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Private Equity 2025

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Poland


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1 Overview

1.1 What are the most common types of private equity transactions in your jurisdiction? What is the current state of the market for these transactions?

Most of the private equity (PE) transactions in Poland involve private M&A deals, which are usually structured as share deals. Recently, the most active sectors have been: IT/technology, media and telecommunications (TMT); other business goods and services; healthcare; other consumer goods and services; environment; and energy.

The results of the year's first two quarters indicate that the PE market in Poland continues to be relatively buoyant, having bounced back in 2024 following a generally slow year in 2023.

1.2 What are the most significant factors currently encouraging or inhibiting private equity transactions in your jurisdiction?

A drop in the inflation rate in Poland has been observed, followed by a cut in the official interest rate by the Polish Monetary Council. A further decrease is expected in the coming quarters. At the turn of 2024 and 2025, the European Council finally decided to release the funds under Poland's National Recovery and Resilience Plan, dedicated to addressing the COVID-19 outbreak and its effects. In addition, Poland is highly active in defence-related investments and spending, as one of NATO's leading countries to allocate over 5% of its GDP to military expenditure. As a result of the ongoing transformation of the Polish energy sector, which still relies heavily on traditional energy sources, investments in renewables continue to grow.

1.3 Are you seeing any types of investors other than traditional private equity firms executing private equity-style transactions in your jurisdiction? If so, please explain which investors, and briefly identify any significant points of difference between the deal terms offered, or approach taken, by this type of investor and that of traditional private equity firms.

The Polish economy is still largely based on mid-sized, usually family-owned firms operating across various industries. For that reason, the local M&A landscape is divided between PE and sector players who see opportunities to expand by acquisitions of targets already established in Poland. The latter group of investors typically focuses on synergies and consolidation within the buyer's group, rather than on value creation and exit strategies typical of PE. As a result, concepts such as earn-outs are not as common when the buyer is an industrial investor. At the same time, instruments initially developed for PE deals – such as warranty and indemnity (W&I) insurance – have become popular and are now successfully used in M&A transactions without the involvement of funds. Nonetheless, from a legal perspective, the terms of transactions are generally similar in both PE deals and those involving sector investors.

2 Structuring Matters

2.1 What are the most common acquisition structures adopted for private equity transactions in your jurisdiction?

Share deals are the most common structure. Most transactions involve the acquisition of controlling stakes by buyout funds. However, some PE players target minority stakes – particularly during the growth stage of a target's development or in a venture context (occasionally through mezzanine structures). In recent years, the Polish stock exchange has faced stagnation, so public deals and initial public offerings (IPOs) have been rare. Take-private public transactions have become more common. Some transactions are also structured as asset deals, especially in the context of asset reorganisation or distress. However, given their complexity – both operationally and legally – these are less common than transactions involving the purchase of shares (see also question 2.2 below).

2.2 What are the main drivers for these acquisition structures?

Share deals are significantly easier to implement. In most transactions (in our experience, over 90%), the targets are either limited liability companies (LLCs) or joint-stock companies. The purchase of shares in such entities is convenient for buyers, as it allows them to acquire control through a single, relatively standardised agreement. Additionally, the purchaser benefits from the corporate veil – under Polish law, shareholders are not liable for a company's obligations – and such transactions do not usually raise significant tax issues.

By contrast, asset deals, whether structured as acquisitions of individual assets or as going concern transfers, typically require more complex documentation and burdensome preparations. These structures often involve obtaining third-party consents for the transfers of contracts, as well as regulatory approvals to operate the business. For this reason, if the target's operations are based on a significant number of existing contracts or fall within a regulated sector, the parties tend to prefer the share deal route. Buyers also often avoid going concern structures, as they result in joint and several liability for both the buyer and the seller in relation to the transferred business' obligations.

Moreover, the two types of asset deals are subject to different tax treatment: the asset-by-asset model is subject to VAT, while the going concern transfer is subject to stamp duty. An incorrect classification of the transaction for tax purposes may lead to serious tax consequences. To mitigate this risk, parties frequently request a tax ruling from the authorities to confirm their interpretation of the applicable taxation. However, waiting for a ruling can extend the transaction timeline.

2.3 How is the equity commonly structured in private equity transactions in your jurisdiction (including institutional, management and carried interests)?

