

WARSAW BUSINESS JOURNAL

Economy | Tech News | Real Estate

FEBRUARY/MARCH 2018 ~ No. 02/03 (43)

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WOMEN IN LEADERSHIP

- women on the board
- parity issues
- office diversity

KAROLINA KAIM

CEO of Tacit Investment
reflects on her career in
real estate and shares her
vision of the premium
residential market

REAL ESTATE

Record investment
volume in 2017
Could it get any higher?

ASIAN AND AUSTRALIAN MARKETS ARE NEXT

Rafał Zięba

Managing Partner, Head of Real
Estate Practice at Kochański,
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GOVERNMENT RESHUFFLE | EU-POLISH TENSIONS | "DEATH CAMP" CONTROVERSY | IT PAY SCALES



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FEBRUARY/MARCH

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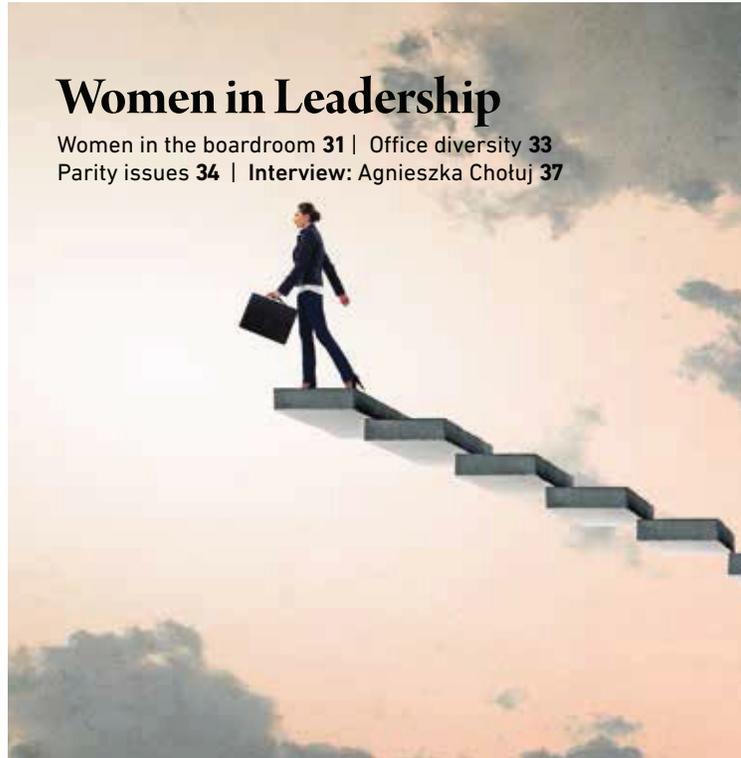
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Correction, disruption, diversification, security, equality

BY MORTEN LINDHOLM

THERE ARE MANY BIG WORDS on the 2018 agenda. I admit that after my overtly bullish outlook all the way through 2017, the first several weeks of the year have given me reason to pause. It's hard not to see some warning signs, be they of a temporary hiccup or of a larger correction looming over world stock markets.

We saw some strong financial results in Q4 2017, but market expectations have been building up to a level that could no longer be realistic. Most companies delivered on their promise, particularly on the Polish market, which is seeing remarkable growth overall. But as much as stock markets give in to overall optimism, they are also prone to succumbing to panic once some of the results deviate from forecasts. And that could be a slippery slope for all involved – just saying.

But onto more optimistic notes. Having been brought up in Scandinavia, ideas such as “democracy,” “freedom of speech” and “equal rights for both genders and all citizens” have always been as certain to me as the proverbial “death and taxes.” Unfortunately, this isn't true everywhere and for everyone – and that is why I am very proud to include equality as part of WBJ's mission to put forward great Polish success stories from great Polish leaders, regardless of their gender, race or political views. Take a look at some of the amazing stories we bring you in our Women in Leadership section on pp. 31-43.

