decision of the competent court (pursuant to Article 2409 of the Italian Civil Code the application</p>	<p>Pursuant to Article 2409 of the Italian Civil Code, the application to the competent court could also be filed by the Public Prosecutor.</p>	<p>In the traditional model and in the one-tier model the directors are appointed by the company's Shareholders' Meeting. However, if a company choose to adopt the two-tier model, the members of the Management Committee are appointed by the Supervisory Board.</p>

	could be filed by, the company's shareholders, the board of the statutory auditors, etc.).		
7. Powers of the board of directors	<p>Generally, the Board of Directors are endowed with:</p> <ul style="list-style-type: none"> the internal powers towards the company (i.e., to manage the course of the 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>The directors 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; adopting decisions on the company's business plans; 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.); acquisition/transfer of assets; decisions whether to raise a claim in court to collect a company's receivable; decisions on whether the company is to pay its debts; decisions on relocation of the company's premises; employees related issues - their management, hiring, training, 	<p>The directors have to fulfill various obligation set out by the relevant market regulator's rules and by the Italian Financial Act. They have e.g. secure that the company publish duly its annual and semi-annual reports, remuneration policy, procedures for transactions with related parties, any changes of rights connected with shares, any changes related to its registered capital, notice of call of the general meeting (and all related materials) etc. The main duties are set forth in the Italian Financial Act.</p>	<p>The director's powers may be delegated.</p> <p>In general, internal and external delegation of the powers of the management body is permissible, unless otherwise provision by the law or the company's by-laws in a particular case. The delegation of competence shall be decided by the management body. The decision must specify which area is the subject of the delegation and to whom it is entrusted. The powers may be delegated to one or more members of the management body or to third party.</p> <p>Delegation does not relieve the director of the duty of diligence. The members of the management body are thus responsible for proper selection, control of the exercise of the delegation and provision of the necessary cooperation.</p> <p>In practice, specialized areas are most often delegated, the management of which requires special knowledge, skills or abilities that (other) members of the management body lack.</p> <p>In details see point 13.</p>

	<p>remuneration, creation of job assignments;</p> <p>The directors also have duties and responsibilities regarding, inter alia:</p> <ul style="list-style-type: none"> • the company's compliance with the laws and its by-laws; • adopting decisions regarding pay-outs of the company's profit and its other own resources; • reciprocal supervision and control of the actions conducted by other directors. <p><u>External powers</u></p> <p>The directors are entitled to (juridically) 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 by-laws.</p> <p>Notwithstanding the manner of the company's representation (distribution/delegation of signing rights), the directors have a duty to supervise the actions of other directors.</p>		
8. Duty of loyalty	<p>The directors are required to act in the best interest of the company and to give priority to the latter interest over:</p> <ul style="list-style-type: none"> • third parties interests; • differing individual interests of third parties (except where the law provides to the contrary); • interests of the company's shareholders or any company's body that appointed the directors (except where the law provides to the contrary). 		
9. Duty of diligence	<p>The directors are required to:</p> <ul style="list-style-type: none"> • act responsibly, prudently and dutifully; 		<p>The duty to act thoroughly (with duty of diligence) is closely associated with the duty to be informed, i.e.:</p>

