

SpencerStuart

2018 Poland
Spencer Stuart
Board Index

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Foreword

The *Spencer Stuart Board Index* is an annual study that analyses aspects of board governance among major listed companies, including composition, committees and remuneration. First published over 30 years ago in the US, Board Indexes are produced in 22 countries around the world on an annual or biennial basis.

For the second time, we publish the *Poland Spencer Stuart Board Index*, which has been expanded this year to encompass the top 40 companies listed on the Warsaw Stock Exchange (WSE), including the WIG20 constituents. This year's study includes an analysis of the top 40 companies, as well as a comparative analysis of the WIG20 against our 2017 findings.

Our purpose is to provide business leaders with a snapshot of current practice on Polish boards. In addition to data for the 40 largest publicly listed companies in Poland, we also publish here a detailed chart showing how these companies compare with leading companies in the US and other European markets across a key range of governance measures.

We hope that you will find this second edition of the *Poland Spencer Stuart Board Index* an interesting read. We welcome your feedback and the opportunity to discuss any of the issues that arise from our research.

Andrzej Maciejewski
Spencer Stuart Poland

Highlights

15.2%

The proportion of female directors on the top 40 WSE company boards

GENDER DIVERSITY

The proportion of board seats held by women is among the lowest in Europe, at 15.2%. Little progress has been made in improving the gender balance on Polish boards during the past 12 months, a period when only five companies added a female member to the board. Women account for about 16% of all new appointments, and all-male boards are seen at one-third of the companies under review. When looking only at the WIG20, the proportion of women is higher, at 21.3%, but has seen no progress on last year. That said, women hold nearly one-third of WIG20 chair positions (32%), representing the second-highest rate in Europe. The proportion of female CEOs in the WIG20 has increased, from zero to 10%. See page 9.

62

The number of board members appointed in the past 12 months¹

NEW DIRECTORS

A total of 62 directors were appointed over the past year, representing 23.2% of all directors and 1.6 new directors per company on average. New appointments are not evenly distributed across companies: while 40% of boards made no new appointments, 43% have two or more new members. More than half of new directors have a general management background, and around one quarter bring finance experience. Eleven per cent of new directors have some digital/technology experience, reflecting rising awareness that this is a core boardroom asset. See page 16.

¹ Adjusted to exclude eight directors who are classified as new, due to formation of a new board during 2017

TENURE

Polish directors record the lowest average tenure in Europe, at 4.2 years. The tenure of independent directors is lower still, at 3.7 years. Among 70% of directors, tenure has yet to reach five years; however, 12% of their colleagues have served on the same board for 10 years or more. See page 14.

4.2 years

The average tenure of directors of WIG boards

DIRECTOR REMUNERATION

Most listed companies in our analysis disclose details relating to the remuneration directors received for duties performed in the 2017 financial year. However — unlike the convention followed in most other European countries — only in a few cases do annual reports include the retainer fee policy for various board roles and committee memberships. The average aggregate fee paid to chairs is PLN 202,073, and the average pay to non-executive directors is PLN 136,157 — both figures are by far the lowest among the countries in our European sample. See page 21.

PLN 136,157

The average aggregate remuneration paid to non-executive directors

INDEPENDENCE

Just over half of WIG20 directors are considered independent. However, the next 20 WSE-listed companies display a lower rate of independence, at 37%. Boards at 18 companies are composed of 50% or more independent directors, and at five companies fewer than one-third of board members are deemed to be independent. Among European peers, Netherlands (87%), Switzerland (83%), and Finland (81%) have the highest rates of independence, while in Russia (38%) and Turkey (33%) we see rates of independence lower than those in Poland. See page 8.

45%

The proportion of independent directors across the top 40 company boards

Our survey approach

The *2018 Poland Spencer Stuart Board Index* is a survey of the 40 largest companies by market capitalisation listed on the Warsaw Stock Exchange as of 30 April 2018.

We analysed board size and composition, committee structure and director compensation for the 2017 financial year, compiling our research from a combination of publicly available sources such as company annual reports and websites, minutes and agendas of general meetings, and from BoardEx. Employee representatives are excluded from our analysis unless otherwise stated.

Measured as of 31 May 2018:

- | | |
|---------------------------------|--------------------------|
| » Supervisory Board composition | » Tenure |
| » Management Board composition | » Board commitments |
| » Female representation | » Age |
| » Independence | » Foreign representation |

Measured as of 31 December 2017:

- » Board meetings
- » Board committee meetings
- » Board remuneration

The *2018 Poland Spencer Stuart Board Index* focuses on quantifiable data pertaining to boards of directors and offers comparisons with leading companies in a number of other European countries, namely Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Russia, Spain, Sweden, Switzerland, Turkey, and the UK, as well as with S&P 500 companies in the US.

Board size and composition

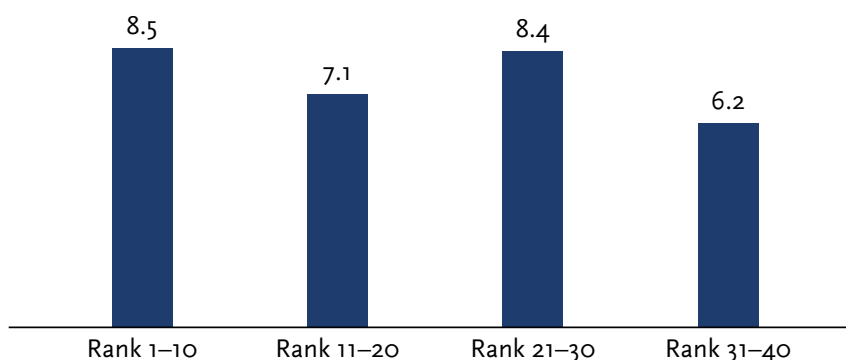
BOARD SIZE

The average board size across the top 40 companies in Poland is eight members, including employee representatives. WIG20 company boards are only slightly larger on average at 8.1 members than the following 20 companies, where the average is 7.9.

Board size ranges from between five and 14 members. Three companies in the WIG20 (CD Projekt, CCC, Eurocash) and three in the next 20 (Benefit Systems, Dino Polska, Inter Cars) are composed of five members, the minimum number required by law for Polish public companies². Only four companies have boards with more than 10 members. The largest board, with 14 members, is found at Orange PL.

When considering the size of the companies in our sample, and excluding employee representatives, no clear trend in terms of size is evident across the largest 30 of the 40 companies. However across the smallest 10 companies, all with a market capitalisation of around or below €1,000 million³, the average board size drops to 6.2 members.

Board size by market cap excluding employee representatives



² Article 385, Polish Commercial Code

³ Market capitalisation as of 30/04/2017.

THE BROADER VIEW: Board size

Country	Size	Country	Size
Belgium	10	Poland	8
Denmark	9.8	Russia	10.4
Finland	8.1	Spain	10.9
France	13.7	Sweden	10.6
Germany	13.8	Switzerland	10.4
Italy	11.5	Turkey	9.8
Netherlands	9.3	UK	10.1
Norway	8.1	USA	10.8

THE ROLES OF CHAIR AND CHIEF EXECUTIVE

Under Polish law, public companies are governed by a two-tier system that separates the role of the supervisory board (composed of non-executive directors and in certain cases employee representatives), from that of the management board (composed of executive directors). This structure also provides a formal separation of the chair and CEO role. Indeed, no companies in our sample combine the role of CEO and chair; nor are there any cases where executive members sit on a supervisory board.

Separating the powers of the chair and the CEO is also recommended or required in most countries with unitary governance systems. However, although it is becoming less common in Europe, combining the chair and CEO role remains prevalent among the largest public companies in Spain (54%) and France (52.5%).

VICE CHAIR

A vice chair was identified at 32 companies, or 80% of the sample. Three companies, all of them financial institutions, have two vice chairs on their boards (Bank Pekao, Bank BGZ BNP Paribas, and Bank Millennium).

No vice chair was identified at two WIG20 companies, compared with five such boards last year.

THE BROADER VIEW: Vice chair

Country	% with vice chair	Country	% with vice chair
Belgium	20%	Poland	80%
Denmark	100%	Russia	36%
Finland	92%	Spain	67%
France	35%	Sweden	48%
Germany	100%	Switzerland	90%
Italy	49%	Turkey	96%
Netherlands	74%	UK	15%
Norway	56%		

EMPLOYEE REPRESENTATIVES

Polish law requires that employees are represented on the boards of companies that are state-owned or partially privatised⁴. In our sample, employee representatives were identified at two WIG20 companies, and at six companies across the full sample, making up 5% of the total number of directors. However, it is not always readily apparent from annual reports when a board director is an employee representative, which may mean that the actual percentage of employee-elected board members is in fact higher.

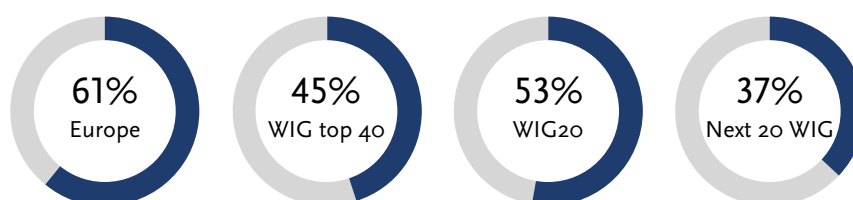
In companies where employee representation is required, they make up 30% of the board on average, with an average number of 2.8 employee representatives per board.

⁴ When state ownership is 50% or more, 2/5 of board members must be employee representatives.

INDEPENDENCE

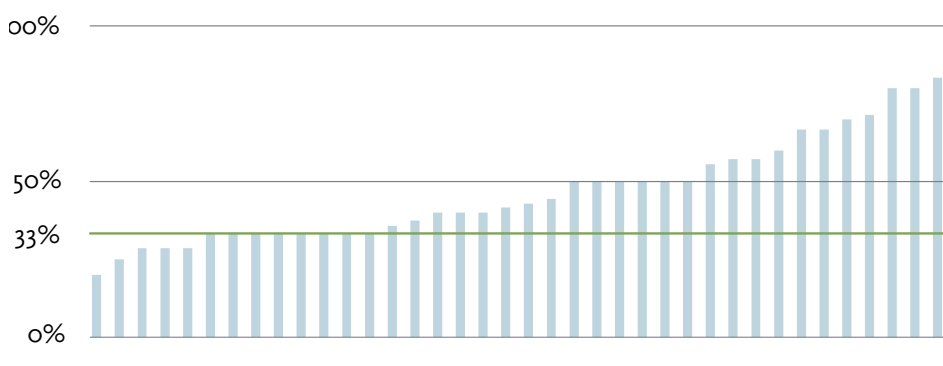
In the WIG20, 53% of directors are considered independent, compared with 49% last year. Among the next 20 WIG companies the rate of independence is significantly lower, at 37%, bringing average independence across all 40 companies in our survey to 45%. One company does not disclose information on directors' independence⁵.