In our first issue of 2018, we dive right into the world of real estate as well, with the record-breaking 2017 transaction volume in mind. We talked to some key players in the market to ask whether there is any cause for concern or if they believe the market growth is sustainable. Are we going to see a new all-time-high apartment price in Poland in 2018? Is there enough land to sustain the current level of development? Will the residential market keep selling as well as it has?

Economic aspects aside, Poland has been making a lot of headlines recently, not all of them as favorable as one would wish. We take a step back to evaluate the recent government shake-up, and the latest controversial legal and environmental policies, as well as how they affect Poland's place within the EU.

Monitor, analyze, adjust, focus, continue, master – I wish you a successful spring.

Enjoy the read.

Morten has been equipped by Reykjavik District – Warsaw's unique menswear design shop on ul. Burakowska 15. Check out Reykjavik's latest collection at reykjavikdistrict.com

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In Review

NEWS HIGHLIGHTS OF THE PAST MONTH FROM WBJ.PL



“

This bill protects Polish interests, our dignity, the historical truth so that we are not slandered as a state and as a nation”

- Andrzej Duda

‘POLISH DEATH CAMPS’ LAW SPARKS CONTROVERSY

By Victor Epstein

In early February, President Andrzej Duda signed the highly debated amendment on the use of the term “Polish death camps” into the Polish law. The new bill states that anyone who publicly ascribes blame or joint blame to the Polish nation or state for crimes committed by Nazi Germany or for war crimes or other crimes against humanity may face criminal charges. Also, the phrase “Polish death camps” will now be illegal.

The law, according to its proponents, is aimed at stopping people from incorrectly concluding that Poland had a role in running the camps, and it imposes jail time for using phrases such as “Polish death camps.” But critics say the legislation could hinder debating history, thus harming freedom of expression and opening the way to Holocaust denial. “We are open to dialogue, we want to discuss and investigate the historical truth,” Prime Minister Mateusz Morawiecki stated.

The Israeli parliament decided to debate an amendment to its own “Holocaust denial” law that would penalize the minimizing of the role of Nazi collaborators – a clear reference to the new Polish legislation. Several international organizations have also condemned the law, including Yad Vashem, the United States

Holocaust Memorial Museum and the Simon Wiesenthal Center.

Comments made by PM Morawiecki at a conference in Munich, Germany in mid-February, only added fuel to the flames. He remarked that “Jewish perpetrators” were among other nationalities in an attempt to deflect a question concerning the mentioning of some Poles collaborating with the Gestapo. Israeli Prime Minister Benjamin Netanyahu was particularly indignant, exclaiming that his Polish counterpart’s comments were “outrageous” and “lack[ing] in sensitivity to the tragedy of our people.”

In a public letter written to Morawiecki, two history professors from Jagiellonian University and the University of Aberdeen, who had recently won multiple honorary awards from the Polish Ministry of Foreign Affairs for their books on promoting Polish history, isolated and addressed the major flaws and consequences of the new controversial law regulating historical discourse. The new law intended to fight against the misrepresentation of Poland and Poles during the Holocaust as anti-Semites or, in particular, perpetrators of the concentration camps by previously being referred to as “Polish death camps” in international discourse. While the professors were in full support of the intent, the negative backlash internationally, the aggressiveness of establishing a punishable offense, and the possibility of whitewashing negative and “uncomfortable” Polish history became key reasons for their request that the law be repealed.

POLITICS

Macierewicz, Waszczykowski, Szyszko, others lose their posts in major CABINET SHAKEUP

PM Mariusz Morawiecki has dismissed several ministers in a major government reshuffle. Among those who were dismissed were Defense Minister Antoni Macierewicz, Foreign Minister Witold Waszczykowski and Environment Minister Jan Szyszko. This move was seen as an attempt to improve the strained relationship with Brussels.

