AmCham.Pl QUARTERLY

The official magazine of the American Chamber of Commerce in Poland

AMERICAN CHAMBER OF COMMERCE IN POLAND

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COVER STORY

A BURNING ISSUE

THE ECOLOGY, SOCIAL AND GOVERNANCE PARADIGM IS HERE TO STAY,
p. 9

AmCham Advisory Council

The Advisory Council of the American Chamber of Commerce in Poland is engaged in shaping the AmCham advocacy for better investment, creating policies and working with key policy-makers to address important relevant issues. The crucial role of companies gathered in the Advisory Council is emphasized by the special client care AmCham provides to these premium members and the opportunity they have to cooperate at the highest level, including business-to-government dialogue, special networking events as well as priority at other AmCham events.

IT'S YOUR AMCHAM

IT'S YOUR DEBATE

"There are good opportunities for cooperation between American and Polish companies in Central and Eastern Europe in several areas, including renewable energy and infrastructure."
ROBIN DUNNIGAN, US DEPARTMENT OF STATE, p. 17

"For many of the US diplomats, Poland was the first international trip they took as members of the Biden administration."
B. BIX ALIU, US EMBASSY IN WARSAW, p. 18

"The economic recovery in Poland has been quite strong, and by the second quarter of 2021 the economy had returned to pre-pandemic levels."
CRISTINA SAVESCU, THE WORLD BANK, p. 19

"Investors are increasingly looking at ESG indicators of a given organization and are increasingly interested in their intangible assets."
BEATA GÓRNIAK, PKP ENERGETYKA

"I strongly believe in the importance of setting a good example for other companies to inspire them to do more for themselves, their stakeholders and for the entire planet."
RAFAŁ RUDZKI, ŻABKA POLSKA. p. 14

"Frequently, a challenge for running a business in Poland is posed not by specific regulations alone, as they may differ depending on the sector, but by regulatory uncertainty."
ADAM SIKORSKI, UNIMOT GROUP, p 36

"Poland is a very significant European market with a lot of opportunities for growth."
ANNA SAPOTA, TOMRA, p. 34

"The Investor Agreement mechanism gives investors a guarantee that tax regulations will be interpreted by the tax authorities in the same way through-out the time of the agreement. This is an important aspect for any business."
ARTUR GOSTOMSKI, THE MINISTRY OF FINANCE, p. 22

"Poland has been slowly moving away from the free market to a welfare state in the worst sense of the term."
GRZEGORZ HAJDAROWICZ, GREMI INTERNATIONAL GROUP. p 30

"There is reluctance to change, as organizations and individuals are either more comfortable with older technology or want stay in the status quo even if it does not work anymore."
KATIARINA PONIATOWSKA, CYPHER LEARNING, p. 26

"Surveys show that consumers in Poland would support an additional tax on products and services that contribute the most to reducing global warming."
SEBASTIAN HEJNOWSKI, SEC NEWGATE CEE

"Many efforts have been already initiated around the world, with fashion brands and stakeholders leading the way for reduced climate impact."
KATARZYNA SAGANOWSKA, TMG GROUP, p. 46

"The KNF is doing its best to help FinTech companies develop innovative products that reach the next level of advancement and sophistication, while making sure that they adhere to the EU regulatory framework."
JAN GĄSIOROWSKI, WOLF THEISS, p. 49

AmCham.pl Quarterly is the official publication of the American Chamber of Commerce in Poland. It is a voice for foreign investors and the business community in Poland. The magazine strives to keep our members and other readers up to date by following chamber news and reporting on the leading trends in business and policy.

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AmCham Auditor

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ADVOCACY OF AMCHAM POLAND

Our top issues include:

AmCham Poland supports the collective interests of its members by working to affect changes that improve the business environment in Poland through:

• the close monitoring of Polish and EU regulations;
• position papers, policy statements, and advocacy letters;
• direct and frequent interaction with policy-makers;
• active participation in the rule-making process.

All AmCham Poland's position papers are available at amcham.pl/advocacy.

AMENDMENT TO THE LAW ON THE PROCESSING OF PASSENGER NAMED RECORDS

AmCham, along with its aviation group, and in cooperation with the International Group of Chambers of Commerce (IGCC), has been involved in the initiative regarding the novelization of the Act on the processing of Passenger Name Record (PNR).

Following the EU PNR Directive, the Polish legislator adopted the PNR Act in May 2018, whereby obliging air carriers to provide passenger data to the National Passenger Information Unit, created by the Commander of the Border Guard. However, due to organizational problems some air carriers failed to fulfill the new obligation. The Commander of Border Guard penalized them by issuing fines of up to PLN 40,000 for a flight, in some cases. The estimated amount of all fines reached over PLN 4 billion for infringements taking place between May 2018 and November 2019—nearly three years ago. Other EU countries, which have implemented the PNR Directive, managed to avoid such a drastic accumulation of fines, whereas the situation in Poland threatens the very existence of small, medium-sized and large air carriers, which had already been negatively affected by the Covid-19 pandemic.

The amendment to the Act prepared by the Ministry of Interior and Administration provided the extension of the statute of limitations for cases initiated by the Border Guard against air carriers from 3 to 5 years. The amendment also provided for more than one violation in one proceeding and for issuing one decision concerning multiple violations.

In its position papers, AmCham noted that the introduction of the amendments in the current wording may lead to, among others 1) redirecting air traffic to neighboring countries that do not have such heavy fines; 2) delivering negative impact to the construction of the Central Communication Port; 3) restricting air cargo traffic; 4) deepening the crisis in the tourism and hotel industry. Our postulates called for a greater flexibility for the Commander of the Border Guard in waiving penalties and abolishing penalties already imposed.

As a result of AmCham actions taken during the legislative process in the Senate, an clause was introduced assuming that for two years from the entry into force of the amendment, no proceedings are to be instituted to impose administrative fines for violations to the PNR obligations, which took place before its entry into force. The initiated infringement proceedings are suspended for two years.

The AmCham/IGCC position papers are available on the AmCham website.

LEX TVN

AmCham continued its activities aimed at supporting its member company TVN during the legislative initiative aimed at amending the Broadcasting Act by introducing a requirement that a TV station operating license may be granted to an entity from the European Economic Area, provided that this entity is not dependent on a foreign person from outside this area (third countries, including the US). If the amendment was adopted, Discovery, the owner of TVN, would be forced to comply with the new regulations and sell at least 51 percent its stake in TVN by August 2022.

On December 17, 2021, the lower house of the Polish Parliament voted against the Senate's resolution, which had rejected the draft amendment in its entirety at an earlier stage and adopted the bill. Considering this situation, AmCham presented its position to the President of the Republic of Poland Andrzej Duda, requesting a veto. In this letter, AmCham also emphasized the role of American investments in Poland and the importance of Poland-US relations. In addition, AmCham expressed its objection to adopting the said amendment into the legal system as it is detrimental to investment security, ownership rights, and media freedom.

On December 27, 2021, President Andrzej Duda vetoed the project, referring to the 1990 trade agreement with the US, the principle of property protection and freedom of economic activity, as well as the protection of freedom of speech and media pluralism.

The position paper is available on the AmCham website.

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DEAR AMCHAM MEMBERS AND FRIENDS,

2022 is underway, with the promise of opportunities and challenges for our companies, our teams, clients, and partners in government on both sides of the Atlantic. We have an ambitious agenda for the year and look forward to working with all of our stakeholders to solve problems, create an improved investment ecosystem and ensure we can continue to grow our enterprises.

A great start to the year is the arrival of Ambassador Mark Brzezinski to Poland. I had the opportunity to meet with the Ambassador shortly after his arrival. I am pleased to share that he enthusiastically accepted the role of Honorary Chairman. Ambassador Brzezinski is committed to working closely with AmCham, and to meeting with membership in the nearest future.

The new year has brought the Polish New Deal, and with it, concern and some level of confusion. AmCham is working with a wide range of member firms to better understand the legislative impact and share those concerns with policymakers, including a recent meeting with the Ministry of Finance—the latest in a series. This effort will continue with your continued strong support.

The pandemic continues to affect all of us—in business and personal ways. In addition, the regional security situation this year brings uncertainty about economic issues, possible sanctions, and energy access and costs. AmCham will carry on with its close engagement with the US and Polish governments to share concerns and to understand what is likely to impact our business environment. Our recent meeting in Warsaw with the US Deputy Secretary of State, Robin Dunnigan, is one of the examples of this effort.

In an ever-evolving business world, the Environmental, Social & Governance paradigm is the focus of many company leaders. Addressing the expectations of our employees, shareholders and customers concerning the environmental, corporate social responsibility and ethical commitment is now a core issue for business leaders. This issue of AQ will help you navigate the related areas and provide a great deal of expert commentary on a wide range of issues.

The business outlook is strong for US investors in Poland and Central Europe in the coming year. The Board and the AmCham team look forward to working with you all to help our businesses grow and create the new jobs envisioned by the majority of our members in 2022. We will be active in a range of areas, with a focus on investment, advanced manufacturing, cloud, R&D, treatment of US investors, and the opportunities in efforts throughout the region such as Three Seas. As always, please let me, or any of the Board and staff, know if you have issues and ideas to help us towards our common goals.

With best regards,

TONY HOUSH
AMCHAM CHAIRMAN

AMCHAM ECONOMIC RESEARCH UNIT

AmCham aims to deliver reliable information defining the effects of US capital on the Polish economy to the Polish media as well as policymakers. The AmCham Economic Research Unit (ERU) analyzes US-owned businesses in Poland and their impact on the country's economy. It also quantifies various aspects of Poland-US economic relations.

The ERU pays special attention to the precise recognition of the capital ownership, type of business projects and the scope of investments in various sectors of the economy, and the effects of those businesses on the Polish labor market, innovation improvement and technology development.

The ERU is a source of information on the value of assets, funds, and employment of US-owned entities operating in the Polish market, including industrial manufacturing companies as well as service providers.

The ERU collects data, analyzes, and interprets it to show main trends for the near-future economic forecasts.

As the ERU looks at Poland's economic position in the region, its scope of research covers all US companies in the EU and Central and Eastern Europe and how they build their competitive edge in the European Single Market.

The ERU publishes its research in the *AmCham Business & Economic Review.* Last year the following volumes have been published:

Vol. 1: *Greenfield Investments in Poland. US Companies lead the market.*

Vol. 2: *Southern Poland as a Rising Star in Locating Foreign Investments in Poland. Evidence of American business.*

Vol. 3: *Poland-US Trade Relations 2020. Trade in the shadow of the pandemic.*

Past issues are avaialable at:
amcham.pl/news/type/reviews

AmCham Business and Economic Review Vol. 1/2022
Energy transformation in Poland

THE POLISH POWER SECTOR URGENTLY NEEDS TO DOWNSIZE ITS RELIANCE ON FOSSIL FUELS

THE CHALLENGE

The transformation of the energy sector in Poland is one of the most important and difficult challenges facing the Polish economy.

The current energy mix causes many unfavorable phenomena in the market. They determine the cost of economic activity, resulting in high electricity prices for both industry and households. Due to the high dependence on fossil fuels, which account for 84 percent of all generated energy, the Polish economy faces the problems of high energy costs and air pollution. According to the World Bank, Poland is among the 20 largest carbon dioxide emitters globally. On the top-50 list of countries with the most polluted cities in Europe, Poland holds the 36th position.

The World Economic Forum lists obstacles to Poland's energy mix transition: the lack of integration of energy and environmental policies, an inadequate approach to technological innovation, inefficient use of resources, and an outdated energy structure.

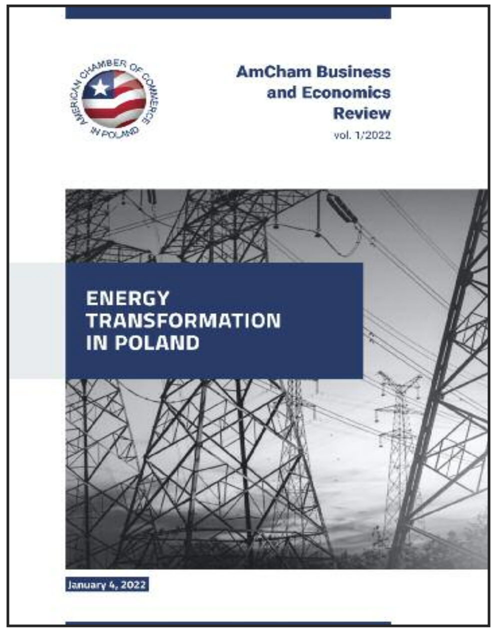
Poland scored above the WEF study average in energy access and security of system performance. However, it scored below the average for the 114 WEF countries and the EU28 in economic growth and development, and environmental sustainability. The country's transition readiness results were lowered by energy system structure, infrastructure and innovative business environment, regulation, and political commitment.

The above characteristics of the state in the energy mix in Poland, and the projected increase in energy demand in the future will definitively shape the strategy of energy transformation in the country.

The transformation of the power sector to clean energy is becoming not only desirable but necessary. For this, however, Poland needs capital investments, proper implementation of the European energy policy, stable institutions, and well-qualified personnel to create and operate the emerging modern energy infrastructure.

SUPPORTING MECHANISMS

Recently, some mechanisms for generating investment supporting the development of, among others, nuclear energy have been made available to


AmCham Business and Economics Review
vol. 1/2022
ENERGY TRANSFORMATION IN POLAND
January 4, 2022

Poland. The country is on the list of the countries covered by the US Nuclear Futures Package, which aims to use small modular reactor technology. It is assumed that by 2045 Poland will generate up to 25 percent of its energy from nuclear sources. In addition, the European Union has the European Green Deal, which supports EU member states in increasing their renewable energy potential.

US COMPANIES IN THE LEAD

Many foreign companies operating in Poland, including US corporations, execute their global green energy strategies and introduce environmentally friendly solutions across their power-generating installations in the country. They implement plans and objectives to lower CO_2 emissions and resort to renewable energy sources. This group includes the providers of modern nuclear technology which could be applied in Poland in the future.

For more information, contact AmCham Chief Economist Eliza Przeździecka,(D.Sc.)
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NEWSLINE

NEWS FROM AMCHAM AND ITS MEMBERS

AmCham

Mateusz M. Bonca, CEO at JLL Poland, has joined the AmCham Real Estate Committee as its co-chair. He will support committee co-chair Michał Chodecki, BTS Development Director at Panattoni, in shaping the committee's activity program in 2022. Bonca has lengthy experience in international management and strategic consulting for leading corporations in Europe, Africa, and the Middle East. He has been Chairman of the JLL Poland Board since 2020.

The AmCham committee system provides a forum for business leaders with similar interests to network, share best practices, discuss relevant topics and issues, and allow its members to input in matters that are most important to the industries they represent. There are 13 committees at present covering critical industries for the Polish economy, including Digital Tech and Digital Economy, Industry & Energy, Manufacturing, Pharma, Real Estate, Sustainability, Tax & Financial Services, and Travel & Tourism.

Casinos Poland


Photo by Anna Hałat-Kruczyńska

Katarzyna Hałat has been named Vice President of Casinos Poland, one of the largest chains of gaming parlors in Poland. Previously, she held managerial posts in public relations and Corporate Social Responsibility in the chemical holding Grupa Azoty Puławy, in Danone, Polsat Television, Reader's Digest Poland, and a Warsaw-based PR agency Garden of Words. Hałat is a graduate of Warsaw University. She completed MBA post-graduate studies at the Koźmiński Academy.

CMS

Law firm CMS advised on several transactions related to the merger of two petroleum holdings Grupa Lotos S.A. and PKN Orlen S.A. CMS lawyers represented the Hungarian petroleum company MOL on the acquisition of 100 percent shares in Lotos Paliwa, which owns, among other assets, 417 petrol stations in Poland. The transaction value was set at nearly USD 610 million, with a variable element depending on the company's debt and working capital. The sale of the fuel station network by Lotos Group is necessary to carry out its planned acquisition by PKN Orlen.

At the same time, CMS advised MOL on the sale of 144 gas stations in Hungary and 41 gas stations in Slovakia to PKN Orlen. The value of the transaction totaled USD 259 million.

In connection with the Lotos/Orlen merger, CMS lawyers represented the Hungarian Rossi Biofuel Zrt in its acquisition of Lotos Biopaliwa, a biofuel division of Grupa Lotos.

Greenberg Traurig

With the aggregate value of M&A transactions on which Greenberg Traurig advised in 2021 reaching USD 6.87 billion, the law firm has been ranked Number One in M&A in Mergermarket's Global & Regional M&A League Tables 2021. The two largest transactions involving the law firm included the acquisition of Aviva's operations in Poland and Lithuania for over EUR 2.5 billion by Allianz. Apart from advising Allianz, Greenberg Traurig represented the Polsat Group on the sale of telecommunication infrastructure to Cellnex Telecom for EUR 1.57 billion.

Earlier, Greenberg Traurig, recognized as one of the leading law firms in Poland, was named the 2021 Law Firm of the Year in Poland by International Financial Law Review (IFLR) and was also named Poland Firm of the Year at the Women in Business Law Awards 2021 Europe, held by the Euromoney Legal Media Group.

Newmark Polska

Commercial real estate advisory Cresa has been rebranded to Newmark Polska, following signing an agreement with Newmark Group, Inc. Led by industry veteran Piotr Kaszyński, the 45-person team of real estate professionals based in Warsaw, Wrocław, Tricity and Kraków will benefit from combined resources, technology and product offerings to support Newmark's growing roster of clients in CEE. The Newmark Warsaw office focuses on consulting, lease administration and facilities management. Poland currently boasts record-breaking levels of market activity, and companies increasingly identify Poland as a target destination for a variety of functions, including nearshore technology and back-office operations.

In the picture in the previous column: Richard Bertasi, CEO of Newmark Global Corporate Services; Piotr Kaszyński, Managing Partner at Newmark Polska.

PepsiCo

In December, the first 100-percent plastic recycled bottles (rPET) rolled out from the PepsiCo production plants in Michrów and Żnin, containing Pepsi and Mirinda drinks. Poland is one of the 11 European markets where the company is moving key Pepsi-branded products to 100-percent rPET by the end of 2022. The company estimates that this packaging shift will lower greenhouse gas emissions by approximately 30 percent per bottle. The plan goes beyond the Pepsi brand in select European markets, incorporating 7UP, Mountain Dew, Lipton Iced Tea and Mirinda as well. As a result of technological innovations in the appearance, functionality and availability of recycled plastic materials, the company will be able to accelerate its progress and drive toward additional packaging sustainability improvements.

Savills Polska

Adam Majchrzak has joined real estate advisory firm Savills as a director in its Industrial Agency. Majchrzak will focus on the development of the firm's Industrial Services Hub, a comprehensive service platform for tenants, investors and developers, led by Katarzyna Pyś-Fabiańczyk and John Palmer. His key responsibilities will include client acquisition, warehouse and industrial lease advisory and the selection of appropriate properties for supply chain optimization.

Majchrzak has over 25 years of operational and sales experience with leading logistics companies including DHL Supply Chain, Raben Logistics Polska, Wincanton Polska, Rhenus, and PEKAES. Majchrzak graduated from the Faculty of Transport at the Warsaw University of Technology.

AGENDA

INTELLIGENCE FROM AMCHAM COMMITTEES

Agri & Food, Industry, Sustainability

In November, the three committees held a joint-session online devoted to the new EU legal framework for climate change—the Fit For 55 Package. The invited speaker was Paweł Różycki, Deputy Director of the Strategy and Climate Transformation Planning Department at the Ministry of Climate and Environment. The speaker introduced the background of the new legislation and highlighted its main assumptions and goals. In his presentation, Różycki underlined the threats and challenges the EU legislation poses for companies, consumers and the Polish legislature. He also commented on the Polish government position regarding the Fit For 55 Package.

The meeting was meant to forge a platform for AmCham to continue dialogue with the ministry around the EU legislation and how it will be implemented by the Polish authority to minimize the impacts of the new legislation on business.

HR

The committee met in January to discuss tax tools in the Polish Deal—a comprehensive tax reform introduced in January—designed to help companies attract and retain workers in creative jobs. The speaker was Małgorzata Samborska, Partner at Grant Thornton. In her presentation, Samborska discussed tax relief for creative employees; tax relief for young workers and those who parent four or more children. The speaker characterized different types of employment contracts available for employers, highlighted their pros and cons, and shared her views on the current labor market situation.

Tax & Financial Services

In November, the committee met online to discuss new changes in corporate income tax which would take effect in 2022 as part of the comprehensive tax reform called the Polish Deal. The speakers were Katarzyna Łopaciuk, Senior Tax Consultant at ASB Group; and Paweł Jóźwik, Tax Manager at the same company. The speakers presented selected tax areas, which, in their assessment, would have the highest impact on business organizations: withholding tax, minimal corporate income tax, taxation on dividends, preferential tax regulations for holdings, and tax incentives for R&D. The meeting was moderated by committee co-chairs Piotr Pikuła and Adam Soska.

In December, the committee met to discuss the impacts of the Polish Deal on taxation as viewed from the perspective of employers. The speakers were Witold Widurek, Associate Partner at EY Polska, and Teresa Nisler, Manager at EY Polska.

In their presentation, they highlighted the most expected impacts of the Polish Deal on costs related to employment and discussed tax tools designed to protect jobs and boost employment.

Real Estate

In November, the committee met to discuss the best forms of contracts—lease or ownership—for investors with different goals for their property. The speakers were Beata Hryniewska, Director of the Industrial department at CBRE; Konrad Marciniuk, Partner, Miller Canfield; Dominik Mazur, Managing Director at Phoenix Contact; and Anna Kordos, Property Management Director at Panattoni.

In her presentation, Beata Hryniewska discussed the pros and cons of entering into leasing contracts versus owning commercial property depending on the needs of investors. In turn, Konrad Marciniuk, discussed how investment processes vary regarding taxation and cost amortization depending on whether the investors own or lease the property. Dominik Mazur shared his investor's perspective talking about his experience in leasing property versus owning it, and presented a movie summarizing the company's investment projects in Poland. The last speaker, Anna Kordos showcased different aspects of property management, how they impact tenants, and highlighted best practices in the marketplace.

Off-Committee Meeting

In January, AmCham members met online to discuss the impacts of the pandemic on the work-from-home model and how the wide application of the model impacted office space needs and requirements. The speakers were Iwona Pasik, Associate Director at CBRE, Leading Interior Design, Architect IARP; and Ilinca Popescu, Steelcase Sales Director Central, Eastern & Northern Europe.

In her presentation, Iwona Pasik said that the hybrid model offers more flexibility to employees. Yet in order to maximize benefits, companies need to define the value that the hybrid model brings to their organizations, especially differentiate what type of work employees may do at home and what at the office. Companies need to redesign their office space to support hybrid work emphasizing the networking role of the office rather than its old-fashion function underlining corporate structure and hierarchy. In this new role, the amenities should be focused on hospitality and services. When it comes to interior design, offices will require natural finishings, plant arrangements, natural structures and textures. They will have to be very strongly oriented towards sustainability with full recycling processes in place, zero waste, and zero carbon footprint. Companies will also have to rethink the technology they use at the office with more focus on videoconferencing, chat applications, and proper audio-visual setups supporting clear and unimpeded communications.

Ilinca Popescu said that organizations are in different stages of embracing hybrid work strategies and the bigger the leap of change the fussier the picture of the future is for them. Facing that, companies need to focus on developing prototypes for future work, based on real-life data they aggregate about their workers' reactions while they work at the office, taking into account their needs, as well as the needs of the leaders and management.

COVER STORY

A BURNING ISSUE

By **Tomasz Ćwiok**, Editor, *AmCham.pl Quarterly*

The technology mogul Elon Musk said in 2013 that he wanted to die on Mars, but not on impact. In 2016 at a conference in Mexico, he talked about his plans to colonize Mars. Most of us, however, do not consider colonizing other planets in the Solar system as the most plausible idea to solve the existential problems that humanity has been facing on Earth. We tend to think that our planet, which has existed for 45 million centuries, is fit enough to support our lives for a bit longer.

But we understand that we are deep into Anthropocene, which is a blessing and a curse. The former, because we are in control of our destiny. The latter, because we can either keep degrading the biosphere until it reaches an irreversible state, or take actions to prevent this from happening. The decision is ours to take.

COVER STORY

E

Climate data records provide evidence that one particular human activity—fossil fuel burning, which increases the amounts of heat-trapping gases in Earth's atmosphere—has been raising the planet's average surface temperature since the early 1900s. The process accelerated around 1950 and if it continues at the present pace, the climate's median temperature will rise above the 1.5°C tipping point in the next 20-30 years, causing irreversible changes to the Earth's climate patterns. This, more likely than not, will have catastrophic consequences: Earth's icecaps will melt and rising sea levels will flood coastal areas causing millions of its inhabitants migrate to find now homes and livelihoods. Main ocean currents will be disrupted causing significant cooling of oceans along the east coast of the US and Western Europe, while altered rainfall patterns will make equatorial areas too dry to farm anything.
The international community has addressed climate change through a number of initiatives and policies. The most significant is the Paris Agreement—an international treaty on climate change adopted by nearly 196 countries worldwide in 2015. It makes it obligatory for its signatories to come up with their own plans to cut greenhouse emissions. So far, the European Union has addressed the challenge by planning to cut greenhouse emissions by 55 percent by 2030 on a path to have a carbon neutral economy by 2050.
According to experts, climate change is not the only problem that mankind needs to solve to maintain its existence on Earth. Farming is another. The global population has grown from 1 billion in 1800 to 7.9 billion in 2020 and is estimated to reach 9 billion around 2050. In order to feed 9 billion people by mid-century we will require further improved agriculture, water conservation and GM crops. The way we produce food will have to change. At present we deliver an ecological shock which impoverishes our biosphere. Extinction rates of wild species are rising. Already, there is more biomass in poultry than in all the world's wide birds. The biomass in humans, cows and domestic animals exceeds that in wild mammals by 20 times. Biodiversity is crucial for human well-being and it is not the smartest idea to turn our planet into a global farming enterprise.
The need to preserve biodiversity and natural resources has been universally acknowledged worldwide. There are a number of international institutions that develop forward-looking policies regarding waste management and other environmental standards aimed at protecting natural resources. Among these institutions, the EU seems to have taken the most determined stance with a regulatory framework aiming at creating a circular economy as part of its 2050 climate neutrality target.

S

It is also a truth universally acknowledged that the change in the way we produce goods and consume them requires the engagement of wide areas of society. In the information driven and innovation-based economy, each pair of hands counts, and so does each individual brain. The social impact of the change is paramount and in transforming our economy we must do our best not to leave anyone behind.
We know from history that socio-cultural diversity brings progress, while exclusion, whether in economic, social, cultural, educational or political arenas, is a road to nowhere. At a lecture on the challenges for humans to survive into the end of the 21st century, cosmologist and astrophysicist Martin Rees, said, talking about geopolitical stresses for Europe, that in Africa "they may not have good sanitation but they have mobile phones and they know the injustice of their fate... And migration is easy."
A number of international organizations address those issues on a global scale, promulgating, among others, women's empowerment which, as it turns out, is the most efficient way to keep demographic growth of a region in sync with its economic potential. But work against social and economic exclusion needs to be done on regional and local scale in developed countries as well. The ideas encapsulated in the UN's Universal Declaration of Human Rights, and the EU Convention for the Protection of Human Rights and Fundamental Freedoms still need spreading everywhere.

G

Another paramount issue is that, it seems, democracy is as crucial for our preservation on Earth as ecology and socio-economic development. In order to ensure progress in ecological and social issues we need transparent and accountable governance. But while many of us take our democratic institutions for granted, they are prone to failure. Money talks and powerful oligarchs can disrupt markets. We all agree that it is only right that our democratic institutions do their best to combat money laundering and terrorist financing, apply enhanced vigilance in business relationships and transactions involving high-risk third countries, and endorse higher transparency for tax havens and extend anti-money laundering oversight to cybercrime and environmental crime.