	<ul style="list-style-type: none"> • keep correctly the company's accounts and draft the yearly financial statements; • call the shareholders' meeting (a) at least once per year in order to approve the company's financial statements and (b) in case of losses exceeding 1/3 of the company's share capital or causing the reduction of the company's share capital below the minimum capital requirement applicable to S.p.A; • accurately keep the corporate books indicated by the law (the shareholders' ledger, the bond-holders' register, the book of the resolution of the board, etc.); • give effect to the shareholders' resolutions, unless such resolutions (a) may create prejudice to third parties or to the company and/or (b) are invalid as a result of their non-compliance with the law or the by-laws; • not only to seek to preserve the company's assets but to increase them as much as possible - to be proactive; • collect the necessary information and data in order to make informed and thoroughly considered decisions; • recognize threatening damage and avoid engagement of the company in any unnecessary risks (however, given the nature of a business corporation, a certain amount of risk needs to be admitted); • control the expert's appraisal in case of contributions in kind into the capital of the company; • avoid disinterest or dilatory and irresponsible approach vis-à-vis the directors' office. 		<ul style="list-style-type: none"> • to obtain reasonably available (both factual and legal) information regarding the decision in a particular matter prior adopting such decision (information on the consequences, risks and available alternative scenarios and to carefully assess the possible advantages and disadvantages (identifiable risks) of the respective decision), • to be informed of the company's losses/profits, threatening damage, business opportunities, and how the delegated powers are being exercised (for details see point 13).
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<p>10. Duty to have and maintain skills</p>	<p>In general, the directors 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>In addition to the specific list of duties provided by the ICC, the directors have the general duty to carry out the management of the company with the care that is required in relation to the office and the characteristics of the relevant company. In order to assess the degree of care that may be expected from each director in the performance of his/her management activity, the functions that such director performs within the company have also to be taken into account</p> <p>However, if the directors have certain expertise, skills, or abilities, they are obliged to use them in the performance of their duties - within the limits of their capabilities.</p> <p>If the directors acknowledge/must have acknowledged that they are unable to comply with their duties to act with the due diligence, they have to draw conclusions for their self (e. g. to consult certain issue with competent professional or to resign from the office in case of permanent obstacle preventing them to perform their office), otherwise, they are presumed to breach their duties by acting with negligence.</p>		<p>Generally speaking, the prevailing case law and the commentators have stated that directors may not be considered liable for the damages suffered by the company as a result of erroneous and/or non convenient business choices made during the course of the management, provided that such choices are part of the range of choices that, in the specific case, could be considered as potentially convenient, or anyhow harmless for the company, by a person having the standard of care and knowledge expectable from the director of a company dealing with the relevant business sector. As a matter of fact, although the so-called “business judgment rule” inhibits Courts to plunge into the merits of managerial evaluations, Courts are not prevented from evaluating whether the decisions of the directors have been taken with clear negligence or reckless disregard and/or with the actual awareness that said decisions would cause a prejudice to the company.</p>
<p>11. Specific duties in case of appointment of managing directors</p>	<p>Two cases scenario can be envisaged: either (i) the company is managed by a board of directors collectively, without managing director(s)/executive committee, or (ii) the company is managed by the board of directors collectively and by managing</p>		<p>The board, in any case, has the power to give guide-lines to the managing director(s) / executive committee and/or to revoke the delegation and/or take back the jurisdiction to decide on a specific matter that was previously delegated.</p>

	<p>director(s)/executive committee, who have been delegated some powers by the board.</p> <p>With respect to the matters that have been delegated by the board to the managing directors/executive committee:</p> <ul style="list-style-type: none"> the managing directors/members of the executive committees have the duty to: <ul style="list-style-type: none"> a) take care that the organization of the company (also from the managerial, administrative and accounting viewpoints) is adequate to its size and activities; b) act within the limits of the conferred powers; and c) report to the board at least once per each semester on the general management of the company, the most significant transactions/events of the relevant period (with respect to the company and the subsidiaries) and the foreseeable evolution of the business; the non-executive members of the board have a supervisory duty towards the actions taken by the managing director/executive committee, in particular to: <ul style="list-style-type: none"> a) examine the information received from the managing directors/executive committee and to keep informed with respect to the company's 		<p>The duty to collect data and information before taking actions and resolutions triggers that each director is always entitled to request clarifications and updated information to the managing directors / executive committee.</p> <p>Moreover, with respect to managing directors, it may be worth pointing out that certain powers can-not be delegated by the board. In particular, the following matters shall be exclusive competence of the board of directors and may not be delegated to managing directors or executive committees): (i) issuance of convertible bonds; (ii) drafting of the financial statements; (iii) decisions concerning corporate capital increases; (iv) draft of merger and de-merger plans.</p>
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	<p>management (also requesting information and data to the managing directors/executive committee);</p> <p>b) examine the industrial, financial and business plans of the company; and</p> <p>c) evaluate on the basis of the report of the managing director/executive committee, the general status of the company (including the adequacy of its organisation and the general course of the company).</p>		
12. Additional duties (confidentiality, etc.)	<p>It follows from the duty of loyalty that they are obliged to maintain confidentiality of all the confidential information and facts, the disclosure of which to third parties could cause damage to the company (incl. the company's trade secrets and know-how).</p> <p>Furthermore, the directors have to:</p> <ul style="list-style-type: none"> • comply with the ban on competition imposed on them (unless authorized by the shareholders' meeting); • comply with all the conflict-of-interest rules; • obtain all the corporate consents/approvals of the juridical acts to be performed on behalf of the company, if relevant; • act on behalf of the company in a manner set out by the by-laws (i.e., do not act on behalf of the company 		<p>As regards the ban on competition, the basic rules are set out in the Italian Civil Code. More specifically, directors may not become shareholders with unlimited liability in competing companies, nor carry on a competing business on their own behalf or on behalf of third parties, nor be directors or general managers in competing companies, unless authorized by the Shareholders' Meeting.</p> <p>The breach of such duties may entail responsibilities of the concerned directors..</p>

