



PolandNOW

Poland as the destination
for your investment

2023

in a nutshell

Gekko
advisoryNOW



PolandNOW

Poland as the destination for your investment

The 7,9% growth of Business Services Sector (BSS) in Poland will result in more than 430 000 people employed in 2023, as per the ABSL Report. The pandemic lock-down only has shown, that Polish-based BSS firms managed to ensure business continuity and uninterrupted operations. High level of technology advancement, operational maturity, managerial competences, and fully remote work formula were the main characteristics and success factors. Trends in the BSS sector clearly show that outsourcing has become the scheme of choice for the global and local corporations. What is also very important there is no more doubt, that RPA/AI solutions are here to stay and the operating model has become resilient, agile and flexible. Poland has become an even more attractive location and had been able to keep the number 1 location for BSS investment in the CEE region and very high position in Europe & globally.

Every year, again & again, I will proudly underline, that our country is offering 7 strong & balanced reasons to invest: **1) dynamic economic performance, 2) business oriented approach, 3) attractive cost of doing business, 4) customer oriented attitude (with multicultural experience), 5) highly skilled professionals, 6) strategic location in the continental Europe, globally comfortable time-zone and balanced climate, 7) entrepreneurial culture and business mind-set!**

I am sure this handy guide to explore Poland will initiate many investment decisions in the near future.

See you in Poland, Violetta Malek



Violetta Malek

Co-founder & Managing Partner
Gekko advisoryNOW

Good economic performance

Business oriented approach

Attractive cost of doing business

Customer oriented attitude
(with multicultural experience)

Entrepreneurial culture and business mind-set

Strategic location in the continental Europe, globally comfortable
time-zone and balanced climate

Highly skilled professionals

7 business reasons to invest in Poland

**... and hunger for
success NOW!**

Navigating challenges



Paweł Młyński

Co-founder & Partner
Gekko advisoryNOW

In my last year's assessment of the current state and future outlook of the Polish economy, the key theme that emerged was "resilience." The resilience of the Polish economy has been put to the test in recent months, as **it faces numerous challenges that are impeding its progress towards stable growth**. Following a strong recovery from the COVID-19 pandemic, the Polish economy has encountered new challenges due to the effects of Russia's war in Ukraine.

These challenges have resulted in high inflation and a slowdown in growth. However, Poland has shown commendable efforts in hosting one million refugees from Ukraine, reflecting the resilience and compassion of the Polish people. The main policy challenge now is to bring inflation back to the target level without compromising the overall strength of the economy.

Inflation in 2022 was primarily driven by external factors, including food and energy prices, but core inflation also rose and remains at elevated levels. The central bank implemented significant monetary policy tightening in 2021-22 but paused later in 2022. The projected stabilization of food and energy prices is expected to lead to a substantial decline in headline inflation in 2023, although the easing of core inflation is expected to be more gradual. **The prevailing high level of uncertainty, a deteriorating business sentiment, and increased borrowing costs are also impeding economic activity, particularly in terms of investment.**

Poland continues to maintain historically low levels of unemployment, ranking among the lowest in the European Union. However, this situation has given rise to acute labor shortages as the country faces record-low unemployment rates. Despite these shortages, certain population groups exhibit low labor market participation, and there has been a decline in the working-age population, which continues to impact the availability of workers.

The successful integration of displaced individuals from Ukraine has made a positive impact on Poland's labor market, although certain challenges persist. The significant support provided to approximately 1 million displaced persons from Ukraine has facilitated their rapid integration into the job market in Poland. According to the OECD, this integration has increased the country's labor supply by 2.1% by the end of 2022, thereby alleviating worker shortages, particularly in the services sector. What is worth mentioning, according to survey titled "Ukrainian citizens on the Polish labor market: New challenges and prospects"¹. 62% of the respondents have plans to return to

¹ conducted by EWL Migration Platform, EWL Foundation for Supporting Migrants on the Labor Market, and the Center for East European Studies at the University of Warsaw