ESG

While these environmental, social and governance (ESG) factors are critical for the well-being of the human race in the decades to come, it seems a practical idea that they should be upheld and spread not only by national governments, international institutions and organizations, but also by multinational companies. In an article entitled *The Remarkable Rise* of ESG published by Forbes.com, Georg Kell wrote that this idea came to former UN Secretary General Kofi Annan in January 2004 when he "wrote to over 50 CEOs of major financial institutions, inviting them to participate in a joint initiative under the auspices of the UN Global Compact and with the support of the International Finance Corporation (IFC) and the Swiss Government. The goal of the initiative was to find ways to integrate ESG into capital markets. A year later this initiative produced a report entitled *Who Cares Wins*, with Ivo Knoepfel as the author. The report made the case that embedding environmental, social and governance factors in capital markets makes good business sense and leads to more sustainable markets and better outcomes for societies. At the same time UNEP/Fi produced the so-called Freshfield Report which showed that ESG issues are relevant for financial valuation. These two reports formed the backbone for the launch of the Principles for Responsible Investment (PRI) at the New York Stock Exchange in 2006 and the launch of the Sustainable Stock Exchange Initiative (SSEI) the following year."
According to Kell, in 2018 ESG investing was estimated a USD 20 trillions in assets under management, which translated to "around a quarter of all professionally managed assets around the world." The author explained that the rapid growth of ESG investing "builds on the Socially Responsible Investment (SRI) movement that has been around much longer. But unlike SRI, which is based on ethical and moral criteria and uses mostly negative screens, such as not investing in alcohol, tobacco or firearms, ESG investing is based on the assumption that ESG factors have financial relevance."
For Sebastian Hejnowski, CEO of SEC Newgate Central and Eastern Europe, this transition from corporate social responsibility (CSR) to ESG comes as no surprise. "As the climate crisis deepens, CSR is no longer sufficient," he said. "Good practices have emerged to extend the scope of non-financial information to include actions taken by companies, especially public companies, from the point of view of their impact on environmental protection, social responsibility and corporate governance. These three categories allow companies to better understand and measure the social and environmental impact of their activities."

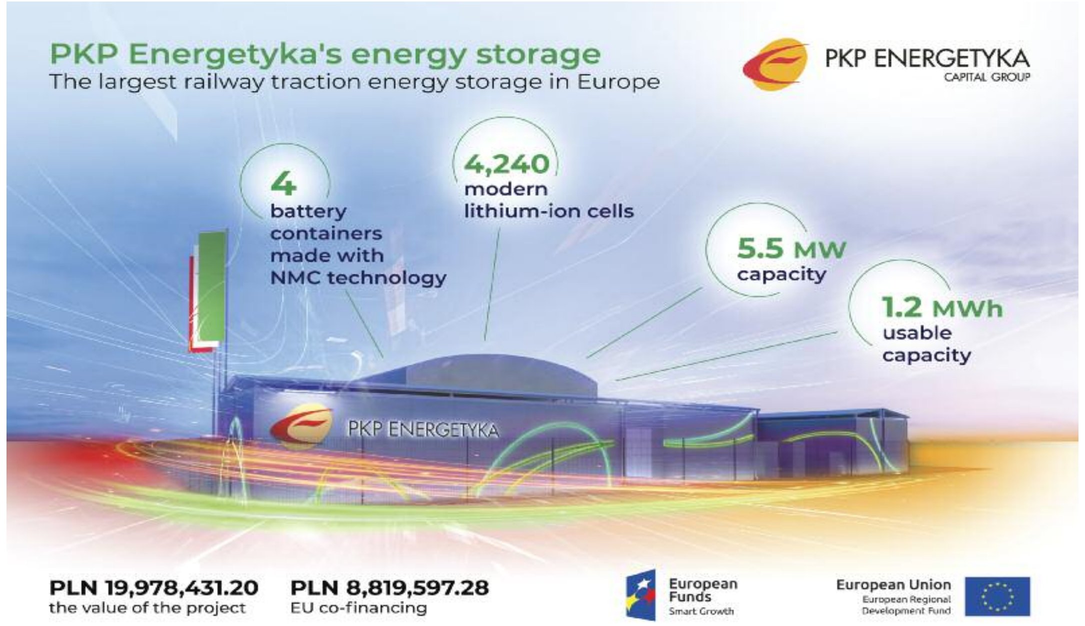
ESG+

The EU embraced ESG in 2014 when it amended its Accounting Directive with a new one—the so-called Non-Financial Reporting Directive (NFRD) which made public- interest companies with more than 500 employees disclose information about the way they operate and manage social and environmental issues. The NFRD covers financial institutions, banks, insurance companies, publicly listed companies, and other companies identified by national authorities as public-interest entities. Under the directive, they are obliged to publicly share their records regarding their environmental matters; social matters and policies for treatment of their employees; how they stand on respect for human right; what their anti-corruption and anti-bribery practices are like; and how diverse their boards are when it comes to age and gender, as well as educational and professional backgrounds.
It seems, however, that the NFRD will soon be replaced by another directive. In April, the European Commission published a proposal for a Corporate Sustainability Reporting Directive (CSRD).
Among the new provisions is a requirement for an audit of the information companies publish. The CSRD also introduces more detailed reporting requirements, including an obligation to report according to mandatory EU sustainability reporting standards. The directive specifies some technical standards for companies to tag their reported information, so it can be machine-readable by the EU single access point envisaged in the capital markets union action plan. If the CSRD is adopted, it will become a binding law in 2024, with reporting obligation covering 2023.

THE PUBLIC EYE

The growing importance of ESG for consumer markets was captured by a study of attitudes towards ESG across ten countries—including China, France, Germany, Italy, the UK, and the US—conducted by public relations organization SEC Newgate.
The study summarizes public attitudes to the ESG principles for both governments and the corporate sector, exploring how well people think their countries are performing.
The study revealed that the concern about and interest in ESG issues is universal and is consistent across all ten countries surveyed, where approximately 60 percent of the sample indicated that they were very interested in ESG as an issue, rating their level of interest at 7 or above, on a 10-level scale.
The study also revealed that environment is the number one public ESG concern, especially climate change. Next came government leadership and the quality of healthcare services. Overall, social issues were considered less important than environment and governance issues.
Sebastian Hejnowski sees no problem with that. "The emphasis on climate change and its consequences at the moment is the result of prioritizing, rather than underestimating the different aspects of ESG," he said.
ESG is clearly driving consumer buying power and activism. Globally, ESG performance has a high level of influence on people's decision to purchase products or services. More than half of the sample across the ten countries (51 percent) said that their perceptions of a company's ESG performance had an influence over their purchasing decisions.
Hejnowski said it is also true for Poland. "There is a clear increase in social awareness of environmental protection criteria among consumers, with some studies showing that this is important to as many as 63 percent of consumers. What is more, surveys show that consumers in Poland would also support an additional tax on products and services that contribute the most to reducing global warming."
This, however, is in contrast with consumer attitudes in the 10 markets surveyed by SEC Newgate. While most of the sample said that ESG was an important consideration, their willingness to pay for ESG performance in a range of different products and services was quite limited. Perhaps it was so because of the lack of consistent ESG measurement to navigate by. As much as 74 percent of the sample said that they needed a consistent approach for ESG reporting. A large proportion of the sample (71 percent) also agreed that ESG claims should be regulated and that companies should be penalized for poor ESG practices. As much as 78 percent of the sample said that companies should take responsibility for their supply chains, while 77 percent said that companies need to do more to look after their employees and to give back to the natural environment.
According to Hejnowski, this is true for Poland as well. "Many consumer surveys,

The PKP Energetyka award winning energy storage can at a time power the passage of a train travelling at 160 kilometers per hour. The unit uses four battery containers with the total of 4,240 modern lithium-ion cells. The storage facility strengthens the security and quality of energy supply to the railroads by balancing the power sourced by PKP Energetyka from the National Power Grid. It also enables a more efficient use of renewable energy sources under the Green Rail Program.



also in Poland, have forced many regulators to take action, including the European Commission. The CSRD directive prepared by the commission will define some uniform standards and indicators used for ESG reporting and will also introduce a requirement for auditors to check these reports," Hejnowski said.

Hejnowski noted that the trend is "a matter of pure economics". He said that "investors and other stakeholders expect more reliable information on ESG issues to help them better understand how a company performs, makes decisions, and creates value."

The SEC Newgate report also revealed that the banking and finance industry has the strongest influence on community perceptions of overall company ESG performance, followed by energy and utilities, manufacturing and the chemical industries. Hejnowski explained that "ESG is very important for institutional investors, and certainly one of the reasons for this is new EU regulations such as the Green Deal. A strong signal has also come from the London Stock Exchange where listed entities will have to show their strategies for achieving climate neutrality from 2023 onward."

As for the Polish government, Hejnowski said that "it is not properly focused on a strategy based on ESG standards, besides a handful of regulations enforced by law."

But it is just a start. "We are still at the beginning of our ESG journey in Poland," Hejnowski said. "Today's environmental, social and governance concept faces a number of challenges, but a thorough understanding of its objectives is crucial if we are to build a fairer and more sustainable future for society as a whole. I am happy that young people in Poland understands these issues and supports change. However, there is one major problem that will remain–the money."

MONEY

"In Poland, sustainable financing is a relatively new issue," said Beata Górniak, member of the management board, PKP Energetyka, an energy company which has won two awards at the first edition of ESG Leaders—a nationwide competition that recognizes best ESG programs in the corporate sector, held in partnership with the UN Global Compact Network Poland, the European Bank for Reconstruction and Development, the Polish Private Equity and Venture Capital Association (PSIK), the Polish Employers' Confederation Lewiatan, the Łukasiewicz Research Network and the Polish Bank Association, and PwC.

Beata Górniak said that sustainable financing is "strongly linked to the ecosystem of the European Green Deal regulations as they play an enormous role in popularizing the concept of ESG and motivate many companies to take action in the area of sustainable development. It also prompts companies to increase precision in measuring their social and environmental impact. This trend, especially in combination with the CSRD, will undoubtedly change the approach to investor and business accountability."

According to Górniak, the decarbonization portfolio is a huge challenge in Poland for power engineering, infrastructural or chemical companies, which are starting to make their business green, but are still highly dependent on the effects of decisions taken by the authorities years ago. "However, it is worth noting that these sectors, being fully aware of the financial and international importance of ESG, are scrupulously developing their strategies," Górniak said.

Górniak added that in Poland, many companies in the banking and financial sector report ESG activities at a high level. "However, when it comes to the recognition of sustainable development activities in Poland, the FMCG and retail sectors are leading the way," she said. "They were the first, often motivated by their international headquarters, to implement many strategic solutions and openly talk about the effects."

Among them was the Żabka chain of convenience stores—another AmCham member company awarded in the ESG Leaders competition. "ESG-related expenditures are vital to assure all relevant stakeholders in the organization's commitment to sustainable development," said Rafał Rudzki, ESG Director at Żabka Polska. "On the other hand, the support of public institutions and the financial sector is crucial to accelerate the change. At Żabka, we believe that such investments are worth taking, since it makes us viewed by our customers, employees and investors as a reliable company. Even little steps do matter to attract today's consumers who are more and more ecology-oriented."

But Rudzki added that public sector organizations should also implement activities that concentrate on environmental, social and governance initiatives. "What they need is better regulatory guidance and standard setting though," Rudzki said.

He said that in light of research by Intelligize, a compliance management service, "three-quarters of recently surveyed public company representatives have a desire to create positive ESG outcomes. Those desires, however, as the study suggest, are tempered by a lack of knowledge about important ESG issues, including how their costs will affect their companies' commitments, whether ESG-related information should appear in their financial reports, and whether their ESG reporting is even accurate. We believe that leading organizations such as Żabka shall inspire others to act by taking action and sharing the outcomes with the public."

According to Beata Górniak, ESG does not cost much, "given how much intangible value it brings both to our environment and the company itself. Investors are increasingly looking at ESG indicators of a given organization and are increasingly interested in their intangible assets. In the near future, financial institutions will not want to finance investments or projects that are not managed in a responsible manner. The lack of project financing opportunities will have a measurable impact on financial issues. There are also non-business issues, such as the creation of a socially responsible and climate-friendly company which at present is of great importance for customers and stakeholders."

Górniak added that another benefit of being a responsible and sustainable company is that "such companies are perceived as attractive employers, which is confirmed, among others, by an international study by the employer branding agency Universum, which involved university students. In the long term, being a sustainable business will be simply profitable."

AND THE DOUBLE WINNER IS…

In the first edition of the ESG Leaders PKP Energetyka won two awards. The company won the Diamond Award in Innovation for developing an innovative and largest European traction energy storage facility. The Silver Award in Strategy went to PKP Energetyka for developing and implementing the 2030 Sustainable Development Strategy.

"We are a company that straddles both the railway sector and the power industry," said Beata Górniak. "These two areas are of particular importance and give great room for action in ESG, which is also an important element of our company's strategy. We know how we want to take care of such issues as the environment and climate, a sustainable supply chain, and ethical relationships with local communities. All our plans until 2030 have been defined in our Sustainable Development Strategy."

A part of the company's action in sustainable development is the Polish Green Railway program. "So far we have built the first traction energy storage in Poland, and have established the *Dobra Energia* Foundation," Górniak said. "We have also started a wide-ranging decarbonization program for our company. All these actions are increasingly recognized and, most importantly, appreciated both by external institutions, and, more importantly, by our customers. ESG is therefore a very important part of our business. We know that as a large organization, we can have a real impact on slowing down the harmful climatic changes and climate-harming habits of people. On the other hand, investors are increasingly looking at ESG indicators of a given organization and are more and more interested in their intangible assets. Similarly, financial institutions are much more favorably disposed towards companies that ensure sustainable development."

Górniak explained that PKP Energetyka evolved beyond CSR knowing full well that CSR was not enough. "Planting some trees, painting a community center or supporting a fund-raiser are valuable initiatives, but the activities we undertake should be backed by an objective that we pursue, so that these are not only incidental initiatives, but that all our actions are consistent," she said. "The initiatives should relate to the environment in which we operate. A company whose operations are related to the use of water should focus its efforts on the protection of this resource. Our concepts of sustainable development and ESG reflect our objectives in environmental or social issues more broadly and fully. This approach is expressed in our strategy which defines the objectives set and specific actions that allow us to measure our effectiveness."

They have been developed based on "a relevance matrix"—a diagram in which PKP Energetyka identified the most important issues from the point of view of its operations, taking into account their importance and impact on the environment. In order to create the matrix, the company engaged its stakeholders including employees, members of the management board, the owner and the clients. They discussed the important ESG issues at workshops. "Our relevance matrix includes areas such as employee safety, robust and sustainable infrastructure, operation transparency, reduction of greenhouse gas emissions, a sustainable supply chain, and a diverse and inclusive workplace," Górniak said. "Looking at these areas from the perspective of our mission and the corporate strategy for 2030, we have selected five areas on which our strategy will be based: ensuring a safe, friendly and inclusive workplace; powering the energy transition, being a reliable partner, creating a sustainable supply chain, and creating a resilient company."

The award-winning PKP Energetyka ESG 2030 Strategy comprises five areas, which together include 16 priorities and more than 100 initiatives. "Each initiative has its objectives, schedule and its key performance indicator set," Górniak said. "We have a very specific breakdown of the amount of energy from renewable sources we want to sell each year. We have specified the level of carbon dioxide we will emit each year. We also have defined how we want to increase the employment rate of women across our company in the coming years. We are able to monitor very precisely how our objectives are being achieved and, if necessary, modify our approach. Each area is the responsibility of a different unit of our company and the entire strategy is coordinated by the Communication and Sustainability Department. Support of the Controlling Department, which has the competence and experience to monitor the progress of the company's program, is very important in this respect. We also regularly prepare reports for our owner, CVC Capital Partners."

Another very important issue for PKP Energetyka is transparency. "Every year, we publish a non-financial report that is verified by an external audit firm," Górniak said. "We strive to have our activities in ESG verified through external international rankings, successfully completing certifications such as EcoVadis or TOP Employer."

The company had begun developing its ESG programs years in 2016. "It was a different world, not only business-wise, but also from the social and technological perspective," Górniak said. "In 2016, the green energy policy was not so obvious. The most difficult was to predict how our business would look in 2018, 2019, 2020, and beyond. And since we have been able to find our true north, we are successfully implementing and developing the project today. Moreover, during this five-year period, our assumptions changed. But we adapted to the situation and the direction stayed the same. Owing to this, today we have battery-based energy storage, and soon we will have our first hydrogen plant."

PAVING THE WAY

In the first edition of the ESG Leaders, Żabka won the Silver Award in Innovation

The awarded store, in Lewandów, Warsaw, uses the state-of-the-art technology. It generates energy from photovoltaic "quantum dots", which are engineered nano-particles with semiconductor properties. The quantum dots are in the store's display window (1). In turn, the power-generating floor (4) turns the kinetic energy of people who step on it into electric energy. Eco-fridges close their doors automatically to save energy (5). In addition, the store is fronted by a charging station (3) for electric cars and an eco-wall (2)—a vertical flower bed with smog and dust absorbing plants and materials.

for developing the first convenience store in Poland powered solely by renewable energy. The awarded store, in Lewandów, Warsaw, uses this state-of-the-art technology. It generates energy from photovoltaic "quantum dots", which are engineered nano-particles with semiconductor properties. The quantum dots are in the store's display window. In turn, the power-generating floor turns the kinetic energy of people who step on it into electric energy. In addition, the store is fronted by a charging station for electric cars and an eco-wall—a vertical flower bed with smog and dust absorbing plants and materials. “This project was and still is an incubator of environmentally friendly solutions and a testing ground for the technological solutions of the future,” said Rafał Rudzki. “We are testing there globally pioneering solutions in green energy and transport, clean air and circular economy. It is fully powered by green energy. As much as 40 percent of the energy comes from photovoltaic panels and from other in-house sources, while the remaining 60 percent is generated by a wind farm in Wierzcholas,” Rudzki said.

He noted that the project was very difficult but that the effort pays off. “Some of the results we have achieved include a monthly reduction in carbon dioxide emissions equal to the amount of carbon dioxide absorbed by 300 trees! After the positive completion of the test phase, we are planning to implement selected solutions at other Żabka stores. As much as 93 percent of our customers believe that the store is setting trends, and 97 percent of them would recommend this store to their friends and family!” Rudzki said.

But the awarded store is only the tip of the iceberg. In 2020, Żabka completed a carbon dioxide reduction project, requiring all its stores to operate in carbon dioxide reduction mode. “It was one of the largest campaigns of this type in Europe,” said Rudzki. “It brought about a great opportunity to reduce our carbon footprint. It has provided our customers with access to modern and comfortable interiors, and was a good opportunity to introduce a new, smiling logotype. The remodeling campaign was tantamount to a massive change. We used it to significantly reduce the consumption of natural resources and electricity. We replaced light sources with LED bulbs and installed motion sensors controlling lighting systems. We now use environmentally friendly refrigerants. And the outcome is the reduction of carbon dioxide emissions by 120,000 times the CO_2 equivalent. This is the amount of carbon dioxide that the trees in the Greater Poland National Park absorb in four years!”

For Żabka, having an ESG strategy is an indispensable element of a responsible and sustainable organization. “We decided to publish our ESG strategy, including our goals and targets, and report their progress, even though we were not obliged by the law to do so,” said Rudzki. “As a responsible company we felt a need to be transparent about our activities and related performance. It is a good managerial practice. We believe that no matter whether the company is small or large, responsibility towards its employees, the environment and business partners should become the norm. It is something that is expected by customers, employees and financial institutions, to name some of the stakeholders. Companies which conduct their business in a transparent manner and are sustainable, are more and more likely to be trusted by investors who also care. The overall goal is to create value, both financial and nonfinancial.”

By disclosing non-financial data, the company summarizes its ESG activities and the results it has achieved. “We are also able to draw applicable conclusions and make our modus operandi more efficient,” Rudzki said. “Reporting procedures provide a full managerial picture, allowing us to monitor our results and increase the accuracy of our business decisions. The non-financial report allows us also to strengthen our reputation and trustworthiness among key stakeholders. It also reinforces our market position and is beneficial for the company’s image. We obviously invite external organizations to help us validating or verifying our ESG performance.”

Rudzki noted that Żabka employs a team of specialists who overlook CSR and ESG activities within the company. “While ESG and CSR are both concerned with a company's impact on economy, society and the environment and management of it, the major difference between them is that CSR is a business model used by individual companies, but ESG has an additional function—it is a set of criteria that institutional stakeholders and other investors use to assess a company and determine if they are responsible and worth investing in.”

Żabka’s ESG strategy is based on four pillars: Sustainable Lifestyle, Mindful Business Impact, Responsible Organization and Green Planet. “We have divided our plans and goals into those categories to underline what we believe are the most important issues for us and our stakeholders,” Rudzki said. “Within each of the pillars, we enumerated all the key areas we aim to address along with specified ambitions, goals and a time frame for reaching them.”

The key areas within Sustainable Lifestyle are good nutrition, prevention of food waste, and services the company offers for a sustainable lifestyle. In the domain of Mindful Business Impact the company focuses on fostering entrepreneurship, taking up partnership for positive change as well as activities aimed at the activation of local communities. “As far as the Responsible Organization part is concerned, we focus on diversity and inclusion within our company, and on governance and responsible management as well as transparency and validation,” Rudzki said, adding that the key activities listed in the Green Planet pillar focus on decarbonization and circular economy.

“The Responsibility Strategy is an integral part of our business strategy and a point of reference for taking key business decisions,” Rudzki said. “It always involves cooperation between all of the departments. We put great emphasis on responsibility. We pursue our mission in a manner that is responsible towards our employees and partners, customers, franchisees and business partners, as well as towards the natural environment and local communities in which we operate. By making everyday decisions, we are aware of their impact on our business partners and on the satisfaction of our customers. We take responsibility for the impact our activity exerts on the external world including the planet. We encourage our partners to show the same attitude as well.”

Rudzki underlined that Żabka Polska is the first company in Poland, and the first food network in Central and Eastern Europe, whose decarbonization goals, included in its ESG strategy, were scientifically verified and approved by the international initiative called Science Based Targets. “This way we have proven that the path undertaken to reduce greenhouse gas emissions and the commitments we have made, jointly constitute a viable plan,” he said.

Rudzki noted that EcoVadis, one of the world's most trusted providers of sustainability ratings for enterprises, rated Żabka among the 1 percent of companies in the world that best integrate non-financial ESG factors into their strategies and operations, for which Żabka received the Platinum EcoVadis award.

“I strongly believe in the importance of setting a good example for other companies to inspire them to do more for themselves, their stakeholders and for the entire planet,” Rudzki said.

FORGING MEANINGFUL RELATIONS

By **Marta Usielska**, Director, Marketing & Business Development, Property Management, CBRE

THE RISE OF THE ESG PARADIGM IN COMMERCIAL REAL ESATE

The commercial real estate has a major impact on shaping market trends and establishing good market practices. Depending on the current market needs, real estate companies can create standards that make the industry meet the growing needs of their occupiers. Recently, the understanding of industry's impact on sustainable social and climate development has become one of the most important market drivers.

Given the scale of the market—industrial, retail, as well as residential properties—the scale of the influence for society and the environment is significant. Every day, property owners, managers and tenants take decisions based on the principles of Corporate Social Responsibility (CSR) as well as those that stem from the Ecology, Social and Governance (ESG) paradigm. By focusing on climate issues, the well-being of local communities as well as on ethical business, companies grow their own value. In is a win-win situation

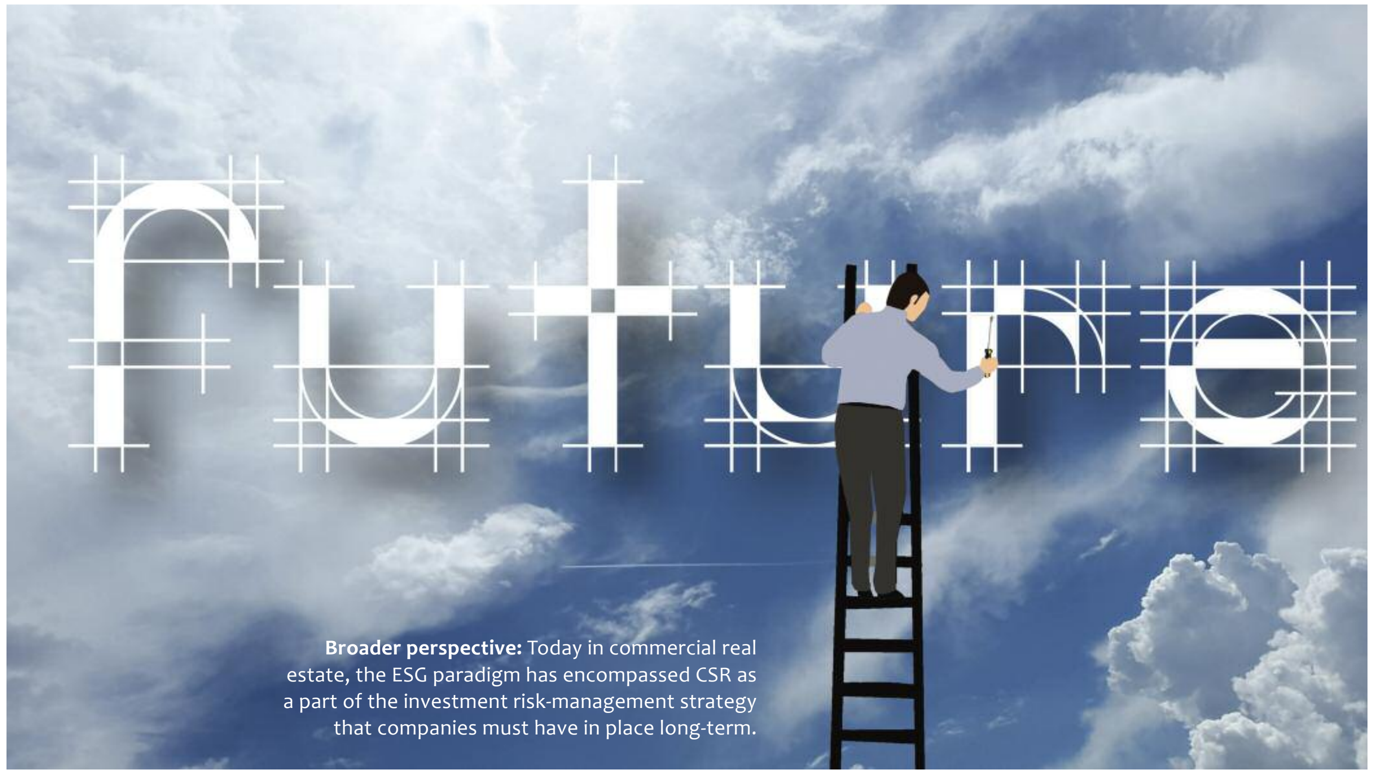
GOOD DIRECTION

Commercial properties delivered to the market now come with a plethora of ecological solutions. It is so because of the economic requirements as well as the growing understanding of ecological challenges on the part of developers, coupled with the growing expectations in this regard on the part of the tenants. Older properties present more challenges in implementing ESG solutions and CBRE recommends that their owners implement ESG solutions gradually, step by step and all undertaken actions should be based on ESG reporting containing audit and roadmap. Yet, no matter old or new property, we see see a growing number of interesting initiatives aiming at the protection of natural environment, the health of its tenants, clients and all building users.

The public opinion welcomes such initiatives, which goes to show that they are not more than a passing fancy. In fact, CSR has matured beyond a platform which companies used to showcase their charitable programs and pro-social outreach.

