



# IMPLEMENTING SRD II

## COUNTRY BRIEF: POLAND

### KEY TAKEAWAYS

- The law that implements the Shareholder Rights Directive II was approved by the Polish Parliament on November 15, 2019.
- The remuneration policy is subject to a binding vote at least every four years. Votes on the remuneration report will be advisory.
- The first votes are expected in 2020.

EU DIRECTIVE  
2007/828/EC  
REGARDING THE  
ENCOURAGEMENT OF  
LONG-TERM  
SHAREHOLDER  
ENGAGEMENT (SRD II)

In response to the global financial crisis, the European Commission proposed a revision of the original 2007 Shareholder Rights Directive.

The [revised Shareholder Rights Directive II \("SRD II"\)](#), which took effect June 2017, seeks to reinforce effective and long-term shareholder engagement and monitoring of company performance.

### KEY NEW REQUIREMENTS OF SRD II

The Directive is subdivided into three main chapters



#### VOTING CHAIN

- Companies should have access to the identity of shareholders without delay.
- Transmission of information that enables the exercise of shareholder rights should be made in electronic and machine-readable formats.
- Intermediaries are required to facilitate the exercise of shareholder rights, including confirmation that shareholder votes were recorded and counted accurately.



#### TRANSPARENCY

- Engagement policies of institutional investors and asset managers
- How shareholder engagement is integrated into investment strategy, including how voting rights were exercised
- Institutional investors' investment strategies and arrangements with asset managers
- Proxy advisors shall disclose a reference to the code of conduct they apply and report on the application of that code.



#### REMUNERATION & RPTs

- Shareholders will have the right to express their views on executive pay.
- Separate votes on the remuneration report and the remuneration policy.
- The European Commission will provide non-binding guidance about the presentation of the remuneration report.
- Rules on transparency and approval process of related-party transactions.

## SHAREHOLDER RIGHTS DIRECTIVE II

In response to the 2008 global financial crisis, the European Commission proposed in April 2014 a revision of the original 2007 Shareholder Rights Directive in 2014. The revised Shareholder Rights Directive ("SRD II"), which took effect in June 2017, seeks to reinforce effective and long-term shareholder engagement and monitoring of company performance. Both elements were lacking during the crisis when many companies took on excessive risks in the pursuit of short-term returns. EU member states were called upon to amend their laws to comply with SRD II by June 10, 2019. As of Feb. 26, 2020, 20 EU member states had implemented SRD II into their local legislations.

## IMPLEMENTING SRD II INTO POLISH LEGISLATION

On Oct. 15, 2019 the Polish parliament transposed SRD II into Polish law by approving amendments to the act on public offering and conditions for introducing financial instruments into organized trading and on public companies. The act introduces a binding general meeting vote on the remuneration policy and an advisory vote on the remuneration report. The law took effect on Nov. 30, 2019.

To the extent regulated by other laws, SRD II does not apply to banks, investment fund companies, and brokerage houses.

The most important components of SRD II transposed to the Polish law are detailed below.

**Identification of Shareholders**

In line with the SRD II, issuers will be allowed to request the identification of shareholders holding more than a certain percentage of shares or voting rights. Such a percentage shall not exceed 0.5 percent. In Poland, companies will be allowed to identify any shareholder, irrespective of the number of shares such shareholder holds. This amendment will take effect on Sep. 3, 2020.

**Transmission of Information**

In order to enable shareholders to exercise rights deriving from their shares, the intermediaries are required to transmit information without delay in compliance with issuer deadlines and record dates and in an electronic and machine-readable format which allows for interoperability and straight-through processing (STP). This amendment will take effect on Sep. 3, 2020.

**Facilitation of Shareholder Rights**

The intermediaries are required to facilitate the exercise of shareholder rights. Voting instructions should be transmitted without delay in accordance with record dates and issuer deadlines. Vote confirmations and how shareholder votes were counted at the general meeting must be provided to shareholders. This amendment will take effect on Sep. 3, 2020.

**Transparency of Institutional Investors**

Institutional investors and assets managers are required to disclose their engagement policies annually.

**Transparency of Proxy Advisors**

Proxy advisors are required to publish on their websites annually a reference to a code of conduct which they apply and reports on the application of that code.

**Right to Vote on the Remuneration Policy and Report**

The remuneration policy should be submitted at the general meeting for shareholder approval upon each substantial change thereof or at least every four years. Before the implementation of SRD II, approval of the remuneration policy by shareholders was not required.

The annual remuneration report should be submitted for an advisory shareholder vote at the general meeting which approves the financial statements for the accounting period for which the remuneration report is prepared.

**Transparency on Related-Party Transactions**

Related-party transactions whose value exceeds 5 percent of company's assets are subject to approval by the supervisory board. Additionally, bylaws may provide for an additional binding vote at the general meeting. This requirement does not apply to related-party transactions concluded in the ordinary course of business and under normal market conditions.

**Effective Date**

Nov. 30, 2019

**GM Notice Period**

26 days

**Availability of Remuneration Report**

26 days

**Policy Vote**

Binding

**Report Vote**

Advisory

**RPT Vote**

No, unless the bylaws provide for binding vote



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