PE buyout funds usually acquire controlling stakes. In most of the cases this means 100% of the fully diluted capital (FDC). In some transactions, the management also takes a minority stake and incentive plans are implemented. It is quite common to see management being offered equity instruments issued in jurisdictions other than Poland.

2.4 If a private equity investor is taking a minority position, are there different structuring considerations?

In such instances, the considerations are similar to those encountered in other jurisdictions. Usually a shareholders' agreement (SHA) or a co-investment agreement is put in place to secure the PE investor's interests – such as veto rights, deadlock resolution mechanisms, financing arrangements, and exit options, including tag-along and drag-along rights, put and call options, etc.

2.5 In relation to management equity, what is the typical range of equity allocated to the management, and what are the typical vesting and compulsory acquisition provisions?

Management equity in private companies usually ranges from 5–10%. Managers are increasingly being invited to contribute to the financing of target company acquisitions, which results in higher stakes. In contrast, the range is lower in listed companies, where equity plans are typically offered to a broader group of managers. The vesting period for management shares is usually between three and four years, often beginning after the first year. The following are market-standard provisions commonly found in such contracts: good/bad leaver events affecting share vesting; non-transferability of rights; lock-up periods; put and call options; tag-along and drag-along rights; and non-compete and non-solicitation clauses.

2.6 For what reasons is a management equity holder usually treated as a good leaver or a bad leaver in your jurisdiction?

Good leaver situations are those outside a manager's control, such as illness or retirement. Bad leaver situations typically include breaches of non-compete or other restrictive covenants under the manager's contract, acts detrimental to the company, and criminal offences or charges.

3 Governance Matters

3.1 What are the typical governance arrangements for private equity portfolio companies? Are such arrangements required to be made publicly available in your jurisdiction?

Polish companies – particularly LLCs and joint-stock companies – operate under a two-tier governance system. Management and supervisory functions are separated. Each company has a management board, while the supervisory board is optional in most cases.

A typical PE portfolio company appoints PE professionals responsible for that company within their own PE house as members of the management board, typically as CEOs or CFOs. In many cases, day-to-day operations remain with the company's existing management team.

Supervisory boards, except in certain regulated industries where they are mandatory, are generally not appointed, and supervisory functions are left to the shareholders.

3.2 Do private equity investors and/or their director nominees typically enjoy veto rights over major corporate actions (such as acquisitions and disposals, business plans, related party transactions, etc.)? If a private equity investor takes a minority position, what veto rights would they typically enjoy?

Buyout PE funds typically take full control of a portfolio company. Directors of the portfolio company are required to obtain shareholders' consent for company actions as defined in the articles of association. PE investors and their nominees usually hold veto rights in co-investment structures. In cases of minority stake investments, the scope of veto rights typically covers matters essential to the company's position and the protection of the investor's corporate rights. A PE investor's consent is commonly required for changes to constitutional documents, liquidation or restructuring events, changes to the company's business scope, the establishment of new entities, and similar significant matters.

3.3 Are there any limitations on the effectiveness of veto arrangements: (i) at the shareholder level; and (ii) at the director nominee level? If so, how are these typically addressed?

As a rule, if a veto is exercised, the parties should seek an amicable resolution of the matter in dispute. Failure to reach one usually triggers deadlock resolution mechanisms. These may include put and call options, Texas shoot-out clauses, or other provisions aimed at squeezing-out blocking shareholders.

3.4 Are there any duties owed by a private equity investor to minority shareholders such as management shareholders (or *vice versa*)? If so, how are these typically addressed?

Polish corporate law does not impose any duties on a company's shareholders towards other stakeholders, whether they be other shareholders, employees, or creditors. Shareholders are only obliged to make contributions to the company's equity. Company directors, whether sitting on the management board or the supervisory board, must act in the best interests of the company, pursuant to the fiduciary duties they owe to the company and all its stakeholders.

3.5 Are there any limitations or restrictions on the contents or enforceability of shareholder agreements (including (i) governing law and jurisdiction, and (ii) non-compete and non-solicit provisions)?

Limitations are imposed by provisions of law from which parties cannot contract out. These include antitrust and antimonopoly regulations, private international law on choice of law for contracts, as well as foreign direct investment (FDI) controls.