HERE COMES ESG

Today it is safe to say that in commercial real estate the ESG paradigm has encompassed CSR as a part of the investment risk-management strategy. Companies which apply ESG do it with caution. They are more risk-avert and seek success in a long-term investment perspective. What is more, investors appreciate ESG strategies. While in accessing risk they relay on traditional financial data and analysis, they are increasingly inclined to use non-financial analysis as well. Ensuring adequate ESG strategy for an organization means that its management is top quality and that it strives to build the value of the company in a well-balanced, sustainable way.



Broader perspective: Today in commercial real estate, the ESG paradigm has encompassed CSR as a part of the investment risk-management strategy that companies must have in place long-term.

COVER STORY

NO ROOM FOR UNCERTAINTY

By **Katarzyna Chwalbińska-Kusek**, Head of ESG & Sustainability, Savills

THE PANDEMIC HAS FUELED A SHIFT IN COMMERCIAL REAL ESTATE TOWARDS SOCIAL VALUE INVESTING

The term "social value" in commercial real estate indicates the impact that properties have on local communities and society as a whole, and how it can be moderated to generate positive outcomes. The definition from the Green Building Council says that "social value is created when buildings, places and infrastructure support environmental, economic and social well-being, and in doing so improve the quality of life of people."

OPPORTUNITY AREAS

Social value can be created and delivered throughout every stage of a building's lifecycle. Developers can make sure that their projects address community needs, such as affordable homes or upgraded community space. Even the construction phase may serve social value by offering employment to local people, including the handicapped and young people who seek work experience. In turn, asset managers may engage the occupiers, who are an essential part of the community, by developing community engagement programs as well as contributing to the local community through their procurement and supplier decisions.

Overall, creating social value may be achieved focusing not only on the economic value of a real estate project but also taking into consideration the benefit that it can bring to the local community and society as a whole.

CREATING A VALUE CHAIN

Effective ESG strategies have become top priority for all business leaders in the real estate industry. But with the pandemic the approach to ESG has gone beyond decreasing environmental impacts, taking turn to focus on the reduction of social and economic inequalities in the society and delivering wellbeing to all stakeholders.

However, a lot needs to be done to crystallize what social value actually means. We will see this as a theme for 2022 and beyond.

The top line of socially-responsible investing is that buildings should enhance the safety, health, wellbeing and the positive prospects of inhabitants and surrounding places. It can be tricky, however, to know the impact of an asset to society because of a lack of standard measurement tools. Until such tools become available, it is difficult to track the outcomes and measure the success.

In the UK, for instance companies adopt methodologies such as the National TOMs Measurement Framework. The methodology is an attempt to bring a standard for measuring how a building impacts jobs and skills, improve a community's resilience and contribute to decarbonization.

Another emerging standard is the UN Sustainable Development Goals—a high-level framework that is becoming a tool of common understanding amongst stakeholders in commercial real estate of how to deliver value to society.

THINKING OUT OF THE BOX

Measurable indicators for social value in commercial real estate may be defined as anything that is relevant to the specific building and its surrounding community, such as employment creation, hours volunteered, mentoring programs, sustainable transport, health and wellbeing, amenities and infrastructure.

In Poland, the Galeria Katowicka shopping centre, (managed by the Savills Investment Management), is the first of its kind in Europe to have introduced such a measurable program: shopping hours for autistic clients. The shopping mall has installed soundproof spaces and introduced "silent hours" to help customers with autism enjoy their shopping experience.

So, despite the lack of measurability and standardization of "social value" in real estate, investors should not abstain from demonstrating impact considerations in their strategies regarding the social value of their projects.

Investors and developers should simply define what is good for the community and the society around their buildings. The buildings should enhance the safety, health, well-being and the positive prospects of inhabitants and surrounding places. It is also important to understand such impacts as new development projects may bring some negative impacts on the surrounding communities: gentrification, disruption to the existing social fabric resulting in social exclusion. In order to have a proper understanding of local socioeconomic needs requires an analytical approach to the local economy and demographics as well as engagement with local authorities and residents.

CONCLUSIONS

The "S" in ESG is also as much about resilience as anything else. During the pandemic we have witnessed a change in the way businesses operate, with greater attention to long-term collaboration between stakeholders and an increased focus on environmental and social impact. This experience has given us a growing evidence that organizations that prioritize the social value of their investments actually support the viability of their own operations even in uncertain times. A realization that successful real estate projects depend on the communities they serves is one of the few positive outcomes of the pandemic for the stakeholders in the commercial real estate.

A realization that successful real estate projects depend on the communities they serves is one of the few positive outcomes of the pandemic for the stakeholders in the commercial real estate.

MONTHLY MEETING

November

GAINING MOMENTUM

THERE IS POTENTIAL FOR POLAND AND THE US TO BUILD MORE RESILIENT TRANSATLANTIC COOPERATION

In November, AmCham members met at the Monthly Meeting to discuss Poland US relationships with Robin L. Dunnigan, US Deputy Assistant Secretary for Central and Eastern Europe.

The speaker shared her views on President Joe Biden's perspective on US relations with Europe and Poland.

She said that the underlying tenet of the Biden administration on foreign policy is that to face the challenges in international politics the US will not be successful without its transatlantic alliances and partnerships. This is why the US attaches special strategic importance to pursuing bilateral relationships and forming partnerships within the EU and NATO.

RESPONSIBLE DEMOCRACY

Another fundamental aspect of the Biden administration's foreign policy is that it is meant to reinforce the democratic values that the US upholds as well as those that are valued by US friends and partners. For this reason, President Biden had hosted the Summit for Democracies in December 2021. The summit brought together representatives of established, strong democracies as well as those representing emerging democracies. It served as a forum for exchanging opinions on how to improve and expand democracy and what measures to take to fight back against totalitarian tendencies that surface within democratic countries.

The participants of the forum acknowledged that such action means rooting out corruption even if it is tough, ensuring democratic human rights within those democracies, and rising issues with the perpetrators. The US administration expects that the countries with whom it shares alliances—within NATO and the EU—do respect the fundamental norms of democracy.

COLLABORATION WITH EUROPE

The speaker noted that in today's world, countries with similar value systems and cultures need to collaborate closely to successfully meet the ever-complex global policy challenges. Transatlantic cooperation plays a significant part in this, which is why, in September 2021, the US held the US-EU Trade and Technology Council. The meeting helped both sides to make progress in deciding how they should synchronize their trade-supporting mechanisms to build supply chain resilience. In addition, both sides came closer to understanding the role of artificial intelligence and export controls in mutual trade. They also agreed on a worldwide response to the pandemic, reasoning that no country can effectively get out of it until all countries successfully keep it under control. As a result, they reached an agreement to increase the donations of vaccines to third countries, with the US donating 1.1 billion and the EU another 500 million.

GLOBAL SUPPLY CHAINS

The global supply chains were among the main topics of conversation at the Trade and Technology Council. It is also one of the main discussion points between the US and China at present. According to the speaker, companies in Central and Eastern Europe have the potential to provide some of the critical components to the supply chain across the EU and the US. Such a realignment in the global supply chain is critical to creating an environment in which the US and the EU may effectively focus on growing their economies.

OPPORTUNITIES IN POLAND

The speaker said that there are good opportunities for cooperation between American and Polish companies in Central and Eastern Europe in several areas, including renewable energy and infrastructure. Some of the cooperation may take place through the Three Seas Initiative—a forum of twelve EU states which before joining the EU were part of the Soviet Block, and which now aim to forge economic cooperation in building new infrastructure.

The US government is looking to create financial opportunities for such cross-over cooperation. Polish companies may play an important role in helping the Three Seas prospect as Poland has made great progress in energy security over the last decade. The country has diversified its energy sources and is in a position to help its neighbors with energy issues.

ROBIN DUNNIGAN

Robin Dunnigan is the Deputy Assistant Secretary responsible for Central and Eastern Europe in the Bureau of European and Eurasian Affairs. She served previously as *Chargé d'Affaires* and Deputy Chief of Mission of the U.S. Embassy in Austria from July 2018 to July 2021. A career member of the Senior Foreign Service with the rank of Minister-Counselor.

Ms. Dunnigan is a distinguished graduate of the National War College, where she earned a Master of Science in National Security Strategy. She also received a Master of Science in Foreign Service from Georgetown University and a Bachelor of Science in Business Administration from the University of California at Berkeley. Ms. Dunnigan speaks Spanish, as well as some German, Turkish, and Vietnamese.

ANNUAL GENERAL MEETING

December

A BUSY YEAR

THE AMERICAN BUSINESS COMMUNITY CELEBRATES 30 YEARS IN POLAND

In December, over 100 AmCham members assembled at the InterContinental Warsaw Hotel for the organization's Annual General Meeting, with others participating in the event online.
The official part of the meeting featured an address by B. Bix Aliu, Deputy Chief of Mission at the U.S. Embassy, which he delivered online. It was followed by a presentation of the 2021 Chairman's Report—approved by the members along with the 2021 Audit Report.
At the meeting, AmCham recognized member companies that had been with the organization for over 30 years by awarding them with certificates of recognition. They included 3M, American Express, Cargill, Citi Handlowy, Coca-Cola Poland Services, Dow, Eli Lilly, Enterprise Investors, Honeywell, IBM, Johnson & Johnson, Levis Straus, Warsaw Marriott Hotel, Nalco, NCR, PepsiCo, Pfizer, Philip Morris International, PwC, P&G, and Universal Express.

WORKING TOGETHER
In his address to AmCham Poland, B. Bix Aliu said that the organization played an extremely supportive role for the embassy in maintaining momentum on many key issues. More so, as it was challenging to maintain high-level engagement in 2021 given pandemic restrictions. Despite that, the US Embassy in Poland managed to carry over 40 high-level engagements, some of which were hosted by AmCham Poland in Warsaw.
For many of the US diplomats, Poland was the first international trip they took as members of the Biden administration. Among them were Don Graves, Deputy Secretary of Commerce, Derek Chollet, the Counselor of the US Department of State; and Charles Feinstein, US government adviser on energy security. For Jennifer M. Granholm, US Secretary of Energy, Poland was her second international trip as a US government official.

DELIVERING RESULTS
B. Bix Aliu noted that there had been a lot of engagement between US President Joe Biden and the Polish Prime Minister Mateusz Morawiecki who met at the COP26 Summit in Glasgow, the UK. The US President talked with Polish President Andrzej Duda on many occasions. Those engagements have produced results in many areas of cooperation between Poland and the US, including in energy security, bilateral trade, climate change, and national defense. Several American companies have announced additional investment in Poland, including Westinghouse, Microsoft, Amazon, and Google.

MONTHLY MEETING

January

CHALLENGE AHEAD

POLAND HAS SEEN A FAST AND RELATIVELY STRONG ECONOMIC RECOVERY. YET, THERE ARE MACROECONOMIC ISSUES TO ADDRESS TO KEEP THE POSITIVE MOMENTUM.

In January, AmCham members met at the Monthly Meeting to discuss the economic outlook for 2022 and beyond. The speakers were Michał Dybuła, Chief Economist at BNP Paribas Bank; Eliza Przeździecka, AmCham Chief Economist; Cristina Savescu, World Banks' Senior Economist for Poland and EU countries; and Paweł Wojciechowski, Chief Economist at Polska 2020, a political party. AmCham Chairman Tony Housh moderated the discussion.

GLOBAL AND REGIONAL PERSPECTIVES
According to Cristina Savescu, economic recovery in developed and emerging economies is well underway. However, while their economic output reached pre-pandemic levels, the growth trends are not the same as before the pandemic. In this respect, the most economically advanced countries are expected to rebound in 2023.
Emerging economies, it turns out, will experience more heterogeneous economic recoveries as their performance has been suppressed by low vaccination rates and extensive exposure to all the negative effects of the pandemic.

MONTHLY MEETING

January

In the euro-zone, economic output is expected to accelerate this year, following a strong rebound last year.
Savescu noted that a substantial rise in commodity prices, including energy, took place last year. Energy markets in Europe were troubled by a strong recovery in domestic demand that coincided with supply chain disruptions. The price of oil grew 17 percent in 2021 following the reduction in supply from the Yamal Pipeline.
The prices of non-energy commodities also grew last year. There was a weather-induced growth in the prices of agricultural commodities. The World Bank expects the prices of commodities to stabilize in 2022 but at a relatively high level.
Michał Dybuła noted that there have been profound inflationary pressures in Central and Eastern Europe, although the region had a relatively robust economy before the pandemic. But as the region requires decisive anti-inflationary policies to safeguard a well-balanced and sustainable, long-term economic growth, monetary tightening will deliver economic costs as well.

POLAND GOING STRONG
According to Cristina Savescu, the economic recovery in Poland has been quite strong, and by the second quarter of 2021 the economy had returned to pre-pandemic levels.
Eliza Przeździecka said that the Polish economy has been resilient to the shocks delivered by the pandemic, which is best indicated by the growth of Poland's GDP—in 2020 it reached 2.5 percent, and 5.5 percent the following year.
The 2021 growth in industrial production in Poland reached 10 percent over the 2020 number, which was the highest growth in all countries in Central and Eastern Europe. The value of retail sales last year grew by an astonishing 12 percent versus 2020.
The Polish economy is also becoming increasingly IT-driven. More than 22,000 IT companies were in business in Poland last year, compared with 20,000 manufacturing companies.
Przeździecka added, that in general, the climate for investment in Poland was good last year which was best indicated by the fact that 30 percent more companies opened their businesses in Poland last year than in 2020.

PESKY INFLATION
One of the problems that all speakers agreed was paramount for the continuation of economic recovery in Poland, is the inflation rate. World Bank's Cristina Savescu noted that the rate has been well above the 3.5 percent inflation target for Poland.
A properly calibrated macroeconomic policy may not be easy to come by, especially since the continuing pandemic has had negative effects on investments and consumer sentiments.
Eliza Przeździecka noted the relatively high inflation rate, reaching 9 percent, has resulted in price hikes. With this came expectations of higher wages across the labor market.
Paweł Wojciechowski explained that this expectation may fuel major social discontent across wage earners in the public sector. The state budget was originally designed with the 3.5 percent inflation target in mind and with an inflation rate of around 9 percent, public workers will expect their wages to raise at least 5 percent. If the state fails to fulfill that expectation there will be grounds for potential labor action against the government and it will be a political issue.

WANING INVESTORS' CONFIDENCE?
Another emerging issue for the Polish economy is the country's relative underperformance on the investment front compared to other countries in CEE. Savescu said that Poland attracted EUR 3.5 billion in private investment projects, both domestic and international, which was only EUR 800,000 above the 2018 and 2019 levels. This indicates that Poland may need to devise a new attractive incentive system for investors.
Paweł Wojciechowski noted that the dropping outlays in FDI may indicate investors' waning confidence in Poland as a good country for business. This may stem from the Polish government's constant fight with EU institutions, including the European Commission, which may jeopardize Poland's acquisitions of EU funds, while, at the same time, EU financing is crucial for the development of the Polish economy.

ALL HANDS ON DECK!
Another issue to watch this year, according to Eliza Przeździecka, is the labor shortage that many companies experience in nearly all sectors of the economy. It will be hard to see an improvement in this area as the unemployment rate is relatively low at 5 percent.
There are several factors behind this relatively low unemployment rate, explained Paweł Wojciechowski. They are the demographics, but also social policies that do not give incentives to women to return to the labor market. Add to it the relatively high migration of working-age people from Poland and it is clear to see that 2022 is going to be a demanding time for business.

SUPPLY CHAIN RISKS
For Michał Dybuła, problematic areas in 2022 will include the logistics and supply chain problems experienced in Poland and across the EU. While they have had different impacts on different businesses and industries, it is clear that many companies will revise their supply chains to safeguard liquidity and profitability. Managing supply chain risks is always a tricky business and for some companies, it may be a big challenge.

SILVER LINING
Despite all the economic and political issues, Michał Dybuła said that he was confident that Poland will manage to overcome the crisis "as an economy and society".
There are reasons to believe this will be the case. According to Eliza Przeździecka, many companies in Poland, in many industries, have successfully found replacements for their suppliers in Asia. This has been best indicated by the numbers showing Polish exports to the US in data processing units (DPUs), which skyrocketed in 2021.
Cristina Savescu said that the Wold Banks' economic forecast for Poland is much better than for many other countries in the region. While the demand for the Polish highly-skilled labor force will continue, there are gaps in the labor market that Poland can close in 2022 and the following years. The country needs active labor market policies to retrain older generation workers who at present lack skills that are necessary to work in the modern economy. Further reskilling programs might be necessary to keep up with the technological change and digitization requirements.

FOCUS

Book review

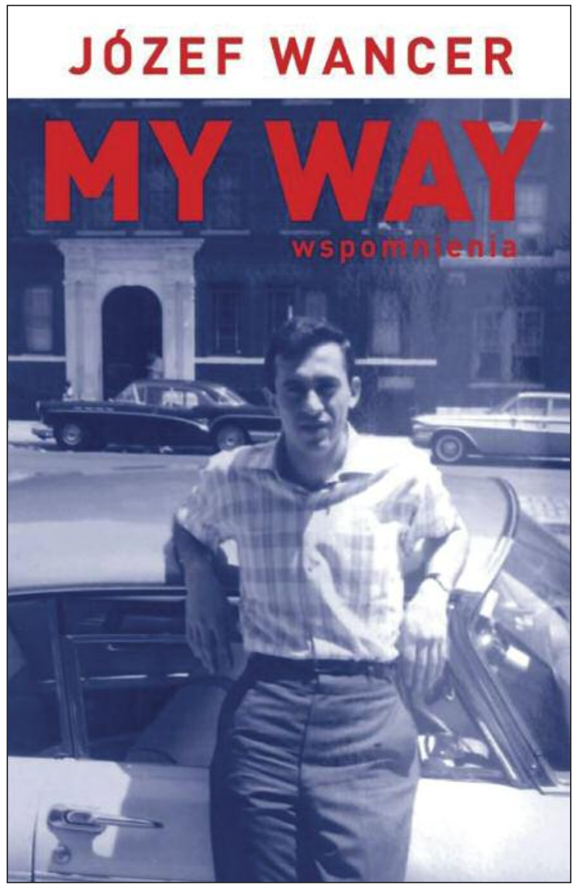
A VERY PERSONAL AUTOBIOGRAPHY

By Tomasz Ćwiok, Editor, *AmCham.pl Quarterly*

IN *MAY WAY. WSPOMNIENIA* JOSEPH WANCER TELLS THE STORY OF HIS LIFE AND EXPLAINS THE ROOTS OF HIS PROFESSIONAL SUCCESS

Summer 1963, Brooklyn, New York. A young man leans over an American road cruiser resting his elbows on the car top. His posture gives a delicate air of nonchalance as he looks straight into the camera's eye. His face radiates confidence and ambition. At the background is the street with two cruisers parked by the curb on the other side in front of a townhouse. But the young man is detached from the street. He is focused on the camera just as much as the camera is focused on him. There is something special about this young man—something that is plain to see but hard to define. What we can be sure of, however, is that on this sunny day, the man in the picture has no clue that a few decades later his face will become one of the faces of the Polish economic transformation; and his name a landmark in the history of the country's banking sector, renowned for his inspiring management, sophisticated personal culture and professional efficiency.

Józef Wancer's autobiography *My Way. Wspomnienia* was released by the Czuły Barbarzyńca publishing house in December last year. It covers the period of the author's life by which he became a renowned banker. But it covers much more than that.



Out now: *May Way. Wspomnienia* is available in Polish from the publishing house Czuły Barbarzyńca.

WELL-RESEARCHED

Wancer began to fiddle with the idea of writing an autobiography years ago when his friends as well as colleagues and acquaintances in the places he frequented were telling him that, as a leader and mentor, he was perhaps bigger than he thought. After a careful consideration he arrived into a conclusion that they could have been right.

Wancer is not a man who would commit himself to a project unprepared.

It took him two years to research the materials in his personal archives. He went over a thousand documents: diplomas, statements, photographs and hand-made notes. He travelled to search through municipal archives to trace the roots of his grandparents. A major source of information was his mother's memoir, as well as family stories she told him a year or two after his parents had joined him in New York. He recorded the stories on tape. Out of the five reels he recorded three survived until the time of his writing the autobiography. He exercised his own memory and the memory of some of the people who witnessed the events he covers. Having realized that other people remember events in their own special way, he resolved to write about his life the way he remembers it. As a result he wrote a very personal autobiography.

"If hard work paid off the richest people would be slaves."

Joseph Wancer, in his autobiography *My Way. Wspomnienia.*

SURPRISE, SURPRISE!

For those who associate Wancer with the stereotypical stiff-lipped, high-profile banking professional the book offers a few surprises. The first is the smooth, straight-forward style of the narrative. It reads like a personal story—which it is—but has the quality of a dramatic narrative, as if the anecdotes, which the book is abundant of, were scripted for a movie. They were not. But the story takes the reader fast and effortlessly from one place to another, one chapter to the next.

Another surprise is the underlying sense of humor. The author pokes fun at the members of his family in the US, his rich cousins, and other people whom he finds interesting. His observations on the Japanese culture are funny albeit sardonic, but so are many references the author makes to himself, for instance, when describing his first encounter with gay people in New York.

Writing about his own life Wancer turns out to be a careful and sensitive observer of other people. He draws colorful and nuanced pictures of his parents, some of his friends and other people who have inspired him. He is also a vigilant observer of groups of people, societies and their cultures. His watchful eye scans their values to find out how they merit his own. Always eager to learn and face new challenges, Wancer never ignores his intuition and all that he has already learned. When looking at the pros of the American culture, he juxtaposes them with the pros of the European way of living—he admires the American multiculturalism but is somehow put off by the chronic lack of time Americans seem to suffer.

He looks at the world around him from a somehow distant and yet well-balanced perspective. This leads him to question the old protestant truth which says that only hard work pays off. For him, the real value of work is not that it is hard but that it lets people achieve their life goals. Having realized it he decides to do his best to earn university-level education.

TRANSCENDENTAL HUMANISM

Arguably, the unique quality of the autobiography is that it is a testimony to the author's faith in humanism and decency in every person regardless of their ethnicity, color of their skin, religion, and their life circumstances. Telling the story of his parent's escape from the Nazi-occupied Poland, Wancer relates the acts of human kindness and sympathy they experienced along the way. Telling the story of his parent's deportation from Hajnówka in the Soviet-occupied Poland to the Komi labor camp in Siberia, he talks about honest people who helped them. In his narrative, his parents and sister follow a trail of human goodness, which is why they survive.

His faith in humanism is unabated throughout the book and sometimes surfaces in unexpected places. When mugged by a drug addict in New York, Wancer readily parts with his wallet and wristwatch but, owning to its sentimental value, refuses to give up his wedding ring. He reasons that his adversary should understand and respect his motives. (The Police officer to whom he reported the incident thought that the way he had acted was irresponsible.)

Transcendental humanism that the author seeks in every person he meets along his way prevails throughout his professional career. With this Wancer pioneers what we define today as equal opportunity in employment, diversity in the workplace, career advancement, mentoring, and women empowerment. However, in his day, such terms had yet to enter business dictionaries.

Joseph Wancer is a citizen of Poland and the USA. He began his career in banking in 1966 in Citibank of New York, where he worked for almost 25 years. He served as Vice President and held managerial positions in New York and at the bank's branches in Japan, Austria, Great Britain and France.

Before coming to Poland, Wancer worked for Citibank London as a consultant responsible for organizing and establishing Citi's Representative Office in Warsaw. He was a co-founder of Citibank in Poland.

His career in Poland began in 1991 following his appointment as an adviser to the European Bank for Reconstruction and Development in London. He was tasked by the Polish-American Enterprise Fund with establishing a new bank that would serve farmers. The Bank Rolno-Przemysłowy was later acquired by Rabobank Polska.

In 1993-1995 Wancer was Managing Director of Legler Polonia, an Italian textile manufacturing plant in Łódź. In 1995, the Minister of Finance appointed Wancer a member of the Supervisory Board of Powszechny Bank Kredytowy (PBK), one of nine regional banks created from the structures of the National Bank of Poland.

In 1995-2000 he was President of Raiffeisen Centrobank in Warsaw, which he changed from a solely commercial bank with no branch network and a staff of 100 into a broader bank with retail banking, 700 employees, and a wide network of branches.

In March 2000 Wancer was appointed President and CEO of the Management Board at Bank Przemysłowo-Handlowy in Kraków (BPH) serving in this position until 2010. He was responsible for strategies, integration, communication and internal audit. He oversaw a number of projects including integrating BPH with the culture of its strategic shareholder, the HVB Bank; prepared a merger with PBK and then managed it himself. This merger was acclaimed by the financial market as the most successful in the Polish banking sector; Bank BPH received many awards for its execution.

In 2002-2007 Wancer managed BPH's post-merger growth. In that time, BPH increased its net profits from circa PLN 320 million to PLN 1.2 billion. After the BPH split in 2007, under Wancer's leadership, BPH began to reconstruct its business and, having merged with GE Money Bank in 2009, became one of the top ten banks in Poland.

In 2010-2013 Wancer served as an Advisor to the Management Board of Deloitte, Poland. In 2013-15 he served as President of the Management Board of Bank BGŻ.

Wancer has been a member of the AmCham Board of Directors since 2008. In 2010-2014 he served as the Board's Chairman. Between 2015 and June 2021, Wancer served as Chairman of the Management Board of BGŻ BNP Paribas. In 2019 the bank changed its name to BNP Paribas Bank Polska. In July 2021, Wancer was named Honorary Chairman of the Supervisory Board of the bank, and holds this post presently. He also serves as Advisor to the banks' President. Wancer also serves as Member of the Advisory Board of the Auschwitz-Birkenau Foundation and Chairman of the board's Financial Committee. He is also Member of the Advisory Board of the Business Center Club.

For his outstanding achievements in the transformation of the Polish banking sector Wancer was honored with the Gold Cross of Merit and the Order of Polonia Restituta by Poland's Presidents Aleksander Kwaśniewski and Bronisław Komorowski, respectively.

FOCUS
Investment

INVESTING MADE EASIER

THE MINISTRY OF FINANCE HAS INTRODUCED A NEW INSTRUMENT WITH WHICH INVESTORS MAY MAKE THEIR TAX OBLIGATIONS HIGHLY PREDICTABLE

While the business community is adjusting to the new tax reality defined by the Polish Deal—a comprehensive tax reform rolled out at the beginning of 2022—it is worth noting that the reform goes beyond new PIT taxation brackets and different rules governing premiums for social and health insurance, depending on the type of work contract. Many companies should eye with interest a new mechanism introduced as part of the Polish Deal this year called Investment Agreement.

INVESTMENT AGREEMENT

According to the information published on the Finance Ministry website, Investment Agreement (IA) is a contract that investors can enter into with the Minister of Finance, thanks to which they will be able to determine “the tax effect of their investment”. The agreement is a guarantee for investors that their tax obligations regarding their investments will be interpreted by the tax authority in a consistent way, agreed upon by the two sides.

The areas of the agreement include advance pricing agreement (APA), individual tax ruling covering anti-avoidance tax rules, binding excise information, binding rate information, and individual tax ruling.

According to Artur Gostomski, Director of the Department for Large Business, the Ministry of Finance, the scope of an IA depends on the needs of the investor. "It is up to the investor to pick up, out of the five instruments, those that are of interest. Investors may choose one, two, or, if they prefer, all.” Gostomski said.

The “default” duration of an IA deal is maximum five consecutive fiscal years. However, depending on the specific application, the duration may be shorter. Investors may terminate their IA or ask the ministry to amend it at any time.

The ministry may also decide to terminate an IA but it may take place only in certain situations, such as when "new crucial circumstances emerge regarding the investment project in question and such that at the time of signing the IA were unknown to the ministry," Gostomski said. In such a case the ministry will first ask the investor to produce an explanation. The ministry may also offer an amendment of the IA reflecting the new circumstances regarding the investor. If the taxpayer refuses to accept the amendment, “the IA will be revoked effective the first day on which it entered into force," Gostomski added.