Also losing their posts were Health Minister Konstanty Radziwiłł and Digitization Minister Anna Streżyńska. New ministers include Jacek Czaputowicz, a professor of international relations, as Minister of Foreign Affairs. Henryk Kowalczyk has been appointed as the new Minister of the Environment, while Łukasz Szumowski became the head of the Ministry of Health.

Mariusz Błaszczak moved from the Ministry of the Interior to the Ministry of Defense, with Joachim Brudziński taking over his previous post.

The Ministry of Economy and Development, led by Morawiecki himself until now, was split three-ways, with Janusz Kwiecieński at the helm of the newly set up Investment Ministry. Jadwiga Emilewicz will run the newly-established Ministry of Entrepreneurship in charge of overseeing technology policy. Lastly, former Deputy Finance Minister, Teresa Czerwińska, has been promoted to the head of that ministry.

Read more on page 22-23 and 25.



INTERNATIONAL

Russia permanently deploys Iskander NUCLEAR-CAPABLE MISSILES to Kaliningrad exclave

Russia has deployed advanced nuclear-capable Iskander missiles to its Kaliningrad exclave, according to an RIA agency. The latest model of Iskander 3M14 missile has a range of 2,000 kilometers and can carry both conventional and nuclear warheads.

The Iskander missiles have been deployed to Kaliningrad numerous times before, often as a response to NATO training exercises or deployment of troops to its Eastern flank. However, according to Lithuanian Defense Minister Raimundas Karoblis, this move is permanent.



INTERNATIONAL

TUSK TO UK – you can still change your mind

European Council President Donald Tusk has assured British leaders that there is still time to change their decision to leave the European Union.

“If the UK government sticks to its decision to leave, Brexit will become a reality with all its negative consequences in March next year, unless there is a change of heart among our British friends. If a democracy cannot change its mind, it ceases to be a democracy. We, here on the continent, haven’t had a change of heart; our hearts are still open,” he said in the European Parliament. His words were backed up by the President of the European Commission Jean-Claude Juncker. “President Tusk ... said that our door remains open. I hope that will be heard clearly in London,” he added.

BUSINESS

Companies face more RECRUITMENT issues

According to a report published by HR consultancy Work Service, the number of companies having trouble filling vacancies has increased by 18 percent since last year. Currently, every other company in Poland is facing such difficulties.

Companies are trying to overcome these issues by raising salaries. “As many as 37.1 percent of entrepreneurs are offering higher salaries during the recruitment process, while 28.1 percent offer longer work hours when trying to fill in for missing produc-

TRENDING STATS

5.1%

Q4 GDP growth (GUS)

4.6%

GDP growth in 2017 (GUS flash estimate)

6.9%

Unemployment rate in January (GUS)

8.2%

Retail sales increase (GUS, y/y)

6.2%

Seasonally adjusted industrial output increase (GUS, y/y)

3.8%

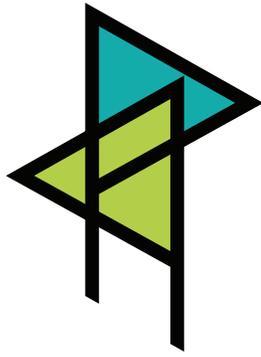
Average employment growth in companies in January (GUS, y/y)

6.3%

January increase in wages (GUS, y/y)

1.9%

Inflation rate in January (GUS)



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tivity hours. Moreover, the report added that 26.6 percent of companies plan to hire Ukrainian nationals to offset vacancies.

MINING
BOGDANKA dismisses CEO

WSE-listed coal miner Bogdanka has dismissed its CEO Krzysztof Szlaga. The company named its deputy CEO Sławomir Karlikowski as acting CEO as it looks for a new chief. Szlaga had been the company's head since April 2016. No reason was given for his dismissal.

ENERGY
Baltic Pipe gets €33 mln EU FINANCING

The Polish-Denmark Baltic Pipe gas link will get €33 million in funding from the Connecting Europe Facility program, the Ministry of Energy informed.

