

Legal News

Supervisory board members to again be elected by employees

One third of Supervisory Boards elected directly by Employees

The first amendment of the Business Corporations Act reintroduces the right of the employees of **joint-stock companies** to elect and recall one third of the members of the supervisory board. The regulation applies only to companies with more than 500 employees, however, and the overall number of members of the supervisory board must be divisible by three.

A similar regulation was valid in the Czech Republic until the end of 2013 for the companies with more than 50 employees.

Implementation from 14 January 2019

The amendment entered into force on 14 January 2017, while the transitional provisions set a period of two years for the obliged companies to put the composition of their supervisory board and their articles of association in compliance with the amendment. If the company fails to do so even after the court instructs it to comply and grants it an additional period of time, the court may dissolve the company and order its liquidation.



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