ADVANTAGES

According to Artur Gostomski, the IA mechanism offers a number of advantages to investors. First off, it aggregates a number of different tax decisions in one procedure and document. “With this, the investor does not have to file tax applications and conduct separate tax procedures vis-à-vis different tax authorities,” he said.

What is more, Gostomski added that by aggregating a number of legal tools in one IA instrument, investors are able to make a comprehensive assessment of how to properly execute their tax duties and rights. “With this, investors get the best possible understanding of all consequences of their planned investments regarding taxation, through reaching an agreement with tax authorities,” Gostomski said.

He noted that the IA mechanism “gives investors a guarantee that tax regulations will be interpreted by the tax authorities in the same way throughout the time of the agreement. This is an important aspect for any business.”

Until 2025, the IA mechanism will be available to relatively big investors—companies who plan to spend at least PLN 100 million investing in "tangible or intangible assets relating to the setting-up of a new facility, the extension of the capacity of an existing facility, diversification of the output of a facility by introducing products not previously produced by the facility or a fundamental change in the overall production process of an existing facility"; or "the purchase of assets belonging to a facility which has closed or which would have closed had the purchase not taken place, where the assets are purchased by an undertaking that is not related to the seller and the sole acquisition of the shares in the undertaking is excluded."

However, come 2025, smaller projects, worth a minimum PLN 50 million, will also be eligible to enter the IA scheme.

GOOD INTENTIONS

According to Artur Gostomski, the IA mechanism reflects the ministry's goal to create an even more investment-friendly environment in Poland. It answers the long-voiced need of entrepreneurs to have an effective support platform regarding taxation. "The IA mechanism lets investors know, ex-ante, the tax consequences of their planned investment projects, thereby allowing them to fulfill their tax obligations in the right manner," Gostomski said. "It is, thus, another instrument aimed at reinforcing the execution of the tax law in Poland by allowing taxpayers enter into a tight cooperation with tax authorities."

Gostomski explained that the underlining goal for creating the AI mechanism was to simplify the procedures, based on "transparency, the spirit of partnership, the assumption of good will and mutual trust on both sides of the agreement while observing the principles of legalism."

Gostomski admitted that the bottom line for the introduction of the IA mechanism is "to boost the value of investments in Poland, including foreign direct investment. The mechanism is aimed at in investors who are already in Poland as well as those who plan to invest in the country."

Company Profile: Casinos Poland

GAMES PEOPLE PLAY

Photo: Studio Frugie.

AmCham.pl Quarterly Editor Tomasz Ćwiok talks with **Katarzyna Hałat**, Vice President of the Management Board of Casinos Poland, one of the largest casino chains in Poland, about how the company continues in business during the pandemic, aiming to bring back the gaming experience at its best once the pandemic is over.

Casinos Poland operates a chain of casinos across the country. The Marriott casino is the largest such gambling parlor in Poland attracting local and international gamers. What can you tell us about how the company works to keep the world-class standards?
Casinos Poland's priority, from the very beginning, was to reach the highest standards in all aspects including the personnel, quality of equipment, customer service as well as business and ethical standards. This consistent path has led us to becoming the exclusive Polish member of the European Casino Association—a trade organization of the leading casino operators in Europe. We have been faithful to our standards and that is how our clients perceive us.

When it comes to the gaming offer, in what way does the company differ from its competition?
The gambling industry is highly regulated. The Polish Gaming Act sets the minimum total number of the table games in casinos to four, and the number of slot machines which ranges from 5 to 70 per each casino. All casinos, at least theoretically, have in offer the basic casino game set. Some small casinos offer mainly gaming machine but of course there are also casinos with bigger gaming floor and a high number of tables ready for action. Almost all our casinos offer the full range of gaming. On top of that, our casino at the Marriott Warsaw, comprises two floors and offers 70 slot machines including several automatic roulettes with multiply gaming terminals, plus 15 roulette tables and 22 card games tables including Black Jack, Baccarat and several versions of Poker which is played versus dealer.

What are other attractions?
Casinos belong to the broadly understood entertainment industry, and are treated as such by customers—as a way to pass the time, degenerate extra adrenalin. Weekend parties often begin or end in our casinos.
But casinos in Poland are very different from casinos in the US. In Poland, casinos are not parts of resorts. Even those located in hotels are independent entities leasing space at the hotel. The casinos have drink bars but there are no casinos with their own restaurants. Our casinos offer meals for players. The meals are ordered outside the casino and deliver to our clients in cooperation with our landlords or hotel operators.
Before the pandemic, bigger casinos used to hold regular events, such as parties with music, foods, drinks and small shows. Every year we used to celebrate our anniversary by throwing a party in our casino in Marriott. It was a great event that everyone wanted to attend. We very much look forward to reviving this tradition as soon as possible.

Gambling can be addictive. In 2009, Casinos Poland, together with the national gaming monopoly Totalizator Sportowy, pioneered the Responsible Gaming program which sets rules for the gambling industry aimed at protecting gamers who maybe addicted to gambling. What can you tell us about this program?
For us, responsible gaming is not just a matter of training. It is our business responsibility. Social responsibility comes from our awareness of the risks associated with using casino services. We entered the Responsible Gaming program voluntarily, without any legal obligation to do so.
The program focuses on two areas: educating guests about responsible gaming and training staff. Over the years, we have conducted repeating training courses for our employees, in each of which over 100 employees have been trained. The training prepares the staff to talk to the guests who may try to turn to them for help, or those who we may consider potential problem gamblers. We assist in finding the help centers and suggest what steps to take if the player is concerned about his or her style of play.

What has been the impact of the pandemic on the company?
Casinos Poland was severely hit by the pandemic and its related restrictions. We are no different than other entertainment oriented industries.
We went through long periods in 2020 and 2021 when all our casinos were closed. The epidemic safety policies imposed restrictions on the number of clients which may be let inside, and inflicted additional operating costs for us. We perceive those restrictions as important and necessary to maintain health and safety of our guests as well as the entire population. The difficulties in international travel and tourism have further reduced the number of visitors to our casinos and their revenues declined.

What is the company's epidemic safety policy regarding the clients and the staff?
We continuously adjust to the requirements from the Ministry of Health. We also have our own safety measures, which include taking temperature of our guest who enter the casino in real time with the use of a thermal imagining camera; making sure that our guests wear face-masks, allowing for only two people at the reception desk; making sure that the our guests standing in line to the reception desk observe social distancing. We have installed plastic shields to separate our employees from the guests at the reception desk, cash desks and at the bars. We sell drinks only at the bar, and allow for up to three guests at the bar. We have also limited the number of customers at the gaming tables and slot machines. We constantly disinfect the furniture in all areas that our clients use.
When it comes to our personnel, they have their body temperature taken before work; are assigned to their posts in limited numbers, and observe other safety measures, such as remaining in the social rooms during breaks and abstaining from using generally available dishes, plates and other items that might have been used by others. All the measures are understood and relatively simple to observe for individuals. But for us, the main challenge is of a different nature. On the one hand, we face a decrease in revenue caused by the pandemic restrictions as well as the natural drop in the number of visits to our casinos. On the other hand, in order to ensure safety for our guests and staff members we need to resort to such measures that are generally unwelcome because they negatively impact social interactions. We hope that after the pandemic we will be able to return to the entertaining part of the business.

What can you tell us about the company's ESG policies?
As far as environmental criteria are concerned, we operate in full accordance with government environmental regulations. We are not a manufacturing company so those regulations are on the basic level.
When it comes to the ESG social criteria we have a dialogue with our employees to improve our working conditions. With our high regard for our employee's health and safety we provide private medical care to them, which meets the highest industry standards.
The main shareholder in Casinos Poland is a company listed on NASDAQ. We fulfill all related disclosure obligations and comply with the Sarbanes-Oxley Act to protect shareholders and the general public from accounting errors. We use accurate and transparent accounting methods and we auditors are top auditing companies only. Our high standards are a must so we can cooperate with international hotel groups in which our casinos are located.

What is driving the market today?
For a long time, we have noticed in our casinos a clear trend of shifting customer attention from live games to slot machines. Of course, looking at the gaming market statistics we see the huge increase in the turnover of the only one legal on-line casino in Poland, that owned by the state monopolist Totalizator Sportowy.
Also, the on line betting sector does well. These are global trends that are difficult to compete with. It seems to us that, despite this, there will continue to be a place for land based casinos on the market because there will always be a group of players seeking experience of personal interactions. In addition, some players do not fully trust in the full randomness of games offered on-line.

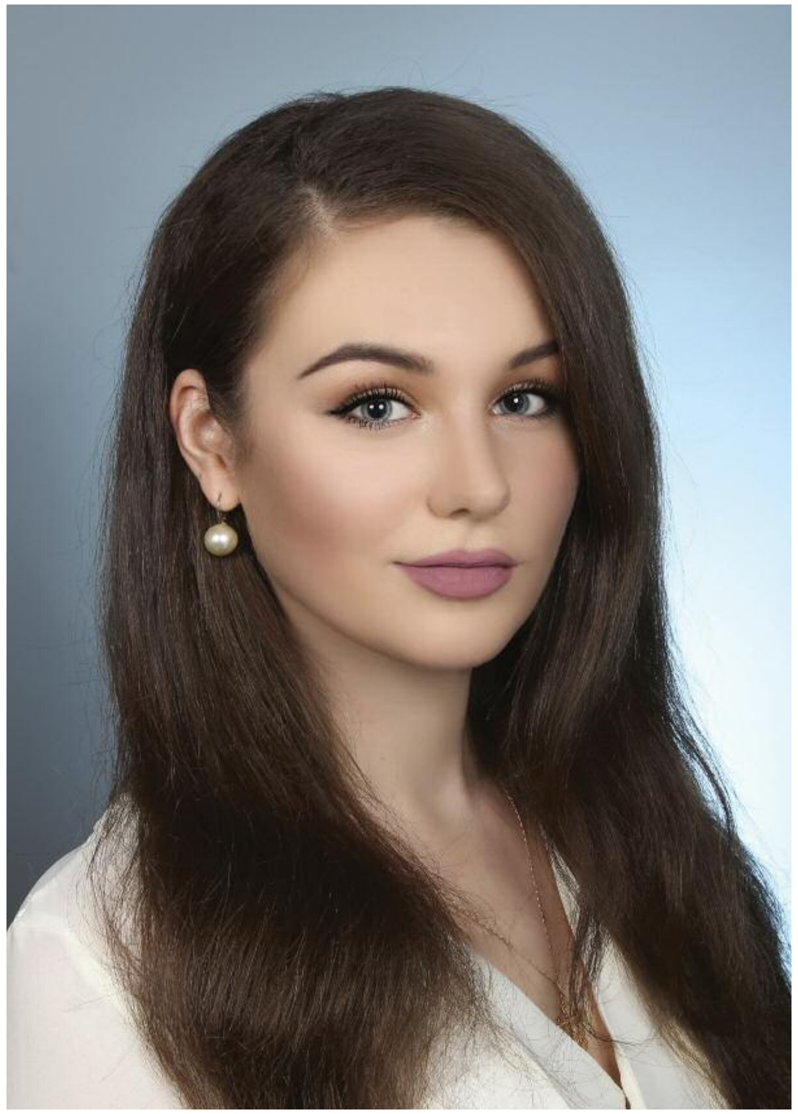
The gaming market in Europe has been always highly regulated and rather suppressed. In 1919, when the first casino opened in Sopot, Poland, the only other licensed casino in Europe was in Monte Carlo... Today, in Poland there is a limit on the number of casinos that may operate in a city: one casino per 250,000 inhabitants. Licenses are issued to operators for the span of six years. Do you think that the current legal frame for the gambling industry meets the expectations of the companies present in the market and the reality of the market?
The Sopot casino existed till 1939. Since then, through the post-war period, there was no legal casino gaming in Poland, until 1989, when we opened the first licensed casino, and thus began the modern history of casinos in Poland.
Indeed the gaming market in Poland is highly regulated. The Gaming Act introduces restrictions on the number of casinos per number of inhabitants of individual cities and provinces. In total, no more than 52 casinos can operate in Poland. Such restriction sets the limits to the growth of the domestic market for gambling companies. Also, operators are allowed to have up to 70 slot machines per casino, which again, is another revenue-related limit. However, the main regulatory issue, often voiced by the operators, is the excessively short license period. As you noted, a single casino license is issued for the duration of only 6 years. It is shorter than in all other countries worldwide!
The extremely high gaming tax which amounts to 50 percent of gaming revenues is another huge challenge for the operators. There are only a few countries worldwide that have imposed such a high tax burden on gaming.

Apart from the pandemic related issues, what are the main challenges for casinos in Poland?
The gaming industry, as such, does well. There is a lot of money in the economy and a lot of disposable cash is spent on entertainment. This, however, is not true to all sectors of the market. Land-based casinos see challenges from online gaming. There is a threat that the pandemic-related restrictions may change the habits of customers causing their outflow to the online gaming sector. Especially, the young generation of gamers is more open to online alternatives than the old generations.
In addition, traditional casino games, such as roulette and card games, are perceived by gamers as more complicated to play than slot machines or betting. There is a threat that gamers may simply lose interest in these areas.
Another challenge comes from the continuously growing administrative obligations for casinos imposed by the Anti Money Laundering—AML—and Anti Terrorist Financing legal framework. Casinos Poland, as the only member of the European Casino Association from Poland is member of the association`s AML task force, therefore well informed at an early stage about developments at the European level with regard to upcoming adjustments.

What are the company's plans for 2022?
Our short-term plans focus around going through the challenging time as unscathed as possible to remain a good tax payer and employer for our almost thousand staff members. We also keep focusing on satisfying the expectations of all other stakeholders in our enterprise. We are proud of our offer and the high standards we keep. We will continue to improve as much as we can, looking forward to bringing back all additional attractions and events in order to have the best possible entertainment offer for our guests.

Company Profile: Cypher Learning

HIGHER HARMONICS IN LMS



AmCham.pl Quarterly Editor Tomasz Ćwiok talks with **Katiarina Poniatowska**, Account Executive EE at CYPHER LEARNING, an online-based educational and training company, about the origin of the company's learning management systems (LMS), how its products stand out in the LMS market and how they will evolve in the years to come.

What is the history of the company and why has it entered the Polish market?

The company started with our CEO Graham Glass who had a tremendous passion for education. Growing up in the United Kingdom, Graham was lucky to attend schools where he encountered some great teachers.

After finishing university, he became a teacher and was a senior lecturer at the University of Texas in Dallas, where he taught Computer Science. He gained a good reputation for his teaching skills at UTD and was soon getting offers to teach the same materials at local high-tech companies. Back in those days, Learning Management Systems did not exist to help facilitate teaching and engage young learners with their studies. Even then, Graham was wondering why is not there a way to package his instruction materials in a scalable way and make them available to millions of people.

Graham built his first company based on his teaching experience and ventured on to corporate training and software products. He founded two more companies related to computer tech and training, but his passion has always remained teaching and education. Even though he spent most of his career in the enterprise software space, there has always been a significant educational component, whether it was teaching at University, writing books, teaching in corporations, or explaining complex topics at seminars.

That was why in 2009 he decided to go back to his educational roots by starting a new company called EDU 2.0. The company focused on something that was very close to Graham's heart, which was improving education through an innovative e-learning platform. His mission was to provide a better way of facilitating teaching and learning and have a bigger impact on the way people learn.

EDU 2.0 had a fast growth, reaching 1 million users in the first five years, and becoming the learning management system with the most beautiful and user-friendly interface on the market. In 2010, EDU 2.0 for Business was launched, which was a learning management system for use by corporations for online training.

In 2014, EDU 2.0 rebranded to Neo and EDU 2.0 for Business rebranded to MATRIX. Both products are now under the umbrella of CYPHER LEARNING. In 2017, the company launched a new LMS product for entrepreneurs named Indie.

Over the years, CYPHER LEARNING products have received numerous awards and recognitions; are used by over 20,000 organizations, and are available in 40+ languages.

CYPHER LEARNING is currently the only company that offers learning management systems in all major e-learning sectors: academic, corporate, and individuals.

Over the years our company has expanded worldwide having office locations in Europe in countries such as Spain, Romania, France, the Netherlands and we also provided an EU-hosted version of our platform in Frankfurt, which is available at matrixlms.eu. As our footprint continues to grow and many companies now require modern training solutions, it was a natural move to pursue the Eastern European market and open an office in Poland, to better serve the clients in that region.

We are going to organize exhibitions, conferences, seminar and webinar events soon in order to raise awareness and familiarize Polish market with our LMS solutions better. We also plan to resource IT talent thanks to the recruitment of EdTech and ACE people to the Polish office.

Can you characterize the range of CYPHER LEARNING products?

Cypher has three products: Neo is an LMS for Schools and Universities; MATRIX—an LMS for Businesses, and INDIE—an LMS for Entrepreneurs.

Neo is a powerful learning platform that delivers a great user experience, while incorporating all the essential tools schools need to support efficient teaching and learning. In turn, MATRIX helps companies and organizations manage e-learning activities, such as delivering training, tracking employee performance, and selling online courses at a large scale. INDIE is a platform designed for individuals and entrepreneurs that want an accessible way to market their knowledge by creating, delivering, and selling self-paced online courses.

Can you elaborate on the range dedicated to companies?

MATRIX is a learning management system that makes it easy to create and manage all training activities, whether it is training your staff and partners, building and selling online courses, or tracking employee performance. It is a complete solution for training employees, clients, and selling online courses. Our learning platform helps you deliver the best learning experience while boosting training performance. The system enables a refreshingly new training experience. With an intuitive design, gamified learning, and interactive collaboration learners stay motivated and actually finish their training.

How can you best describe the way gamification is used in LMS?

Instructors can use gamification to make training programs more engaging for learners. Adding a gaming element to training can encourage learners not only to learn more but also to stay motivated throughout the entire learning process. Most of all, they get a sense of achievement as they tackle challenges, get out of their comfort zone and become more involved in the training sessions.

The gamification feature available in MATRIX allows instructors to create games for courses, learning paths, and site-wide games. Gamification is based on automation, a powerful feature that makes it easy for instructors to trigger actions such as awarding badges and points to learners when they complete tasks. For example, instructors can trigger actions to award points and badges when learners complete a module or an assessment.

Do you apply artificial intelligence and automate learning in your products?

We are focused on bringing innovation into training and education through our platform, by adding cutting-edge functionalities that other systems do not support such as automation, adaptive learning, AI-powered recommendations engine, and more. In 2022 MATRIX will release cutting-edge functionalities aligned with Machine Learning and Meta space, in order to provide student-centered learning paths and an authoring tool with avatars.

Automation is an innovative concept that allows companies to make learning more personalized and flexible. This powerful feature helps instructors save time on training tasks and replaces a lot of rigorous manual work.

With automation, you can trigger actions throughout the platform when certain tasks are performed. For example, when a new employee joins the platform, you can automatically enroll them in a course based on their job title. At the end of a course, you can trigger an action that awards certificates of completion to learners. Using automation you can also decide what content learners see in courses based on their performance or define actions that happen when visitors purchase your courses.

The possibilities are endless and you can use automation in various areas of the platform such as courses, learning paths, groups, accounts, and more.

With regards to our learning platforms' future, we intend to become an Intelligent Learning Platform—including both learning management systems and Learning Experience Platform functions in a single, simple-to-use platform. Some of them are already available while some will begin to surface soon such as goals and recommendations, more social learning features, enhanced learning paths, and more.

In what way does your product differ from the competition?

Our platform is very intuitive, easy to use, and visually appealing, which makes learning and training more engaging and enjoyable for all users. It was designed to ensure a smooth implementation and it is easily adopted by learners, instructors, and managers. We offer support for 40+ languages, mobile apps for all devices, and accessibility features so all users can enjoy the platform.

In other words, we provide a complete solution for creating and managing all training activities, with indispensable features for any organization such as content authoring, e-commerce, gamification, learning paths, certification, compliance, analytics and reporting, and more.

Digital learning is a relatively new worldwide phenomenon. The pandemic has given it a substantial boost. What are the challenges for the industry?

There is reluctance to change, as organizations and individuals are either more comfortable with older technology or want to stay in the status quo even if it does not work anymore.

Another challenge is to keep pace with what customers truly need. Their needs are ever-changing, especially with so many organizations moving to online learning all of a sudden. Of course, the industry is becoming more competitive, which, after all, is a good thing since EdTech companies are challenged to come up with better products.

How about the challenges that learners face?

Digital learning addresses all learner challenges. It provides better engagement, helps them organize their learning process, and stay connected to their schools or companies no matter where they are—in-person, remote, or a combination—online examination, and personalized learning. The latter is very important, as learners nowadays demand more relevant and individualized learning. Digital tools enable instructors to do just that for all of their learners.

What are your plans in Poland for 2022 and beyond?

We are looking forward to working with many companies in Poland and helping them with their training and skill development needs through our platform. CYPHER LEARNING aims to supports Polish companies to fulfill the EU digital agenda for 2025 by identifying the eLearning needs in the Polish environment and offering our cutting-edge technology. Our plan is to continue expanding the office in Poland as we gain new clients there and increase our footprint throughout Eastern Europe.

There is reluctance to change, as organizations and individuals are either more comfortable with older technology or want to stay in the status quo even if it does not work anymore.

Company Profile: Gemini

PURSUING VALUE-BASED HEALTHCARE

AmCham.pl Quarterly Editor Tomasz Ćwiok talks with **Roman Pałac**, CEO of Gemini, one of the largest pharmacy chains in Poland, about new market trends that has emerged during the pandemic, the regulations that do not follow the reality, and why patients should be at the core of the pharmaceutical business.

The pandemic has impacted nearly every business and market. What can you tell us about new trends that have emerged on the pharmaceutical market?

The pandemic has put an enormous strain on the Polish healthcare system as it reduced patients' ability to access healthcare services. During lockdowns patients tended to resort to teleconsultations to seek medical advice. With this, we see that there is a significant portion of patients who face problems to get proper medical care because medical procedures that they need to undergo are being postponed. We see that the number of doctor's prescriptions that our pharmacies register has dropped during the pandemic. Facing this new situation many patients seek advice at their local pharmacy. They look for recommendations on how to deal with their health-related issues. They talks to the pharmacists.

This trend has been noticed by the Health Ministry. It has introduced a number of regulations which expand the role of pharmacists in the healthcare system. It was a good measure, given the current situation.

It is only natural for patients that they seek advice from professionals whom they know and trust. Pharmacy is a business based on professional ethics that make it obligatory for pharmacists to focus on delivering the best solutions for their patients.

What are some of the new regulations introduced by the Health Ministry?

Under the new regulatory framework, pharmacists can give Covid-19 and flu jabs, which was a very good decision. Over a million vaccinations have been delivered by pharmacists so far. So, the decision was a step into the right direction. But I believe that once the role of pharmacies and pharmacists has been noticed by the regulator, there will be more such changes allowing pharmacists to do more for their patients. Changing the regulations so far did not require making amendments to any acts of law. At this level, the regulatory framework may be amended at the discretion of the Minister of Health. There is a debate at present what other roles pharmacies can perform in the healthcare system. On the agenda is, among others, the process of supervising patients in respect to what drugs they take.

During the pandemic, e-commerce transactions have skyrocketed as most consumers prefer to buy products online instead of going to real stores. Is it true for the pharmaceutical sector?

We have seen a rise in sales through our e-commerce channel but there are roadblocks.

I have to say that Poland has good infrastructure to support online transactions for prescription drugs. It is so because the government managed to implement two digital platforms in the healthcare system: for patient registrations and for doctor's prescriptions. They became operational a few months before the outbreak of the pandemic. Needless to say, those platforms work as perfect online solutions during the pandemic when access to the doctor's office is limited. Despite that, however, current regulations in Poland prohibit the sales of prescription drugs online. Many countries, which used to have similar restrictions governing the sale of prescriptions drugs online, are changing them because of the pandemic. I think that it would be a good idea if the authorities in Poland also considered changing those regulations.

More so, as the sector of pharmaceutical logistics is well developed in Poland. There is all that it takes: specific equipment, storage facilities, harmonized handling procedures and strong cooperation among the cold chain partners. If buying prescription drugs were allowed in Poland it would give a growth stimulus to the pharmaceutical logistics. Meanwhile, homebound patients often resort to friends, family members or even cab services to have their prescription drugs delivered to them. Apparently, this area of e-commerce is over regulated. Professional services should be allowed to deliver drugs to patients at home. As far as I can see, this is what patients expect, and it would make a lot of sense to let them have such an alternative.

What other restrictions online pharmacies face in Poland?

Unlike in most countries of the European Union, online pharmacies in Poland are prohibited from establishing any kind of online communication with their patients. They must not inform their customers about price changes or new drugs in the market. In case of patients who frequently buy medications online for their chronic diseases, pharmacies are not permitted to remind them to resupply their medications regularly. The market is highly restricted and offering such information is forbidden. Meanwhile, online pharmacies registered abroad that cater online to the Polish patient face no such restrictions. They have to conform to the regulations of the country they are registered in. In many cases, they are allowed to establish communications with their customers. Such online pharmacies have a competitive edge over those that are registered in Poland.

According to data from the Supreme Council of Pharmacy, the number of drugstores in Poland dropped from approximately 14,700 in 2017 to over 13,200 in 2021. Meanwhile, in light of research provided by many companies that analyze the pharmaceutical market, the value of the market has been on the rise since 2017. I wonder why the number of pharmacies has been dropping when the market has been growing...

Indeed, it has been a very worrisome trend caused by the regulatory framework governing granting licenses to pharmacies. The fact is that it is nearly impossible to obtain a license for a new pharmacy at present. First, the licenses are conditioned by the precise location of the pharmacy. If you run a pharmacy in a location where it maybe losing business you want to relocate it to a better address. Yet, your license is tied to the address at which your pharmacy is registered. You may apply for the license for the location you intend to move it to, but most likely than not, the license pool for that better location is already exhausted.

Second, according to the present law, individual pharmacy has to be owned by a pharmacist. Pharmacists who reach the retirement age obviously try to sell their pharmacies. However, potential buyers can only be pharmacists. So, in many cases, the only viable solution is to close the license and turn the property into another commercial activity.

Pharmacists are not necessarily individuals who have training in business. Yet, a pharmacy can not do without a pharmacist...

There are different professionals working in a pharmacy: pharmacy assistants and medicines counter assistants, pharmacy technicians and pharmacists. Every pharmacy has a lab where it prepares personalized subscription drugs. Those are drugs prescribed against such criteria as patient's age, sex, and the type of health problem they suffer from. Pharmacies prepare such personalized drugs: ointments and powders for dermatological problems, and pills for a number of specific diseases which are best cured that way instead of applying generic drugs. Every Gemini pharmacy can prepare personalized drugs.

Franchise networks do business as independent entities—small business most often—but are tied together by contractual obligations. The 2022 marks the introduction of a major tax reform in Poland, the so-called Polish Deal. Have you already assessed the impact of the reform on small businesses that the Gemini network comprises?

It is too early to talk about any conclusions yet. We are analyzing the impact of the new regulations introduced through the reform. As far as we can see, the first challenge is to actually get the proper understanding of all the new regulations. I think this is a general issue experienced by many companies at the moment.

With your professional background and experience in finance and insurance, what is your ambition to bring to the company as the top Gemini executive in Poland?

My professional experience is in the services sector. I know how critically important it is to provide quality, reliable service fast. With Gemini, my objective is to develop new services based on strong know-how of our pharmacists and in digital space. I hope I will succeed.

But before I joined Gemini I used to resort to the Gemini service, not as a professional but a man who was devoted to his family and who was dealing with health issues of his family members. I found Gemini to be a place where I could always buy all drugs I needed. I was impressed by the extremely engaged and helpful personnel. It all made a difference to me. So, my other objective is to make sure that Gemini will continue in business as a patient-centric organization I want Gemini to remain a company with the patient at its core.

I want Gemini to remain a company with the patient at its core.