	<p>without another competent director(s), if relevant);</p> <ul style="list-style-type: none"> • cooperate with and comply with their obligations vis-à-vis other competent corporate bodies (if relevant), such as Supervisory Board, Board of Statutory Auditors, liquidator, insolvency administrator, etc.; • duly conduct they duties of control and supervision of any entity to which they delegated their powers (see point 12 for detail); • duly manage and conduct the internal corporate issues, including the calls of the Shareholders' Meetings, to ensure that the prescribed records and accounts are duly and properly kept, drawing up and filing the corporate documents; • fulfil the company's obligations vis-à-vis its shareholders. <p>In addition, directors have the duty not to:</p> <ul style="list-style-type: none"> • use for their own advantage or the advantage of third parties any information (including information on business opportunities), of which they are aware as a consequence of their position within the company; • carry out transactions causing the company to hold its own shares as well as shares of the controlling companies in excess of the limits provided for by the ICC. <p>As far as the liquidation/winding-up of the company is concerned, the directors have the duty:</p>		
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	<ul style="list-style-type: none"> • to verify whether a cause triggering the liquidation of the company has occurred and, in the positive case, proceed accordingly to start the liquidation procedure; • to carry out the company's management only with the aim at preserving the company's net worth until the appointment of the liquidators and the deliveries to said liquidators indicated by letter "c" below; • not to carry out any management activity after the delivery to the liquidators of (a) the company's books and records, (b) the financial statements as of the date of the winding up and (c) a re-port on the management until the aforementioned date. 		
13. Delegation of powers/authority	<p>The directors are not required to exercise all of their powers alone, but they are allowed to delegate certain decision-making powers to lower-tier managers, e.g., the company's senior employees or third parties such as external accountants or the respective powers may be delegated/distributed among the directors themselves.</p>		<p>While delegating powers (including e.g., the powers to act on behalf of the company via power of attorney), you are required to act with the due diligence, 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 • to withdraw the delegated powers without undue delay from the party that

			failed to act duly and in the interests of the company.
14. Conflicts of interest (inc. intragroup dealings)	<p>The directors must inform the other directors and the Board of Statutory Auditors of any interest they may have, on their own account or on behalf of third parties, in a specific company transaction, specifying its nature, terms, origin and scope. A managing director shall also abstain from carrying out the transaction and promptly report it.</p> <p>For further details, please refer to Articles 2373, 2391 and 2475-ter of the Italian Civil Code.</p>	<p>Pursuant to article 150 of Italian Financial Act, the directors shall promptly inform the board of auditors at least every three months on any transactions in which they have an interest, for their own account or on behalf of third parties, or that are influenced by the person who performs the activity of direction and coordination.</p>	<p>The rules apply to any case in which the director has an interest in a given transaction, regardless of whether that interest conflicts with that of the company. Therefore, the obligation to communicate and justify the resolution also applies if the transaction enables both the company's interest and the director's interest to be realized.</p> <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. The definition of the “related person” is quite broad, and includes e.g. relatives of the director (no only direct one), controlled entities etc.</p>
15. Compliance with statutory obligations	<p>The directors must act with due diligence and hence they are generally responsible for the company’s compliance with all the statutory obligations imposed on it.</p> <p>If they delegate their powers, they 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>The directors’ failure to ensure the company’s compliance might lead to the liability for any harm incurred by the company resulting hereof.</p>		
16. Disclosure obligations	<p>The directors are responsible for the publication of all the company’s relevant information/documents as required by laws, such as:</p>	<p>The disclosure obligation of public companies are much broader and derive from relevant market regulator’s rules and obligations resulting from the relevant acts, in particular the Italian Financial Act. See also point 7 above.</p>	