Proportion of independent directors



All boards except one disclose the independence status of their board directors. While no company has a supervisory board made up solely of independent directors, 18 boards have 50% or more independent directors, meeting a threshold often considered the minimum for international best practice and most European governance codes⁶. Five boards have fewer than one-third independent directors.

Independence distribution of WIG company boards (% of whole board)



⁵ One company (non WIG20) does not disclose information on directors' independence. These directors are excluded from the average independence figures. If it is assumed that these are all non-independent, the figure changes to 3.4 independent directors per board, which does not significantly affect the overall percentage of independent directors (45%).

⁶ Spencer Stuart Boardroom Best Practice (2017)

THE BROADER VIEW: Independent directors (excluding employee representatives)

Country	%	Country	%
Belgium	49.2%	Poland	45%
Denmark	77.1%	Russia	38.1%
Finland	80.8%	Spain	45%
France	58%	Sweden	69.1%
Germany	60%	Switzerland	83.2%
Italy	51%	Turkey	33.1%
Netherlands	87.1%	UK	61%
Norway	75.8%	USA	85%

GENDER DIVERSITY

The representation of women on WIG20 boards during the past year has changed little: 34 out of 154 non-executive directors are women, accounting for 21.3% of all NEDs, compared with 21.4% last year.

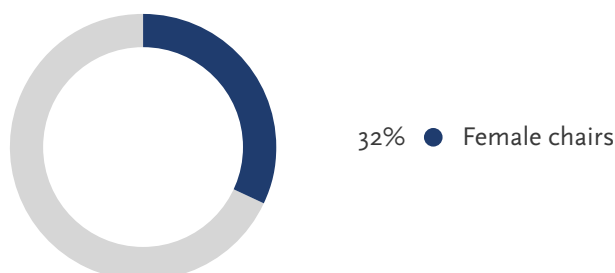
When all 40 companies are taken together, female representation is lower still: women occupy only 15.2% of all board seats and all-male boards are seen at almost one-third of companies.

However, in the WIG20 women occupy 32% of chair roles, rising from 30% reported in our 2017 survey. The six companies in our cohort with a female chair are CD Projekt, Energa, Grupa LOTOS, Orlen, PGE, and Tauron Polska Energia.

Gender diversity on Polish boards

	Female representation on board			
	0	1%–20%	21%–40%	41%–60%
Percentage of boards in this range	32.5%	47.5%	12.5%	7.5%

Female chairs



The issue of gender diversity on boards continues to be high on the agenda for many governments. In several European countries the introduction of legal quotas or soft targets has increased effectively the share of women on boards. In Poland, other than the governance code's general recommendation that companies should publish their diversity policies online, no targets are in place to promote more equal gender representation on supervisory boards.

Between 1 June 2017 and 31 May 2018, 11 female directors were appointed to the boards of the top 40 companies (15.7% of new directors). Only five companies, or 12.5% of our survey, appointed a woman to the board during the year.

Eight of those 11 new women joined a WIG20 board, representing 24% of the new directors appointed to the WIG20. This proportion marks a decline from 2017, when 27% of new appointees were women.

However, looking outside the supervisory board, the WIG20 has seen the appointment of two female CEOs, taking the share of female CEOs in the blue-chip index from zero to 10% in one year. On the executive committees, across all 40 companies, the share of women is at 13.4%, not far below the European average of 15.6%.

THE BROADER VIEW: Women on the board

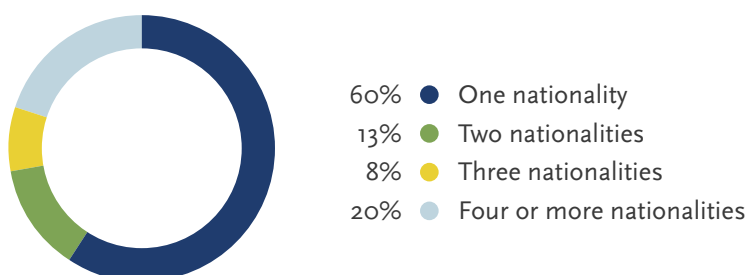
Country	%	Country	%
Belgium	32.1%	Poland	15.2%
Denmark	27.6%	Russia	7.8%
Finland	33.3%	Spain	19.5%
France	42.5%	Sweden	39%
Germany	32%	Switzerland	24%
Italy	32.3%	Turkey	17.1%
Netherlands	21.6%	UK	27.5%
Norway	45.6%	USA	24%

FOREIGN DIRECTORS

The proportion of foreign non-executive directors in the WIG top 40 is 28%, with an average of two foreign directors per board. Looking only at the WIG20, the share of foreign directors drops to 16.8% — in Europe, only Italy appoints fewer foreign directors, at 10.1%. Poland's level is close to that observed in Turkey (17.1%).

Last year, 75% of WIG20 boards had no foreign members; a proportion unchanged in this review. Of the 35 new non-executives appointed, only two (5.7%) are foreign.

Number of nationalities represented on WIG boards



The average number of nationalities represented on WIG20 boards is 1.7, confirming that Polish boards are the least internationally diverse among European countries in our sample, behind Turkey (2), Italy (2.2), France (4.3), and Switzerland (6.2).

The presence of foreign directors in the top 40 companies in Poland is mainly driven by those organisations with a foreign major shareholder. As many as 24 companies have no foreign directors on their board, and, among the remaining 16 companies with at least one foreign member, more than 80% have a major foreign shareholder. If we exclude all companies with a foreign major shareholder from the analysis (15 companies in total), the number of foreign directors in the sample falls to seven (4.2%). Only Eurocash, Benefit Systems, and Alior Bank have no foreign major shareholder and one or more foreign directors on their board.

THE BROADER VIEW: Foreign directors

Country	%	Country	%
Belgium	30.4%	Poland	26.8%
Denmark	39.4%	Russia	25.8%
Finland	33.8%	Spain	19.8%
France	35%	Sweden	33.6%
Germany	25.3%	Switzerland	58.2%
Italy	10.1%	Turkey	17.1%
Netherlands	39%	UK	33.3%
Norway	28.2%	USA	8.2%

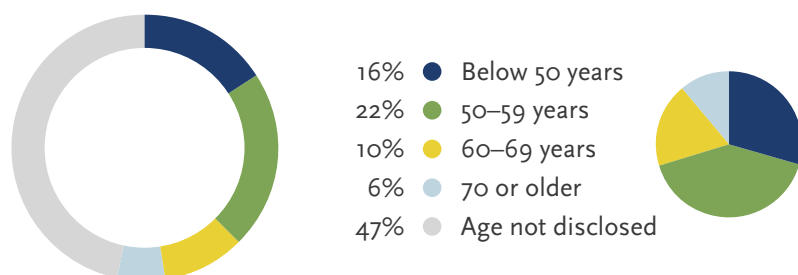
In the WIG 20, two companies have a foreign chair: Bank Zachodni, whose major shareholder is Spain's Santander, and Eurocash. We find five additional foreign chairs in the next-listed 20 companies, bringing the total proportion of foreign chairs among the top 40 companies to 18.4%.

There are six foreign CEOs across our sample, five of whom lead a company with a foreign major shareholder. As last year, two of the foreign CEOs lead a WIG20 company. Two companies have no identified chair.

AGE OF DIRECTORS

With an average age of 55.6 years, Polish boards are the second-youngest in Europe (after Russia, which averages 54.5 years). They are nearly three years younger than the average across our European sample and nearly two years below the next-youngest in our sample (Norway, with 57.3 years average). However, the average age may be affected by the generally low disclosure around directors' birth date or year; of 302 directors, we were only able to confirm the age of 161 directors.

Age distribution of directors on WIG 20 boards



The WIG20 directors' average age has fallen to 55 years (54% do not disclose their age). In the following 20 companies the average age is more than one year greater, at 56.1 (39% do not disclose). This leaves the average across the whole sample unchanged from the average for the WIG20 last year, at 55.6 years.

The average age of male board members is 56 years. The average age of their female counterparts is lower at 51.4 years, but this figure should be treated with caution as two-thirds of female directors do not disclose their age.

The average age of chairs in our sample is 53.8 years; however, this figure excludes 18 chairs whose age is unknown. Poland, followed by Turkey (58.3) and Russia (59.3), are the only countries included in our European sample in which the average age for chairs is under 60.

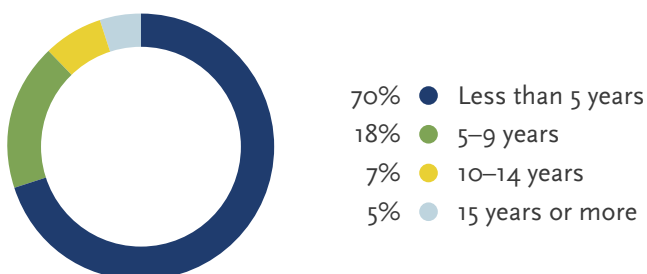
THE BROADER VIEW: Average age of directors

Country	Age	Country	Age
Belgium	57.7	Poland	55.6
Denmark	58.9	Russia	54.5
Finland	58.5	Spain	60.3
France	58.9	Sweden	58.9
Germany	58	Switzerland	60
Italy	58	Turkey	58.7
Netherlands	61.5	UK	59
Norway	57.3		

LENGTH OF SERVICE

With an average tenure of 4.2 years, directors of WIG boards are the lowest tenured in Europe, just below Norway and Russia at 4.3 years. Among independent directors tenure is even lower, at 3.7 years. The Polish Commercial Code requires that board directors resign or stand for re-election every five years⁷. A quarter of directors have tenures longer than five years.