Company Profile: Gremi International Group

TURNING PASSION INTO BUSINESS

AmCham.pl Quarterly Editor Tomasz Ćwiok talks with **Grzegorz Hajdarowicz**, CEO of Gremi International Group—who has just celebrated 30 years in business—about new investors in Gremi Media, the future of the print media and his other business projects.

Looking back at over 30 years of your entrepreneurial history, what development milestones would you single out today as the most important?

On June 24, 1991, I founded the company Gremi s.c. The company name was an acronym of the first syllables of my name and my business partner Michał Sieradzan. My adventure with business began in a simple garage at Tatrzańska street in Kraków. It was a fascinating time for brave people who wanted to build new Polish capitalism. Many companies were founded although most of them collapsed quickly. Only a few entrepreneurs managed to survive the initial years of political transformation, and some managed to become business giants in the Polish market. This also applies to Gremi, which has been in the market for 31 years with great success. We started with a distribution of pharmaceuticals to end up with a wide range of serious investments in many industries, including film and media production.

What is the impact of the pandemic on the company's business?

Undoubtedly, the lockdowns have hurt our international investments, affecting, among others, the Alvernia Planet and Eco Estrela. We had to change the original concept of the Alvernia Planet project, otherwise it would have been put on hold for several years. And in Brazil, we needed to rethink our seaside resort Eco Estrela project and adjust it to the current pandemic situation. I consider the lockdowns to be a very bad solution for the economy and business, not only in Poland but also worldwide.

The Alvernia Planet—a complex of super domes which used to be film studios—is now a science park. What more can you tell us about it?

The Alvernia Planet is a combination of a scientific center, a theme park, and an escape room with the visitors guided through a fully immersive narrative experience. The goal is not only to ensure the thrill of an adventure but also to create an educational experience. Our ambition is to organize the attractions so as to make them fascinating enough to be able to transform the visitor's attitude and compete successfully with the world's best-in-class experiences.

The Alvernia Planet, which has its website at alverniaplanet.com, is a new generation theme park, where modern technologies, such as virtual and augmented realities, holograms, optical art, optical illusion, and other audio-visual tools will be harnessed to let visitors enjoy, learn and celebrate together.

However, due to the ongoing pandemic, it is not possible to launch the project now. At this stage, we are considering investments in digital content and activities related to the implementation of the first phase of our project in Portugal—a new generation multimedia entertainment and science center, with modern technologies, such as augmented reality and virtual reality. And from 2021, the Alvernia Planet has been engaged in executing film projects for the international market, among others for Netflix. This collaboration will continue in 2022.

According to a *Rzeczpospolita* press report the pandemic negatively affected revenue generation of the Gremi Media Group in the events and conferences sector, yet the adjustments made resulted in generating net profits of over 13 percent in 2020 compared to the 2019 result, and EBITDA reaching the record-high 22.5 percent. How did you manage to achieve such results?

I believe that several factors have contributed to this success, including the good management of the company, the prestige and popularity of the *Rzeczpospolita* as the most frequently quoted source of information and the most relevant newspaper in Poland. I consider achievements of two other press titles owned by Gremi Media, *Uważam Rze Historia* and *Parkiet*, to have been major contributors as well. Thanks to the results achieved, Gremi Media paid a dividend to shareholders for 2020, as it did for 2019.

In December 2021, Gremi Media announced a new investor. How did the process of attracting a new investor proceed?

Due to the pandemic, the stock market was deeply challenged. The process of reviewing strategic options for the block of shares held by Gremi Media began at the end of March 2021. At that time, we started cooperation with the consulting firm Deloitte Advisory, and Kancelaria Radców Prawnych Oleś, Rodzynkiewicz, Rysz, Sarkowicz sp.p. from Kraków. Additionally, my contacts helped. The agreement with Pluralis BV, signed on December 15, 2021, marked the implementation of our strategy. Under the terms of the agreement, Pluralis B.V. became the co-owner of 40 parent shares in Gremi Media. Its shareholders are the King Baudouin Foundation, Mediahuis—a leading Belgian media group—and the Media Development Investment Fund—a global media financing organization.

The signing of the agreement was an important day for the independent media in Poland. Our new shareholder is a strong entity, active in the European media market, providing access to new technologies, and also capable of delivering potential financial support. Since I started operating in the Polish media market, I believed in the digital revolution as the only development direction of this sector.

How do you see the future of the print daily papers in Poland versus online-based news services?

This is a very important question. I strongly believe that professionally run newspapers with tradition, such as *Rzeczpospolita*, will be published for at least next 100 years to guide us all through the world and help us make wise and rational decisions. But I am also aware that we live in the era of new technologies that bring about dynamic changes in every area of our lives. Print books and magazines will survive. There will still be elite publishing houses with beautiful books and monthly magazines, but it will be an element of snobbery—a willingness to show that the form in which I read a newspaper, or a book is a proof that I am well informed, and that I have access to good information sources.

Besides, there is also the convenience factor. After all, it is hard to read a digital newspaper on a tablet on a bright sunny day at the beach. In such a situation printed newspaper is much more convenient. But apart from the beach, the internet is the fastest and most accessible source of information and communication with the world, available almost everywhere. That is why I believe in the digitization of press publications.

As CEO of Gremi International Group, a company with investments in many places around the world, how do you see the attractiveness of Poland for international investors?

Poland is slowly moving away from the free market to a welfare state in the worst sense of the word. The government needs to find money to cover populist social campaign promises. Entrepreneurs are the first victims of fiscal tightening. That is why I do not consider Poland an attractive country for foreign investors. In addition to the constant uncertainty surrounding the pandemic, there are several factors that discourage foreign investors: systematic debt growth, rising labor costs, growing hidden inflation, disputes over the Polish judiciary and growing conflicts between Poland and the European Union.

What is your investment focus going to be in the years to come?

My experience gives me the strength to implement an effective plan, so for the time being I am focusing on foreign investments, mainly in Brazil and Portugal. In Poland, I intend to carry on the projects with huge potential, such as the Alvernia Planet and Gremi Media. I find real estate a sensible and future-oriented industry. I care about the continuation of sound business relationships. I would also like to focus on film production in the coming years, since this industry has always been close to my heart. Everything I do, I do with passion.

Poland has been slowly moving away from the free market to a welfare state in the worst sense of the term.

Company Profile: Newmark Polska

WRITING A NEW CHAPTER

AmCham.pl Quarterly Editor Tomasz Ćwiok talks with **Piotr Kaszyński**, Managing Partner, Newmark Polska (formerly Cresa Polska), about what led to the alliance with Newmark and what will come out of it, and how the commercial real estate market is evolving nearly two years into the pandemic.

Newmark, one of the world's largest commercial real estate advisory firms, has allied with Cresa in Poland. Why has Cresa Polska decided to become a part of the Newmark network?

On January 1, our team commenced operations as Newmark Polska through our agreement with Newmark. It is a global, very competitive platform, based in the US, and the company is rapidly expanding its presence here in Europe. Our collaboration with Newmark makes a substantial opportunity for our team to expand our professional capabilities and serve more clients. The market does not stand still but instead it is hungry for new relationships and a fresh insight. This is what we offer. Through our initial conversations, Newmark identified us as an experienced, profitable and well-established business. Our group is composed of professionals who have demonstrated resiliency, unrivaled professionalism and management skills; who have worked on some of the market's most significant projects. For instance, we assisted Primark in its entry into the Polish retail market. We also advised mBank and Allegro on the largest office transactions in the country. We also represented TJX Europe, which owns TK Maxx, in its acquisition of the largest distribution center in continental Europe. We represented Accor in its acquisition of a building in Wrocław for the Mövenpick brand. Newmark Polska will build on these successes and our new agreement provides great opportunities to both parties. I am confident that together we will offer a superior quality for commercial real estate services throughout the region's property market.

What effect will your partnership with Newmark have on your business in Poland?

Our agreement with Newmark gives us enhanced infrastructure, technologies and product offerings that will allow us to better serve our clients'needs. Newmark serves some of the world's largest corporations, particularly as a leading advisor in international capital markets. The platform's strong network of offices will equip our advisors and clients with even greater access to global businesses and investors.

In other words, with Newmark, we will continue to do what we excel at. We are strengthening our core capabilities in advising tenants on the office, industrial and warehouse markets. We also focus on developing and broadening our services and business in such areas as capital markets, valuation, market research and advisory. We will also shift our focus to regional cities where we are looking to fortify our presence and grow our advisory teams. In addition to our presence in Warsaw, we have teams in Kraków, Tricity and Wrocław—the three top regional property markets in Poland.

Do you plan to hire new personnel?

Yes, we do. Our plan is to double the number of advisors in Poland in 2022 and 2023. In the coming months we will conduct a series of job interviews. We will focus on strengthening the teams I have mentioned and expanding our capital markets team, which is a major priority for us.

What kind of employer is Newmark Polska?

First, we are a stable organization with great plans to further develop our business and our teams. We are unique in the market in that we do not have complex corporate structures. Our management board is engaged in advisory mandates, so we are able to make decisions quickly and secure good contracts. We avoid protracted processes and do not lock ourselves up in our offices. We work together to achieve success. Our employees also value our corporate culture, which promotes work-life balance and is built on mutual understanding, trust and empathy.

What challenges on the office market do you see this year and beyond?

More and more people want to go back to the office, working creatively and innovate in teams, and sharing knowledge. People also want to go out, enjoy social life and forge new connections. Young generations of workers say that they stand no chance of breaking through. That is why today there are two key challenges ahead for the office market: costs as well as cultural and business factors. After two years of uncertainty with sudden decisions and restrictions being introduced and then lifted, companies do not know how much office space they actually need. That is why the next five to seven years will be a time of exploring various options. When the pandemic was declared, videoconferencing was adopted very quickly on a massive scale, which significantly brought down costs, including business trip expenses. This has also impacted the size of the space leased. This year we will see processes that will culminate in decisions defining the size of offices and growth opportunities. Tenants will be tailoring the office to their individual requirements. Most companies in Poland, however, are growing, which bodes well for the future.

Another challenge is the rising costs of construction. The costs have skyrocketed compared to where they were two years ago, but rents are holding firm due to rental pressure. As a result, only very few large-scale developers will have the resources to deliver office buildings. An undersupply is expected in Warsaw in 2023-2024 as the city's development pipeline is very limited, and office buildings that were recently completed have been largely leased out. The anticipated undersuply of high-quality offices for large tenants may be a source of concern.

How about the warehouse and industrial market?

There is a growing number of developers keen to invest. With it, the Polish warehouse market is cementing its strong position in Europe. There are high levels of interest from both occupiers and investors. Many companies, particularly e-commerce operators, have recently decided to expand their warehousing capabilities. In this market you need to have the relevant product and be able to deliver it to the consumer quickly to be competitive today. Having learned the lesson from recent disruptions to global supply chains caused by the pandemic, companies are scaling up their production and warehousing capacity across Europe. The market in Poland is clearly benefiting from this. It is still a very competitive market in Europe, with relatively affordable land compared to Western Europe, relatively low construction costs and motivated workers.

The retail market is a different story...

Yes, it is. It is especially true for secondary retail properties in smaller cities. Traditional retail is demanding and very capital-intensive today. To be successful it requires a large and high-quality offer and that is something that smaller shopping malls may find very difficult to provide. And on top of that, they will face rental pressure from retailers expanding their e-commerce operations.

How about shopping malls?

I have confidence in large retail schemes. Few tenants will decide to vacate premises in top shopping malls. Retail parks which have proved very successful will be doing equally well or even better in some cases. They are experiencing robust levels of demand from occupiers who, despite weaker turnover figures, are able to achieve increased profitability in retail parks compared to shopping malls thanks to significantly lower store maintenance costs. The popularity of retail parks continues to gain momentum as we live hectic lives now and have no time for large shopping malls. Local convenience retail parks provide easy access to stores for quick shopping and a customized offer.

Our collaboration with Newmark makes a substantial opportunity for our team to expand our professional capabilities and serve more clients.

Company Profile: Tomra

BUILDING CIRCULAR ECONOMY

AmCham.pl Quarterly Editor Tomasz Ćwiok talks with **Anna Sapota**, Vice President, Governmental Affairs Eastern Europe North at TOMRA, one of the leading providers of recycling and waste management technology solutions, about the opportunities and challenges on the Polish market.

What are TOMRA's business development milestones in Poland?
TOMRA was founded on an innovation in 1972 that began with the design, manufacturing, and sale of reverse vending machines—RVMs—for the automated collection of used beverage containers. Today, TOMRA provides technology-led solutions that enable circular economy with advanced collection and sorting systems, which optimize resource recovery and minimize waste in the food, recycling and mining industries. Renowned for developing the world's first high capacity near infrared sensor for waste sorting applications, TOMRA remains an industry pioneer with a dedication to operational value and sustainability. Our state-of-the-art machinery, industry expertise and exceptional service help business and governments meet their short and long–term objectives. We extract high purity fractions from waste streams, high valuable resources that can be brought back in the loop and used further on.
In Poland, TOMRA has been present on the market for over 10 years. Our office is in Katowice, the capital city of Upper Silesia. We advise and provide the local market with sorting and waste management solutions. We work closely with various stakeholder groups. TOMRA's recycling technologies are already being used by over 75 processing and recycling factories in Poland.
One milestone was definitely in 2007, when the first TOMRA autostart unit was sold in Poland. Since then, although the market has developed enormously, we can say that we are still at the beginning of our journey. As a worldwide company, we have been sharing our knowledge and want to use the technology in the best way possible, considering the specific Polish market conditions, to increase the efficiency of waste sorting, and improve the recovery of material for recycling. Over the last decade this led to a strong change in the way of thinking. Nowadays no one can imagine a sorting facility without automatization. It is true for Poland as well.
2009 marked another milestone in our business development, when a part of our worldwide production of reverse-vending machines was moved to Mysłowice, southern Poland. Since then, the most popular products from our reverse vending solutions portfolio are assembled in Poland.

What is driving the recycling market in Poland today?
We must understand that there is a big difference between industrial waste recycling and household and municipal waste recycling. The former is easier and usually well-developed, such as in the case of metals or cardboards. When it comes to municipal waste recycling, we need legislative tools to improve recycling development. These tools include the extended producer responsibility, deposit return systems, and others. Those tools create new waste streams and new money flows, which will support the development of recycling activity in Poland. Moreover, this is a time of significant legislative changes, as Poland is about to transpose many of its environmental and recycling supporting directives. Since it is obvious that the change is coming, many investments in recycling are being postponed until the final legislative framework is announced.

Your offer includes reverse vending machines for collecting recyclable beverage cans. Reverse vending solutions are popular in many countries in Europe but not in Poland. Why?
We do offer reverse vending solutions for Poland as well. For many years we have been cooperating with ORWAK, a company which distributes our machines and there are some TOMRA machines in Poland. However, as you mentioned, they are not popular, and this is due to the lack of a deposit return system for one way beverage containers. Simply put, you do not need any collection infrastructure if there is nothing to collect. Machines are only a tool for interested stakeholders to collect empty containers, so if there is no need to collect any more, there is no need to have machines in place. However, we assume that when the legislation on implementing a deposit system for one-way beverage packaging in Poland is in place, reverse vending solutions will become much more popular.

What can you tell us about TOMRA's digital solutions that support reverse vending systems?
We offer various digital solutions to support both our reverse vending and sorting systems. From reverse vending solutions—RVS—through our digital portfolio, we provide service tools to reduce service time with remote monitoring tools, analytics and operational reports communicating with the fleet of RVS in a pre-defined sequence. The full portfolio of digital solution comprises several tools, including an application for consumers called MyTOMRA. With our sorting equipment we offer a tool called TOMRA Insight, which provides our clients with a near-live monitoring dashboard for all types of sorting lines they have. The tool includes customizable alarms and reports that let you keep a close eye on the sorting process to reduce downtime, maximize throughput, and optimize the output quality.

Another category of TOMRA products is analytical technology for food grading, sorting and peeling. How large is the market for such solutions in Poland?
The food market in Poland is one of the most important in Europe for the entire TOMRA Food division. Suffice it to say, the core segment for sorting, which is called individually quick frozen—IQF— fruits and vegetables has been positively booming in recent years. Polish households alone spend roughly PLN 800 million a year for purchasing frozen agricultural products, which represents over 90 million kilograms of frozen food. According to the Central Statistical Office, the production of IQF fruits and vegetables in Poland in 2020 reached over 800,000 tones.
Apart from these numbers, we also see the development of the field potato market. According to the GUS data, the total number of farmsteads in Poland in 2020 equaled 1.3 million. The number of farms with bigger acreage is on the rise. It is a new opportunity for the TOMRA food division to become a leader in the market segment already serviced in Western Europe. Polish farmers are increasingly suffering from lack of workers, but also deliver potatoes to multinational producers that require on-time supplies to be at a high quality.
The last but not the least: we can not forget about the fresh fruit market, which is also growing in Poland. Recent years have shown that many of the Polish cooling storage places, affected by increasing energy prices but also improving with regards to storage space, began investing in the automatization of the other stages of food technological processes. One of them is sorting fresh fruits before any other cost generating stages, such as cooling and freezing.

What is the company's focus on climate change?
Climate change is among the most important megatrends affecting business across all sectors today. The urgent need to transition to a resource-efficient, low-carbon economy opens new business opportunities for TOMRA, as a solutions provider in this area. TOMRA strives to maximize the positive climate impact of our technologies by helping reduce greenhouse emissions from both material production and waste management through collection and sorting solutions for recycling. In 2020, the carbon emissions from TOMRA products used by customers were reduced by close to 18 million tons of carbon-dioxide equivalents, equal to about one third of Norway's greenhouse gas emissions in 2019. Clearly, climate change also represents some level of physical risk to TOMRA in terms of severe climate events that could damage business facilities or disrupt supply chains, as well as the risk of drought and chronic heatwaves that could regionally affect agricultural viability, and as such have impact on the customer base for TOMRA Food. The general level of risk and potential impact from physical climate change for TOMRA is however considered relatively low. TOMRA is supportive of and welcomes the recommendations issued by the Task Force on Climate-related Financial Disclosure—TCFD—and is planning measures in the next two years to further integrate climate change into its risk management processes and to disclose information in line with the TCFD.
The TOMRA's greenhouse gas account for 2020 shows a decrease in total direct emissions, which can likely be attributed in large part to periods of reduced operations and extensive use of the home office as a result of the pandemic. A slight increase in indirect emissions from the product use phase is linked to the increase of the installed base. In parallel, the eco-intensity of TOMRA's operations, that is emissions divided by value added to society, shows a 14 percent reduction from 2019, meaning more value is created with less negative impact.

Poland is often ranked relatively high as a good country for business. Would you agree with that?
Poland is a very significant European market with a lot of opportunities for growth. Most of our activity is in regulated markets, such as the food and waste industry. The development of our business in Poland depends heavily on the regulatory environment. Our main interest is in the Polish legislation implementing European Union directives in waste management, such as the Waste Package or Single Use Plastic Directive. We are still waiting to see how the extended producers' responsibility scheme for packaging and the deposit return scheme for one-way beverage containers will look like.
We also share our own experiences from other markets in this field. In case of extended producers' responsibility—EPR—we have commissioned the UK environmental consultancy firm Eunomia, to prepare a study on the possible design of the Polish EPR scheme, which was released in April 2020 and indicated the changes needed to align our market with EU requirements and make it competitive in terms of recycling. We also shared our 50 years of experience in the field of deposit return systems with a white paper called *Rewarding Recycling* which shows how the highly efficient DRS should be designed and what are the benefits of introducing such a system.

What are TOMRA's plans in Poland beyond 2022?
Our ambition is to be a leader in the resource revolution by creating sensor-based solutions for optimal resource productivity. Providing smart solutions for optimizing our resources by sourcing, using, stewarding, reclaiming, recycling and revitalizing them is key to the resource revolution. We also aim to contribute with educational work and knowledge sharing, and of course, provide support with our highly reliable equipment and service. As a market leader, TOMRA is sharing its experience from different markets, showing best practices to increase the efficiency of future investments.

Company Profile: UNIMOT Group

KEEPING THE WHEELS TURNING

AmCham.pl Quarterly Editor Tomasz Ćwiok talks with **Adam Sikorski**, President of the Management Board of UNIMOT Group, an independent fuel and energy company, about its offering for enterprises, the specifics of the energy market in Poland, and the company growth plans for 2022 and beyond.

What is the product range of the UNIMOT Group in Poland?

The UNIMOT Group is a market leader among independent importers of liquid and gas fuels in Poland. We have over 30 years of experience on the fuel market, specializing in wholesale of diesel and other fuels including LPG, natural gas and petrols, in Poland and abroad. Since 2016, we have been a member of AVIA International—an international organization of independent gas station operators. We were the first independent energy company in Poland to have been granted license for developing AVIA branded gas stations in Poland and Ukraine. Presently, the UNIMOT Group operates 85 gas stations in Poland.

Our company also develops photovoltaic energy sources, under the AVIA Solar brand. In July 2021, we opened in Poland an in-house production line of photovoltaic panels. The UNIMOT Group also comprises companies specializing in electricity trading and the sale of bitumen products. Since 2017, the shares of UNIMOT Group have been traded at the main floor of the Warsaw Stock Exchange.

What is driving the fuel market in Poland?

The market has been recently struggling with considerable uncertainty, not only in Poland but globally. In our core revenue-generating area, we have been recently struggling with considerable market uncertainty, characteristic not only for Poland, for other markets as well. The first half of 2021 was rather stable for the fuel industry, which translated into our good financial results. However, challenges occurred in the second half of 2021. Yet, the whole economy and individual firms have learned how to function in the pandemic conditions, so we have not experienced this impact so seriously yet. The second half 2021 was definitely dominated by a rapid increase in the prices of resources such as natural gas, petroleum, and electricity. These price hikes were a big surprise for a number of market players, and certainly will constitute to be a challenge in 2022.

How companies can benefit from the UNIMOT offer?

We are the largest independent importer of liquid and gas fuels in Poland. All companies that utilize fuels in bulk quantities can benefit from our offering. We also specialize in photovoltaic installations for firms and public utility facilities, so every firm that intends to save on electricity bills using renewable energy sources can also join the group of our satisfied customers.

We provide comprehensive services—from the moment an offer is submitted, through counseling, assembly, and after-sale service. We offer the most popular panels in mono-crystal silicon technology, manufactured, among others, in our plant in Poland, as well as thin film panels made by the American firm First Solar. In addition, we use components of worldwide-known brands.

An electricity trading member of our group, Tradea, has a special plan, codenamed Green Energy, for companies. Through this plan, entrepreneurs may sell energy they produce or buy energy from renewable energy sources to supplement their profile demand. This offer is complemented by the AVIA Solar's photovoltaic installations, which we also address to entrepreneurs.

Choosing our Green Energy plan allows our clients to save even up to PLN 200 per megawatt hour and avoid emitting 675 kilograms of carbon dioxide per megawatt hour of consumed energy. Our client, being familiar with its electricity consumption level, can boast a specific number pertaining to reduced emission. Our clients who use the Green Energy offer also receive a certificate, which they can use in the communication with contractors and customers as a proof of their ecologically responsible business attitudes.

What can you tell us about the company's policies in ESG?

The UNIMOT Group applies the principles of professionalism and business reliability. Our priority is to ensure the quality and safety of the products we offer. We also focus our relationship with our customers, suppliers, employees, local communities, and investors, on reciprocity, trust, and respect.

Being aware of the importance of non-financial aspects for an ever-wider group of stakeholders, we plan to publish a report on our *ESG Policy Report* in 2022, and commence publication of non-financial reports on the group. All that, despite the fact that legal regulations oblige us to do so only starting in 2026. Transparency is of key importance to us, which is why we want to start publishing our reports as soon as possible.

What are the main challenges for the energy sector in Poland and in the EU?

Decarbonization of the energy sector and all the challenges resulting from the EU's package „Fit for 55", which aims to cut the emission of carbon dioxide by 55 percent by 2030, based on the 1990 levels, ultimately achieving climate neutrality in 2050, is the biggest challenge for the Polish energy sector. Achieving these goals will require the acceleration of energy sector transformation. Although Poland has started the process, the pace of it has been slow. Considering the fact that the Polish energy sector, until recently, was based almost entirely on coal, this is not just an economic challenge, but also a social one.

By developing new branches in renewable energy sources the UNIMOT Group is in line with the energy transformation goals, which is a challenge for both the Polish and EU economy. We diversify the sources of photovoltaic panel supplies to become independent of the Chinese producers. In September, we started the collaboration with the US company First Solar, which gives us access to photovoltaic panels made in the US that utilize the unique First Solar technology. In turn, in cooperation with another US company, NuScale, we plan to promote the small modular reactor technology in Poland.

As a company with international presence, what is in your experience that you bring to the local market?

The UNIMOT Group conducts business operations on several international markets, therefore we can also transfer our experience onto the local markets. Almost 30 years of operation in the fuel industry has allowed us to achieve a leading position among independent fuel importers in Poland, thanks to which each customer of fuel that does not want to be dependent on state-owned concerns may take advantage of the products on our offer. We are distinguished by the strength of experience and credibility of the company listed on Warsaw Stock Exchange, which means that customers on every market where we are present may feel secure with us.

As a representative of a company with international presence and experience, would you say that Poland is a good country for investors?

Poland offers considerable investment opportunities, primarily because investors have access here to qualified staff and face relatively low labor costs. This is a country with a huge potential, which we are striving to utilize. This is why we decided to invest in an in-house production line of Polish photovoltaic panels. Our core business is fuel so it was not a typical investment for us. Yet, as many other foreign investors in Poland, we decided to invest in our resources right here.

Poland is viewed as a country with skilled and well-educated labor force. On the other hand, with the growth of the economy in recent years there are shortages in the labor market in certain areas, especially when it comes to technology oriented jobs. Do you face such challenges in Poland?

Certainly, well-trained staff is a big advantage of the Polish labour market. Part of young and educated people surely choose to have a career abroad but the majority of them still decide to stay here, which is good news for local employers. Fortunately, the UNIMOT Grout does not have any problems with finding qualified and experienced staff. A large part of our employees are people with professional experience in international fuel and energy concerns. As the person who manages the group, I am very happy about it.

Are there any regulatory or legal issues that stall the development of business in Poland?

Frequently, a challenge for running a business in Poland is posed not by specific regulations alone, as they may differ depending on the sector, but by regulatory uncertainty. In Poland, in some areas, long-term planning can be hindered, especially for businesses in highly regulated sectors, such as energy, financial or pharmaceutical.

What are the plans in Poland for 2022 and beyond?

The UNIMOT Group consistently implements its business strategy, which defines our objectives until 2023. First of all, we diversify business and develop the segment of renewable energy sources as a very prospective vis-a-vis the transformation of the energy sector in Poland. We plan to be a part of the global trend in the energy sector transformation. We also successively develop our chain of gas stations under the Swiss brand AVIA, which comprises 3,200 stations in Europe, and ranks the seventh-largest among all the petrol stations on the old continent. In Poland, we already operate 85 stations, and plan to have 125 by the end of 2022. Our ambitious plan is to have as many as 200 stations by the end of 2023, and we are set to do our best to achieve this objective.

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EXPERT Waste management

NO COUNTRY FOR POLLUTERS

By **Randy Mott**, *JD, Director for Europe, Africa and the Middle East at CHWMEG Inc.*

A new EU Directive will make due diligence for waste mandatory.

The new proposed Due Diligence Directive, approved by the European Parliament and pending at the Commission, is an extension of the reasonable care minimum standard for waste already required under EU law which says that companies which "contributed by [their] conduct to the risk that the pollution ... will occur" should legally bear the cost of the pollution. In *Commune de Mesquer v. Total France SA and Total International Ltd* (ECJ Case C-188/07, 2008), par. 82. the court ruled that waste producers thus have a duty of care regarding their wastes by virtue of the "polluter pays" principle, now extended further in the Revised Waste Framework Directive. The EU Due Diligence Directive can be viewed as a further codification of this duty of care for waste management.