SHAs must not lead to a division of the market, abuse of a dominant position, or result in prohibited investments by foreign individuals or companies in Poland. There are also limitations arising from Polish corporate law related to the regulation of company types in existence in Poland, which are typically factored into SHAs. A separate regime applies to listed companies, and this regime, where relevant, also shapes the contents of SHAs.

3.6 Are there any legal restrictions or other requirements that a private equity investor should be aware of in appointing its nominees to boards of portfolio companies? What are the key potential risks and liabilities for (i) directors nominated by private equity investors to portfolio company boards, and (ii) private equity investors that nominate directors to boards of portfolio companies?

As previously noted, Polish law provides for a two-tier structure of boards in Poland. There are management boards (comprising directors responsible for and entitled to run a company's business) and supervisory boards (comprising directors with purely supervisory powers).

Supervisory boards are mandatory in joint-stock companies. In LLCs, their appointment is generally voluntary, except in specific cases where regulatory requirements for certain sectors or industries mandate their establishment.

There are no specific regulations requiring PE nominees on either type of board; general rules apply.

The risks and liabilities of directors vary depending on their position. Members of the management board of joint-stock companies and LLCs may be held liable for damage resulting from failure to file a bankruptcy petition in a timely manner, if required by the law. They may also be liable if the company suffers losses due to actions in breach of their legal duties. In the case of LLCs – which are the most common type of legal entity in Poland – members of the management board may also be held jointly and severally liable with the company for its obligations if they fail to apply for the initiation of bankruptcy proceedings when required. The liability of supervisory board members is considerably more limited, as they are not authorised to manage the company's day-to-day affairs.

3.7 How do directors nominated by private equity investors deal with actual and potential conflicts of interest arising from (i) their relationship with the party nominating them, and (ii) positions as directors of other portfolio companies?

Polish law imposes fiduciary duties on a company's directors, requiring them to remain loyal to the company and act in its best interests. These duties mean that directors must prioritise the interests of the company, even where those interests conflict with those of the shareholders. The principle applies regardless of whether a director has been directly appointed by a shareholder.

In practice, the corporate governance framework requires directors to resolve any conflict of interest in favour of the company. Failure to do so may result in personal liability for any damage caused to the company due to a breach of fiduciary duties.

4 Transaction Terms: General

4.1 What are the major issues impacting the timetable for transactions in your jurisdiction, including antitrust, foreign direct investment and other regulatory approval requirements, disclosure obligations and financing issues?

These include: (i) merger clearance; (ii) proceedings under the law on the control of certain investments (Polish FDI regulations); and (iii) other similar requirements.

If a target is engaged in a regulated activity, relevant clearance or notification procedures before industry or sector regulators may also extend the transaction timeline. These typically involve listed entities, financial and capital market institutions, defence, and critical infrastructure. Polish law also contains provisions aimed at protecting real property, with a particular focus on agricultural and forestry land.

In certain cases, the acquisition of shares or assets in companies holding freehold rights to real estate located in Poland requires either approval from the Minister of Internal Affairs or triggers pre-emption rights of the Polish Farmland Authority.

Failure to comply with the applicable laws may result in severe consequences – including invalidity of the transaction or financial penalties – so it is essential that the relevant legal requirements are thoroughly considered during the transaction structuring phase.

4.2 Have there been any discernible trends in transaction terms over recent years (i.e. trends in terms of regulatory approval)?

The modern regulation of FDI control was introduced in Poland in 2015, following the annexation of Crimea by the Russian Federation and the attempted hostile takeover of a listed critical infrastructure company, which was under the control of the Polish State Treasury at the time. Since then, FDI regulations have become increasingly elaborate, affecting the operations of a growing number of companies across sensitive sectors and industries. In most cases, FDI clearance is overseen by the Polish antimonopoly authority. As geopolitical tensions have intensified, clauses relating to deal stability have become more sensitive during negotiations, and mandatory FDI-related conditions precedent are now subject to an increasingly nuanced contractual treatment.

5 Transaction Terms: Public Acquisitions

5.1 What particular features and/or challenges apply to private equity investors involved in public-to-private transactions (and their financing) and how are these commonly dealt with?

The regime for public acquisitions does not include any provisions that would result in PE investors being treated differently to non-PE ones.

When structuring a public transaction, careful consideration must be given to the broader regulatory framework applicable to listed companies. This includes rules on access to inside information, disclosure obligations of the target, and takeover regulations. These factors must be properly managed to ensure that the transaction complies with takeover rules for listed companies and to avoid it becoming public knowledge before signing.