Average director tenure



⁷ Polish Commercial Code Art. 386

Taking the WIG20 separately, average tenure stands at only 3.2 years, a slight decrease on last year when directors, on average, had served for 3.4 years. For boards at the following 20 companies, the average length of service is 5.3 years — much closer to the European average of 5.2 years.

For chairs we find a slightly higher figure of six years on the board, and an average of 4.6 years in the chair capacity.

Tenure for chief executive officers is close to that of chairs, at 6.1 years. For the WIG20 alone, the average is 5.2, which is above the previous year's average of 4.6. With a total of seven new CEOs appointed to a WIG20 board in the past year one would expect the average CEO tenure to have dropped significantly.

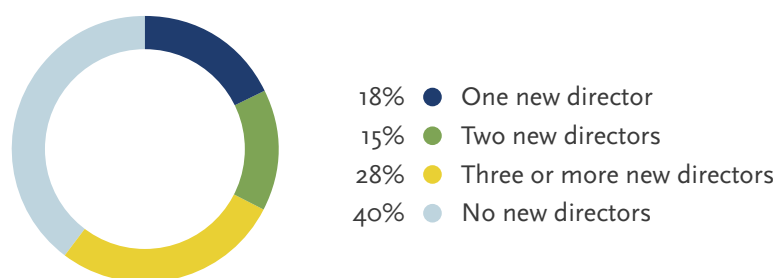
THE BROADER VIEW: Average tenure of directors

Country	Years	Country	Years
Belgium	5.1	Poland	4.2
Denmark	5.3	Russia	4.3
Finland	4.8	Spain	6.3
France	5.7	Sweden	5.7
Germany	5.7	Switzerland	5.9
Italy	6.5	Turkey	5.3
Netherlands	4.5	UK	4.6
Norway	4.3	USA	8.1

NEW DIRECTORS

A total of 62 board members in our sample were appointed over the past year, representing 21% of all directors⁸. As a result, whether a board is expanded, or a director is replaced, Polish boards are adding new skills and perspectives to their boards, with an average of 1.6 new directors per board this year⁹. Not only does the group of new directors provide an indication of the rate at which Polish boards are renewed and thus the director turnover rate, but the characteristics of new directors (i.e. their age, diversity, background and experience) can indicate the direction boards are evolving.

Companies with new directors appointed



The proportion of new female directors among our sample this year was 15.7%, or 11 new directors. However, that share is unevenly distributed across the 24 companies making one or more new appointments: women were among new appointees at only five companies — three of them in the WIG20 — out of the 24.

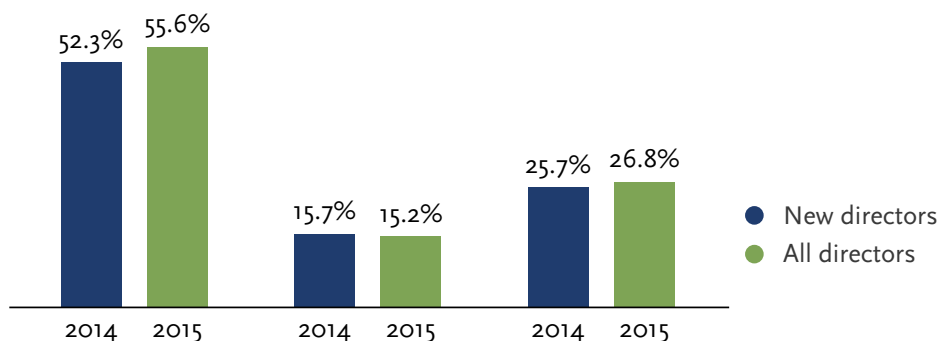
In terms of foreign representation, 25.7% of appointees were of a foreign nationality. Among these, only two were independent appointments. This is the opposite of the trend seen, for example, in Russia, where nearly three-quarters of foreign directors appointed are brought on to the board as independent non-executive directors. The proportion of new foreign directors in the Poland sample however is skewed by one company where all directors were appointed during the year. Excluding these directors, the share of new foreign directors falls to 16.1%, and leaves no new directors that are foreign and independent in the sample.

⁸ The figure is adjusted to exclude one company whose board was formed during the year (8 directors)

⁹ The figure is adjusted to exclude one company whose board was formed during the year (8 directors)

The average age of new directors appointed is 52.3 years, compared with an average of 55.6 across the cohort. However, the average should be treated with some caution due to a reduced sample size (age is disclosed for 38 out of 70 new directors).

New directors versus full sample



Sample size for all directors: 161; Sample size for new directors: 38.

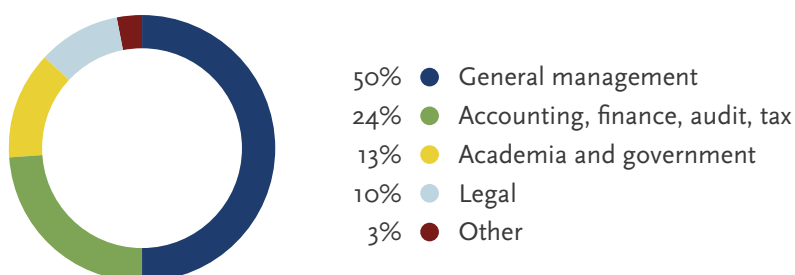
In terms of background and experience, nearly half of all new directors come from a general management background (50%). Although this is a diverse group in terms of their different industry experience and specialisations, their common core experience lies in areas such as administration, strategy, and operations, most frequently holding or having held a president/CEO position, chief operating officer or senior general management position.

Financial skills appear to be in as high demand on Polish boards as they are elsewhere in Europe and the US: new directors whose primary experience is in accounting, finance, audit and/or tax account for 24% of new director appointments. In the US more than a quarter of new director appointments this year were financial specialists, up from 18% in 2008.

Appointments of professors, politicians, and government officials are also common among new director appointments in Poland — 13% of the new director appointments have a background in academia or government. A further 10% of new board members come from a legal background.

Across the entire pool of new directors, we have identified just 11% who bring experience in digitalisation¹⁰, a strategic competence increasingly sought after in the boardroom.

Background of new directors



¹⁰ Insight on IT architecture/infrastructure; application of big data/internet of things; automation/robotics/artificial intelligence/machine learning; digital transformation; e-commerce

Board governance

BOARD MEETINGS

The 40 boards in our sample reported holding an average of 8.7 meetings during the financial year 2017. We were unable to identify the exact number of meetings held by 13 companies (five of which are in the WIG20 and eight in the following 20 largest businesses). In some cases, the minimum number of meetings that are required to be held is reported, rather than the actual number of meetings that took place. Several companies also report the number of resolutions adopted throughout the year.

The number of meetings held varies greatly among companies, ranging from three (at Dino Polska), to 17 (at PZU).

Number of meetings held

	Number of meetings held				
	3–5	6–8	9–11	12–14	16–17
Percentage of boards in this range	26%	26%	18.5%	18.5%	11%

THE BROADER VIEW: Average number of board meetings

Country	#	Country	#
Belgium	8.4	Poland	8.7
Denmark	8.2	Russia	6.4
Finland	10.8	Spain	11.1
France	9.1	Sweden	10.3
Germany	6.8	Switzerland	8.3
Italy	11.2	Turkey	19.7
Netherlands	7.4	UK	7.3
Norway	8.5	USA	8

BOARD COMMITTEES

All 40 company boards in this year's index have established at least one committee. Eight company boards have formed an audit committee only; this being the single committee that companies are required by law to establish¹¹. These boards tend to be those with fewer directors than average; five of them have only five members, and two have six members. The average number of audit committee meetings is 7.3¹².

Among financial institutions, all companies have at least three committees, which in all cases includes a risk committee.

Committees of WIG20 boards

	Number of committees				
	1	2	3	4	5
% companies	20%	20%	40%	17.5%	2.5%

The governance code¹³ recommends establishing a compensation/remuneration and nomination committee or equivalent. Fifteen companies have formed a compensation/remuneration committee, but no committee for nominations; one company has established a nomination committee, but no remuneration committee. A further 17 companies have formed both a remuneration and compensation committee.

SERVICE ON OTHER LISTED COMPANY BOARDS

The average director sits on an average of 1.3 listed company boards. Chairs also hold an average of 1.3 quoted board seats. At Grupa Kety and CCC, directors hold an average of 2.2. board positions; at 12 companies, all directors hold only one public company board seat.

¹¹ The Act on Statutory Auditors requires public company boards to form an audit committee; however, it allows for the whole board to form the committee if the board is composed of only five directors.

¹² Sample size: 27 companies. Three companies formed an audit committee during 2017, hence full-year number of meetings were not available. For 10 companies, no information was found.

¹³ Also referred to as personnel committee, appointments committee, human resources committee

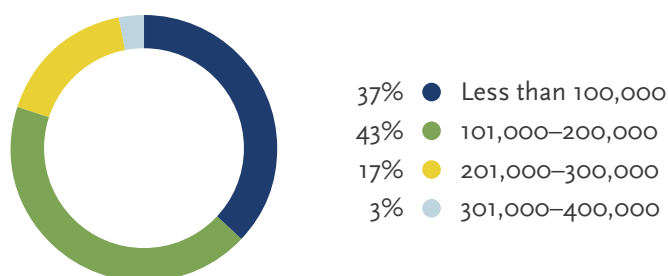
Remuneration

NON-EXECUTIVE DIRECTORS

The level of detail in reporting on remuneration is generally lower in Poland than in most other European countries. The common standard across Europe is to report details on retainer fees for different board positions including committee member fees, as well as to report detailed remuneration figures at an individual level; however, retainer fees are rarely disclosed across our sample. Most companies though do report on individual compensation, in addition to the total fee paid to board as a whole.

A retainer fee was identified at only four companies, resulting in an average of PLN 144,000. Eight additional companies did, however, report on the remuneration policy and the multiplier used, albeit without explicitly reporting on the base rate applied¹⁴. For the companies that report on retainer fees using a multiplier (eight companies), these range from 1.0 to 3.0 for a supervisory board member; the average multiplier is 1.8.

Non-executive director fee distribution (PLN)



¹⁴ Six companies report on multipliers used to determine remuneration: monthly remuneration is set as the product of the average monthly salary in the corporate sector net of profit-sharing, as announced by the president of the Central Statistical Office, and assigned multipliers for different positions.

