Poland

Employment

Labor Concerns

Polish labor law issues are unlikely to apply to restricted stock and RSU plans. As a precaution, however, employees should acknowledge in writing that an award of restricted stock or RSUs does not create a right or entitlement to further grants.

Communications

Translation of plan documents for employees is recommended, but not required. Government filings must be made in Polish.

Regulatory

Securities Compliance

Neither the award nor the vesting of restricted stock or RSUs is likely to trigger any prospectus requirement, provided that the restricted stock or RSUs are awarded and vest free of charge.

Foreign Exchange

Employees may be subject to certain reporting requirements.

Data Protection

Employee consent for the processing and transfer of personal data is a recommended method of compliance with existing data privacy requirements. If data is transferred outside EU, written consent will be required unless the consent for the transfer is issued by local data protection authority. Moreover, the local entity must enter into a written agreement with third party data processors.

Tax

Employee Tax Treatment

The employee is taxed at vesting on the fair market value upon vesting of the restricted stock or RSUs. Tax is also imposed on the gain from the subsequent sale of the Stock.

Social Insurance Contributions

No unified social tax (including pension insurance contributions) and mandatory accident insurance contributions are likely to be due on the fair market value so long as participation in the plan is considered to be a benefit provided by the employer (being either a Polish company or a branch of a foreign company) pursuant to an employment relationship.

Tax-Favored Program

None.

Withholding and Reporting

Under a broad interpretation of Polish tax legislation, any legal entity (Polish or foreign) paying income to Polish taxpayers is subject to a reporting and withholding obligation. In practice, the Polish tax authorities tend not to apply this provision to foreign entities providing benefits to Polish taxpayers so long as such entities are deemed not to have any presence in Poland. The Subsidiary, however, may be deemed as being obliged to withhold tax if the participation in the plan is considered to be a benefit provided to the employees pursuant to an employment relationship.

If no withholding was made, the employees are required to report income in their tax returns and to pay tax themselves.

Employer Tax Treatment

A local tax deduction likely would not be permitted, even if the Subsidiary reimburses the Issuer for the cost of plan benefits.