SWEEPING NEW DIRECTIVE

Earlier this year, the European Parliament approved a sweeping new directive to require due diligence on supply chains for every company operating in the EU with more than 250 employees. European Parliament resolution of March 10, 2021 with recommendations to the Commission on corporate due diligence and corporate accountability (2020/2129(INL). Commission action to finalize the directive is expected before the end of the year.

The directive will require a public corporate due diligence strategy for all global operations of companies that meet the EU predicate of having 250 employees in the EU and regardless of their place of incorporation. The Commission has made it clear that this must go beyond simply a "check the box" effort. At least six lawsuits have already been brought under the comparable French Vigilance Law. The due diligence program must examine human rights and environmental impacts. The first largely defined by international treaties and the second by EU environmental standards to be applied even in non-EU developing nations. Article 3(7). The public must be given information when there are impacts and will be able to sue and help push the remedial measures finally required, as provisioned in the draft of Article 4. This is perhaps the most far-reaching environmental measure to come from EU.

MANAGEMENT IS KEY

Downstream due diligence focuses on waste management. This was also the number one issue in supply chain problems identified by the Commission's survey (72 percent of firms cited it). Waste issues can cost millions to remedy and tarnish hard-won corporate reputations.

If a company does not have an international due diligence program, it will have to create one over the next couple of years. Our organization, CHWMEG, has about 300 members (including many AmCham Poland firms) who have been dealing with this for an extended period of time. We have completed nearly 5,000 reviews or "audits" that include a detailed questionnaire and site-visit by an expert mostly on a shared cost basis among member companies. Working with CHWMEG and sometimes separately its members, I can make some general observations that provide some dimension to the task. Deciding when and how such detailed due diligence should occur among all your vendors is the major issue in setting up a program. Some of our member companies that started international due diligence programs found that they globally had over one thousand different vendors. Identifying your vendors and possibly consolidating them is the first step in any program. Many firms do not know the ultimate destination of their waste, only the initial contractor who handles it.

MANDATORY TASKS

Some type of risk management system is mandatory under the directive: companies must prioritize which facilities will receive detailed attention, how frequently and which will get a less onerous check. Special events may also trigger a detailed review (explosions, lawsuits, change ownership). No simple equation can be applied: factors such as toxicity, quantity, criticality to production, and weak infrastructure in the region should be considered.

CHWMEG also looks at some key human rights issues now required in the directive, like force and child labor in its assessments.

CHWMEG, its reviewers, and similar organizations can provide very detailed assessments normally done on a periodic schedule geared to risk prioritization. But the frequency and triggers for such reviews will have to be part of the strategy (and it will be public). Less thorough diligence may be applied to lower risk facilities, but often they will have at least one full on-site review. Then comes the issue of when to approve a facility, when to reject it, or even when possibly to help it somehow get better. Often in some countries there are very limited choices with no facilities meeting strict corporate guidelines. There is again no formula with different approaches using a scoring system, a panel of expert employees, or a third-party consultant. A collective organization, like CHWMEG, can not make this decision for individual companies.

Many international firms that we deal with have been at this for years and will not be initially affected other than to create a written strategy that will be published under the new rules. But the Commission found that only one in three EU companies had due diligence programs. The draft proposes financial support to small land medium-sized firms and it is inevitable that outside help will be required for companies lacking corporate staff experienced in these problems. Some changers may occur in the final directive, but companies should be prepared for some form of mandatory due diligence, especially of their downstream waste management.

EXPERT Human management

UPPIN THE THE GAME

By **Andrew Harding,** *FCMA, CGMA, Chief Executive—Management Accounting at the Association of International Certified Professional Accountants, representing AICPA & CIMA*

A few things to know about how to put the management into management accounting and solving the productivity puzzle

During the pandemic, more so than in the distant past, we have seen how well management theory works "in the wild". As the pandemic took hold, I saw a lot of speculations on how the way we work would change. What our members have told us is that 2021 has seen the consolidation of changes which companies took after COVID first forced us to rethink our work—things like building technology networks which better support home working, rethinking supply chains, or offering more flexible working conditions. My view is that these changes will be permanent, it has mitigated risks and built resilience. The longer this so-called "new way of working" goes on, the more embedded it becomes, the more difficult it will be to return to how we used to do things.

GAINING RESILIENCE

As for what we will see in the next 12 months? I am hesitating about being too bullish for obvious reasons, but I think now that the fundamentals of how we work are broadly in place, the way we manage teams will change. Now we have been displaced from our offices, there will be a gradual evolution of people management rather than an overnight sea-change. I think – and hope – that we will see businesses start to look more seriously at building further resilience into their organizations and staff. That will start with the management of recruitment and continue into the area of operations.

According to consultancy company Gartner, post-COVID, organizations' recruitment should focus more on skills than on roles, which it says will boost resilience. For me resilience, both personal and organizational, is the most important non-technical professional quality. This makes sense when you consider how many organizations have had to either change their business model entirely, or at least accelerate changes which may have been in the wings. At the Association for example, we sped up the introduction of "remote proctored" exams to ensure our students' learning did not lose momentum. We weathered that particular storm and found ourselves three years ahead of our plans for evolving exams.

That resilience, shown as an ability to pivot, is a key weapon to protect against obsolescence and it requires smart management. When employees have critical skills—such as in digital technologies—they are more agile, and it opens up options for them career-wise as they can move into a wider range of roles. It also makes the organization more resilient.

As we know, measuring the right things and then using the data to inform your strategy are key. Committing to building a resilient organization means you need to build a way of measuring resilient skills in your organization, and where necessary supporting employees to add those to their skillset. Acquiring these skills could perhaps form part of your performance management programme.

PRODUCTIVITY PUZZLE

There is another reason why we must up our management game for 2022—productivity. Business leaders are obsessed with maximising productivity. Rightly so, because done correctly, higher productivity can improve not only the bottom line but our quality of life.

In a report we published at the end of 2021, entitled Tackling the UK productivity puzzle, we heard members blame poor management practices, among other things, for the productivity woes.

Also, from talking lately to members of our Europe Regional Advisory Panel, I know that businesses across the continent are trying to boost productivity. Their growth over the past decade has slowed significantly not only in Italy and the UK, but it has also declined in Germany and France.

Our members suggested that businesses can deploy several approaches and tools to boost productivity. Among these are business process reengineering, prioritization of work that brings maximum benefit to the business and, of course, digitalization. Management accountants can support their businesses in all these areas.

It is also in our grasp to make the case for evolving how people and processes are managed. We have the tools and the expertise, plus in the current economic environment, we certainly have the incentives to review and reform what we can to improve productivity.

DIGITAL MINDSET

Already, businesses use a wide range of technological tools, from videoconferencing platforms to business analytics services, collaboration software and CRM platforms. Further digitalization is inevitable, given that businesses are under pressure to do more with fewer people.

Yet, while tools have their place, the European productivity challenge will not be solved by improved processes and smarter technology alone. If businesses want to get the best out of their people, they must find innovative ways to engage, motivate and inspire them. That requires a new mindset from business leaders and a commitment to investing in fresh management approaches.

EXPERT Carbon neutrality

THE TENETS OF CLIMATE ACTION

By Kamil **Radziwon**, *Manager, Sustainability Consulting, Deloitte Central Europe*

The #NetZero commitment: science-based standard in setting long-term targets

The scientific community is increasingly alarmed, as the worst predictions regarding climate change are currently materializing. The latest contribution from the Intergovernmental Panel on Climate Change (IPCC)—an intergovernmental body of the United Nations responsible for advancing knowledge on humans, including climate change—said in the 6th Assessment Report (AR6) released in August 2021 that average global temperatures have already risen by 1.1°C compared to pre-industrial levels. The report also states that, on our current emissions trajectory, in all likelihood we will have overshot the carbon emission associated with a +1.5°C scenario within the next 20 years.

ONE GOAL?

Companies use a variety of terms to qualify their climate strategies' overarching objective. In order to demonstrate their climate leadership, business organization have chosen Net-Zero carbon announcements. Easy to communicate and to grasp, the net-zero goal idea is increasingly adopted by public and private actors alike. However, it also fuels discussion, since although it is seemingly simple, the concept masks different realities.

In the last two years there has been an increased rate of zero-emission pledges from both states and companies. Following the UN Secretary General's Climate Action Summit in September 2019, over 77 firms and countries pledged to reach Net-Zero emissions by 2050. The countries that have formally committed to Net-Zero emission represent 68 percent of the world's GDP. The EU has the ambition to be the first major economic power to set a legally binding climate neutrality target.

In the private sector, the trend is just as noticeable. The concept is indeed easy to communicate and has made its way up to the executive committees of many companies. It has undoubtedly led to positive emulation among stakeholders. However, not all climate neutrality declarations are equal.

SCOPE 3 MATTERS

Commitments and pledges to reach a long-term Net-Zero target versus claims that the Net-Zero objective has been met by short-term targets that rely heavily on offsetting, are very different.

While an initial commitment to reach Net-Zero in the long term is commendable, it is not necessarily ambitious. Time horizons vary, but many recent commitments set their target for 2050. According to the IPCC, to limit global warming to 1.5°C this century, the world should reach Net-Zero by around 2050. Companies setting their climate neutrality sights on 2030 or 2040 may well show climate leadership, if their scope of activities is relevant and their reliance on offsetting is limited.

Assessing the ambition of a company's claims must also take account of what it covers: its own operations (Scopes 1 and 2) and the activities within its entire value chain (Scope 3 activities, both upstream and downstream). Particular attention should be paid to what a company includes within its Scope 3 that may vary from one company to another.

DIFFERENT PATHWAYS

Even with the same goals, companies with a clear transformative roadmap demonstrate their commitment and leadership by moving from intention towards implementation.

Roadmaps to carbon neutrality are diverse, depending on the sector and the company's individual activities. Agri-food companies may want to take over the carbon element within their value chain by improving carbon uptake on farmland. Oil and gas companies may need to diversify their portfolios and close non-decarbonizable assets if they are to achieve deep decarbonization objectives. In turn, service companies may invest in offsets or review their procurement, but industrial companies with high emissions usually choose to focus on improving their processes. The target of climate neutrality is sometimes backed by the emission reduction target of greenhouse gas. In this case, it is taken for granted that remaining emissions between the two targets will be offset. Reduction targets enable assessment of the extent to which a climate neutrality strategy relies on carbon credits.

SCIENTIFIC STANDARD

To cover all these challenges related to setting Net-zero targets, on October 28, 2021, the Science-Based Target Initiatives (SBTi) officially launched the world's first framework for setting science-based corporate Net-zero targets (SBTi Net-Zero Standard) that are aligned to limiting global temperature rise to 1.5°C. Until now, companies have had no way of knowing if their Net-Zero decarbonization strategies are aligned with science. The SBTi is the first organization to make specific recommendations on how companies should define those targets, covering emission from Scope 3, which is the most challenging for most organizations. This is a big shake up to the current SBTi requirements with a number of outcomes.

The Net-Zero Standard assumes targets splits into 'near term' and 'long term' time horizons, with near-term targets now covering a 5—10 year time horizon and long-term SBTs that can be set up to 2050.

Net-Zero Standard covers all 3 Scopes, according to GHG Protocol, which is the most challenging part of the SBTi standards, as Scope 3 often represents 70-80 percent of an organization's total GHG emissions. Thus, pressure to mitigate GHG emissions will cascade across the value chain as companies increasingly include upstream and downstream emissions in their climate commitments. For example, a car manufacturer company aiming to be NetZero must ensure that the raw and semi-finished materials used as inputs are also Net-Zero and from the other side is under pressure from companies asking for their fleet of vehicles to be Net-Zero to achieve their own Net-Zero commitment.

A long-term SBT can be achieved by reducing emissions down to a 1.5°C pathway in Scopes 1-3, which translates into the reduction of emission to residual level—a minimum 90 percent reduction in absolute emissions with approved neutralization of residual emissions.

Assuming broad reach of the Science-Based Target initiative, with currently more than 2 000 entities having joined the SBT, companies must start planning for how they will operate in a Net-Zero Standard world and how they may contribute to building this world in the best way they can.

EXPERT Carbon neutrality

BRAVE NEW WORLD

By **Christian Schnell**, *PhD, Partner, Dentons, Energy & Natural Resources Practice*

The Fit for 55 package explained

The European Commission's Fit for 55 package is a set of legislative EU climate and energy policy proposals in support of the European Green Deal. To reach net zero carbon dioxide emissions within three decades, the EU increased its greenhouse emissions reduction target for 2030 from the current 40 percent to 55 percent based on the 1990 emission level. This requires a huge increase in renewable energy sources, mostly wind and solar, which spells decentralization and increased flexibility of the power system. This will also hasten direct electrification of heat (heat pumps) and e-mobility, boost power and heat storage, and facilitate power conversion into other energy carriers such as hydrogen.

The package sets out higher sector targets for 2030 up from today's target in renewables from 32 percent to 40 percent and from 32.5 percent to 39 percent in energy efficiency for primary consumption. The commission's proposal for renewable source target shares for Poland means its renewable power generation has to double by 2030 and while renewable heat and cooling has to increase to a 34.4 percent share.

ETS EXPANDED

For the ETS scheme, the Fit for 55 legislation mandates the increase in the annual Linear Reduction Factor from 2.2 to 4.2 percent, facilitating the further decrease of ETS allowances. The new legislation also mandates the expansion of the ETS to maritime sector, and creates a new, standalone ETS for road transport and buildings with full auctioning system and no free allocations, from 2025, whereas all revenues will have to be used for climate purposes with 25 percent to be allocated to the Social Climate Fund to compensate for energy poverty. The legislation also establishes a new carbon border fee (CBAM) applicable to steel, aluminum, cement, fertilizers and electricity, with a transitional period from 2023 to 2025.

RENEWABLE ENERGY SOURCES

When it comes to renewable energy sources, the Fit for 55 legislation mandates a review of review of administrative and permitting rules to speed up renewable energy development. It sets obligation for Guarantees of Origin (GoO) to be transferred to the buyer of renewable energy under power purchase agreements (PPAs). Furthermore, it mandates the use of credit guarantees to reduce risk for investors when entering into PPAs, especially for small and medium enterprises. In light of the new legislation member states will not be allowed to retain GOs for those producers that receive financial support—a point of importance for beneficiaries of the Polish RES auction system. Instead, EU member states will be obliged to notify revised planned offshore amounts in their updated National Energy & Climate Plans with an obligation to do joint offshore energy planning per sea basin from 2030 in three steps, including integrated grid planning. The building sector will have the indicative target of at least a 49 percent share of energy from renewable sources in the union's final consumption of energy in 2030, with such an obligation to be fulfilled by allowing the roofs of public or mixed private-public buildings to be used by third parties for renewable energy source installations.

BIOMASS

The new legislation mandates the use of biomass in line with the cascading principle, that is, woody biomass should be used according to its highest economic and environmental added value in the following order of priorities: 1) wood-based products, 2) extending their service life, 3) re-use, 4) recycling, 5) bio-energy (with focus on gasification) and 6) disposal. In order to ensure a more efficient use of bioenergy, from 2026, Member States should no longer support electricity-only plants (such as Połaniec in Poland), unless the installations are in regions with a specific use status as regards their transition away from fossil fuels. The threshold for applying sustainability and GHG emission reduction criteria will be lowered from the current 20 MW thermal capacity to 5 MW for woody biomass, or 2 MW for gaseous biomass. However, EU member states should establish a simplified verification mechanism for installations of between 5 and 10MW. The sustainability criteria for woody biomass shall be extended to agricultural biomass.

HYDROGEN

The new legislation calls for the introduction of an implicit definition of renewable hydrogen, specifically when it comes to wind and solar driven production, via electrolysis and binding target of 50 percent RFNBO share (Renewable Fuels of Non-Biological Origin, which means the energy content which is derived from renewable sources other than biomass) in hydrogen consumption for industry, and 2.6 percent share in transport. To avoid double-counting, renewable power to produce RFNBO is not factored into the RES share.

MUNICIPAL HEATING

In light of the Fit for 55 legislation, infrastructure development for district heating and cooling networks should be stepped up and steered towards harnessing a wider range of renewable heat/cold sources. This includes the integration of thermal energy storage systems, and the increase of renewable heat per year as minimum indicative target for each member state from 1.0 percent to 2.1 percent.

The new legislation also mandates that DHC network operators with installed capacity exceeding 25 MW thermal capacity will be obliged to connect RES generators and waste heat generators. In case the network proves ineffective, technical feasibility will be given while the connection must not result in a substantial increase in consumer prices.

INDIVIDUAL HEATING

The new legislation foresees a binding 1.1 percent increase of renewable heat per year as a minimum for each member state, whereas that increase shall be of 1.5 percent for member states where waste heat and cold is used. If so, EU member states may count waste heat and cold up to 40 percent of the average annual increase. Jointly with the target is the goal of at least a 49 percent share of energy from renewable sources in the building sector in the EU's final consumption of energy in 2030. Such a solution promotes heat pumps.

E-MOBILITY

All new registered vehicles will have to be zero-emission as of 2035 while electric charging dedicated to light and heavy-duty vehicles must be available every 60 kilometers on major highways; also hydrogen refueling stations every 150 kilometers.

EXPERT Commercial real estate

By **Wioleta Tyszko**, *Construction & Property Specialism Leader, Hays Poland;* **Małgorzata Mudyna**, *Randstad Professionals Regional Manager, Randstad Polska;* **Krzysztof Butyński**, *Senior Manager, Michael Page Property & Construction;* **Marta Kulik**, *HR Manager, Newmark Polska*

IN SEARCH OF VALUE

The real estate industry is in dire need of highly skilled professionals

All the sectors of the property market have experienced a strong rebound in recent months, which has very quickly translated into an upswing hiring activity. Developers hire land managers and other professionals skilled in project management as well as financing and connecting clients with products. A myriad of job opportunities awaits builders, including technical workers with different specialty fields.

Hiring in real estate has clearly accelerated. The employment offers and offers from workers willing to change jobs are rising. Yet, candidates chasing opportunities in real estate or construction are few and far between. This is invariably due to the dearth of high skilled professionals , which coincides with strong demand for workers in the warehouse and residential sectors. As a result, businesses need a well-thought-out headhunting strategy coupled with a massive search for employees.

CONSTRUCTION SITES

The number of job advertisements is at its hight in the construction industry. Due to the perennial shortage of technical workers, finding the right employees—from engineers to lead discipline engineers to project managers—is a major challenge. Having expectations fueled by the perceptive scarcity of workers rather than the pandemic itself, candidates demand higher wages.

The building sector has demonstrated resilience to the pandemic crisis and, of all firms in Poland, it is construction companies that rarely choose to shed jobs due to tough market conditions. In fact, less than one in ten companies laid off staff in this sector. The construction industry also has some of the strongest hiring plans. At the same time, the industry reports the highest employee turnover rate. A fourth of building workers have changed jobs in the last six months, which may mean an outflow of employees to other sectors and difficulties with attracting new staff.

SOFT SKILLS

Developers search for land managers, development managers, leasing managers and traders. Job offers advertising such positions outnumber the talent pool available on the market, so employers must learn to compromise: offer higher wages, hire candidates from other sectors or take on less experienced workers who will be gradually upskilled to meet the demands of their positions. It takes about a month to recruit for specialist or junior managerial roles and approximately three months with senior managers and directors.

Some regions, especially Lower Silesia and Pomerania, also suffer from a paucity of facility managers. Recruitment processes have become longer during the pandemic as skilled employees have grown less willing to change jobs.

The ability to act quickly, foresee end results and estimate risks also plays a major role in real estate. Companies increasingly value employees who are good at crisis management, being proactive, creative and capable of making quick decisions. The ability to manage large numbers of people remotely or in a hybrid mode is also relevant in the new reality.

EMPLOYEE BENEFITS

To grow further, organizations can not let their human resources deplete. Many firms focus on minimizing employee turnover to ensure business continuity. With shortage of job candidates, competition is intensifying among companies which try to outdo one another in wage offers. In addition, the growing inflation, which is increasingly felt across the board, is impacting the demands of applicants and employees.

However, there are other factors at play. The pandemic has recently highlighted the growing importance of stable employment. Polish workers display a greater preference for workplaces where they are able to enjoy a good atmosphere and feel comfortable.

To retain employees, many companies have also had to review their benefit packages. Fringe benefits such as private healthcare and online gift vouchers have clearly gained in importance. Companies have added psychological support and coaching to their employee schemes to facilitate personal finance management. Some benefits have been modified by providers who have moved them online. New platforms have been set up to help employees decide, with their employers, what to spend money on in a given month.

What is important for job applicants is not only the amount of money offered, but also the strategic plans for sustained development of both the company and its employees. This kind of motivation is becoming increasingly relevant to those in specialist or managerial roles. Talented professionals also appreciate work arrangements that have a positive effect on work-life balance, so being able to work from home and utilize flexible working hours are also important.

NEW JOBS AND SKILLS

The shortage of high-skilled specialists in some market segments may be an opportunity for re-skilling and a new start for many. Learning new skills or changing your specialization in real estate is a continuous, inevitable trend resulting from the scale of growth of various market sectors. A perfect example is the unprecedented growth of the warehouse market, which has exacerbated the dearth of warehouse specialists. Reskilling is also seen in the retail and office sectors, which have suffered setbacks recently.

The same may soon apply to sales people and client advisers working for residential developers. Looking ahead, with wholesale selling of apartments to cross-border investment funds, there may be more people in such roles on the labour market in the future.

Both re-skilling and up-skilling are now key trends in the rapidly evolving real estate market. New jobs and skills are increasingly required for sustainable growth, environmental sustainability and building certifications. People with a relevant professional profile in these fields are hired as experts by most developers and consultancies. This is a new direction that will continue long-term rather than a boom.

EXPERT Taxes and employment

INTO UNKNOWN TERRITORY

By **Michał Grzybowski**, *PwC Partner, People & Organization Team Leader*

While dealing with the outcome of the Polish Deal, companies must not lose from sight the long-term challenge: the hybrid work.

As 2022 gets under way, employers in Poland are facing two big threats. First, they are scrambling to understand the effects of the Polish Deal income-tax legislation. They try to find ways to retain high-earning employees who could see their take-home pay crimped. Those obstacles are daunting, but can be overcome by the relatively simple means of legal interpretations and Excel spreadsheets. The second challenge—establishing a mature model of hybrid work—is bigger and more amorphous. As it is set to remain with us for years, the model will keep changing over time.

ALTERNATIVES

Out of the hundreds Polish business people and HR decision-makers whom PwC surveyed, more than 40 percent said that the Polish Deal will force them to revise their remuneration budgets. The changes will mainly affect top earning managers and specialists. For each employee who earns a gross salary of PLN 300,000 per year on a standard employment contract, the company has to find an extra PLN 20,000 to keep their net salary the same.

Raising salaries while keeping the same form of employment is not the only option. About 30 percent of survey respondents said they were thinking of changing the legal structure of their relationships with top earners. They are looking at solutions such as the *Umowa o Dzieło*, a short-term contract for work that involves a transfer of intellectual property, which exempts 50 percent of pay from income tax. This can be especially attractive in the technology industry, or in areas related to research and development. Other employers will ask their employees to set up sole proprietorships, particularly for work that allows lump-sum taxation, which will be available for more professions than before. Programmers will be able to take advantage of a quite attractive lump-sum rate of 12 percent. However, companies must take a close look at the kind of the work that the employees perform to make sure it qualifies for this type of contract.

ADMINISTRATIVE BURDENS

The administrative burdens on employers have also grown with the Polish Deal. Some of them are related to the unwieldy bundle of changes in income tax, as well as social and health insurance introduced by the Polish Deal. Separate calculations need to be done for the middle-class tax relief, intended to reduce the impact on people earning PLN 68,000-133,000 which includes the removal of the deduction for health insurance contributions. New calculations regards the tax relief for people who have been tax residents outside Poland for the past three years. Returnees' annual incomes of up to PLN 85,000 will be exempt from tax for the next four years.

REMOTE WORK

As they grapple with the new changes brought in by the Polish Deal, companies are also facing a fundamental transformation of their working model with the rise of remote work. This is the second biggest challenge that business is facing today.

Jobs that can be performed anywhere do not fit as neatly into the Polish Labour Code. Many people who can work remotely are switching to freelancing relationships. They prefer to be paid for on the task or project basis and be free to move freely from one employer to another, or to put it technically correct, from one client to another.

While the pandemic has shown that many jobs can be done entirely remotely, including recruitment and on-boarding, it has also highlighted issues of safety and employee wellbeing, including the need to ensure private life does not lower labor productivity—or vice versa. While our research shows that productivity has risen, in many organizations this has taken place hand in hand with a decline in employees' confidence in their employers. Companies have responded by offering psychological and therapeutic support. With this one can hope that the right work-life balance has been achieved, at least for now.

THE RIGHT BALANCE

The issue is what happens over the medium to long term, as employees tire of an intense online work mode. The best solution, therefore, is to develop a strategy for hybrid work, including both remote days and time in the office.

While productivity has been maintained during remote work, employers report a decline in innovativeness, which is spurred by face-to-face contact. Office spaces are changing to meet the demands of the new hybrid world, as desks with computers are replaced by attractive common spaces where meetings can be held, as well as numerous smaller rooms where individual teams can gather.

PRECIOUS TALENT

The tough competition on Poland's labour market translates means that companies have to keep an eye on the competition for talent. This means, in tur, that a comprehensive approach to hybrid work is a must. In addition to decisions on the number of remote working days and adjustments to the physical office space, companies should consider digitizing human resources and payroll, modifying remuneration and benefits systems to ensure tax efficiency, and equipping managers with tools to engage and motivate employees working in the hybrid model. All of us need to be prepared for widespread changes in this area.

One of those changes, we hope, will be an amendment to the Labour Code permanently regulating remote work. The model currently being discussed could prove to be a good compromise between what employees want and what employers can deliver. In addition to whatever hybrid working arrangements the two sides agree on, employees will be able to work remotely up to 24 days of the year. One important element will be the regulation of the provision of equipment for working at home, or a cash equivalent. Thus far, these questions have proven to be a source of friction between the two sides concerned.

DIFFERENT PERSPECTIVES

At PwC's People & Organization team, when designing and implementing a new working model, we seek to help our clients respond to these challenges from three key perspectives. The first one is the business perspective. It takes into account issues such as the impact of the new work model on key business processes, mapping processes that can be performed in a remote or hybrid model or that could be done that way if changes are made; designing the target office function along with the possible transformation of the office space, including examination of office users' needs; possible rearrangement and reduction of office space; estimates of operating costs; and opportunities for optimization. We also look at available tools supporting the new working model, along with the estimated costs of technological retrofitting.

Another perspective is that of the employee. It focuses on employee satisfaction and commitment, including the impact of the working model (office, hybrid and remote) on motivation, productivity, efficiency, relationships within the team and with the immediate supervisor. It includes a research on preferences regarding the working model for the next 3-6 months, and compiling these preferences by teams. It also analyzes the methods of team management.

The market perspective, in turn, takes into account the business environment and legal issues, including sector-specific factors, the impact of labour law provisions, income tax; the impact of a given operating model on relations with key stakeholders—customers and contractors; and remuneration and benefits policy.

CONCLUSIONS

While the challenges created by the Polish Deal will cause plenty of short-term headaches, employers can not lose the sight of the long-term need for smart strategies and policies covering hybrid work. Forms of employment, physical office space, reimbursement policies and scheduling are all in flux, and all of them are part of the employer branding equation.

Finally, employers need to bear in mind that the best form of branding,and the least expensive in the long run—is what current employees say about the company. Finding ways to keep your best ambassadors happy will ultimately deliver long-term rewards.

EXPERT Labor market

FIXING LOOPHOLES

By **Małgorzata Perchel-Ducka**, *Associate at Łaszczuk & Partners*

The Polish Deal: A chance to counteract illegal employment?