All companies report the total remuneration paid to the board across the year, resulting in an average total board compensation of PLN 1,035,854 for the financial year 2017¹⁵. Similarly, all companies but one disclose individual compensation. The average aggregate remuneration paid to non-executive directors was PLN 136,157¹⁶. Some directors do not receive remuneration, either due to having voluntarily renounced their right to be remunerated or as a result of company policy stating that affiliated directors are not compensated.

Looking only at the WIG20, the average total fee is PLN 134,746. This is slightly lower than last year, when the amount was PLN 142,000. The small decline from last year may be due to changes in the WIG20 index, as well as variations in disclosure levels from year to year. However, this figure puts Poland even lower down the European remuneration scale, paying the absolute lowest fees across our sample and the only country where directors are paid less than €50,000 per annum.

The average total fee per director ranges from PLN 6,000 to PLN 271,400, at Famur and Orange PL, respectively.

THE BROADER VIEW: Average fees for non-executive directors

Country	Average fee	Country	Average fee
Belgium	€ 55,623	Poland	€ 31,984
Denmark	€ 83,573	Russia	€ 149,285
Finland	€ 72,972	Spain	€ 121,020
France	€ 85,165	Sweden	€ 78,322
Germany	€ 75,507*	Switzerland	€ 287,725
Italy	€ 90,000	Turkey	€ 60,633*
Netherlands	€ 71,878	UK	€ 105,892
Norway	€ 53,910	USA	€ 265,124

* Retainer fee used as proxy for average total fee

15 Excluding one company whose board was formed during 2017 and therefore a full-year remuneration figure was not available.

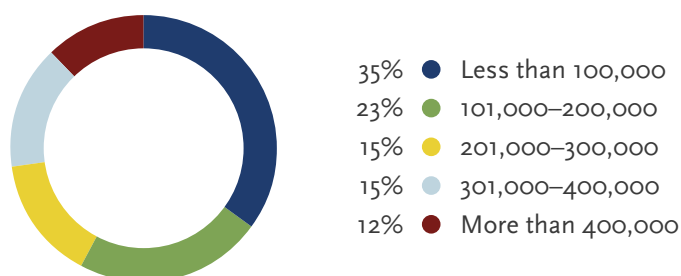
16 Excluding four companies where no regular member served a full year, in addition to one company that do not disclose individual compensation and one company whose board was formed in 2017 (cf ft. 9, 10)

CHAIRS

Only four companies disclosed a chair retainer fee; however all companies except one disclose the total fees paid. Among the boards with a chair who served the full year, the average annual compensation was PLN 202,073¹⁷. In six cases, by choice or by policy, the chair did not receive remuneration.

The highest remuneration paid to chairs in 2017 was PLN 600,000 at Bank BGZ BNP Paribas. The lowest fee for chairmanship, although an outlier, was paid at Famur, which is also among the smallest companies in this year's sample and amounted to PLN 6,000. Excluding Famur the lowest fee awarded to a chair was PLN 89,000, with a total of nine companies paying between PLN 89,000 and PLN 100,000. Excluding Famur from the sample results in an average total chair fee of PLN 209,916.

Chair fee distribution



¹⁷ Figures reported for all companies but one; however, in six companies a single chair did not serve a full year and is therefore excluded. A further six chairs did not receive any remuneration as a result of having waived this right, or due to company policy (e.g. due to being shareholder representatives).

COMMITTEE MEMBERSHIP FEES

Only two companies, Asseco Poland and Bank Zachodni WBK, disclose separately the fees paid to committee members; mBank discloses its committee fee policy only.

Details regarding additional fees for serving as a member or chair of a committee organised under the board are rarely disclosed; only one company, Bank Zachodni, explicitly states these fees in the remuneration section of its annual report. In this case, the additional fee for chairing the audit committee is PLN 12,000 while members receive PLN 8,400. For the remuneration and nomination committee, the chair and members receive an additional PLN 5,800 and PLN 4,800, respectively.

Several companies disclose a multiplier for such additional board duties. At mBank, board members receive an additional 50% on top of their monthly remuneration for membership of a first committee and a further 25% for participating in a second. The chair of the mBank audit committee is entitled to additional remuneration equal to 80% of the sum of remuneration he or she is paid. At PKO, committee members are entitled to an additional 10% if they are a member of any board committee. At Bank Millennium, committee members are eligible for separate remuneration of up to 100% of base remuneration. At Ciech, the audit chair receives a 150% premium; audit committee members receive a 100% premium on the base rate.

Further details comparing board director remuneration across Europe and the US can be found on pages 30–31.

Comparison Tables

International Comparison

In this edition of the *Poland Spencer Stuart Board Index* we provide two sets of tables. In addition to the detailed data for WIG40 companies (beginning on page 32), we are publishing a chart comparing aggregated data from 16 countries (pages 28–31).

All data is taken from individual country Board Indexes published by Spencer Stuart in 2018.

Visit the Spencer Stuart website and discover “Boards Around the World”, a visual tool that compares the composition, diversity, compensation and board evaluation practices of different countries.

Composition information

BELGIUM	BeL20 + BelMid
DENMARK	OMX Copenhagen (25 companies)
FINLAND	OMX Helsinki (25 companies)
FRANCE	CAC40
GERMANY	DAX30
ITALY	37 (FTSE MIB) + 63 (Mid Cap, Small Cap, Other)
NETHERLANDS	AEX (21 companies) + AMX (21 companies) + eight further large listed companies
NORWAY	OBX (25 companies)
POLAND	WIG 20
RUSSIA	Russian Trading System Index
SPAIN	IBEX-35 + top companies by market cap
SWEDEN	OMX Stockholm (25 companies)
SWITZERLAND	SMI (20 companies)
TURKEY	BIST 30
UK	Top 150 FTSE companies excluding investment trusts
USA	S&P 500

Denmark, Finland, Norway and Sweden's top companies are analysed together in the Nordic Board Index

INTERNATIONAL COMPARISON FOOTNOTES

General

N/A = Not applicable.

A blank cell denotes that either the information is not available or we did not include it our research.

Belgium

- 1 7% did not disclose
- 2 One company did not disclose
- 3 Based on six companies only
- 4 Two chairs are not paid
- 5 Nine companies do not pay audit co members
- 6 10 companies do not pay rem co fees
- 7 14 companies do not pay nom co fees

Denmark

- 8 All calculations exclude employee representatives
- 9 One executive director in the sample
- 10 Six companies did not disclose

Finland

- 11 Only one CEO in sample

France

- 12 75% of CAC 40 companies conduct an external evaluation at least every three years; in 2017, 75% of these were conducted by Spencer Stuart
- 13 According to Afep/Medef corporate governance code
- 14 Non-executive chairs only
- 15 47.5% of rem and nom cos are merged, with an average fee of €17,254

Germany

- 16 Average minimum proportion of members that should be independent
- 17 Shareholder representatives only
- 18 Remuneration committees are very rare in Germany
- 19 Except for banks, German nominations committees only deal with non-executive director nominations and committee membership is rarely compensated
- 20 Supervisory Board only

Italy

- 21 Includes some CEOs who are also chairs

Netherlands

- 22 Includes executive board members
- 23 Non-executives only
- 24 Includes executive directors on two-tier boards
- 25 Includes directors of executive boards
- 26 Seven companies did not disclose the information

Norway

- 27 Seven companies did not disclose
- 28 Only one executive director
- 29 Excludes one Executive chair

Poland

- 30 Six companies have employee representatives (ER) on the board. ERs are excluded from subsequent figures
- 31 One board does not disclose; all directors are therefore classified as non-independent
- 32 Excludes 141 out of 302 directors (age not disclosed)
- 33 Excludes 16 chairs (age not disclosed)
- 34 Excludes 15 CEOs (age not disclosed; two are co-CEOs) and two companies with no CEO
- 35 Excludes 125 out of 265 directors (age not disclosed)
- 36 Excludes two companies: one had no chair and one chair could not be identified
- 37 Includes one company where all directors (8) were appointed during the year, due to formation of a new board/company.
- 38 Five companies do not disclose
- 39 Figure unavailable for 24 companies: year not served in full (9); person not remunerated (6); no vice chair (9)
- 40 Insufficient disclosure
- 41 Conversion at av. 2017 annual rate: PLN/EUR = 4.257

Russia

- 42 Excluding Unipro PAO from sample
- 43 Average in-person board meetings. Average number of meetings including meetings held in absentia: 20.8.
- 44 Three companies do not disclose.
- 45 Excludes 15 directors (age not disclosed)
- 46 Excludes 2 chairs (age not disclosed)
- 47 Excludes one CEO (age not disclosed)
- 48 Excludes 9 directors (age not disclosed)
- 49 Excludes 4 directors (age not disclosed)
- 50 Magnit appointed a female CEO after cut-off date
- 51 Nine companies do not disclose specified amounts
- 52 28 companies do not disclose individual figures
- 53 35 companies do not disclose, or figure is not available for the year
- 54 32 companies do not disclose, or figure is unavailable for the year
- 55 Includes 24 companies only
- 56 Includes 22 companies only
- 57 All 12 exco members of one Dutch company are foreign
- 58 Annual rate set by the Central Bank of the Russian Federation: RUB/EUR = 66.0305, RUB/USD = 58.2982, RUB/GBP = 75.2038

Spain

- 59 Top 50 companies only
- 60 Includes both executive and non-executive directors
- 61 The average additional fee paid to the SID was €31,645
- 62 Only 14% of companies in Spain have separated nominations & remunerations (N&R) committee into two. Average fee for N&R co members is €23.632

Turkey

- 63 Excludes Koza Altin and Koza Anadolu Metal
- 64 Three companies held over 40 meetings per year, one held 92. Seven companies do not disclose
- 65 Excludes 17 directors (age is not disclosed)
- 66 Excludes one chair (age is not disclosed)
- 67 Excludes one CEO (age is not disclosed)
- 68 Turkish dual nationals not counted as foreign
- 69 Four companies do not disclose, or not available
- 70 Conversion at av. 2017 annual rate: TRY/EUR = 4.120

UK

- 71 Four companies did not have a SID either due to a recent retirement and an ongoing search for a replacement or the application of a foreign corporate governance code.
- 72 The exchange rate used is 1 EUR = 1.141317 GBP
- 73 SIDs only; those who served the full year
- 74 Includes 140 part-time chairs. Eight chairs are full-time and paid on a different basis. Two chairs receive no fee.
- 75 FTSE 100 only