Ukraine in the near or longer term. However, **30% of war refugees expressed a desire to stay in Poland.**

Poland has demonstrated resilience in terms of competitiveness, despite the energy shock and rising labor costs. The global increase in energy prices in 2022 resulted in a significant terms-of-trade shock, which had a negative impact on Poland's current account balance. However, **the country's cost-competitiveness remained stable due to the depreciation of the zloty (Polish currency) and improvements in labor productivity.**

This stability in cost-competitiveness was reflected in robust export performance, with Polish exporters gaining market share globally. Additionally, **Poland continued to attract strong inflows of foreign direct investment. It is worth noting that Poland's labor costs remain among the lowest in the European Union, further enhancing its competitiveness in the international market.** Local governments in Poland actively contribute to enhancing the country's competitiveness, and several prominent Polish cities are stepping up their efforts to become attractive investment destinations. For instance, Gdynia and Łódź serve as excellent illustrations of this trend.

Poland is facing challenges in managing its public finances, with an increasing budget deficit and the need to address the impact of energy support measures and the 'Polish Deal' tax reform. According to the Commission's forecast, the budget deficit is projected to rise from 3.7% of GDP in 2022 to 5.0% of GDP in 2023. Efforts will be required to maintain fiscal stability while ensuring sustainable economic growth in the coming years.

Despite the current challenges, the medium-term economic growth outlook for Poland remains favorable. A cyclical rebound is projected for 2024 and 2025, with growth rates of 2.4% and 3.7%, respectively. Over the medium term, annual growth is expected to exceed 3%, offsetting the negative effects of population aging through increased investment, partly financed by Next Generation EU grants. Preserving fiscal buffers and meeting EU milestones are

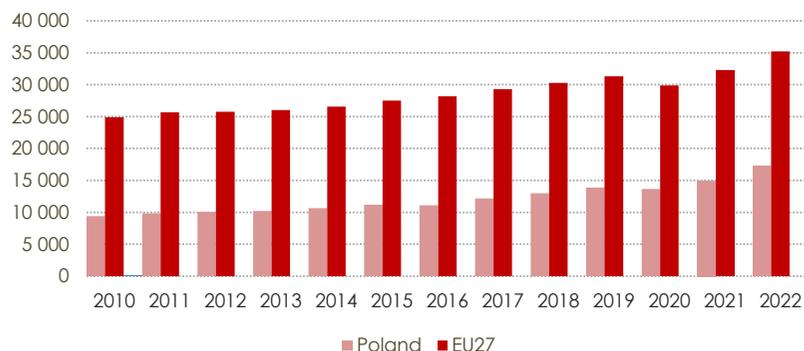
crucial for sustaining this growth trajectory.

The Polish economy faces headwinds resulting from Russia's war in Ukraine, which have contributed to inflationary pressures and slowed growth. However, the country's response to the challenges, such as hosting refugees and implementing appropriate fiscal and monetary policies (albeit insufficient in many cases), demonstrates resilience and adaptability. The medium-term outlook remains positive, driven by strong investment and favorable growth prospects. Addressing some legal risks in the banking sector, advancing energy transition, and supporting the integration of long-term prosperity for Poland.

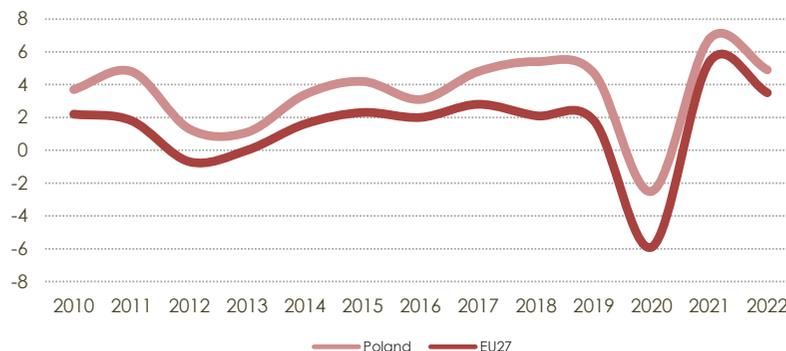


Solid economic performance and stability

GDP at market prices



Real GDP growth per capita (%)