The gas pipeline project Baltic Pipe will receive financial support for the implementation of tasks in Poland and Denmark.

The pipeline is expected to have a capacity of 10 bcm annually. It will connect Poland with gas deposits from the North Sea. The project will cost between €1.6-2.2 billion and could become operational by 2022.



ECONOMY
POLES WORK 41.2 hours per week – Eurostat

On average, a full-time European employee works 40.3 hours a week, according to data released by the EU statistical office Eurostat. People work the longest in the UK (42.3 hours), while Denmark had the shortest working week (37.8 hours). Poland, with 41.2 hours, was fifth.

People employed in the mining industry have the longest working week in Europe—they work 42 hours on average. The shortest working week – 38.1 hours – is in the education sector.

SOCIETY
Polish-Russian team RESCUES FRENCH CLIMBER at 20,000 feet

French climber Elisabeth Revol and Pole Tomasz Mackiewicz had climbed to the peak of Nanga Parbat, but their descent became impossible due to bad weather conditions. Revol helped Mackiewicz set up a tent at 7,200 meters (24,000 feet). She texted Mackiewicz's wife telling her that her companion had succumbed to snow blindness, altitude sickness and frostbite and was in a "terminal state." Revol began to climb down on her own.

A Polish-Russian team of mountain climbers consisting of Adam Bielecki and Denis Urubko managed to find the Frenchwoman, who had been stranded on the Himalayan mountain Nanga Parbat together with Mackiewicz. She was found at around 2 am Pakistani time at 6,100 meters (20,000 feet). She had frostbite on her hands and feet and was unable to walk. After bringing her to their camp, the decision was made not to continue with the rescue of Mackiewicz as it would be nearly impossible to get to him due to the deteriorating weather conditions that would have presented an extreme danger to their lives.



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INTERNATIONAL
Morawiecki and Orbán to EU: MIGRATION POLICY has failed

“EU member states should decide on their own who they want to accept,” PM Mateusz Morawiecki said during his visit to Budapest, adding that the EU’s migration policy has failed. “In terms of migration and quotas that were to be imposed on (EU) member countries, we strongly reject such an approach as it infringes on sovereign decisions of member states,” he said.

Morawiecki’s visit to Hungary was his first bilateral visit since taking office last month.

This is not a coincidence as Budapest has said before that it will block any action to suspend Poland’s voting rights in the EU after the European Commission launched Article 7 procedures against Warsaw. “We don’t want to live in an empire again, we continue to see the European Union as the union of free nations,” Hungarian PM Viktor Orbán said. “We Hungarians want Europe to remain European,” he added, calling for “Christian culture” to be preserved and strengthened.

ECONOMY
Bloomberg: POLAND IS THE 4TH BIGGEST emerging market

Poland came in 4th in the ranking of the most attractive emerging markets in 2018, according to a report from the Bloomberg agency. Mexico and Turkey took the first two spots as both countries had achieved the highest ratings among 20 developing countries due to their actual effective exchange rates being more competitive than the overall average over the last 10 years, according to the analysis. The Bloomberg report was based on a number of indicators such as growth, profitability, current account balances and asset valuation.

ECONOMY
Glapiński: CRYPTOCURRENCIES make no sense for Polish economy

NBP head Adam Glapiński stated that “introducing [cryptocurrencies like Bitcoin], makes no sense for the Polish economy, as it will only bring anxiety and provide room for speculation.” He went on to say that Poland would follow other European economies. “If they ban cryptocurrencies, so will Poland,” he said in an interview with Radio RMF FM. The NBP president also added that a digital currency would worsen problems such as tax evasion and possible criminal activity.