USA

- 76 Percentage of S&P 500 boards that disclose
- 77 All CEOs sit on the company board
- 78 Top 200 only of S&P 500 companies
- 79 CEOs only
- 80 Average tenure of independent directors only
- 81 Non-executive chairs only

International Comparison

		BELGIUM	DENMARK	FINLAND	FRANCE	GERMANY	ITALY
GENERAL INFORMATION	Size of sample	59	25	25	40	70	100
	Supervisory board/unitary board of directors	1/58	25/0	0/25	7/33	70/0	1/99
	Average number of board meetings per year	8.4	8.2	10.8	9.1	6.8	11.2
	% companies that conducted an external board evaluation	5.1% ¹	8.3%	17.4%	30% ¹²	17%	38%
	Combined chair and CEO	1.7%	0%	0%	52.5%	0%	17%
	% boards with senior independent director (SID)	1.7%	0%	0%	52.5%	0%	34%
	% of boards with vice/deputy chairs	20.3%	100%	92%	35%	100%	49%
BOARD	Average board size (total)	10	9.8 ⁸	8.1	13.7	13.8	11.5
	Average board size (excl. employee representatives)	10	6.8	7.9	12	7.5	N/A
	Average number of independent board members	4.5	5.2	6.4	7	N/A	5.9
	% independent board members	49.2%	77.1%	80.8%	58%	60% ¹⁶	51%
	Average number of non-executive directors	7.7	5.8	6.8	11	6.5 ¹⁷	8.8
	Average number of executive directors	1.4	0.04	0.1	1	N/A	2.3
AGE	Average age: all directors	57.7	58.9	58.5	58.9	58	58
	Average age chairs	61.8	62	61.3	61.4	66	65
	Average age CEOs who sit on the board	53.8	N/A	58.4 ¹¹	59	N/A	57
	Average age all CEOs, including those not on the board	54	55	56.7	57.9	55	N/A
	Average age: non-executive directors	57.7	58.5	58.2	59	60 ¹⁷	61
	Average age: executive directors	54.5	47.6 ⁹	51.5	57.8	53.2	60
FOREIGN	% foreign board members (all)	30.4%	39.4%	33.8%	35%	25.3%	10.1%
	% foreign chairs	15.3%	28%	16%	17.5%	13%	5.7%
	% foreign non-executive directors	32.7%	39.6%	36.8%	37%	26% ¹⁷	8.1%
	% foreign executive directors	27.2%	0%	0%	2%	N/A	5.6%
	Average # nationalities represented on the board	3.1	3.4	2.9	4.3	2.5 ¹⁷	2.2
GENDER	% female board directors (all)	32.1%	27.6%	33.3%	42.5% ¹³	32% ²⁰	32.3%
	% female chairs	5.1%	0%	0%	2.5%	4%	9%
	% female CEOs	7.9%	0%	4.2%	2.5%	0%	6%
	% female non-executive directors	38.6%	27.8%	38.6%	45.3%	32% ¹⁷	39%
	% female executive directors	14.5%	0%	0%	0.3%	10.4%	9%
	% boards with at least one female director	100%	88%	100%	100%	99%	99%

	NETHERLANDS	NORWAY	POLAND	RUSSIA	SPAIN	SWEDEN	SWITZERLAND	TURKEY	UK	USA
	50	25	40	42 ⁴²	100	25	20	28 ⁶³	150	485
	44/6	25/0	40/0	6/36	0/100	0/25	0/20	0/28	1/149	0/485
	7.4	8.5	8.7	6.5 ⁴³	11.1	10.3	8.3	19.7 ⁶⁴	7.3	8
	30%	22.2% ²⁷	N/A	17% ⁴⁴	34%	16.7%	12.5%	N/A	44%	9% ⁷⁶
	0%	0%	0%	0%	54%	4%	0%	10.7%	.7%	49.9%
	6%	0%	0%	17.1%	68%	4%	25%	0%	97.3% ⁷¹	80%
	74%	56%	80%	34.1%	67%	48%	90%	96%	14.7%	-
	9.3 ²²	8.1	8	10.4	10.9	10.6	10.4	9.8	10.1	10.8
	9.3 ²²	6	7.6 ³⁰	N/A	N/A	8.8	N/A	N/A	10.1	N/A
	5.7	4.5	3.4 ³¹	4	4.8	6.1	8.7	3.3	6.2	9.2
	87.1% ²³	75.8%	45% ³¹	38.1%	45%	69.1%	83.2%	33.1%	61.3%	85%
	6.5	5	6.6	7.9	8.6	7.2	9.1	7.9	6.6	9.2
	2.8 ⁴⁴	0.04	N/A	1.6	1.8	0.6	0.4	1.1	2.5	1
	60.7	57.3	55.6 ³²	54.5 ⁴⁵	60.3	58.9	60	58.7 ⁶⁵	59	-
	66.9	62.3	53.8 ³³	59.3 ⁴⁶	63.8	63.6	63.5	58.3 ⁶⁶	65.4	-
	59	N/A	N/A	52.3	54.7 ³⁹	54.9	55.6	55.2	55	57.6
	56	55.5	50.4 ³⁵	51.8 ⁴⁷	-	54.1	54.5	54.6 ⁶⁷	55.3	57.6 ⁷⁷
	60.7	56.3	55.9 ³⁵	54.4 ⁴⁸	-	58.7	59.9	59.4	60	63
	54.2 ²⁵	66 ²⁸	N/A	52.3 ⁴⁹	-	53.9	55.3	54.4	54.2	-
	39%	28.2%	26.8%	25.8%	19.8%	33.6%	58.2%	17.1% ⁶⁸	33.3%	8.2% ⁷⁸
	18%	16%	18.4% ³⁶	28.6%	7%	12%	30%	10.7%	21.3%	-
	42.6%	30.6%	28%	29.7%	21.6%	38.3%	60.8%	19%	39%	-
	30.4% ²⁵	0%	N/A	4.5%	7.7%	12.5%	75%	6.3%	25.1%	-
	3.1	2.3	2	3.2	-	3.6	6.2	2	3.7	-
	21.3%	45.6%	15.2%	7.8%	19.5%	39.1%	24%	17.1%	27.5%	24%
	4%	16%	15.8%	0%	7%	12%	5%	10.7%	3.9%	4.1%
	6%	4.2%	5.6%	0% ³⁰	2%	8%	0%	0%	5.3%	5.4%
	27.3%	51.6%	15.2%	9.4%	21.3%	45%	27.1%	19.9%	38.6%	-
	7.2% ²⁵	0%	N/A	4.5%	7.2%	12.5%	0%	6.3%	8.4%	-
	86%	100%	67.5%	50%	92%	100%	95%	82.1%	100%	99.4%

International Comparison

		BELGIUM	DENMARK	FINLAND	FRANCE	GERMANY	ITALY
NEW MEMBERS	% new board members	10.5%	12.9%	14.1%	13.5%	20% ²⁰	15.4%
	% women among new board members	46.8%	22.7%	32.1%	41.9%	26% ²⁰	48%
	% non-nationals among new board members	32.3%	45.5%	32.1%	36.8%	12% ²⁰	9%
OTHER BOARDS	Average # quoted boards per director (total)	1.9	1.9	1.8	1.3	N/A	3.2
	Average # quoted boards per chair (total)	2.3	2	2.1	2.3	2.8	3.6
	% executive directors with an outside board	28.4%	0%	33.3%	58%	22%	52.7%
	% non-executives with a full-time executive role	63.2%	62.5%	48%	54%	42% ¹⁷	-
TENURE/RETIREMENT	% companies with a mandatory retirement age	47.5%	63.2% ¹⁰	0%	45%	88%	4%
	Average mandatory retirement age	70.6	70.1	N/A	71.6	72	75.5
	Average tenure (chair and non-executives)	5.1	5.3	4.8	5.7	5.7	6.5
REMUNERATION	Average retainer for non-executive directors (excluding chair and vice chair/SID)	€29,847 ²	€52,263	€58,436	€24,449	€75,507	€59,000
	Average total fees for non-executive directors (excluding chair and vice chair/SID)	€55,623	€83,573	€72,972	€85,165	N/A	€90,000
	Average total fee for vice chair (or SID)	€98,817 ³	€133,487	€92,022	€143,509	N/A	€452,000
	Average total fee for chairs	€121,100 ⁴	€210,682	€141,358	€627,954 ¹⁴	€291,226	€903,000 ²¹
	Average fee for audit committee membership	€11,762 ⁵	€23,212	€5,877	€22,642	€31,552	€22,000
	Average fee for remuneration committee membership	€8,174 ⁶	€20,402	€4,467	€14,542 ¹⁵	N/A ¹⁸	€17,000
	Average compensation for nomination committee membership	€8,365 ⁷	€21,649	€4,215	€12,294 ¹⁵	N/A ¹⁹	€17,000
EXCO	Average board size of executive committee	6.3	5.2	9.6	12.5	5.1	4.9
	% foreigners on the executive committee	34.1%	39.2%	27.1%	32%	25%	5.6%
	% women on the executive committee	18.5%	11.5%	19.2%	16%	10%	14.6%

