

Do Minority Shareholders in Greek Société Anonyme Companies Have a Voice Without a Shareholders' Agreement?

Greek company law contains protective provisions designed to safeguard minority shareholders, even in the absence of a shareholders' agreement that governs shareholder relations. Alongside the right to information and a series of provisions that encourage shareholders' activism, article 142 of L. 4548/2018 grants the minority shareholders of a société anonyme the right to cause the extraordinary audit of its management, following the issuance of a court judgment. Such right is granted both to the "large minority" of shareholders and to the "small minority", under different circumstances.

The rights of minority shareholders in société anonyme

In particular, shareholders representing **1/20 of the company's share capital** may request the court to order a company's extraordinary audit in case of acts contrary to the law, the company's articles of association, and/or the resolutions of the General Assembly of its shareholders. The mere likelihood of such violation is sufficient for the court to rule an audit to assess

the legality of certain acts taken by the management of the société anonyme.

A similar right is granted to the "large minority", i.e., the shareholders representing **1/5 of the share capital**, who are entitled to request a much broader audit that also extends to the examination of due diligence and prudence, i.e., covering whether the decisions taken and the obligations assumed by the company's management are useful or harmful for the company.

Naturally, every business project carries an inherent potential risk of loss. The court could not substitute the business judgment; it can only assess whether risk exposure and risk management are reasonable from a **business perspective**, as well as whether there is evidence that the company's financial situation tends to deteriorate due to improper and imprudent management.

An extraordinary audit of article 142 of L. 4548/2018 is carried out by statutory auditors and/or audit firms appointed, guaranteeing the independence and impartiality of the procedure.

Recent judgement strengthening minority rights

Recent **judgment no. 1208/2024 of the Court of First Instance of Piraeus** ordered the prudential and



legality audit of a société anonyme by a statutory auditor, on the grounds of improper management on the part of the majority, following the request of the “large minority” representing **45% of its share capital**.

Crucially, it was proven that the company entered into an agreement for the **long-term lease of its sole asset** (hotel complex), against an extremely low rent and with terms and conditions out of market practice (including absence of penalty clauses and substantial rent adjustment provisions, extremely low deposit amount, and the right of the lessee to sublease).

Said transaction was found to lay outside the ordinary course of the company’s business and to be concluded with a **related party** without the formalities of Greek Company Law having been met. Furthermore, the court assessed not only the possibility of a decline in the company’s profits but also the **potential prevention of financial improvement**, even though, as a whole, the company appeared to be profitable. The court concluded that the transaction in question substantially

limits any financial prospect for the company.

This court judgment serves as strong evidence that domestic courts take the rights of the minority seriously and examine whether the fulfillment of the law’s provisions has been met, not only by reviewing financial statements but by considering the company’s overall operations in a holistic manner. These court decisions set a precedent for a firm **boundary to the contractual freedom of the majority**, considering the legal requirements for proper management, the corporate interest, and the fiduciary duty expected by the members of the company’s board of directors.

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