Unemployment rate (%)



Trade balance (EUR)



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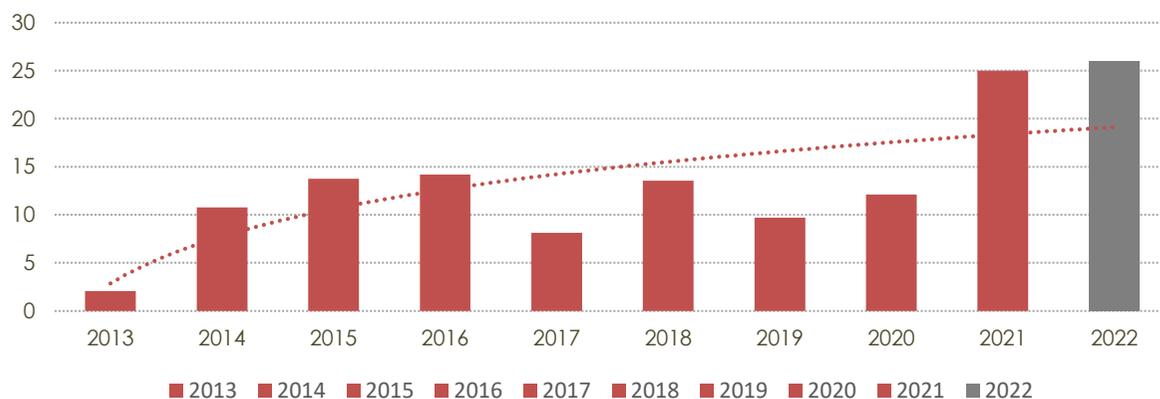
Fitch affirms Poland at „A-” (Stable Outlook). It reflects the expectation that the „Polish economy will remain resilient to external shocks and macroeconomic challenges, due in part to a commitment to and record of solid fiscal performance and an improved external balance sheet”.

Spectacular development of **Polish export - 136% growth since 2010**. Forecast for 2023 confirms **upward trend in trade** dictated by the demand related to strengthening the defence and resilience of European countries and price growth

”

Political maturity and business-oriented approach

Total FDI net inflows (bn EUR)



Total FDI net inflows in Poland amounted to EUR 25.0 bn in 2021, EUR 26.0 bn expected to be reported as of 2022

The highest FDI net inflows (EU) in 2021 were recorded from:

- ✓ Spain: EUR 3,1 bn
- ✓ Germany: EUR 2,97 bn
- ✓ Netherlands: EUR 2,78 bn
- ✓ France: EUR 2,77 bn
- ✓ Cyprus: EUR 2,52 bn
- ✓ Austria: EUR 2,12 bn
- ✓ Luxembourg: EUR 1,0 bn
- ✓ Sweden: EUR 0,92 bn

Structured support for investors:

- ✓ **Polish Investment and Trade Agency (PAIH)** provides rapid access to the complex information relating to legal and business matters regarding the investments, help in finding the appropriate partners and suppliers, together with new locations
- ✓ Nationwide web of regional **Investor Assistance Centers (IAC)**, which ensure the complete service to the investors at a regional (voivodeship) level
- ✓ **Local Regional Development agencies (RDA)** support economic development of the area where they operate
- ✓ **The Pro Progressio Group** is the organization supporting entrepreneurship growth in Poland with special focus on modern business services sector including such areas like BPO, SSC, R&D, Call Contact Center, etc.
- ✓ **The Association of Business Service Leaders (ABSL)** is a leading organization representing business services in Poland.