The Polish Deal is associated primarily with changes in taxes and social health insurance, which will have the strongest impact on the financial and legal situation of employees. In particular, it focuses on health insurance and new tax credits. But some of the changes under the Polish Deal are aimed primarily at combatting illegal employment.

PROTECTING LABOR MARKET

The new mechanisms introduced to tax and social health insurance acts by the Polish Deal provides a number of regulations to protect the labor market from illegal employment. The first is that the value of work of an illegally employed person is recognized as income from economic activity. It is set for each month in which illegal employment took place, in an amount equal to the minimum wage in the given month. Such income is also assessed when an illegally employed person is actually paid for the work.

In accordance with the new regulation, the employee's income from illegal employment is free from income tax in the part which the employer did not disclose to the competent state authorities.

EMPLOYERS IN CHARGE

Furthermore, in the event of finding illegal employment or lowering the calculation base for employee contributions, the contributions for retirement, disability and sickness insurance on pay for illegal employment, and for the portion of undisclosed remuneration, are not charged to the insured but paid entirely by the remitter of contributions out of its own funds. The liability for non-payment of contributions and taxes is thus entirely shifted to the employers. According to the position of the Ministry of Finance, before the Polish Deal entered into force, the tax system was not favorable to employees who agreed to work illegally. Previously, if such work was detected by the tax office or the labor inspectorate, the employee was obliged to pay the unpaid tax, and was also liable to penalties for failure to declare the tax. The aim of the reform, according to the government, was to reverse this situation and guarantee legal protection for the employee and not the employer.

According the Ministry of Finance, the lack of the need to pay the tax by an unlawful employee and the exclusion of his or her criminal liability will minimize the phenomenon of illegal employment. According to that position, this phenomenon will also be counteracted by requiring the employer to pay tax along with default interest, an additional sanction in the form of a tax on the minimum wage for each month in which it employed an employee illegally, and exclusion of the tax and sanctions from the employer's tax-deductible expenses.

NEW DILEMMA

These solutions, although certainly motivated by a desire to counteract the socially negative phenomenon of undeclared work, are based on the erroneous assumption that employees are not interested in working off the books, and the decision to hire workers illegally is solely dictated by employers. On the part of employees, there may often be an expectation that they will receive only the minimum wage in accordance with applicable legal provisions, while the rest of their salary will be paid informally, to avoid tax burdens. The new provisions may lead to a situation in which employees first exploit the provisions in accordance with the letter of the law, but contrary to its spirit, do obtain additional benefits from an employer with whom they subsequently terminate their employment. The best solution would be to introduce changes discouraging both employees and employers from working and hiring illegally, and imposing negative consequences on both of these groups.

EXPERT Corporate Social Responsibility

REACHING NEW GLOBAL STANDARDS

By **Katarzyna Saganowska**, *Risk and Compliance Director, TMF Group*

Why climate action should drive corporate social responsibility in the clothing industry

Looking at the daily news, it seems that the whole world has been somehow concerned about climate change. This worldwide trend is increasing year after year. If there is one industry that is all about trends, it is the fashion industry.

According to different studies and research papers, the fashion industry currently generates approximately 10 percent of global carbon emissions, and nearly 20 percent of wastewater. Same sources report that the fashion industry consumes more energy than both aviation and shipping combined, since the total gas emissions from textile production is calculated at 1.2 billion tons annually. The emissions certainly, among other reasons, are caused by complex supply chains in the clothing industry. The production of one single garment today requires an extensive supply chain including several companies in multiple locations. In addition, there comes the moment when the clothing is disposed of as its owner no longer find it fit. This is a primary reason why the sector needs to mobilize and focus on cutting emissions and wastewater on every step along the production process as well as considering the product life-cycle.

FAST FASHION

Challenging the fast fashion attitude is essential in the fight against global warming. Currently, fewer than one per cent of garments are made into new clothes, with only 20 percent of cloths being recycled. The remaining 80 percent go into landfill or get incinerated. What makes the whole problem even more pressing is the fast-paced rate of change in fashion trends. With each passing season consumers are prompted into buying the latest fashionable items, just for the sake of being trendy. The problem is exacerbated by the trends in fast-fashion as chain stores all over the world offer increasingly cheap textiles. With this, consumers buy more clothes than ever before, well above the levels of supplying their clothing needs. Consequently, they wear new cloths fewer times than before, do not tend to repair them but instead are inclined to throw them away just to make room in their closet for new cloths.

From the point of view of Corporate Social Responsibility of the fashion industry, it is crucial to change such consumer attitudes. More so as online shopping makes the impulse to buy harder to control. E-commerce is open for business 24/7 and sales are skyrocketing.

REDUCING IMPACTS

There is huge room for improvement when it comes to the production of polyester and cotton cloths. Publicly available reports clearly demonstrate that most emissions come from raw materials. Taking into account the entire lifetime of a garment, it is estimated that around two-thirds of the harmful climate impact comes from the garment production state:—synthetics, mostly polyester fiber, which amounts to some 65 percent of all fabric production, and cotton, amounting to 21 percent.

It is difficult to visualize all the inputs that go into producing garments. But take denim as an example. Few people realize that the stretchy elastane material in many trendy jeans is made with use of synthetic materials derived from plastic. That reduces recyclability and increases the environmental impact further. Different NGOs as well as international organizations such as the United Nations estimate that a single pair of jeans requires at least one kilogram of cotton. Cotton is grown in rather dry and hot areas, which is why raw estimates suggest that to produce a kilogram of cotton requires approximately 7,500–10,000 liters of water. This is a lot of water—enough to supply one person's need for drinking water for nearly 10 years.

The denim production example shows that some of the most popular jeans leave the heaviest ecological footprint. The die used in production is then disposed to natural waterbodies with devastating effects on aquatic life and drinking water reservoirs.

But there are ways to produce denim in less resource-intensive ways. Already some manufacturers develop new processes to reduce the harmful effects on the natural environment, while others develop new methods of recycling denim materials using natural decomposition. There are new regulations against the use of water and treatments that have negative impact on the environment. They lead to the reduction of the amount of bleaching, sandblasting and pre-washing so far routinely used in the production process.

NEW FASHION

Producing low impact fabric, seems to be the right way to go for the fashion industry. Already, there are companies which are looking to use waste from wood, fruit and other natural materials to create their textiles. They use alternative ways of dyeing fabrics and search for materials that biodegrade more easily.

This trend seems to be a base for a new and increasingly bigger business—a fashion using more environmentally sustainable materials. Under investigation is soy fabric—an eco-friendly material made from the hull of soybeans leftover from food production. Another candidate is cellulose fiber. It is made from citrus fruit peels which may be turned into a biodegradable yarn that can be spun into high-quality fabric that feels like silk. Bamboo fibers can be used to make composite materials for homeware and clothing.

Many such fabrics are currently still made on a considerably small scale and compared to fossil fuel-based materials but the technological innovation and a drive to create the next generation of textiles is there. Fashion will continue to evolve, but it is up to the big brands to embrace new, better materials for the sake of both the planet and its inhabitants.

BAD HABITS

The rise of online shopping has led to significant changes in consumer behavior. Consumers buy more than they need. With e-commerce, the goods are comfortably delivered to their doorstep. Those who are unhappy with their new wear simply return it . In fact, the returning of unwanted clothing has become a new consumer habit. But in this case, the conclusion is obvious: returning can effectively double the emissions.

Another worrying fact is that it is also cheaper for internet retailers and fashion brands to dump or burn returned goods, rather than find another useful purpose for them. This not only means that greenhouse gas emissions produced in cloth manufacturing are wasted. Additional emissions are released when the unwanted wear items are burned or simply left to rot. Depending on the country, the volume of clothes that end up in landfills amounts to 10.2 million tons of in the US, and 350,000 tons in UK.

GOOD HABITS

Wearing the same piece of clothing multiple times really counts. Different public surveys reveal that the average number of times a piece of clothing is worn went down by around 35 percent. At the same time, clothing production doubled. It did so, however, at the expense of the quality and longevity of the garments, something that is plain to see for an average consumer. Some surveys deliver a sad conclusion: many people have clothes in their wardrobes that are hardly ever used.

Nearly half of the clothes in the average consumer's wardrobe are never worn, primarily because they no longer fit or are out of style.

A potential solution might be to invest in and promote within the industry higher-quality and more universal clothing, which will make consumers hold onto their wear items for longer.

Buying fewer items also means caring for clothes more. Different websites offer tips on repairing and extending the life of clothes, which if practiced on a large scale, would reduce the carbon footprint of the clothing industry. Some top brands consider promoting such approach as one of their CRS initiatives. Statistics show that by continuing to wear a garment for just nine months longer would cut the environmental impact by 20–30 percent. In this case, a small sacrifice may deliver a hugely beneficial outcome.

NEW MODELS

Giving clothes another life opens up opportunities for rental, pre-owned, vintage and secondhand clothing. It may sound out of place, but some clothing companies have noticed an opportunity in not selling but renting clothes.

Clothing rental services, are especially appealing in a social-media where most people are reluctant to be seen online wearing the same outfit more than once.

Clothing recycling is still relatively new. However, cotton and polyester clothing are now being turned into new clothes or other items. Some major manufacturers have also started using recycled fabrics, and it is becoming increasingly popular for consumers to find places to take their old clothes to just to have them made recycled or useful for someone else. Even some online retailers offer free-of-charge service to dispatch pre-owned pieces of garments which can be resold if the retailer quality criteria are met.

Second-hand clothing gives garments a second lease of life and slows down the fast-fashion cycle. It also seems to be one of the best solutions to the overconsumption challenge. In addition, vintage garments, in some cases, are perceived as an asset rather than a piece of clothing which is viewed as a new opportunity for the producers of luxury and high fashion clothes

Under pressure: Major clothing brands develop new manufacturing methods that reduce the impact of their manufacturing methods on the climate.

NEED FOR ACTION

Mobilizing the fashion industry to help it drive further change in reducing its climate impacts is a must. Many of the changes are desperately needed to make clothing more sustainable. They need to be implemented by main manufacturers and big companies that control the fashion industry.

A few years ago the global fashion sector addressed climate change by launching the Fashion Industry Charter for Climate Action, under the auspices of the United Nations. In it, the leading brands, retailers, supplier organizations and a major shipping company, agreed to collectively downsize their impact on the climate across its entire value chain. This document goes much beyond previous industry commitments. The charter recognizes the importance of setting out a series of commitments on climate change, including a reduction in greenhouse gas emissions by 30 percent by 2030 (on the 1990 levels), public reporting of emissions, and developing a common communications strategy to inform about the importance of climate action within the industry. The work under Fashion Charter for Climate Action is guided by its core mission to drive the fashion industry to net-zero Greenhouse Gas emissions no later than 2050.

The charter contains also a vision for the industry on how it needs to improve consumer dialogue and awareness, and catalyze scalable solutions, as well as explore circular economy business models. The fact that the charter was created in the first place clearly shows that the fashion industry take on the problem is serious.

REPUTATION PARADIGM

Maintaining good reputation of the fashion industry through sustainability objectives is yet another way to advance the climate goals. Clothing is relevant to us all and the fashion sector has an enormous power of influence on society. Many efforts have been already initiated around the world, with fashion brands and stakeholders leading the way for reduced climate impact. Nevertheless, There is a need for more people and companies within the fashion industry to be aware of the problem and act. Certification programs such as the Better Cotton Initiative and Global Organic Textile Standard can help consumers make more informed decisions. While those programs are far from perfect, they offer a good starting point to further all the necessary initiatives and support in defining the new global climate standards for the fashion industry.

Many efforts have been initiated around the world, with fashion brands and stakeholders leading the way for reduced climate impact.

EXPERT Foreign Direct Investment

BUSINESS AS USUAL


By dr **Marcin S. Wnukowski** *and* **Oliver Geiss**, *Partners at Squire Patton Boggs*

FDI screening in Poland: one year after

In July 2020, Polish Parliament passed an amendment to the Act on Control of Certain Investments of 24 July 2015, which entered into force on 24 July 2020. That amendment has extended the scope of government's control over the acquisition of stakes in Polish entities. Investors from outside of the European Economic Area (EEA), the European Union, or countries that do not belong to the Organization for Economic Co-operation and Development (OECD) would need to obtain clearance for the acquisition of a stake in Polish companies (or partnerships) carrying out business in sectors that the government has identified as being of strategic importance.

PROTECTING EUROPEAN JEWELS

The concept behind the amendment was not originally domestic. The Polish government responded to the EU call to protect the "European crown jewels" from buyouts by non-EU investors at lowered price while the lowered valuations were caused by the COVID-19 pandemic. EU law (regulation 2019/452), however, does not provide for a centralized system of control over foreign investments, but rather for an information exchange network existing between EU member states. The member states are allowed to implement the measures of screening foreign direct investments in their territory on the grounds of security or public order. Many EU countries have provisions regarding some form of control over foreign investments, allowing their national governments to monitor and, in certain cases, object investments if they are considered undesired for various reasons.

BROAD RULES

The amendment indeed broadened the scope of control. Any investor seated in a country not being EEA/EU or OECD member state, willing to acquire (directly or indirectly) more than a 20-percent stake in a Polish entity carrying out business deemed to be of strategic importance, needs to obtain a permit from the President of the Office for Competition and Consumers Protection (UOKiK). The definition of so-called "protected entities" is very broad, including all public companies and holders of strategic infrastructure, as well as companies carrying out business in 21 sectors of industry, provided that such company's turnover exceeded EUR10 million in either of the two years preceding the year of filing for clearance.

While the rules are very broad, the recent publication of case statistics by the UOKiK makes one stop to think. According to the information published by the UOKiK, by December 2020, there were four applications for clearance under the amendment. In two cases, the UOKiK decided that the amendment does not apply, while in the remaining two other cases, the clearance was granted. The statistics for 2021 do not show an increase in the number of cases either.

SAME CONTROLS

One of the reasons may well be the exception for OECD countries that does not exist in most other EU countries. This exempts from screening investments from the US (and now the UK) and many other countries. It is also apparent that Poland, more than many other country, decided to align its foreign direct investments (FDI) control laws to its merger control laws. The review is carried out by the same body authority, the UOKiK, and transactions are only covered above a threshold, which is the same as in merger control law, where acquisitions are exempt if the target's turnover is below EUR10 million in both of the last two years—exactly the same threshold as in the FDI screening. Given the structure of Polish merger control thresholds, there will be very few transactions that fall under the FDI control rules but not under the merger control rules. The gap would essentially be limited to acquisitions by companies from non-OECD countries of non-controlling minority interests above 20 percent. Moreover, when having to deal with the regulator in any event, companies are less inclined to make a precautionary FDI filing.

INVESTOR'S HURDLES

Still, looking at this from an investor's perspective, the amendment added another hurdle in the M&A process in Poland since the clearance from UOKiK needs to be obtained on top of merger control clearance (and other sectoral type permits). Investors need to analyze whether they are exempted and, if not, whether their Polish target is a protected entity. At first glance, it may look like an obstacle. On the one hand, it looks as if the amendment did not cause the slowdown on the M&A market—four applications in one year do not seem to be a significant number. The language of the amendment may require some polishing and clarification (e.g. in defining the covered entities) but this regulation does not seem to be a major obstacle in the investment process. One needs to note that the amendment applies only to the acquisition of a stake in existing companies and not to any greenfield investments, which fall beyond the scope of application of the amendment.

The amendment will expire on 25 July 2022, so there is still some time to evaluate the feasibility of this type of regulation. The introduction of FDI regulations by Poland does not seem to be an exceptional action extending beyond similar regulations introduced by certain other EU member states. The practice of application of the amendment seems to suggest it is not a real obstacle in investing in Poland. This kind of regulation may always pose a question: would the government introduce rules that are more stringent? This remains to be seen.

EXPERT FinTech

UNLEASHING CREATIVE POTENTIAL

By **Jan Gąsiorowski**, *Associate, Wolf Theiss*

Technology providers and regulators work side by side to aggregate growth of the financial sector

Can Poland become a FinTech innovation leader in Central & Eastern Europe? Certainly, the potential is there and, thanks to its booming financial sector and a very accessible consumer finance market, Poland has a good starting point.

There are over 300 FinTech companies, 30 commercial banks, 37 branches of credit institutions, and 514 cooperative union banks.

The entire sector employs over 143,000 people and its assets are estimated at PLN 2.4 trillion.

READY TO EMBRACE NEW SOLUTIONS

The financial services market is also very dynamic, especially in the consumer area. Broadband internet covers 90 percent of the territory, while 13 million individuals use mobile banking apps.

According to Check Point data, even 75 percent of Poles use pay cards rather than cash. In this group 90 percent uses contactless payments. The electronic payment system BLIK, a cashless pay service which supported over one billion e-transactions in just over six years of operation, is becoming increasingly popular.

Another example of recent success in the Polish banking services is that achieved by Aion Bank. It is a digital-only bank allowing customers use its services through its smartphone app. The bank's business model resembles that of Netflix: all financial services are offered by subscription. The bank opened for business in mid 2021. It gained 10,000 customers within one month and generated over PLN 0.5 billion in deposits. Three months into its operation, the number of its customers exceeded 20,000 while deposits nearly reached PLN 1 billion.

TESTING TECHNOLOGY

Having noticed the exuberant potential of the FinTech community in Poland, the Financial Supervision Authority (KNF) came up with a number of initiatives to help it develop solutions that meet the criteria of the EU Revised Payment Services Directive.

The virtual sandbox—an online platform for FinTech to test solutions based on the Open API interface—created by the KNF in late 2020 is one such program. With it, FinTech companies can test how functional their concepts are in a technological environment that is desired by the EU.

Another KNF initiative is technology sandbox called Sandbox Blockchain. It enables companies to test blockchain-based solutions free of charge.

The KNF is also working on launching a regulatory sandbox that will allow FinTechs to test their organizational and legal framework on the real financial market.

CLEARING REGULATORY ROADBLOCKS

The KNF itself has begun work to eliminate as many barriers as possible in the development of FinTech financial innovations. In May 2021, it published a dedicated committee report that discusses 193 legal, regulatory and supervisory barriers faced by the sector. The report compares the expectations that market players and public institutions had voiced in terms of legal and regulatory changes needed to ensure a continuous development of market-oriented technology.

As the KNF noted, the report does not cover all problems. Furthermore, the financial market regulator said that it will keep looking into more specific, individual issues.

A few interesting topics emerged in the report. One is the public/ hybrid cloud processing of information by entities which are subject to the regulatory supervision. Another is the supply of the so-called robo-advisory services for customer assessment algorithms and financial instrument selection processes.

Likewise in these cases, the KNF issued a formal opinion back in 2020 to allow entities to safely supply the services in compliance with the law.

Another example of support for the Polish FinTech sector was the formal opinion which the KNF published in December 2020 concerning cryptocurrency and its trading. The opinion attempted to reduce the regulatory uncertainty related to the classification and legal understanding of cryptocurrencies for offering, selling and trading it in transactions that come under the laws of Poland.

GOOD SIGNS

As innovative as it is, the FinTech sector operates in a very dynamic environment where it is virtually impossible to eradicate all regulatory barriers. This applies in particular to the Polish market, as new laws—and amendments to the existing laws—appear at a high rate.

Efforts to align regulations with market expectations, such as those undertaken by the KNF, are a good sign that the regulator appreciates the creative potential of FinTech developers, and is doing its best to help them develop innovative products that reach the next level of advancement and sophistication, while making sure that they adhere to the EU regulatory framework.

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EXPERT Stock exchange

THE ART OF GOING PUBLIC


By **Katarzyna Jaroszyńska**, *Attorney-at-Law; and* **Marcin Pietkiewicz**, *Attorney-at-Law, Capital Markets & Financial Institutions Practice, Wardyński & Partners*

Game developing firms may benefit from transforming to publicly traded companies, and here is what they need to know.

The game development market in Poland and worldwide is steadily growing. Ambitious companies look for ways to increase brand recognition and raise funds for new productions. Some consider listing their shares on the stock exchange and the first question they need to ask is if it is a good option for them. The answer depends on many factors.

ADVANTAGES

The primary goal for going public is to raise capital for further development. If a company issues new shares as it makes its debut on the stock exchange, the funds from the offer may be used to finance the company's current needs and planned investments. Often, the cash allows the issuer to implement large business projects that would otherwise remain unrealized. Unlike bank financing, financing through a public offering is not based mainly on the financial results to date and the current financial condition of the company but depends largely on the assessment of the company's chances for further growth. In many cases, this form of raising capital can also be used by entities that would find it difficult to obtain bank financing.

Going public also opens the way to raising capital from investors in the future through further share offering by a company already known to the market.

Another advantage of going public is the increased prestige and brand recognition that goes with being listed on the stock exchange. Listed companies are perceived by the market as reliable and stable entities, due to the additional requirements imposed on them and the rules they have to observe. In Poland, a listing on the Warsaw Stock Exchange proves to the market that the company is a mature organization.

Becoming a public company also brings benefits for shareholders. If they want to cash out their shares, an IPO may involve a sale of shares by existing shareholders. On the other hand, if they stay with the company, the effect of the IPO can increase the value of the shares and their liquidity for the future.

THE RIGHT TEAM

The key to a successful IPO is the selection of experienced advisers to help build a consistent and credible image of the company that will be persuasive for investors. A public offering and stock market debut are the result of a long and complex process requiring proper preparation in legal, financial and business terms. However, if the company chooses the right associates, everything can go smoothly.

The key players supporting the offering and listing are the legal adviser, the offeror (bookrunner), the auditor, and a public relations and investor relations (PR/IR) adviser.

To conduct an IPO, the company will need to retain a team of lawyers specializing in capital markets law, in particular advising on public offerings and listing of companies.

Also, the nature of game development companies' operations requires the participation of specialists in other fields of law, such as intellectual property, employment, state aid, or regulatory law, whose involvement in the process will help smoothly resolve any potentially problematic issues that need to be presented in the prospectus.

Since game development companies typically operate in the international arena, it is worth finding an experienced law firm working with entities and laws of other jurisdictions to approach the foreign aspects of the company's activity with understanding.

In the IPO process, legal advisers coordinate the preparation of the offering documentation and work on the prospectus. Their brief may include performing due diligence on the company for matters required to be disclosed and described in the prospectus; preparing the company for going public in terms of corporate governance and compliance; preparing and coordinating work on the prospectus, and representing the company in proceedings before the Polish Financial Supervision Authority (KNF) and coordinating the process of approval of the prospectus by KNF.

If the company going public on the WSE is in the form of a limited liability company (sp. z o.o.), it needs to be converted into a joint-stock company (S.A.) before the actual IPO process can take place.

THE OFFERER

Only a licensed investment firm (brokerage house) can serve as the offeror. Along with the legal adviser, the offeror is the key entity leading the IPO.

The offeror is responsible for the business preparation of the company for the offering. Even before working on the prospectus, the offeror analyses the company from an operational point of view; proposes a strategy for carrying out the offering; and helps choose the best time for an IPO and determine the parameters of the offering. In subsequent stages, the brokerage not only intensively participates in drafting the prospectus, but also coordinates the offering process and supports the company in proceedings before the KNF, the Warsaw Stock Exchange, and the Central Securities Depository of Poland (KDPW).

Often the offeror also acts as the manager of the offering—necessary to direct the share offering to institutional investors. The manager organizes meetings with investors before the start of the transaction ("early-look" meetings, "pilot fishing," roadshow), coordinates the selection of institutional investors, and is responsible for building the demand book and setting the final price for the shares.

THE AUDITOR

The function of the auditor within the public offering is performed by a chartered accountant as an entity authorized to examine the financial statements.

The auditor prepares the company for its stock exchange debut from the financial side, compiles the financial data, and audits historical data prepared for the prospectus. If a company reports using Polish accounting standards, the auditor can also assist the company in the transition to international standards (IFRS/IAS).

INVESTOR RELATIONS

It is also worthwhile to establish cooperation with a PR agency to plan the company's communications with the market throughout the process. The agency oversees the marketing message related to the IPO and controls the company's communications with the media.

Once the advisory team is assembled, the company can begin the actual IPO process.

CONVERSION

If the company has the form of a limited liability company, the first step is to convert it into a joint-stock company. Importantly, the transformation process is not an obstacle on the way to the Warsaw Stock Exchange. On the contrary, if the transformation into a joint-stock company is properly combined with the due diligence process, the legal adviser can help avoid the often tedious adjustment of the company's corporate structure to the requirements of the WSE.

DUE DILIGENCE

The next stage is the company's due diligence. Advisers analyze the issuer from a legal, operational and financial perspective, identifying information that needs to be disclosed in the prospectus to enable investors to make an informed investment decision. Due diligence helps ensure that data in the prospectus are true, fair, complete and accurate.

One of the key elements of due diligence is identifying risk factors associated with the company's operations. The risk factors are a mandatory element of the prospectus and allow investors to assess whether they can accept the level of risk associated with the activities of the company.

In principle, due diligence includes an examination of the company's legal status, capital group, organizational structure, corporate issues, employee issues, and the company's relationship with its counterparties. Depending on the type of activity undertaken by the company, due diligence may also include specific legal issues requiring additional expertise, such as intellectual property law, environmental law, regulatory law, or public law if the company benefits from grants or subsidies.

As part of the due diligence process, the legal adviser also helps the company adopt corporate governance principles typical for public companies. This includes amending the company's articles of association and bylaws, appointing an audit committee, and preparing additional internal regulations.

Corporate preparation of the company also includes drafting and adoption of resolutions of the general meeting necessary for listing on the WSE: a resolution on the issue of new shares, which will be covered by the prospectus, and a resolution on applying for admission of shares covered by the prospectus to trading on the regulated market.

A public company should also observe the Code of Best Practice for WSE Listed Companies. It is not compulsory to follow all practices, but the company has to account for not following them. Therefore, it is crucial for the company, in consultation with its legal adviser, to select the practices it will follow and make a good case for not following others, by the "comply or explain" principle.

PROSPECTUS

The prospectus is the basic document presenting the company and the contemplated offering. It contains information investors need to make an informed assessment of the company.

The substantive scope of the prospectus, as well as the method of presenting the information, is governed by the EU's Prospectus Regulation (2017/1129) and the Act on Public Offerings of Financial Instruments. The information contained in the prospectus must be written and presented in a concise, understandable way, and must and its form must be easy to analyze.

Usually, the preparation of the prospectus is coordinated by the legal adviser, which also drafts the legal part of the document. However, all advisers and the company itself are involved in drafting the prospectus. As the key document in the offering, the prospectus must reliably and completely present the legal status of the company, its business model and market position, as well as fulfill a marketing function and encourage investors to purchase the company's shares. The involvement of all parties is essential to ensure that all parts of the prospectus complement each other and form a readable and accessible whole for investors.

The prospectus is submitted to the KNF for approval. During the proceedings, the KNF verifies the prospectus for its completeness, comprehensibility and consistency, and approves it once the company and the advisers have addressed all comments and additional requests made by the KNF.

The procedure before the KNF ends with a decision approving the prospectus, as the culmination of the administrative process. The company or the offeror will then publish the prospectus on its website immediately after approval.

OFFERING

The actual offering is coordinated by the brokerage and includes several key events targeted to different classes of investors. Relations with institutional investors are established during roadshows and book-building.

Roadshows are meetings of the company's managers with potential institutional investors, organized by the brokerage. Their purpose is to present the company to investors and encourage them to take part in the offering.

As part of book-building, the brokerage sounds out the interest of institutional investors in the company's share offering. Based on the conclusions from this process, the company and the brokerage determine the final terms of the offer, such as the price and number of shares to be sold.

The brokerage also directs the offering to individual investors, who can place subscriptions for shares under the rules outlined in the prospectus.

OTHER ISSUES

One of the main questions companies ask at the beginning of an IPO is how long the entire process will take. But this is one of the most difficult questions to answer, and the best answer is "it depends." It depends on the internal organization.