	<ul style="list-style-type: none"> • publication of financial statements; • publication of a report on the company's business activities and on the state of its assets (if relevant); • publication of the report on relations (if relevant); • publication of the annual report (if relevant); • keep registers and filings up to date (such as information obligatory registered in the public registers); • publication of the relevant up-to-date information on the company's website; • publication of relevant corporate issues to the company's shareholders and creditors, if relevant (e. g. contemplated transformations, decrease of registered capital, etc.). 		
17. Potential liability	<p>In the case of a breach of the duty to act with the due diligence or other obligations related to the directors' office, they can be held liable by either "civil (personal) liability" or "criminal liability".</p> <p><u>Civil liability</u></p> <p>It is possible to distinguish three hypotheses of civil liability on the basis of the subject who suffers the negative consequences of the imprudent conduct of the director:</p> <ul style="list-style-type: none"> • towards the company; • towards the company's creditors; • towards individual shareholders or third parties. <p>With respect to liability towards the company, directors are liable for damages suffered by the company if, in the performance of their duties:</p>	<p>For listed companies, but the relevant rules also apply to companies with widely held shares, the Civil Code lays down special rules on liability actions against members of the board of directors. In particular:</p> <p>a) with regard to corporate liability action, the company may waive the right to exercise this type of action or may reach a settlement provided that the waiver or settlement is approved by an express resolution of the shareholders' meeting and, in any event, there is no vote against by a minority of shareholders representing at least one twentieth of the share capital;</p> <p>b) the liability action exercised by the shareholders can be exercised by a minority of shareholders representing at least 1/40 of the share capital or the smaller amount envisaged by the Articles of Association (see art. 2393-bis, Civil Code). Also in this case,</p>	

	<p>i) they violate the general duty of diligence imposed on them by law;</p> <p>ii) if they fail to comply with the procedure imposed on them by the law if they have an interest in the transaction to be carried out,</p> <p>iii) if they fail to comply with the obligation to act in an informed manner; or</p> <p>iv) if they violate the obligations and prohibitions imposed on them by law or by-law.</p> <p>They are liable with their own assets for damages suffered by the company when they fail to fulfil the duties imposed on them by law or by the by-laws.</p> <p>If there is more than one director, they are jointly and severally liable. Each may, therefore, be compelled by the company to pay compensation for the entire damage suffered.</p> <p>Among the duties of the directors of a company is that of preserving the integrity of the company's assets, that is, of all the movable and immovable property owned by the company. Therefore, the directors are also liable to the company's creditors, i.e. those who have a claim against the company. Creditors can only bring the action when the company's assets are insufficient to satisfy their claims. In fact, damage to creditors does not exist as long as the company's assets are sufficient.</p> <p>Basically, while liability towards the company includes any violation of the law or by-law which has caused damage to the company, possibly even only in terms of loss of profit, liability towards creditors arises only when the</p>	<p>the waiver or transaction must be approved by an express resolution of the shareholders' meeting, provided that there is no vote against by a minority of shareholders representing at least 1/20 of the share capital.</p>	
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	<p>failure to comply with their obligations implies a prejudice to the company's asset such as to make them no longer sufficient to satisfy the creditors' claims.</p> <p>The common element of liability towards the company and towards the company's creditors is that, in both cases, the damage has been caused to the company.</p> <p>On the other hand, if the director's management activity unlawfully harms an individual shareholder or parties unrelated to the company without the company suffering any damage or even receiving an advantage, the individual shareholder or third party can claim damages from the directors.</p> <p>For all three cases of civil liability, the judicial authority provides on the basis of the Italian Civil Code.</p> <p><u>Criminal liability</u></p> <p>The directors' breach of duty to act with the due diligence may result in criminal liability.</p> <p>The director is liable for any wrongdoing committed during the time he or she held the corporate office. This is unless he/she is vested with specific powers within the company. In this case, he is only liable for the proxies attributable to him. Obviously, resignation from the office of director does not exempt the person in question from past responsibilities and does not allow him/her to be exempt from the obligation to take any action that the situation makes necessary.</p>		
18. Duration of duties	<p>The directors are deemed to be a member of the company's body with duty of loyalty for the entire period, that cannot exceed three exercises, from the appointment to the office until their discharge/resignation from office..</p>		<p>The agreement on performance of the directors office may set out that certain obligations (e.g. related to ban on competition, business secret) shall survive the termination of the office.</p>