	NETHERLANDS	NORWAY	POLAND	RUSSIA	SPAIN	SWEDEN	SWITZERLAND	TURKEY	UK	USA
	14.7%	16.1%	23.2% ³⁷	22.1%	11.4%	15%	13.5%	20%	13.6%	8.4%
	19.5%	45.8%	15.7%	9.3%	31%	36.4%	39.3%	27.3%	35.7%	40%
	49.4%	37.5%	25.7%	21.6%	24%	33.3%	78.6%	20%	37.7%	10.5%
	1.9	1.8	1.3	1.7	1.1	2.5	2	1.8	2.2	2.1
	2	2.2	1.3	1.9	1.3	2.9	2.4	1.3	2.2	1.5 ⁷⁹
	37.5%	100% ²⁸	N/A	22.7%	10.6%	50%	25%	21.9%	30.4%	40%
	34.8%	71%	74.6%	71.2%	-	40%	45.3%	54.8%	36.8%	-
	N/A	N/A	N/A	N/A	21%	N/A	37.5%	N/A	0%	71%
	N/A	N/A	N/A	N/A	71.9	N/A	71.1	N/A	N/A	73.5
	4.5	4.3	4.2	4.3	6.3 ⁶⁰	5.7	5.9	5.3	4.6	8.1 ⁸⁰
	€56,987	€34,030	€33,872 ⁴¹	€107,242 ^{51,58}	€73,380	€64,844	€193,946	€60,633 ^{69,70}	€77,887 ⁷²	€110,229
	€71,878	€53,910	€31,984 ^{38,41}	€149,001 ^{52,58}	€121,020	€78,322	€287,725	N/A	€105,892 ⁷²	€265,124
	€84,453	€42,280	€25,724 ^{39,41}	N/A ⁵³	€154,526 ⁶¹	€116,821	€387,969	N/A	€128,038 ^{72,73}	-
	€154,517 ⁷⁶	€71,854 ²⁹	€47,468 ⁴¹	€238,080 ^{54,58}	€374,845	€250,179	€1,796,868	N/A	€477,176 ^{72,74}	€389,540 ⁸¹
	€9,895	€7,808	N/A ⁴⁰	€15,502 ^{55,58}	€30,081	€19,354	€51,802	N/A	€17,472 ⁷²	€12,172
	€7,550	€4,773	N/A ⁴⁰	€16,380 ^{56,58}	€34,737 ⁶²	€11,046	€45,707	N/A	€14,868 ⁷²	€10,751
	€7,059	N/A	N/A ⁴⁰	€16,380 ^{56,58}	€33,888 ⁶²	N/A	€37,645	N/A	€11,183 ⁷²	€8,359
	6.6	7.7	5.8	9.7	-	9.4	9.4	9.3	9.9 ⁷⁵	-
	42.7%	19.2%	14.3%	6.9% ⁵⁷	-	18.3%	60.6%	6.1%	37.6% ⁷⁵	-
	14.9%	24.4%	13.4%	13.3%	-	24.7%	10.1%	9.2%	18.6% ⁷⁵	-

Board composition

	WIG 20/ NEXT TOP 20	MARKET CAP 30/04/2018 €M, HISTORICAL RATE	TOTAL NUMBER OF DIRECTORS	FOREIGN CHAIR	CHAIR GENDER	FOREIGN CEO	CEO GENDER	VICE CHAIR	NATIONALITIES ON THE BOARD INCL. CHAIR
Alior Bank	WIG20	2,190.1	8	No	Male	No	Female	1	2
AmRest Holding	Next Top 20	2,310.7	7	Yes	Male	N/A	na	0	4
Asseco Poland	Next Top 20	862.9	6	No	Male	No	Male	1	1
Bank BGZ BNP Paribas SA	Next Top 20	1,357.4	10	No	Male	Yes	Male	2	3
Bank Handlowy w Warszawie	Next Top 20	2,562.4	12	No	Male	No	Male	1	6
Bank Millennium	Next Top 20	2,450.7	12	No	Male	Yes	Male	2	4
Bank Pekao	WIG20	7,249.6	9	No	Male	No	Male	2	1
Bank Zachodni WBK	WIG20	8,716.8	10	Yes	Male	Yes	Male	1	4
Benefit Systems	Next Top 20	645.8	5	Yes	Male	N/A	N/A	1	2
Budimex	Next Top 20	1,132.8	9	No	Male	No	Male	1	2
CD Projekt	WIG20	2,834.3	5	No	Female	Yes	Male	1	1
Cena Czyni Cuda (CCC)	WIG20	2,519.1	5	No	Male	Yes	Male	0	1
Ciech	Next Top 20	708.5	6	No	Male	No	Male	1	1
Cyfrowy Polsat	WIG20	3,877.5	6	No	Male	Yes	Male	0	1
Dino Polska	Next Top 20	2,200.6	5	No	Male	No	Male	0	1
ENEA	Next Top 20	1,087.9	9	No	Male	No	Male	1	1
Energa	WIG20	1,008.7	6	No	Female	Yes	Female	1	1
Eurocash	WIG20	805.9	5	Yes	Male	No	Male	0	4
Famur	Next Top 20	790.5	7	No	Male	No	Male	1	1
Globe Trade Centre	Next Top 20	1,027.9	9	Yes	Male	No	Male	0	3

1 In addition the audit committee held three teleconferences

2 Number of investment committee meetings not disclosed, but 17 proposals were submitted

3 Not available as committees were formed during 2017 financial year

4 Committee formed September 2017

5 Not available as committee was formed in 2017

6 Includes joint meetings

	NON-EXECUTIVE DIRECTORS (EXCLUDING CHAIR)					NON-EXECUTIVES APPOINTED 1 JUNE 2016–30 MAY 2017			DIRECTORSHIPS ON QUOTED BOARDS	
	TOTAL	INDEPENDENT	FOREIGN	WOMEN	AVERAGE TENURE	TOTAL	FOREIGN	WOMEN	CHAIR	ALL NON-EXECUTIVES (INCL. CHAIR)
	7	4	1	1	2.2	3	0	0	1	1
	6	2	6	0	3.3	0	0	0	1	1
	5	2	0	1	7.1	0	0	0	1	1
	9	2	5	1	3.4	2	2	0	2	1
	11	4	6	1	6.3	3	1	0	3	2
	11	4	5	2	5.3	3	2	0	1	1
	8	5	0	3	1.0	9	0	3	1	1
	9	5	5	2	6.0	0	0	0	1	1
	4	2	1	1	4.5	1	0	1	na	1
	8	3	4	1	8.3	0	0	0	1	1
	4	3	0	0	2.8	1	0	0	1	1
	4	2	0	0	2.9	0	0	0	1	2
	5	2	0	0	3.6	0	0	0	1	2
	5	2	0	0	5.6	0	0	0	2	1
	4	2	0	0	2.9	0	0	0	1	2
	5	3	0	0	1.6	3	0	0	1	1
	5	2	0	1	2.7	0	0	0	1	1
	4	3	3	0	7.2	0	0	0	1	1
	6	2	0	2	2.2	5	0	2	na	na
	8	4	4	1	6.2	2	1	0	1	1

Board composition

	WIG 20 NEXT TOP 20	MARKET CAP 30/04/2018 €M, HISTORICAL RATE	TOTAL NUMBER OF DIRECTORS	FOREIGN CHAIR	CHAIR GENDER	FOREIGN CEO	CEO GENDER	VICE CHAIR	NATIONALITIES ON THE BOARD INCL. CHAIR
Grupa Azoty	Next Top 20	1,253.9	9	No	Male	Yes	Male	1	1
Grupa Kety	Next Top 20	805.4	6	No	Male	No	Male	1	1
Grupa LOTOS	WIG20	2,416.5	7	No	Female	No	Male	1	1
Grupa Żywiec	Next Top 20	1,164.9	8	Yes	Male	No	Male	1	4
ING Bank Śląski	Next Top 20	6,055.7	7	No	Male	No	Male	1	3
Inter Cars	Next Top 20	803.4	5	No	Male	No	Male	0	1
Jastrzebska Spółka Węglowa (JSW)	WIG20	2,297.6	10	N/A	N/A	Yes	Male	1	1
KGHM Polska Miedz	WIG20	4,425	9	No	Male	Yes	Male	1	1
KRUK	Next Top 20	1,022.1	7	No	Male	No	Male	0	1
LPP	WIG20	3,972.5	6	No	Male	No	Male	1	1
mBank	WIG20	4,292.9	12	No	Male	Yes	Male	1	2
Orange PL	WIG20	1,634.1	14	No	Male	No	Male	1	4
Orbis	Next Top 20	1,045.1	10	N/A	na	No	Male	1	2
Orlen	WIG20	9,064.9	7	No	Female	No	Male	1	1
PGE	WIG20	4,625.5	7	No	Female	No	Male	1	1
PGNiG	WIG20	8,437.5	8	No	Male	No	Male	1	1
PKO Bank Polski	WIG20	12,357.3	10	No	Male	No	Male	1	1
Play Communications	Next Top 20	1,776.8	8	Yes	Male	No	Male	1	5
PZU	WIG20	8,757.0	9	No	Male	No	Male	1	1
Tauron Polska Energia	WIG20	973.1	9	No	Female	No	Male	1	1

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2 Number of investment committee meetings not disclosed, but 17 proposals were submitted

3 Not available as committees were formed during 2017 financial year

4 Committee formed September 2017

5 Not available as committee was formed in 2017

6 Includes joint meetings

	NON-EXECUTIVE DIRECTORS (EXCLUDING CHAIR)					NON-EXECUTIVES APPOINTED 1 JUNE 2016–30 MAY 2017			DIRECTORSHIPS ON QUOTED BOARDS	
	TOTAL	INDEPENDENT	FOREIGN	WOMEN	AVERAGE TENURE	TOTAL	FOREIGN	WOMEN	CHAIR	ALL NON-EXECUTIVES (INCL. CHAIR)
	5	2	0	1	1.3	2	0	0	1	1
	5	5	0	0	1.7	4	0	0	1	2
	6	3	0	2	1.9	0	0	0	1	1
	6	0	5	0	17.4	0	0	0	1	1
	6	2	2	1	2.6	1	0	0	1	1
	4	2	0	0	8.7	0	0	0	na	na
	6	4	0	1	3.4	0	0	0	na	1
	5	2	0	1	1.7	1	0	0	1	1
	6	4	0	1	6.1	0	0	0	4	2
	5	3	0	1	3.2	4	0	1	1	1
	11	4	6	2	3.4	0	0	0	1	1
	13	5	9	2	3.7	2	2	0	1	1
	7	2	5	0	6.6	2	2	0	na	1
	6	4	0	3	1.4	5	0	4	1	1
	6	6	0	1	1.9	1	0	0	1	1
	7	2	0	0	1.7	4	0	0	1	1
	9	6	0	2	2.3	1	0	0	2	1
	7	2	7	0	0.9	8	8	0	1	2
	8	3	0	2	2.0	2	0	0	na	1
	8	6	0	3	1.8	1	0	0	1	1

