

QUICK GUIDE:

7 DUTIES OF A COMPANY DIRECTOR

Duties owed by a company director to the company under Part 10 Chapter 2 of the Companies Regulations 2020

1. Act within powers

A director of a company must act in accordance with the company's constitution, and exercise its powers for the purposes for which they were conferred. To do so, a director must be familiar with the company's constitution, including but not limited to the articles of association.

2. Promote the success of the company

A director of a company must act in a way that, it considers in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, having regard to, among other things the:

- likely consequences of any decision in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and the environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

3. Exercise independent judgement

A director of a company must exercise independent judgment. That is, to the extent permitted, to form its own views and make its own decisions. This duty is not infringed by it acting in accordance with an agreement duly entered into by the company that restricts the future exercise of discretion by its directors; or in a way authorised by the company's constitution.

4. Exercise reasonable care, skill and diligence

A director of a company must exercise reasonable care, skill and diligence that would be exercised by a reasonably diligent person with the general knowledge, skill and experience that may reasonably be expected of a person carrying out the function carried out by the director in relation to the company; and the general knowledge, skill and experience that it brings to the role.

5. Avoid conflicts of interest

A director of a company must not act on behalf of a company, or exercise any of its powers as a director, in relation to any matter that it has, or can have, a direct or indirect interest, that conflicts, or may conflict, with the interests of the company.

6. Do not accept benefits from third parties

A director of a company must not accept a benefit from third parties given by reason of it being a director or exercising its powers as a director.

7. Declare interest in transactions/arrangements

If a director of a company has in any way an interest, either direct or indirect, in a transaction or arrangement with the company, it must declare the nature and extent of that interest to the other directors of the company.

Breaching any of these duties can have serious consequences.

For further information, please refer to Part 10, Chapter 2 of the [ADGM Companies Regulations 2020](#).

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