	As a result, the directors cannot do anything which is manifestly contrary to the interests of the company , even when they are not performing the duties directly related to the execution of their office.		
Special circumstances			
19. Bankruptcy	<p>They are obliged to file an insolvency petition without undue delay after the directors became aware, or with due diligence should have become aware, of the Company's insolvency.</p> <p>They are obliged to verify the solvency of the company before they pay out a share of company profits or other own resources. The payout cannot be done if this would cause company to become insolvent.</p> <p>During the bankruptcy proceedings, generally, an insolvency administrator (insolvency trustee) is appointed in the declaration of insolvency issued by the insolvency court. In case of declaration of bankruptcy, the debtor's right to administer and dispose of assets belonging to the insolvency estate is transferred to the insolvency administrator. If the debtor disposes of assets after the opening of insolvency proceedings, such dispositions are ineffective or invalid. 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>		

20. Takeover bids	<p>Italian public takeover bids may be divided into two main categories:</p> <ol style="list-style-type: none"> 1. voluntary takeovers, that may be voluntarily launched by a bidder – either on a hostile or friendly basis – to acquire securities of an Italian listed company; and 2. mandatory takeovers, that must be launched by any person who has acquired (also by acting in concert with other persons) securities (granting voting rights with respect to the appointment or revocation of members of the management body of the listed company) more than certain thresholds set forth by the Financial Act. Mandatory takeovers are triggered also if the relevant thresholds are exceeded because of increasing the voting rights (should loyalty shares be issued by the listed company at stake). 	<p>From the announcement of the takeover to its end the Board of Directors must:</p> <ul style="list-style-type: none"> - refrain from implementing or carrying out any action which may result in the frustration of the offer, unless such action is duly authorized by an ordinary or extraordinary shareholders' resolution (as applicable, depending on the type of action). The mere seeking of alternative bids by the board of directors does not require any authorization by the shareholders of the target; - issue a statement containing its assessment and valuation of the bid, including the fairness of the offer price (on this point, the board of directors is typically supported by fairness opinion(s) issued by one or more financial advisors). In case of in case of an insider bid (when it is launched from a bidder who is a controlling shareholder of the target) independent directors of the target shall issue a grounded opinion on the evaluation of the offer and the offer price; <p>inform the employees (or their representatives).</p>	
21. Market abuse/insider dealing	<p>The legal framework of the market abuse discipline is governed by EU regulations and by the Financial Act</p>	<p>Inside Information</p> <p>An inside information is an information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.</p> <p>The listed company (i.e., its directors) is obliged to disclose to the market as soon as possible the inside information.</p> <p>If directors decide to delay the publication of an inside information (i.e., an information of a precise nature, which has not been made public,</p>	

