

Corporate Sustainability - Poland



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Parent liability for torts of subsidiaries or contractual parties

- Polish tort law inadequate to proactive CSDDD standards
- Traditional principles of the Polish Civil Code:
 - If you do not know about the tortious act of your subsidiary or counterparty in the supply chain, you are not liable for the damage caused, even if you benefit from it.

Parent liability for torts of subsidiaries or contractual parties

Article 422 Civil Code [Liability of instigator, abettor, beneficiary of damage].

Not only the one who directly caused the damage is liable, but also the one who induced another person to cause the damage or was helpful to him, as well as the one who **knowingly benefited from the damage** caused to another.

Parent liability for torts of subsidiaries or contractual parties

- Article 429 [Fault in choice] Civil Code
- Whoever entrusts the performance of an activity to another shall be liable for the damage caused by the perpetrator in the performance of the entrusted activity, **unless** he is not at fault in the choice, or that he **entrusted the performance of the activity to a person, enterprise or establishment which, within the scope of its professional activity, is engaged in the performance of such activities.**

Article 430 [Damage caused by a subordinate] Civil Code

- Whoever, on his own account, entrusts the performance of an activity to a person who, **in the performance of such activity, is subject to his direction and is obliged to follow his instructions**, shall be liable for damage caused by the fault of such person in the performance of the activity entrusted to him.

Director liability for failure to control the supply chain

- In theory, there is no need to change company law
- However: a clear need to change the way the law is interpreted and enforced
- Perhaps some changes are needed to clarify

Director liability for failure to control the supply chain

- **Polish corporate law - primacy of shareholders theory**
- **Duty of care – art. 377 (1) CCC**
- **Liability for breach – 483 CCC**
- **Derivative action of the shareholder – 486 CCC**
- **Suing a director by a company requires shareholder approval – art.393 sec. 2 CCC**
- **Closed corporate governance system – blockholders**
- **Director Liability – heavily discussed; rarely used**

Thank you!



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