Depending on the size of the stake the investor intends to acquire, they may be required to launch a takeover offer.

Under Polish law, the takeover threshold is set at 50% of the total votes in the target company. Once this threshold is crossed – such as in a private acquisition of a controlling stake – the investor is required to make a mandatory offer to all remaining shareholders. If the investor does not acquire the controlling stake through a bilateral agreement with a specific shareholder, they may instead launch a voluntary public offer. The choice between a mandatory and voluntary offer largely depends on the target's shareholding structure.

5.2 What deal protections are available to private equity investors in your jurisdiction in relation to public acquisitions?

The protections are twofold and depend on whether the buyer acquires a controlling stake from identified shareholders or launches a voluntary takeover offer without doing so. While the buyer can negotiate contractual protections in a bilateral agreement with the seller of the significant stake, the scope for conditions in a takeover offer is limited. A mandatory takeover offer cannot include any conditions, whereas a voluntary offer may include limited conditions that must be satisfied for the bidder to be bound by it. These conditions may include regulatory approvals, a minimum acceptance threshold (which cannot exceed 50% of total voting rights), and resolutions of shareholders' meetings. The gap between the minimum acceptance threshold and the squeeze-out threshold (the latter being 95% of the votes) presents a significant risk; even if the offer succeeds, the investor may still be unable to reach the threshold required to take the company private.

6 Transaction Terms: Private Acquisitions

6.1 What consideration structures are typically preferred by private equity investors (i) on the sell-side, and (ii) on the buy-side, in your jurisdiction?

In both scenarios, closing accounts and locked-box mechanisms are used. Earn-outs are becoming increasingly common. The decision on which mechanism to apply depends on several factors, with the nature of the target's business being the most significant. However, we observe that PE sellers, when divesting, tend to prefer the locked-box approach where feasible, as it reduces the risk of post-completion price disputes.

6.2 What is the typical package of warranties / indemnities offered by (i) a private equity seller, and (ii) the management team to a buyer?

In most cases, only the selling shareholder provides warranties. Management warranties are rare, although we do observe them from time to time. The knowledge of the managers – both actual and deemed – is one of the key points of negotiation, as it affects the sell-side's liability for representations and warranties (R&Ws). In terms of scope, the typical warranty package does not differ significantly from what is observed in other markets. It includes fundamental warranties regarding the seller's capacity to complete the transaction and the valid title to the shares or assets being sold. These are usually followed by business warranties, the scope of which depends on the nature of the target's operations. Tax warranties are also usually included.

6.3 What is the typical scope of other covenants, undertakings and indemnities provided by a private equity seller and its management team to a buyer?

Typical restrictive covenants, such as non-compete and non-solicitation provisions, are often included. PE players are generally reluctant to provide indemnities. If any indemnities are given at all, they usually must stem from material findings in the due diligence review. PE players are, however, reluctant to agree on the coverage against risks typical for the entire industry, even if such derives from the diligence exercise. For example, PE funds are often unwilling to indemnify the buyer against the risk of reclassification of B2B or civil law contractors as employees – an issue that is frequently identified during a due diligence review. In many sectors, such as IT and healthcare, this risk is common across the industry.

6.4 To what extent is representation & warranty insurance used in your jurisdiction? If so, what are the typical (i) excesses / policy limits, and (ii) carve-outs / exclusions from such insurance policies, and what is the typical cost of such insurance?

W&I insurance is becoming increasingly common. We observe a growing interest from investors in taking out such policies. Policy limits depend on the specific circumstances of the target. However, in brokers' practice, a typical starting point for further consideration and party discussions is in the range of 30–50% of the target's enterprise value (EV). Carve-outs and exclusions are similar to those in other jurisdictions. Underwriters are particularly cautious regarding environmental, tax, and cybersecurity warranties. The typical cost of insurance ranges from 1–2% of the policy limit.

6.5 What limitations will typically apply to the liability of a private equity seller and management team under warranties, covenants, indemnities and undertakings?

Indemnities, where the underlying risks are quantifiable, are capped at the maximum possible exposure.