Board committees

EXECUTIVE COMMITTEE				
	NUMBER OF MEMBERS	FOREIGN MEMBERS	FEMALE MEMBERS	SCHEDULED BOARD MEETINGS
Alior Bank	6	0	2	15
AmRest Holding	7	2	2	4
Asseco Poland	10	0	1	6
Bank BGZ BNP Paribas SA	9	4	0	7
Bank Handlowy w Warszawie	6	1	3	5
Bank Millennium	6	3	0	Not disclosed
Bank Pekao	8	0	1	12
Bank Zachodni WBK	9	3	1	9
Benefit Systems	5	0	2	Not disclosed
Budimex	8	1	0	5
CD Projekt	7	0	0	Not disclosed
Cena Czyni Cuda (CCC)	4	0	0	Not disclosed
Ciech	4	0	0	4
Cyfrowy Polsat	7	0	3	5
Dino Polska	2	0	0	3
ENEA	4	0	0	11
Energa	3	0	1	14
Eurocash	8	4	1	5
Famur	6	0	1	Not disclosed
Globe Trade Centre	2	1	0	9

- 1 In addition the audit committee held three teleconferences
- 2 Number of investment committee meetings not disclosed, but 17 proposals were submitted
- 3 Not available as committees were formed during 2017 financial year
- 4 Committee formed September 2017
- 5 Not available as committee was formed in 2017
- 6 Includes joint meetings

COMMITTEES	COMMITTEE MEETINGS IN 2017
3: A, R, Ri	A8, R16, Ri4
2: A, R	A4, R3 ¹
1: A	A8
3: A, HRR, Ri	A8, HRR6, Ri4
4: A, R, RiCa, SM	A3, RiCa3, R4, SM2
4: A, P, S, Ri	na
4: A, RN, F, Ri	A10, NR9, Ri6, F:ND
4: ACo, Ri, N, R	A&Co5, R5, N5, Ri5
1: A	na
3: A, R, I	A6, R4, I:ND ²
1: A	A:ND
1: A	A:ND
2: A, R	A9, R0
3: A, R, S	A3, R:ND
1: A	A2
2: A, NR	A7, NR6
2: A, NC	A5, R&N2
2: A, R	A1, R2
3: A, NR, SI	na
2: A, R	A5, R3

Key to committees:

A	Audit	CSR	Corporate Social Responsibility	P	Personnel
App	Appointments	Ex	Executive	R	Remuneration
B	Budget	F	Finance	Re	Recruiting
C	Compensation	N	Nomination	Ri	Risk
Ca	Capital	OM	Organisation & Management	S	Strategy
CG	Corporate Governance	Opl	Operational and Investment Committee	SD	Strategy & Development
Co	Compliance				

Board committees

EXECUTIVE COMMITTEE				
	NUMBER OF MEMBERS	FOREIGN MEMBERS	FEMALE MEMBERS	SCHEDULED BOARD MEETINGS
Grupa Azoty	6	0	0	12
Grupa Kety	5	0	0	Not disclosed
Grupa LOTOS	3	0	0	13
Grupa Żywiec	7	2	1	Not disclosed
ING Bank Śląski	7	1	3	6
Inter Cars	7	0	0	6
Jastrzebska Spółka Węglowa (JSW)	6	0	1	Not disclosed
KGHM Polska Miedź	3	0	0	9
KRUK	5	0	3	Not disclosed
LPP	4	0	0	Not disclosed
mBank	7	2	1	6
Orange PL	6	1	2	6
Orbis	4	1	0	Not disclosed
Orlen	4	0	0	14
PGE	6	0	0	16
PGNiG	6	0	1	Not disclosed
PKO Bank Polski	9	0	0	9
Play Communications	6	6	0	Not disclosed
PZU	5	1	1	17
Tauron Polska Energia	4	0	0	7

- 1 In addition the audit committee held three teleconferences
- 2 Number of investment committee meetings not disclosed, but 17 proposals were submitted
- 3 Not available as committees were formed during 2017 financial year
- 4 Committee formed September 2017
- 5 Not available as committee was formed in 2017
- 6 Includes joint meetings

COMMITTEES	COMMITTEE MEETINGS IN 2016
3: A, NR, SD	A10, NR:N/A, S&D:N/A ³
2: A, R	na
3: A, SD, OM	A12, SD5, OM6
2: A, R	na
3: A, NR, Ri	A5, NR5, Ri5
1: A	A1! ⁴
3: A, NC, ReS	na
3: A, R, S	A9, R3, S5
3: A, AR, FB	na
1: A	na ⁵
4: A, R, Ri, ExN	A4, R:ND, Ri4, ExN:ND
3: A, R, S	A7, R8, S3
3: A, R, CSR	na
5: A, AR, CSR, CG, SD	A14, NR9, CSR5, CG9, SD5 ⁶
4: A, AppR, SD, CG	A12, AppN4, SD2, CG2 ⁶
1: A	A6
4: A, R, Ri, S	A7, R5, Ri6, S4
3: A, NR, Opl	na
3: A, N&C, S	A18, NC17, S7
3: A, N&C, S	A10, NC5, S8

Key to committees:

A	Audit	CSR	Corporate Social Responsibility	P	Personnel
App	Appointments	Ex	Executive	R	Remuneration
B	Budget	F	Finance	Re	Recruiting
C	Compensation	N	Nomination	Ri	Risk
Ca	Capital	OM	Organisation & Management	S	Strategy
CG	Corporate Governance	Opl	Operational and Investment Committee	SD	Strategy & Development
Co	Compliance				

Compensation

		RETAINER FEE		TOTAL FEE			
	CURRENCY	CHAIR	NON-EXECUTIVES	CHAIR (PLN)	AVERAGE NON-EXECUTIVES (PLN)	TOTAL BOARD FEE (PLN)	TOTAL COST PER BOARD MEMBER
Alior Bank	PLN	ND	ND	na ³	130,000	1,023,000	133,435
AmRest Holding	PLN	ND	ND	315,851	364,215	4,728,598	591,075
Asseco Poland	PLN	192,000	108,000	220,000	125,000	800,000	146,667
Bank BGZ BNP Paribas SA	PLN	ND	ND	600,000	180,000	2,011,000	201,100
Bank Handlowy w Warszawie	PLN	ND	ND	402,000	239,533	1,773,000	265,950
Bank Millennium	PLN	ND	ND	331,600	148,750	1,891,600	168,142
Bank Pekao	PLN	ND	ND	na ³	na ³	1,224,000	176,964
Bank Zachodni WBK	PLN	288,000	144,000	na ⁵	244,500 ⁶	1,556,000	242,494
Benefit Systems	PLN	ND ⁷	ND	120,000	30,000	261,000	52,200
Budimex	PLN	ND	ND	203,000	134,571	1,284,000	142,667
CD Projekt	PLN	ND	ND	96,000	48,000	288,000	60,632
Cena Czyni Cuda (CCC)	PLN	ND	ND	96,000	72,000	388,571	64,315
Ciech	PLN	400% ⁹	300% ⁹	na ⁵	140,750	707,700	141,400
Cyfrowy Polsat	PLN	240,000	180,000	250,000	180,000	1,310,000	189,398
Dino Polska	PLN	ND	ND	ND	ND	532,000	na
ENEA	PLN	1.7 ¹⁰	1.5 ¹⁰	na ⁵	80,335	826,283	82,628
Energa	PLN	ND	ND	90,000	79,000	489,000	80,384
Eurocash	PLN	ND	ND	212,305	212,305	1,061,525	212,305
Famur	PLN	ND	ND	6,000	na	89,000	na
Globe Trade Centre	EUR	ND	ND	na ⁵	26,333	101,000	107,489

1 Excluding chair and senior independent director/vice chair

2 Total board cost divided by number of directors paid in 2017, pro-rata where applicable

3 Chair did not serve full year/no member served full year

4 Members of committees are eligible for separate remuneration, but not more than 100% of the base remuneration

5 Chair does not receive remuneration

6 Four members do not receive remuneration

7 Retainer fee not disclosed for 2017, however remuneration policy for 2018 is disclosed: Chair retainer: PLN 120,000; NED retainer: PLN 54,000. Audit committee members: PLN 12,000

8 Specific policy from 2017 not found, but in AGM 2018 document it is observed that audit committee members receive an additional PLN 24,000

9 Percentage of calculation base

10 Retainer determined by the following multipliers: Chair: 1.7, NED: 1.5

COMMITTEE FEES					
CHAIR — AUDIT	MEMBER — AUDIT	CHAIR — REMUNERATION	MEMBER — REMUNERATION	CHAIR — NOMINATION	MEMBER — NOMINATION
ND	ND	ND	ND	ND	ND
ND	ND	ND	ND	ND	ND
-	30,000	na	na	na	na
ND	ND	ND	ND	ND	ND
ND	ND	ND	ND	ND	ND
-	ND ⁴	-	ND ⁴	-	ND ⁴
ND	ND	ND	ND	ND	ND
12,000	8,400	5,800	4,800	5,800	4,800
ND	ND	ND	ND	ND	ND
ND	ND	ND	ND	na	na
ND	ND ⁸	na	na	na	na
ND	ND	na	na	na	na
150% ⁹	100% ⁹	na	na	na	na
ND	ND	ND	ND	ND	ND
ND	ND	na	na	na	na
-	-	-	-	-	-
ND	ND	ND	ND	ND	ND
ND	ND	ND	ND	na	na
ND	ND	ND	ND	ND	ND
ND	ND	ND	ND	na	na

11 Nomination and Remuneration committee was formed February 2018

12 Only independent directors are remunerated

13 Multiplier for chair: 1.3, NED: 1.0.

14 No chair

15 50% of monthly remuneration for the first committee and 25% for participating in another committee