He also commented on his uncertainty about the benefits and pitfalls of a stronger or weaker zloty. He was optimistic about the state of Poland’s economy, predicting that it would remain robust throughout 2018 and would likely see some slowdown, but not before next year. Glapiński was concerned, however, about insufficient domestic housing, stressing its importance in keeping young Poles from emigrating. Besides that, most of his concerns were about foreign issues, fearing potential problems arising from the Chinese economy, crisis in

EU CONFLICT OVER BIAŁOWIEŻA LOGGING

According to Yves Bot, the general advocate at the European Court of Justice, Poland broke international law by drastically increasing logging in the primeval forest of Białowieża. "[Poland is] liable for decisions that could result in a deterioration of breeding sites of protected species," Bot said in a statement, going on to propose that "the court should rule that Poland has failed to fulfill its obligations."

The European Court of Justice (ECJ) will make a final ruling in the coming months and, though it is not obliged to follow the adviser's recommendation, it usually does.

Poland earlier said that it had to cut down trees infested by bark beetles to protect the ecosystem and tourists, though it changed its tune after the ECJ ruling and said it will comply.

The mass logging started in 2015, when then Environmental Minister Jan Szyszko claimed that the trees needed to be cut in order to save the forest from a bark beetle infestation. Since logging started, timber harvesting has increased threefold in Białowieża, bringing millions of złoty in profits to the state-owned company managing Polish forests.



TREE STATS

180,000

trees
in Białowieża were cut down
in 2017

60,000

hectares
is the area of the Białowieża
forest on the Polish side

10,000

hectares
is the area of the Białowieża
National Forest that is
protected by UNESCO

700

is the number of natural
heritage sites within the
Białowieża forest

the eurozone, or a sudden collapse of the global economy caused by oil prices.

SOCIETY

CEE COUNTRIES with the biggest population drop in the world

According to the UN World Population report, Eastern European countries are in the top 10 of the world's fastest shrinking countries (in terms of demography) in the world. According to the study, Poland's population is expected to shrink by 15 percent by 2050, which puts Poland in 9th position along with Hungary. The country with the biggest forecasted drop in population is Bulgaria (23 percent), followed by Latvia (22 percent) and Moldova (19 percent). The first country from outside the CEE region is Japan, where the population is also expected to drop by 15 percent.

ECONOMY

BIK: Seniors have nearly PLN 10k in DEBT ON AVERAGE

The average debt of a person over 65 is PLN 9,936, according to the Credit Information Bureau (BIK). In value terms, seniors have the most consumption loans (PLN 18.9 billion), followed by mortgages (PLN 6.6 billion), credit cards (PLN 1.1 billion) and debit limits (PLN 0.9 billion).

There are currently 6.4 million people aged 65 and up in Poland, of which 60.7 percent are women. Despite the anticipated decline in the population by 4.5 million by 2050, a systematic increase in the number of people aged 60 and over is expected. According to GUS data in 2050, in Poland the share of older people will exceed 30 percent in rural areas, while in urban areas it will approach 35 percent.

BUSINESS

Foreign investors keen on INVESTING IN POLAND – PAIH

As much as 92 percent of foreign investors are satisfied with their decision to invest in Poland and would do it again, the Polish Investment and Trade Agency (PAIH) said.

In their report, compiled with HSBC and Grant Thornton, foreign investors expect to increase their revenue this year (70 percent), while 58 percent plan to increase their workforce in Poland. Furthermore, 48 percent of foreign investors plan to increase their CAPEX in Poland. ●

NEW COLLECTION



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Warsaw, January 9, 2018

PM 10: **167.1** $\mu\text{g}/\text{m}^3$

PM 2.5: **150.1** $\mu\text{g}/\text{m}^3$

EU limits:

PM 10: 50 $\mu\text{g}/\text{m}^3$ daily, 20 $\mu\text{g}/\text{m}^3$ annually

PM 2.5: 25 $\mu\text{g}/\text{m}^3$ daily, 10 $\mu\text{g}/\text{m}^3$ annually

(According to WHO, the daily norms cannot be exceeded on more than 35 days in a year).

What does it all mean?