Regarding warranties, the monetary and time limitations depend on the class of warranties. Fundamental warranties are usually capped at 100% of the purchase price. Caps on tax and business warranties depend on commercial arrangements. Customarily, liability for business warranties ranges from 10–30% of the purchase price. Time limitations for tax and environmental warranties are usually set at six years from completion, and the same often applies to fundamental warranties. For business warranties, time limitations are generally between 12 and 36 months from completion. There are also other limitations commonly observed in M&A transactions (such as anti-sandbagging clauses, limitations on matters considered when calculating the price, no adverse consequences from changes in law, etc.).

Other covenants and undertakings are usually not subject to any limitations.

In any case, 100% of the purchase price is almost always the total cap on the seller's liability under a transaction agreement.

6.6 Do (i) private equity sellers provide security (e.g., escrow accounts) for any warranties / liabilities, and (ii) private equity buyers insist on any security for warranties / liabilities (including any obtained from the management team)?

PE sellers are reluctant to agree to escrows and holdbacks. They ordinarily expect the buyer to obtain W&I insurance and to limit the seller's liability under the transaction agreement to USD 1. If PE is the buying party, it usually expects some sort of holdback or escrow to secure both post-closing disputes over breached warranties, and potential price adjustments.

6.7 How do private equity buyers typically provide comfort as to the availability of (i) debt finance, and (ii) equity finance? What rights of enforcement do sellers typically obtain in the absence of compliance by the buyer (e.g., equity underwrite of debt funding, right to specific performance of obligations under an equity commitment letter, damages, etc.)?

PE buyers usually provide representations regarding the source of financing. If the sell-side is not comfortable in this respect, PE firms often propose guarantees issued by a group entity with strong financial standing.

6.8 Are reverse break fees prevalent in private equity transactions to limit private equity buyers' exposure? If so, what terms are typical?

Reverse break fees – paid by PE buyers to sellers if the deal falls through due to the buyer's actions or inactions – are seen occasionally. Given that the M&A market was at a low point until recently, reverse break fee clauses were not prevalent. When included, they were typically triggered by breaches of pre-closing covenants by the PE buyer, such as failures to secure necessary financing or obtain regulatory approvals. Such reverse break fees can range from 1–2% to as much as 10% or more of the transaction value.

7 Transaction Terms: IPOs

7.1 What particular features and/or challenges should a private equity seller be aware of in considering an IPO exit?

Challenges related to IPOs are fairly standard across the EU. These include identifying the right market conditions and adhering to a formalised process. The latter is more manageable but requires the involvement of additional advisers and interaction with the financial market regulatory authority. Both factors add uncertainty and time to the transaction.

PE investors are increasingly considering venues outside Poland for listing or seeking prospectus approval in other jurisdictions, even if Poland remains the primary listing market.

7.2 What customary lock-ups would be imposed on private equity sellers on an IPO exit?

Lock-ups are customary and generally last between six and 12 months, although they can sometimes extend to 18 months.

7.3 Do private equity sellers generally pursue a dual-track exit process? If so, (i) how late in the process are private equity sellers continuing to run the dual-track, and (ii) were more dual-track deals ultimately realised through a sale or IPO?

In our experience, dual-track exit processes remain uncommon in Poland. Before entering the execution phase, a decision is usually made to opt for either a private sale, or, much less frequently, an IPO.

8 Financing

8.1 Please outline the most common sources of debt finance used to fund private equity transactions in your jurisdiction and provide an overview of the current state of the finance market in your jurisdiction for such debt (including the syndicated loan market, private credit market and the high-yield bond market).

PE transactions are usually financed either through bank or private debt, depending on the growth stage of the target. For mid-cap and larger transactions, financing is ordinarily provided by a club or syndicate of foreign and/or domestic lenders. In early-stage transactions, private debt – which is widely available – is more commonly used.

The bond market, as a source of financing for PE transactions, remains relatively weak.

8.2 Are there any relevant legal requirements or restrictions impacting the nature or structure of the debt financing (or any particular type of debt financing) of private equity transactions?

There are no significant legal requirements or restrictions affecting the nature or structure of debt financing, apart from typical considerations such as antimonopoly clearance requirements, financial assistance rules, etc. Typical security structures include share pledges, bank account pledges, asset pledges, mortgages, security assignments of receivables and subordination of intra-group loans. Additionally, due to transfer pricing rules, guarantee fees are expected to be paid to the security providers unless they also benefit from the financing made available to the group, which is cross-collateralised.