16 2.2 multiplier for chair, 2.0 multiplier for NED

17 Plus 10% if a member sits on at least one standing committee

Compensation

		RETAINER FEE		TOTAL FEE			
	CURRENCY	CHAIR	NON-EXECUTIVES	CHAIR (PLN)	AVERAGE NON-EXECUTIVES (PLN)	TOTAL BOARD FEE (PLN)	TOTAL COST PER BOARD MEMBER
Grupa Azoty	PLN	ND	ND	na ³	147,500	1,340,000	150,280
Grupa Kety	PLN	ND	ND	na ³	109,604	692,506	124,031
Grupa LOTOS	PLN	ND	ND	89,837	79,268	565,445	80,778
Grupa Żywiec	PLN	ND	ND	na ⁵	106,000	466,000	116,500
ING Bank Śląski	PLN	ND	ND	323,900	189,000 ¹²	702,000	234,000
Inter Cars	PLN	ND	ND	98,494	53,203	311,307	62,261
Jastrzebska Spółka Węglowa (JSW)	PLN	1.2 ¹³	1.0	na ¹⁴	52,845	515,199	52,393
KGHM Polska Miedź	PLN	2.2	2.0	138,000	221,857	1,878,000	197,684
KRUK	PLN	ND	ND	197,830	98,910	791,290	113,041
LPP	PLN	ND	ND	100,000	na	210,000	36,000
mBank	PLN	204,000	144,000	367,235	227,165	2,332,175	239,197
Orange PL	PLN	ND	ND	431,000	271,400	1,788,000	298,000
Orbis	PLN	ND	ND	na ⁵	82,833	514,000	76,148
Orlen	PLN	2.2	2.0	124,000	112,000	808,000	119,704
PGE	PLN	ND	ND	89,837	70,875	656,839	72,982
PGNiG	PLN	ND	ND	92,000	83,500	676,000	82,776
PKO Bank Polski	PLN	2.75 ¹⁶	2 ¹⁶	170,000	120,714	1,315,000	131,500
Play Communications	PLN	ND	ND	na ³	na ³	na ³	na ³
PZU	PLN	ND	ND	na ³	141,000	1,344,000	142,726
Tauron Polska Energia	PLN	1.7	1.5	89,000	79,000	739,000	87,802

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9 Percentage of calculation base

10 Retainer determined by the following multipliers: Chair: 1.7, NED: 1.5

COMMITTEE FEES					
CHAIR—AUDIT	MEMBER—AUDIT	CHAIR— REMUNERATION	MEMBER— REMUNERATION	CHAIR— NOMINATION	MEMBER— NOMINATION
ND	ND	na ¹¹	na ¹¹	na ¹¹	na ¹¹
ND	ND	ND	ND	na	na
ND	ND	ND	ND	na	na
ND	ND	ND	ND	na	na
ND	ND	ND	ND	na	na
ND	ND	na	na	na	na
ND	ND	na	na	na	na
ND	ND	ND	ND	ND	ND
ND	ND	ND	ND	ND	ND
ND	ND	na	na	na	na
Comment ¹⁵	Comment ¹⁵	Comment ¹⁵	Comment ¹⁵	Comment ¹⁵	Comment ¹⁵
ND	ND	ND	ND	na	na
ND	ND	ND	ND	na	na
ND	ND	ND	ND	ND	ND
ND	ND	ND	ND	ND	ND
ND	ND	na	na	na	na
Comment ¹⁷	Comment ¹⁷	Comment ¹⁷	Comment ¹⁷	na	na
ND	ND	ND	ND	ND	ND
ND	ND	ND	ND	ND	ND
ND	ND	ND	ND	ND	ND

11 Nomination and Remuneration committee was formed February 2018

12 Only independent directors are remunerated

13 Multiplier for chair: 1.3, NED: 1.0.

14 No chair

15 50% of monthly remuneration for the first committee and 25% for participating in another committee

16 2.2 multiplier for chair, 2.0 multiplier for NED

17 Plus 10% if a member sits on at least one standing committee

Spencer Stuart in Poland

If you would like to discuss any of the issues raised in the 2018 *Poland Spencer Stuart Board Index*, or if you have any leadership and board advisory needs, please feel free to contact a Spencer Stuart consultant:

Andrzej Maciejewski

amaciejewski@spencerstuart.com

Robert T. Nowakowski

rnowakowski@spencerstuart.com

Tatiana Oszmiańska

toszmianska@spencerstuart.com

Ul. Mysia 5
00-496 Warsaw
Poland
T: +48 22.321.02.00

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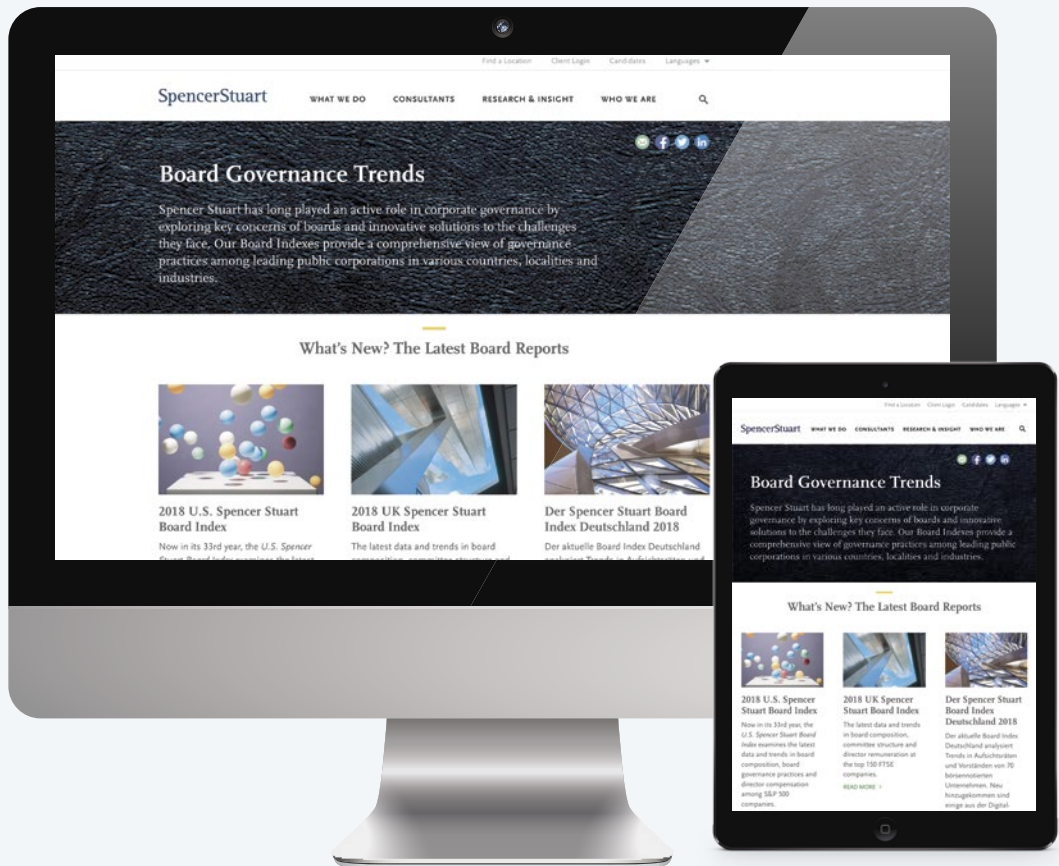


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Board Governance Trends: A Global View

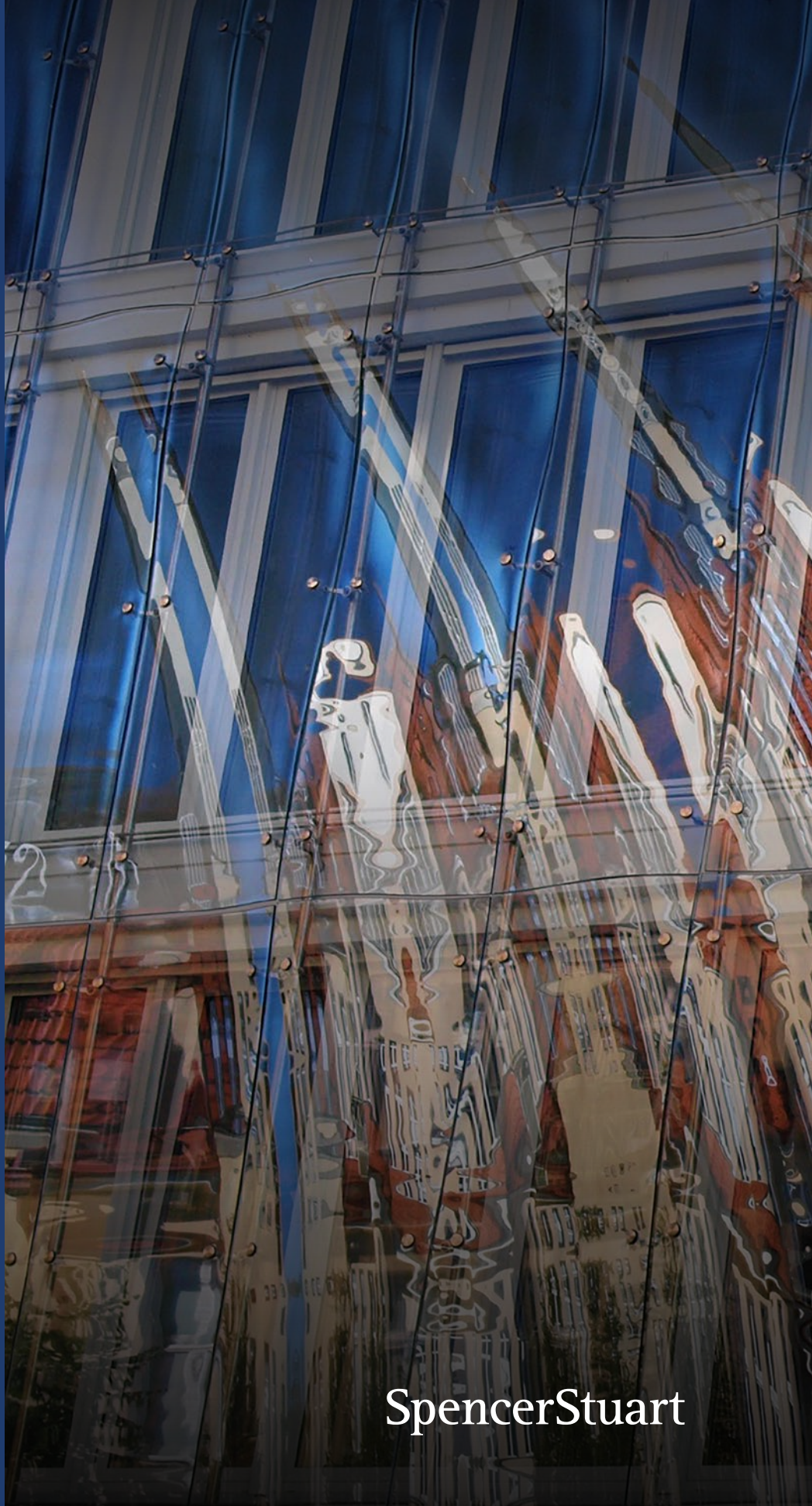


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