PM 10 is particulate matter of 10 micrometers or less in diameter. It can increase the number and severity of asthma attacks, cause or aggravate bronchitis and other types of lung inflammation, and reduce the body's ability to fight off infections.

PM 2.5 is smaller (up to 2.5 micrometers) and able to travel deeply into the respiratory tract, reaching the lungs and even the bloodstream. Exposure to fine particles can cause respiratory and circulatory inflammation and produce asthma-like symptoms.

33 OUT OF **50**
European cities with
the worst air quality
are in Poland

PHOTOGRAPH BY KEVIN DEMARIA





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Opinion

EXPERT VIEWS ON CURRENT
BUSINESS AND SOCIAL TRENDS

”

Workplace romance. Better keep it professional

Even up to 40 percent of employees find romance in the office and 23 percent met the love of their lives at work. But is transferring professional relations into your private life a good idea? >>>



Office romance can potentially be a minefield if there is a large disproportion in the job titles of the two people involved.



"Poles are one of the most hardworking nations in Europe. According to Eurostat, every week they spend on average 40.7 hours in the office. That's a lot of time to develop relations, though employers would rather these were professional ones," said Anna Wicha, Country Manager at Adecco Poland.

You could say that a typical Pole spends a third of his or her life, including weekends, at work, and that is if there is no urgent deadline. Professional work creates plenty of opportunities to show how smart, well-read and knowledgeable you are, and, let's face it – showcase your excellent hair and elegant clothes.

THE GOOD

One of the advantages of transferring professional relations into your private life is the opportunity to build a relationship with people who have similar experiences and interests. That is particularly important in medical and legal professions, which don't allow for a lot of mingling outside of work. Also, you get involved with someone you know well. Even though people may behave differently at work and in private situations, you could hardly say you're going on a blind date there.

...AND THE BAD

On the other hand, the cons of an office romance may well outweigh the pros. Not all relationships are successful, and you need to be aware of that. Would you like to spend eight hours every day with an ex-partner? Because of a failed romance, as much as 7 percent of Poles have had to change their workplace. The employer also loses in this scenario, and not through any fault of his own. Moreover, watercooler gossip is an inseparable element of office life. Your relationship will

be developing right in front of other people's lives and they may want to comment on it, not always in a favorable way. "Workplace romance can also hinder productivity," explains Wicha. "An employer won't mind a 15-minute lunch break in a nearby restaurant. But when the quarter turns into an hour-long romantic dinner, it could be a problem," she adds.

AND THE VERY, VERY BAD

Office romance can potentially be a minefield if there is a large disproportion in the job titles of the two people involved. Other employees might think you are getting special treatment and resent you for it, or you might feel pressured not to rebuff your superior's advances, which is the first step towards mobbing and harassment, an offence that carries even a three-year prison sentence.

Should workplace romance be banned outright? Some companies ask their "lovebirds" not to flaunt their feelings in the office, while others forbid it entirely, even going as far as to prepare procedures for when a newly hired person turns out to be in the same company as one of their exes.

Despite all the pitfalls, one out of every four Poles has found love at work. So if you have to do it, do it sensibly. Even though cupid's arrow could find you at the office coffee maker, make sure it hits your heart and not your head. ●



Adam Sanocki
*Managing Partner,
Attention Marketing*



Anita Zajączkowska
Key Account
Director at TFLS
Szkoła Języków
Obcych

Professionals need more specialist language skills

Poles are one of the best educated nations in terms of foreign language proficiency. The country holds 11th position in the world and 9th in Europe in terms of mastering English as a foreign language. This is according to the 7th edition of EF English Proficiency Index (EPI) study, conducted in 2017, and which measures adult English proficiency around the world. The number, as well as the range of English courses for professional purposes, has been growing for years, too.

Professionals learning English have a number of specialist courses to choose from these days. It's no longer just Business and Legal English, although these courses are still very popular. If an engineer needs highly specialized language to communicate with partners, clients and colleagues, they can study Technical English, while IT engineers may want to choose English for Information Technology. There are specialist courses for finance and banking, logistics, medical personnel and even media communication.