8.3 What recent trends have there been in the debt-financing market in your jurisdiction?

The most recent trend we have observed is increased activity by growth debt funds, whose main purpose is to accelerate growth, extend runway, and provide bridge financing to support companies in breaking even.

9 Alternative Liquidity Solutions

9.1 How prevalent is the use of continuation fund vehicles or GP-led secondary transactions as a deal type in your jurisdiction?

Following the outbreak of COVID-19 and the subsequent onset of the war in Ukraine, continuation fund vehicles and general partner (GP) -led secondary transactions have become increasingly common.

9.2 Are there any particular legal requirements or restrictions impacting their use?

Continuation fund vehicles and GP-led secondary transactions are subject to the same regulations as those applying to general funds and regular PE transactions.

10 Tax Matters

10.1 What are the key tax considerations for private equity investors and transactions in your jurisdiction? Are off-shore structures common?

After the introduction of the General Anti-Tax Avoidance regulations and specific Targeted Anti-Tax Avoidance clauses relating to reorganisations in Polish tax law, many structures that were once "typical" for PE transactions are no longer available.

Ordinarily, a PE investor would acquire a Polish target via its Luxembourg structure, with a Polish BidCo acquiring shares in the Polish target. After the acquisition of shares in the target company was finalised, the BidCo and the target would merge to facilitate the servicing of the acquisition debt; however, the debt push-down would not allow the interest costs to be treated as tax-deductible.

Typical concerns of Polish PE investors also relate to:

- a Civil Law Activity Tax of 1% payable on the market price of the acquired shares of the target company;
- limitations on VAT deductibility in the case of holding companies;
- the application of withholding tax exemptions to entities that lack real substance (such as box companies); and
- domestic withholding tax of 20% on interest payable to foreign creditors that are pass-through entities or foreign funds, trusts, or companies that are tax-transparent for income tax purposes.

10.2 What are the key tax-efficient arrangements that are typically considered by management teams in private equity acquisitions (such as growth shares, incentive shares, deferred / vesting arrangements)?

Since Polish law provides preferential tax treatment for qualifying incentive plans based on stock, this is generally the preferred way to arrange a tax-efficient scheme for local management. The tax efficiency of management incentive programmes that are bonus-based will depend on how the local management is engaged. The most popular structure is a dual arrangement, where part of the remuneration is paid to managers under their appointment to the management board, with a significant portion paid under a B2B arrangement (consultancy fees subject to preferential fixed taxation terms with limited social security contributions). Any bonuses paid under the incentive plans would be treated as additional remuneration paid under the B2B contract. Such split arrangement is not without tax risk (for both the company and the individual) and should be planned carefully.

10.3 What are the key tax considerations for management teams that are selling and/or rolling over part of their investment into a new acquisition structure?

Selling shares will lead to income subject to the Personal Income Tax at 19%, plus an additional 4% solidarity fee on any amount above PLN 1 million. A tax-free share-for-share exchange (rollover of shares) is often not possible due to the multi-level holding structure set up for managers. If the tax exemption for share-for-share exchange is not available, managers will be taxed on rollover transactions as if the shares were sold.

10.4 Have there been any significant changes in tax legislation or the practices of tax authorities (including in relation to tax rulings or clearances) impacting private equity investors, management teams or private equity transactions and are any anticipated?

Over the last 10 years, the tax landscape of PE transactions has materially changed, limiting the possibility of achieving certain tax optimisations. Polish tax authorities are very strict and we are seeing an increasing number of cases based on anti-avoidance rules. Depending on the case, the interest due on debt taken for the acquisition of shares is either fully non-deductible for tax purposes or its deductibility is very limited. Furthermore, multi-level foreign holding structures often prevent the application of withholding exemptions in Poland (or the application of reduced withholding tax rates) due to a lack of substance behind the entities forming the structure.

11 Legal and Regulatory Matters

11.1 Have there been any significant legal and/or regulatory developments over recent years impacting private equity investors or transactions and are any anticipated?

The latest changes to the law that have significantly affected transactions in Poland include the introduction of new regulations on the disposal of agricultural real properties, as well as FDI laws. Both are dealt with in transaction practice daily. The newest law impacting the largest deals in terms of value is the Foreign Subsidies Regulation, which, as EU law, also affects the Polish legislative environment. However, its applicability is limited, as the thresholds set out therein are relatively high.

