

## **DUTIES AND RESPONSIBILITIES OF A GENERAL MANAGER AND A PROXY**

In the following the duties and responsibilities of the leading managers of a company, i.e. those of the general manager and a proxy will be compared based on the legal provisions currently in effect.

### **Overall duties**

The leading managers, such as the general manager of a company shall act individually and upon the interest of the company they are heading. The leading managers are bound to the legal provisions and the resolutions of the main organ of the company. The leading managers may not be instructed by any of the shareholders, nor can they be deprived of their competency by the main organ. However, there is one exception: if the company is a sole-member company, the member may instruct the general manager.

The proxy is not a leading manager. The position of the proxy is in general, hierarchically speaking, under the position of the general manager, even if they can have similar competencies

The proxy is appointed to assist the job of the general manager, works upon contract, as an employee of the company. The proxy is instructed by the general manager in order to manage the duties of the company.

A general proxy can sign in the name of the company, solely or with others. Proxies can lead a branch establishment of the company.

### **Independence**

As mentioned above, the general manager acts independently, unless the company is a sole-member company; while the proxy is instructed by the general manager. The independence of the proxy is restricted, practically if a proxy oversees certain areas of the business, the frames of their competency is precisely defined in by-laws of the company.

### **Frames of employment**

General managers are appointed and generally work within the legal frames of a mandate, sometimes within an employment relation with the company. Proxies are

employees of the company, and if the deed of foundation does not provide otherwise, the general manager is the natural person that exercises the rights of the employer for the company.

### **Signing in the name of the company**

The main organ appoints the general manager and entitles them to sign individually or together with another person in the name of the company. Their right and manner to sign in the name of the company is registered in the companies' register. The proxy is entitled by the management (i.e. among them by the general manager) to sign individually or together with another person in the name of the company.

The proxy may not delegate the right to sign. The general manager may delegate their right to sign in the name of the company (generally for a scope of tasks, or temporarily, i.e. for the case of absence).

### **Responsibility**

The company shall be responsible for the damages caused to third parties by the general manager in their capacity. The general manager is only liable for the damages jointly and severally with the company, if the damages were caused intentionally. The general manager is responsible for the damages caused to the company, towards the company, in accordance with the rules of contractual liability.

The general manager may be relieved from liability by the resolution of the main organ adopted simultaneously with the annual report.

Generally if the proxy causes damage to a third party, the company shall be liable for the consequences, however, the company may demand the proxy to restore the damages.