

TAX TREATMENT OF STOCK OPTIONS

POLAND



| | EMPLOYEE | EMPLOYER |
|--|--|---|
| GRANT DATE | No tax consequences. | No tax consequences. |
| VESTING DATE | No tax consequences. | No tax consequences. |
| EXERCISE DATE | Income tax arises on the spread at exercise. | No tax consequences. |
| WITHHOLDING & PAYMENT OF TAX | It is the employee's responsibility to pay any income tax liability due. | The employer is not required to withhold tax. |
| SOCIAL SECURITY | Employee social security is not applicable. | Employer's social security is not applicable. |
| REPORTING | The employee must report the taxable income on their annual tax return. The return should be filed by 30 April following the end of the tax year. It is the employee's responsibility to pay any income tax due to the tax authorities. | None. |
| SALE OF SHARES | Any gain made on the sale of the shares is taxed at a flat rate. This should be reported on the employee's annual tax return which should be filed by 30 April of the following year. | No tax consequences. |
| IS A CORPORATION TAX DEDUCTION AVAILABLE? | Expenses related to implementation and/or administration of the equity plan borne by the local company can be treated as tax deductible costs. | |
| "QUALIFYING" PLANS AVAILABLE? | None available. However, a tax deferral until sale is available if the share issuer is an EU or EEA based company and awards made are based on a shareholder resolution. | |

For further information and to register for future updates contact:

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Information contained herein is intended to reflect present law as of June 2016, and provides only a general outline of the subjects covered. Material discussed herein is meant for general informational purposes only and should not be relied on as professional advice. As such you should consult your own tax advisor regarding your specific tax matters.

This summary has been prepared on the basis that employees are resident in Poland throughout the period from grant of stock options until the shares are sold and that the employee is employed by a local employer in Poland, which is a subsidiary of an overseas parent. The potential tax consequences may vary greatly depending on your company's equity plan's design, administration, as well as many other factors.

Should you have a need for a trusted advisor in this area, please contact BDO's Global Equity team.

This information is current as of August 2016.

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| INTERNATIONALLY MOBILE EMPLOYEES | <p>The above summary has been prepared on the basis that employees are resident in Poland throughout the period from the grant of the stock option until the shares are sold.</p> <p>The rules for internationally mobile employees are complex and there are specific rules applicable to non-resident individuals. If an employee is non-resident the Polish tax consequences will depend on whether there is a Double Taxation Agreement in place. It is highly recommended that advice is sought on an individual case by case basis.</p> |
| OTHER POINTS FOR CONSIDERATION | <p>This summary is provided by BDO for informational purposes only to provide an outline of the general tax and social security position based on current tax law.</p> <p>There are also a number of legal and regulatory issues to consider on the implementation of any employee equity plan including, but not limited to, employee entitlement claims, exchange controls, securities restrictions, prospectus requirements and data protection regulations. We recommend that legal advice is obtained prior to the implementation of any employee equity plan.</p> <p>For example where there are more than 150 employees being offered stock options the company will also need to prepare an Information Memorandum for the employees (in Polish and English), make a notification to the Polish securities commission and pay a fee. Local assistance will be required.</p> |
| KEY ACTION POINTS | <ul style="list-style-type: none">✓ It is advisable to seek a binding tax ruling from the Ministry of Finance in order to clarify the tax treatment. Based on recent verdicts issued by the Polish Administrative Courts, the tax point may be postponed to the sale of shares as the income at earlier stages is not definitive and it is hard to determine the exact amount of income received by the taxable person.✓ There are specific rules applicable for Internationally Mobile Employees holding equity in Poland. We recommend that Companies review their systems to ensure that Internationally Mobile Employees moving in or out of Poland whilst holding equity can be identified to ensure correct compliance and identify any potential trailing liabilities. |