11.2 Are private equity investors or particular transactions subject to enhanced regulatory scrutiny in your jurisdiction (e.g., on national security grounds)?

Transactions in certain highly regulated sectors are subject to additional scrutiny. These sectors include, for instance, gambling, banking, insurance, and others. Furthermore, due to Polish FDI regulations, utmost diligence must be exercised in cases of investments by buyers controlled by individuals or entities located outside of the EU, EEA and OECD.

11.3 Are impact investments subject to any additional legal or regulatory requirements?

Environmental, social and governance (ESG) considerations are becoming increasingly relevant. Apart from non-financial reporting obligations imposed on companies, impact investments are not regulated by statutory law in Poland.

11.4 How detailed is the legal due diligence (including compliance) conducted by private equity investors prior to any acquisitions (e.g., typical timeframes, materiality, scope, etc.)?

Red-flag due diligence reviews focusing on key issues are standard practice in Poland. Legal due diligence usually covers areas such as corporate, financing, real estate, assets, material contracts, intellectual property/IT/cybersecurity, data protection, antitrust and public aid, environment, employment, and litigation. Compliance reviews are becoming increasingly common. The timeframe for due diligence depends on the scale of the target's business. The exercise usually takes between two to three weeks and two months. Materiality thresholds are typically applied to filter out matters of minor importance.

11.5 Has anti-bribery or anti-corruption legislation impacted private equity investment and/or investors' approach to private equity transactions (e.g., diligence, contractual protection, etc.)?

PE investors expect, and sellers are usually willing to provide, warranties in compliance with relevant anti-bribery and anti-corruption legislation. Utmost care must be taken if there is a risk that the target is trading with sanctioned jurisdictions or manufactures dual-use products.

11.6 Are there any circumstances in which: (i) a private equity investor may be held liable for the liabilities of the underlying portfolio companies (including due to breach of applicable laws by the portfolio companies); and (ii) one portfolio company may be held liable for the liabilities of another portfolio company?

Most investments are in LLCs and joint-stock companies. In principle, in both cases, their shareholders enjoy the benefits of a full corporate veil, meaning they are not liable for the company's obligations. Liability may arise only if a shareholder agrees to incur such liability towards a specific creditor of the company (e.g., if they guarantee the due performance of the company's obligations). The same applies to liabilities between sister companies. This rule may be modified if a formal group of companies is created under the applicable provisions of the Polish Commercial Companies Code. However, such instances are extremely rare. An investor may also be held liable for the target's obligations if it is a GP in a partnership. Investments in such vehicles by PE investors are, however, rarely encountered.

12 Other Useful Facts

12.1 What other factors commonly give rise to concerns for private equity investors in your jurisdiction or should such investors otherwise be aware of in considering an investment in your jurisdiction?

Both the Polish market and local regulations are friendly towards foreign investors. Save for customary impediments to market entry observed in all EU jurisdictions – such as the necessity to obtain clearance under antitrust and FDI laws, as well as approvals for investments in certain sensitive sectors – there are no material barriers to investing in Poland.

Anna Dąbrowska leads the Corporate M&A team in Poland. She specialises in local and international acquisitions and divestments in a variety of economic sectors, including manufacturing, FMCG, technology and PE. She has taken part in many mergers and transformations of corporate entities, as well as share purchase transactions and business acquisitions. Anna also assists clients daily in corporate matters, including mergers, divisions and reorganisations. Anna is the Co-Chair of the European Regional Forum in the IBA, and she serves as a Commissioner in the IBA Future of Legal Services Commission. She also co-chairs the Polish Chapter of the International Section of the New York State Bar Association. She has been recommended by multiple international legal directories such as *Chambers and Partners*, *IFLR1000*, *The Legal 500* and *MergerLinks*.

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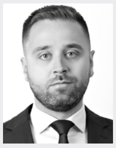

Bartosz Lewandowski is a member of the Corporate M&A team in Poland. He handles M&A transactions in private and public markets on behalf of both PE and industrial investors. He is also experienced in corporate restructuring and corporate advice on current business matters. Bartosz has participated in a range of Polish and cross-border transactions at all stages of the projects, including conducting and coordinating due diligence, negotiating and drafting transaction documentation, closing, and post-closing advice. His expertise particularly lies in managing complex transactions in the production, IT, shipbuilding and biotechnology sectors.

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