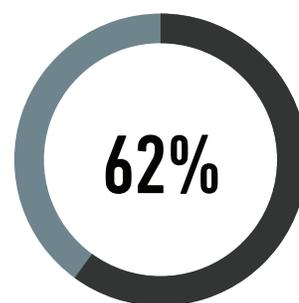
The number of specialist courses has been growing over the past decade, but most recently the growth has accelerated significantly. In 2010, we ran 69 individual and group ESP (English for Specific Purposes) courses. Five years later, we had 74 courses. In 2017, the number had grown to 92 courses.

What is also interesting, women are more eager to improve their language skills, as evidenced by the fact that female course participants constitute 73 percent of all adult students in General English and 62 percent in exam preparation courses offered by TFLS. In the specialist courses we offer, women are also the majority, as 67 percent of ESP course participants are female.

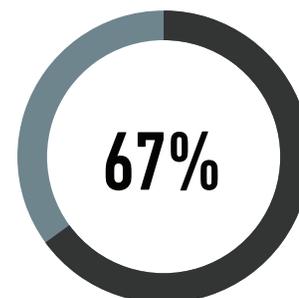
Unsurprisingly, women have a higher level of English proficiency. In the EF English Proficiency Index, women received a global score of 53.81, outperforming men by 0.83 of a point. This gender gap is even wider for Poland, where the female EF English Proficiency Index equals 63.24, and the figure for men is more than two points lower (61.05).

Today, a good command of English is a basic requirement in every other job offer. After all, English is the common language of every international business. In addition, over half of the 10 million most visited websites on the internet are in English. In order to tap into these resources, English proficiency is key. ●

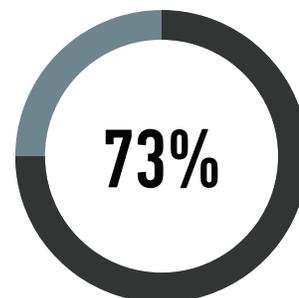
FEMALE PARTICIPATION IN ENGLISH COURSES AT TFLS



Exam Preparation



Specialist Courses



General English



Poland's new compliance regulations

Significant changes in the law regarding compliance are just around the corner. New regulations will influence not only entrepreneurs but also the whole Polish market, without division into individual trades and economic sectors

The scope of the Act, in both objective and subjective terms, arouses, primarily, great interest among Polish entrepreneurs but also significant concerns in the context of the practical impact on their situation. The changes that force the introduction of strong and effective anti-corruption mechanisms, together with regulations concerning the legal protection of whistleblowers will be of particular importance to business trading. The Act on transparency in public life is in line with the global compliance trends: business responsibility for the actions of employees and spreading compliance awareness in organizations.

The application of internal anti-corruption procedures in Poland has, until now, been widely used in enterprises related to foreign capital, mainly US, German and British companies. Anti-corruption procedures have also been employed by the largest Polish enterprises and capital groups. The application of internal anti-corruption procedures improving transparency in public life in other countries has been a common practice for years now. The UK Bribery Act 2010, Foreign Corrupt Practices Act (FCPA), Foreign Account Tax compliance Act (FATCA), or the EU's regulations including AML Directives are the best known foreign regulations regarding compliance in Poland.

SHUTTERSTOCK

EXTENT OF THE APPLICATION OF THE ACT – POSSIBLE SANCTIONS

In accordance with the Act on transparency in public life, whose entry into force is planned for the upcoming months, entrepreneurs and public finance sector entities will be obliged to implement effective, internal anti-corruption procedures in order to feasibly counteract corruption.