For the legal examination to begin, the company must provide a range of information and documents. Depending on the level of organization in the company, gathering all the data can take up to several weeks.

The legal and operational analysis of the company is a key part of the preparation of the prospectus. The duration of the analysis depends largely on the complexity of the company's organization and its business.

As a rule, with the active participation of the company and advisers, the due diligence process should take about two months.

In the course of due diligence, the legal adviser begins to draft the prospectus. As the prospectus is based on the results of the legal and operational analysis, the time it takes to draft the prospectus depends on these results. The prospectus should present the company as fully as possible. This helps expedite the explanatory proceedings before the KNF. Again, with the active participation of the company and all advisors in completing the prospectus, work on the document should take around three months.

The prospectus is subject to approval by the KNF. First, the KNF engages in an investigation, submitting comments to the prospectus, which should then be addressed by revising the prospectus or otherwise clarified. In practice, the process of approval of the prospectus takes two to three months, but sometimes it can last much longer.

The timing of the offering and subscription of shares is a business decision agreed upon by the brokerage and the company.

Upon successful completion of the offering and subscription of shares, the company must register the shares with the KDPW, and the WSE admits the shares to trading on the stock exchange and sets the first day of trading.

AmCham in Warsaw

Economic DIPLOMACY

The keynote speaker at the AmCham November Monthly Meeting was Robin L. Dunnigan, US Deputy Assistant Secretary for Central and Eastern Europe from the Bureau of European and Eurasian Affairs at the US Department of State.
Deputy Secretary Dunnigan talked about Washington's policy priorities for the region and discussed with the AmCham members business challenges and opportunities in Poland including the economic situation in the country and the CEE region. The discussion was moderated by AmCham Chairman Tony Housh. The venue was the Warsaw Marriott Hotel.

1. Robin L. Dunnigan, US Deputy Assistant Secretary for Central and Eastern Europe. 2. Tony Housh, AmCham Chairman (Northropp Grumman). 3. Dominika Fox-Matulewicz, AmCham Executive Director; Roman Rewald. 4. Robin L. Dunnigan; Marek Śmigielski, Wind Service. 5. Agnieszka Jankowska, AmCham Board Member (GE); Andrzej Kozłowski, Emitel. 6. Elżbieta Czetwertyńska, Citi; Katarzyna Kieli, Discovery. 7. Robin L. Dunnigan; Tony Housh. 8. Cynthia Biggs, US Embassy; David DeBenedetti, DeBenedetti, Majewski, Szcześniak. 9. Robin L. Dunnigan; Tony Housh. 10. The meeting in progress.

AmCham in Warsaw

Observing Old TRADITIONS

Great food, prepared by the renowned Macin Sasin, Executive Chef at Sheraton Grand Warsaw, and a raffle sponsored by Apothic, Forever Living Products and Mary Kay, were the attractions of the AmCham Thanksgiving Business Mixer, held in November at Sheraton Grand Warsaw which was the main sponsor. Supporting sponsors were Perła and Pepsico.

1. Marzena Drela, Operations Director, AmCham; Magdalena Maciejewska, Sheraton Grand Warsaw. 2. Lucky raffle winner Andrzej Dziukała, Janssen. 3. Rafał Stepnowski, AmCham Board Member (Boeing); Agnieszka Jankowska, AmCham Board Member(GE). 4. Macin Sasin, Sheraton Grand Warsaw; Anita Kowalska, AmCham; Magdalena Maciejewska. 5.Marzena Drela; Rafał Stepnowski; Magdalena Maciejewska. 6. Bolesław Czerwiński, Citibank; Anna Hałas- Krawczyk, Greenberg Traurig. 7. Jakub Foreman, Lockheed Martin; Marzena Drela. 8. Stefan Hildt, Universal Express; George Michalski. 9. Tomasz Buras, Savills; Marzena Drela; Wojtek Niewierko, Philip Morris International. 10. Magdalena Maciejewska; Łukasz Kowalski, MSL Group.11. Piotr Juchnowski, Jones Lang Lasalle; Marzena Drela. 12. Katarzyna Obuchowicz, Biba Konieczna, Brown Formam; Alina Gronek.

MIXER SPONSOR

SHERATON GRAND
Warsaw

AmCham in Wrocław

Opening A NEW CHAPTER

After almost a two-year-long break resulting from the pandemic, in November, AmCham Wrocław Branch held a live business lunch with Michał Kobosko, Deputy Chairman of the civic association "Polska 2050".
The speaker presented the details of the Polska 2050 activities and the organization's operations across the country. According to various opinion polls, the organization may become a significant player on the Polish political stage in 2022 and beyond. The speaker also talked about the current economic situation and highlighted some business insights of the Polska 2050 program for entrepreneurs. The meeting was an opportunity for AmCham members to reconnect after a long time and discuss the current business environment, conditions for executing their operations locally and challenges in 2022. The venue was the Bridge Wrocław Hotel.
The meeting marked a great opportunity for AmCham members to reconnect after a long time and discuss the current business environment, conditions for executing their operations locally and challenges in 2022. The meeting was also an occasion to meet Dominika Fox–Matulewicz, AmCham Executive Director, who visited Wrocław for the first time in her new role.
After such a promising reopening of live meetings, AmCham Wrocław looks forward to holding more such successful events in 2022.


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1. Michał Kobosko, Polska 2050. 2. Dominika Fox–Matulewicz, AmCham Executive Director. 3. Monika Ciesielska-Mróz, AmCham Wrocław Director (PM Group). 4. Zenon Madej; Michał Kobosko; Dominika Fox–Matulewicz. 5. Zenon Madej; Michał Kobosko. 6. The meeting in progress. 7. Monika Słomka, PM Group; Krzysztof Bober, 3M. 8. Patryk Grygiel, Michael Page; Katarzyna Rosińska, PM Group; Monika Słomka; Jacek Łuć, Michael Page; Małgorzata Ordon, PM Group; Marta Poślad, Google; Radosław Kaskiewicz, 3M; Michał Kobosko; Dominka Fox-Matulewicz; Krzysztof Bober, Mariusz Wawer, 3M; Zenon Madej, Polska 2050; Maciej Borkowski, Credit Suisse; Monika Ciesielska-Mróz. 9. Łukasz Czajkowski, JLL; Ewa Carr-De Avelon, BNY Mellon. 10. Mariusz Wawer, Radosław Kaskiewcz, 3M. 11. Łukasz Czajkowski; Ewa Carr-De Avelon; Katarzyna Krokosińska, JLL; Monika Ciesielska-Mróz. 12. Jacek Łuć; Małgorzata Ordon; Patryk Grygiel. 13. Monika Ciesielska-Mróz; Mariusz Wawer; Radosław Kaskiewicz.

AmCham in Warsaw

Meeting JLL'S GLOBAL CEO

In November, AmCham hosted the AmCham Chairman's Table Dinner with keynote speaker Christian Ulbrich, Global CEO and President of JLL, who discussed how the pandemic changed the perception of the office as a place to work. The speaker also highlighted the main trends in the transformation of the real estate market towards more sustainable and energy-saving buildings. The venue was the Raffles Europejski Hotel in Warsaw.










1. Tony Housh, AmCham Chairman (Northrop Grumman); Christian Ulbrich, Global CEO and President of JLL. 2. Tomasz Czuba, JLL; Jacek Graliński, Amgen. 3. Heather Rogers, US Embassy; Radek Kaskiewicz, 3M. 4. Marzena Drela, AmCham Operations Director; Michał Chodecki, Panattoni; Weronika Guerquin, Baker McKenzie; Dominika Fox-Matulewicz, AmCham Executive Director. 5. Małgorzata Grzegorczyk, Puls Biznesu; Agnieszka Jankowska, AmCham Board Member (GE); Jolanta Jaworska, AmCham Board Member (IBM). 6. Anita Rogalska, Philip Morris; Dominika Fox-Matulewicz. 7. Mateusz Bonca, Kylie Kendrick, JLL. 8. Agnieszka Jankowska; Mariusz Mielczarek, Amazon. 9. Małgorzata Wadzińska, P&G; Anita Rogalska. 10. The meeting in progress.

AmCham in Warsaw

The Sky IS THE LIMIT

In December 2021 AmCham hosted a cocktail reception to present the Cloud 2030 McKinsey & Company Report on cloud technology and its impact on the Polish economy and business. The authors of the report, Tomasz Marciniak, Managing Partner at McKinsey Poland; Borys Pastusiak, Local Partner, and Ewa Granosik, Associate, highlighted the potential of the cloud technology for accelerating the growth of the digital economy. The venue was the Nobu Hotel Warsaw.










1. Tomasz Marciniak, McKinsey Poland. 2. Tony Housh, AmCham Chairman (Northrop Grumman). 3. Tony Housh; Paweł Gruza, KGHM; Andrzej Kozłowski, Emitel. 4. Dominika Fox-Matulewicz, AmCham Executive Director; Paweł Matulewicz, PwC; Paweł Jakubik, Microsoft. 5. Izabela Morawska, Coca-Cola; Paweł Gruza; Anita Kowalska, AmCham; Marzena Drela, AmCham Operations Director. 6. Magdalena Dziewguć, Google Poland; Marta Kokoszka; Amazon Web Services. 7. Mariusz Sawiński, Sawiński Consulting; Rafał Stepnowski, Boeing. 8. Adrian Kurowski, Visa; Izabela Morawska. 9. Barbara Pocialik, AmCham; Wojciech Płażalski, Orange Polska. 10. Dominika Fox-Matulewicz; Magdalena Dziewguć. 11. The meeting in progress.

AmCham in Warsaw

Once a Year IN DECEMBER

Following its long tradition, AmCham held the 2021 Annual General Meeting and Christmas Reception in the last month of the year. Honorary guest speaker, B. Bix Aliu, Deputy Chief of Mission, US Embassy Warsaw, joined the event online. Other speakers included Dominika Fox-Matulewicz, AmCham Executive Director, who opened the Annual General Meeting, followed by Tony Housh, AmCham Chairman, who presented the 2021 AmCham Annual Report. Before the members took their votes, Mateusz Budner representing the AmCham auditor PwC, shared his remarks on the organizations' bookkeeping and financial performance. The venue was the InterContinental Warsaw.







1. Dominika Fox-Matulewicz, AmCham Executive Director. 2. Tony Housh, AmCham Chairman (Northrop Grumman). 3. Britta Kutz, Intercontinental Hotel Warsaw. 4. B. Bix Aliu, Deputy Chief of Mission, US Embassy Warsaw, joined the event online. 5. Tony Housh, honored on the occasion of the 25th anniversary of his work with AmCham; Dominika Fox-Matulewicz. 6. Tony Housh; Katarzyna Kieli, Discovery/TVN. 7. Dariusz Pietrzak, Enterprise Investors; Marzena Drela; Paweł Gruza, KGHM. 8. The representatives of AmCham member companies awarded with certificate of recognition for 30 year-long membership, with Tony Housh and Dominika Fox-Matulewicz. 9. Tomasz Buras, Savills; Dominika Fox-Matulewicz. 10. Małgorzata Skonieczna, Pepsi; Marta Blazik, Bristol Hotel; Agnieszka Kępińska, Mondelez. 11. Jolanta Jaworska, AmCham Vice-Chairman (IBM); Agnieszka












Jankowska, AmCham Board Member (GE). 12. Marzena Drela; Dorota Dąbrowska-Witnerscheid; Jacek Graliński, Amgen. 13. Agnieszka Kępińska; Małgorzata Skonieczna; Rafał Stepnowski; Marzena Drela; Katarzyna Obuchowicz, Brown-Forman; Mateusz Jurczyk, AmCham. 14. Jolanta Jaworska; Dominika Fox-Matulewicz; Cindy Biggs, US Embassy. 15. Jolanta Jaworska; Jarosław Szymczuk, IBM. 16. Katarzyna Obuchowicz; Marzena Drela; Anita Kowalska, AmCham. 17. Marek Matraszek, CEC Group; Tony Housh. 18. Eliza Przeździecka, AmCham; Dominika Fox-Matulewicz; Tony Housh; Rafał Stepnowski; Barbara Stepnowska. 19. Alina Gronek; Tomasz Jezierski, Raytheon; Mateusz Jurczyk; Barbara Pocialik, AmCham.

AmCham Wrocław

Entering the Holiday SEASON

In December, AmCham Wrocław started the Holiday Season with the AmCham Year-End Networking event, held jointly with the British Polish Chamber of Commerce and the Association of Business Service Leaders. The partners of the event, without whom it could not have taken place, were JLL, Echo Investment, Raben and Filipiak Babicz Legal. The venue was the DoubleTree by Hilton Wrocław Hotel.
Despite the pandemic challenges, the event attracted almost 60 representatives of the business community in Wrocław and Lower Silesia, who were fully-vaccinated or held the proof of recovery from Covid-19.


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PARTNERS

ECHO investment

FILIPIAKBABICZ. EXPERT HOUSE

JLL

Raben your partner in logistics

1. Maciej Borkowski, ABSL Wrocław Chapter Leader (Credit Suisse); Monika Ciesielska–Mróz, AmCham Wroclaw Director (PM Group); Ilona Chodorowska, BPCC. 2. Paweł Siwecki, BPCC; Ilona Chodorowska; Monika Ciesielska–Mróz; Maciej Borkowski. 3. Monika Ciesielska–Mróz opens the event. 4. Monika Rząsa, Credit Suisse; Jakub Koba, Kogifi Digital; Katarzyna Józefowicz, Credit Suisse; Ewa Carr–De Avelon; BNY Mellon. 5. Monika Ciesielska-Mróz; Vangelis Savvas, 3M Global Service Center, Poland; Marco A. Ortiz, 3M Global Service Centers. 6. Katarzyna Turkiewicz, Hewlett Packard Enterprise Global Business Center; Anna Stelmach, ADAPTIVE Solutions & Advisory Group.7. Katarzyna Krokosińska, JLL; Paweł Romaszkan; Wroclaw University of Economics and Business. 8. Fabio Pommella, Whirlpool; Krzysztof Jarzyna, Industrias Alegre. 9. Krzysztof Bronisz, ABSL; Łukasz Czajkowski, JLL; Anna Berczyńska, Schaeffler. 10. The meeting in progress. 11. Barry Lintereur, 3M GSC Costa Rica; Salviya Balami, 3M GSCs; Maciej Borkowski; Monika Ciesielska–Mróz; Ilona Chodorowska; Vangelis Savvas; Marco A. Ortiz. 12. Monika Ciesielska–Mróz; Fabio Pommella. 13. Katarzyna Krokosińska; Monika Ciesielska-Móz; Mariusz Raszewski, Coventry University Wrocław. 14. Tomasz Prokopiuk, GlobalLogic; Jacek Witkowski, SkillsMatter. 15. Anna Wierus, DoubleTree by Hilton Wrocław Hotel; Jarosław Jackowiak, KYNDRYL; Monika Ciesielska-Mróz. 16. Jarosław Skrzyniarz, Kinnarps; Paweł Siwecki, BPCC CEO.

AmCham Kraków & Katowice

Getting a Taste of THE HOLIDAY MOOD

In December, the AmCham community in Kraków celebrated the Winter Holiday Season at the Holiday Inn Krakow City Centre hotel, with Jerzy Muzyk, Deputy Mayor of Kraków, and Patrick Slowinski, Consul General at the US Consulate General in Kraków. The guest of honor was senator Bogdan Klich. The Christmas Raffle sponsors were Brown-Forman, the CANPACK Group, Casinos Poland, GE Healthcare, Holiday Inn Krakow City Centre, International School of Kraków, Mattel, Motorola Solutions, Pegasystems, Prime Time Wrestling, Santander Bank Polska and Sheraton Grand Kraków.Special thanks go to Magdalena Żak-Cesarz and Yossi Wircer from Holiday Inn Kraków in acknowledgment of their work to make this event such a success.


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1. Patrick Slowinski, U.S. Consul General to Cracow; Mateusz Jurczyk, AmCham. 2. Jerzy Muzyk, Deputy Mayor of Kraków. 3. Marzena Drela, AmCham; Magdalena Żak-Cesarz, Holiday Inn Kraków City Centre. 4. Patrick Slowinski; Marzena Drela; Senator Bogdan Klich; Magdalena Żak-Cesarz; Mateusz Jurczyk; Jerzy Muzyk; Tomasz Szpyt, Philip Morris. 5. Bogdan Klich, Patrick Slowinski. 6. Bogdan Klich; Marzena Drela; Tomasz Szpyt; Bartosz Kurek; Philip Morris. 7. Wojciech Cyrul, the Kraków Children's Hospital of the Jagiellonian University; Agnieszka Kubiak-Cyrul, Akademia Krakowska. 8. Marcin Iwaszkiewicz, BNP Paribas; Marzena Drela. 9. Paweł Mazur, Wardyński i Wspólnicy; Mateusz Jurczyk; Jacek Kasz. 10. Paweł Mroziak, Sheraton Grand Krakow; Katiarina Poniatowska, Cypher Learning; Maciej Szczygieł, AICP CIMA; Elwira Koszewska, Winncom. 11. The event in progress. 12. Adam Borowski, Kovas; Łukasz Czajkowski, JLL; Jacek Mleczko. 13. Marzena Drela; Anna Sapota, Tomra. 14. Mateusz Jurczyk; Anna Zemła, GE Healthcare. 15. Agnieszka Kubiak-Cyrul; Agnieszka Kuehn, Savills. 16. Maciej Szczygieł; Elwira Koszewska; Katiarina Poniatowska. 17. Patrick Slowinski; Radosław Włoszek, Kraków Airport; Mateusz Jurczyk. 18. Beata Sabatowicz, UMK; Paweł Mierniczak. 19. Marek Guzik, US Consulate General in Kraków; Krzysztof Barszcz, Casinos Poland. 20. Piotr Falarz, DLA Piper; Jacek Drabik, Motorola Solutions. 21. John Held, Accent Busienss Training.

AmCham Kraków & Katowice

Celebrating the Holiday SEASON IN SILESIA

In December, AmCham Poland and along with the Polish–Canadian Chamber of Commerce (PCCC), the British-Polish Chamber of Commerce (BPCC), the Italian-Polish Chamber of Commerce (CCIIP), and the German Chamber of Commerce (AHK), held the Christmas Business Mixer in Katowice. It was the first live event held by AmCham in Katowice after a year-long break. Among the guests were Bogumił Sobula, Deputy Mayor of Katowice, dr Janusz Michałek from the Katowice Special Economic Zone (KSSE), and Andrzej Trela, from the Lewiatan Confederation. Special thanks go to CBRE Poland and Santander Bank Polska for their generous sponsorship, and Angelika Nowak, and Andrzej Siess from the Polish Canadian Chamber of Commerce, for making the event happen.

1. Bogumił Sobula, Deputy Mayor of Katowice. 2. Andrzej Siess. 3. Janusz Michałek, Katowice Special Economic Zone. 4. Andrzej Trela, Lewiatan. 5. Magdalena Hilgner, EY; Mateusz Hilgner, Amazon. 6. Monika Wójcik, TMF. 7. Andrzej Siess. 8. Magdalena Hilgner; Mateusz Jurczyk, AmCham; Mateusz Hilgner. 9. Tomasz Chojnacki, CBRE. 10. Paulina Szmolke, Polish-Slovakian Chamber of Commerce; Attila Lengyel, Polish-Hungarian Chamber of Commerce; Angelika Nowak, PCCC; Dorota Kierbiedz, BPCC; Mateusz Jurczyk; Fabrizio Cozzi, CCIIP; ELżbieta Duraj, AHK. 11. Networking time. 12. Bogumił Sobula; Janusz Michałek; Przemysław Sulich. 13. The meeting in progress. 14. Mateusz Jurczyk; Szymon Pudlik, Honeywell; Marcin Nowak, Anmega; Wojciech Kuśpik, PTWP; Stanisław Cieśla; Kyndryl.

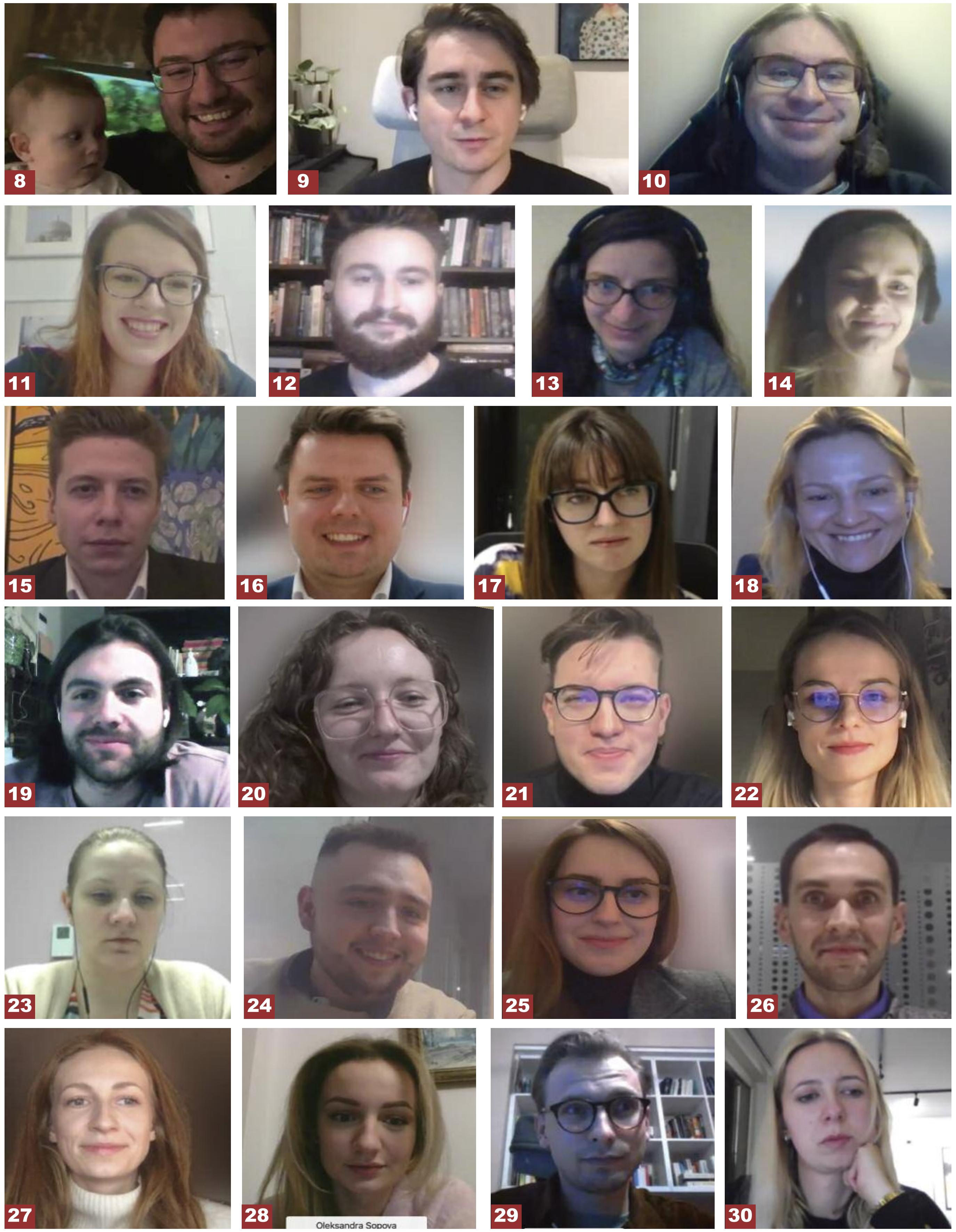
AmCham in Warsaw

Learning From THE PRACTITIONERS

In November, December and January, the mentoring program 30 Under 30 held three sessions. The speakers in November were Krzysztof Kłapa and Katarzyna Rodziewicz form Ronald McDonald Foundation. Kłapa talked about the role of corporate social responsibility in his professional career, while Rodziewicz highlighted the aims of the foundation, how its daily work looks like and how volunteers can get involved. The session was held in a hybrid mode with some participants at the AmCham office and others at home connecting with the speakers online.

In December, due to pandemic limitations the session was held fully online. The speaker was Lisa Glassner, Head of Sales Europe at Comfy/Siemens, who talked about what drives personal engagement in networks and how networked individuals can extend their impact beyond exchanging business cards and activities on social media. Marcin Petrykowski, CEO of Atende SA, former regional Head of S&P and AmCham Board Member, met online with 30 Under 30 program participants in January. He talked the opportunities that the digital transformation offers for professional career advancement. Mateusz Jurczyk, AmCham Kraków & Katowice Director, moderated the sessions.

The participants of the program are 30 selected employees of AmCham member companies, who are aged below 30.



1. The session at the AmCham Board Room in November. 2. Krzysztof Kłapa, Ronald McDonald Foundation. 3. Katarzyna Rodziewicz, Ronald McDonald Foundation. 4. Lisa Glassner, Comfy/Siemens. 5. Mateusz Jurczyk, AmCham Kraków & Katowice Director. 6. The November session was held in hybrid mode. 7. Marcin Petrykowski, Atende SA. 8. Krzysztof Abramczyk, Aptiv. 9. Piotr Balcerowski, Uber. 10. Paweł Balczunas, PM Group. 11. Joanna Bogdanowicz, Novartis. 12. Witold Brylewski, Lumen. 13. Hanna Cichy, Polityka Insight. 14. Karolina Domańska, Mattel. 15. Mateusz Gerlach, CMS. 16. Gabriel Grzelka, Citi Handlowy. 17. Martyna Komorowska, Browm Formann. 18. Katarzyna Kopacz-Zakrzewska, Janssen. 19. Vazha Krichashvili, NCR. 20. Pamela Krzypkowska, Microsoft. 21. Bartosz Kubiak, CEC Group. 22. Magdalena Kubit, Pega Pegasystems.23. Karolina Mojsym, MasterCard. 24. Bartłomiej Olszewski, C.H. Robinson. 25. Oktawia Rączy, MSL. 26. Jakub Siedlik, Motorola Solutions. 27. Michalina Sobolewska, Exxon Mobil. 28. Oleksandra Sopova, Mondelez International. 29. Maciej Statkiewicz. 30. Agata Suder, JLL.

AmCham in Warsaw

Gazing Into THE CRYSTAL BALL

The AmCham Monthly Meeting in January focused on the economic outlook for 2022, with speakers: Michał Dybuła, Chief Economist at BNP Paribas Bank Polska; Cristina Savescu, Senior Economist for Poland and EU countries at the World Bank; Eliza Przeździecka, AmCham Chief Economist; and Paweł Wojciechowski, Chief Economic Advisor to *Polska 2050*, a political organization. AmCham Chairman Tony Housh moderated the discussion. It was a hybrid meeting—its venue was the Warsaw Marriott Hotel.

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1. Tony Housh, AmCham Chairman (Northrop Grumman); Paweł Wojciechowski, Polska 2050; Michał Dybuła, BNP Paribas; Eliza Przeździecka, AmCham; with World Bank's Cristina Savescu joining the meeting online. 2. Jerzy Thieme; Tony Housh; Paweł Wojciechowski. 3. Ronald Farkas, Paweł Bystrzejewski, Poland-US Operations. 4. Paweł Gruza, KGHM; Eliza Przeździecka; Michał Dybuła. 5. Michał Dybuła; Tony Housh. 6. Angela Saliba, Sheraton Grand Warsaw; Aidan Dempsey, Royal Bristol Warsaw. 7. Mateusz Jurczyk, AmCham; Michał Obiegała, BP Poland; Mariusz Mielczarek, Amazon. 8. Michał Obiegała; Kamil Rosiak, KPMG. 9. Anna Jaros, US Embassy; Jagoda Zakrzewska, Goggle. 10. Anna Surała, the Eastern Studies Institute; Małgorzata Wadzińska, P&G; Anita Kowalska, AmCham.

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