		<p>relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments), they:</p> <ol style="list-style-type: none"> 1. are registered in the insider list, 2. shall be bound to prevent access to such information to individuals other than those whose corporate duties made such access necessary; and 3. may be subject to penalties (criminal and administrative) in the event of market abuse or market manipulation. <p>Insider Dealing</p> <p>Directors must notify the Consob and the listed company of all transactions (e.g. acquisition, disposal, short sale, subscription or exchange) in shares or debt instruments of the listed company or derivatives and other related financial instruments for an amount exceeding 20,000 Euro within 3 business days following the date of the transaction. The same obligation is provided for the persons closely associated with directors (e.g., spouses, dependant children, parents, relatives by blood).</p> <p>Blackout period</p> <p>Directors must abstain from carrying out transactions on own account or on behalf of third parties either directly or indirectly involving shares or other instruments of the listed company, during the thirty calendar days before the announcement of an interim financial report or a year-end report which the company is obliged to make public according to the rules of the trading venue where the shares are admitted for trading or according to national law.</p>	
Defences			

22. Good corporate governance	<p>The directors are in charge of the company's business management and represent the company in all matters.</p> <p>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; • informing the shareholders, upon request, at the Shareholders' Meeting of the company about any company-related matters relevant for assessment of the matters on the agenda of the Shareholders' Meeting; • disclosing financial statements or main facts shown therein in the manner prescribed by law and by the by-laws for convening Shareholders' Meeting that approve the financial statements. 	<p>The information and publication duties are much broader in case of listed companies. They have e.g. publish regularly the annual and semi-annual reports, remuneration policy, procedures for transactions with related parties, information on any change of the registered capital or rights attached to the certain type of shares etc. The Italian Financial Act set out a mandatory content of such reports and information, as well as time within which they have to be published.</p>	
23. Minutes of board meetings and publication requirements	<p>Minutes of meetings shall:</p> <ul style="list-style-type: none"> • be drawn up and signed by the chairman and the secretary; • document the course of the board of directors' meetings and its decisions; • contain the attendance list as attachment to the minutes; • specify by name the members of the board 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). 	<p>In listed companies there is a Board of Directors, within which various Board Committees are generally set up, as recommended by the Corporate Governance Code.</p>	<p>In case there is a sole director, a minute of the sole director's determination shall be made.</p> <p>The minutes of the management body duly signed by the chairman and the secretary are transcribed in a book kept by the company according to the law.</p> <p>The minutes are quite important evidence in case the director is suited for his/her liability.</p>

24. Insurance	<p>The Italian law does not require professional liability insurance. Although, it is common practice to have in place D&O insurance in order to protect the personal assets of directors from claims by third parties such as: the company and its subsidiaries, creditors of the company, individual shareholders, etc. The company is allowed to pay the premiums for this insurance as part of their remuneration.</p>		
25. Resignation	<p>Italian law provides that a director may resign from his office at any time by notifying the Board of Directors and the Chairman of the Board of Statutory Auditors in writing by registered letter with return receipt or by e-mail.</p> <p>In the case of a sole director, the latter must send the written notice to the company, communicating his intention to resign. After his resignation, the sole director will have the task of convening the Shareholders' Meeting with the agenda regarding the director's resignation and the possible appointment of a new administrative body.</p> <p>In general, the resignation takes effect immediately, if the majority of the board remains in office or, if not, from the moment when the majority of the board has been reconstituted following the acceptance of the new directors.</p> <p>Since the termination of the office of the sole director should take effect only when the administrative body is reconstituted, it can take immediate effect only if, at the specially convened General Meeting, a new director is appointed.</p>		

26. Restructuring of assets	<p>The Italian bankruptcy law which dates back R. Royal Decree of 16 March 1942, No. 267, has been amended several times during the past 15 years. Recently, the regulation of business crisis and insolvency has been enacted with Legislative Decree No. 14 of 2019 "<i>Code of business crisis and insolvency</i>" which will come into force on May 16, 2022.</p> <p>In general, the law requires that representative bodies are fully aware of the financial situation of the company at all times, especially during financial difficulties. They have to undertake reasonable efforts to overcome the situations of insolvency, e.g. by pursuing restructuring measures with immediate effect.</p> <p>They shall also convene the Shareholders' Meeting without undue delay after becoming aware that the company is threatened with bankruptcy.</p>		
27. ESG and D&I policies, metrics, reports	<p>As they are considered as employers, in relation to D&I they should follow the Italian Labour Code where the equal treatment of all employees and prohibition of their discrimination is stipulated directly, including the principle of the same remuneration for the same work or work of the same value.</p>		