Corruption or quasi-corruption activities may involve both the private and public sector, therefore the regulations will pertain not only to entrepreneurs but also the public sector. Entrepreneurs who do not implement an effective compliance system and anti-corruption procedures in their organization will be, by virtue of the decision of the President of the Office for Competition and Consumer Protection (UOKiK) issued on the request of the head of the Central Anticorruption Bureau (CBA), subject to financial penalty of between PLN 10,000 and PLN 10 million. A supplementary sanction will concern the exclusion of the right to apply for public contracts for a period of five years. The abovementioned sanctions and penalties will be applied for the lack of implementing anti-corruption procedures or if the implemented procedures turned out to be apparent or ineffective and a person related to the entrepreneur would be charged by a prosecutor for corruption offenses. The Decision of the President of UOKiK may be appealed to the Court.

POSSIBLE PREVENTIVE SOLUTIONS

To avoid financial penalties and the supplementary sanction of exclusion of the right to apply for public contracts, the Act imposes additional obligations on medium-sized and large enterprises, consisting of implementing or improving effective anti-corruption procedures by means of the development of an entrepreneur's ethical code, which will be adopted by all employees and co-workers, periodic training for employees concerning criminal liability for corruption offenses, development of internal, clear and understandable procedures of both preventive and restrictive nature. The verification of the application of anti-corruption procedures in an organization will be initiated whenever the prosecutor raises allegations of corruption offenses to a person who acted for and on behalf of the entrepreneur or was executing the provisions of the contract concluded with the entrepreneur.

NEW WHISTLEBLOWER REGIME

While the whistleblower regime operates in many legal regulations worldwide, in particular in American and British legislation, in Poland until now the whistleblower regime has not received statutory regulation. Introducing the whistleblower regime and ensuring proper legal protection, including, for example, protection in terms of the employment/cooperation relationship, is definitely a step in the right direction. Nevertheless, the question is whether it is enough. The person informing the law enforcement authorities about detected irregularities, to become a whistleblower, must provide reliable information and be an employee of the entrepreneur to whom the information relates or be related to the entrepreneur by any contract.

Information provided by whistleblowers must relate to corruption crimes, paid protection, bribery, fraud, money laundering, participation in a criminal group, levelling business records or disrupting a tender. Certainly, it is necessary to extend the scope of crimes and offenses, commission of which may be prosecuted by using the information obtained by the law enforcement authorities from the whistleblower. Thus far, the group of offenses specified in the Act concerns selected types of offenses indicated in the Penal Code, but it should also include other illegal activities like actions to the detriment of employees or the natural environment.

NEW OBLIGATIONS ALSO FOR PUBLIC ADMINISTRATION BODIES

Ways of avoiding conflicts of interests by persons performing public functions have been regulated in accordance with the Act on transparency in public life. A person performing a public function, while performing this function, will be obliged to avoid conflicts of interests connected with the performed function. The Act also introduces limitations concerning taking up and running a business by persons performing public functions. Introducing a three-year ban on employment in the company for a person performing public function, who while performing his or her public duties made decisions in relation to the company, also strengthens the anti-corruption regulations. For infringement of the prohibitions, it will be possible to impose a financial penalty on both the entrepreneur who employs a



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person performing a public function and a person performing public duties. The Act also introduces the obligation to create and maintain a register of benefits and a register of contracts, and what is more, the obligation to submit the statement of assets by a much wider group of persons from public administration than before.

NEW ACT, OLD DOUBTS...

The introduction and application of effective anti-corruption procedures is one of a desirable good practice, which should be expected from entrepreneurs operating under free market conditions in a democratic state of law. Nevertheless, doubts regarding proposed statutory solutions concern not only statutory regulations, but also significant possibilities of potentially discretionary actions of the state bodies to assess the effectiveness of anti-corruption procedures applied in the organization under the compliance system.

How can organizations manage risk effectively and reduce the possibility of irregularities? It seems that only the effective implementation of a compliance system can help to eliminate the gaps in the functioning of the procedures in an organization and as a consequence significantly reduce risks on the company's side. However, complete elimination of perils in the light of proposed legal solutions does not seem possible. ●



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