Source: Gekko advisoryNOW based on National Bank of Poland

Attractive cost of doing business – labour cost

Average gross salaries in finance and accounting

	Min (PLN)	Max (PLN)
CFO	28 000	55 000
Finance Director	25 000	40 000
Finance Executive	20 000	28 000
Business Analyst	12 000	16 000
Senior Consultant	12 000	14 000
Senior Accountant	10 000	15 000
Consultant	8 500	11 000
Accountant	7 000	9 000
Finance Assistant	4 500	6 000

- ✓ **Average salaries in Poland are still significantly below the EU average level.**

The average monthly gross salary in enterprise sector in Poland amounted to EUR 1 485 in December 2022

- ✓ **Wage growth in Poland is not slowing down, following the strong GDP growth in 2022.**

The average monthly gross salary in enterprise sector in Poland increased by 11,97% since December 2021. In 2023 wage increases are planned by as many as 81% of employers

Average gross salaries in FMCG and B2B

	Min (PLN)	Max (PLN)
Marketing Director	25 000	45 000
Sales Director	22 000	42 000
Marketing Supervisor	12 000	20 000
Product Supervisor	9 000	15 000
Sales Analyst	10 000	16 000
Marketing Specialist	9 000	12 000
Sales Specialist	7 000	10 000

Average gross salaries in law and tax

	Min (PLN)	Max (PLN)
Law Dept. Director	20 000	35 000
Senior Lawyer	13 000	40 000
Lawyer	8 000	16 000
Tax Advisor	12 000	18 000
Tax Specialist	9 000	13 000
Junior Lawyer	6 500	10 000
Law Assistant	5 000	9 000

2023 development prospects for the polish office market



Joanna Blumert

Head of Occupier Services
Warsaw Office Agency,
Cushman & Wakefield
Polska

The office market remains sensitive to changes in the economic environment which can impact developers (decisions related to new projects) and tenants (decisions regarding office occupancy).

Supply gap and limited office availability

In 2023, Poland's office market will start to feel the consequences of a slowdown in development brought on by the outbreak of Covid-19. New office supply in Warsaw in 2023 is expected to reach around 60,000 sqm, accounting for approximately 20% of the five-year average. Regional office markets will also suffer lower supply levels, something that will become more noticeable in the second part of 2023.

Subdued development activity over the next two-three years will allow the markets to absorb the surplus office space from existing stock. The rate of absorption will, however, largely depend on the pace of economic growth, which will impact investment and staff decisions alike.

” The changes go far beyond the office space. Needs have changed, priorities have changed, so has the way organization is defined - along with the key factor in its structures - the employee.

Occupier activity will continue despite challenges ahead

2023 is shaping up to be a year of renewing leases made in the peak years of 2018-2019. The increased focus on renewals in the next 12 months is likely to boost office demand throughout 2023. However, the spectre of economic recession and worsening occupier sentiments are likely to weigh heavy on total leasing activity.

In addition, rising inflation and new working patterns from the last three years mean there will be a tendency for a stronger focus on cost optimization - including longer leases to fully depreciate increased office fit-out costs. Furthermore, the less predictable market environment may increase the share of lease renewals in total leasing activity.

Growth in office construction and fit-out costs to lessen

Office construction and fit-out costs will continue to rise, but at a slower and more predictable rate than in early 2022.



Jan Szulborski

Senior Consultant,
Consulting&Research,
Cushman & Wakefield
Polska



The greater control over development costs is likely to incentivize office market players to launch new projects. However, due to the current economic environment, development activity is expected to focus on prime locations so developers can maximize their returns.

Office fit-out costs – still high relative to 2019-2020 – will also impact tenant decisions regarding relocations, refurbishments, lease lengths and office sizes.

Rents and service charges to continue to grow

Cushman & Wakefield has observed that projects in the pipeline are experiencing the strongest upward pressure on headline rents due to their greater exposure to rising construction and fit-out costs. In addition, indexation under EUR-denominated leases will increase ongoing lease rents by approximately 9% per the broader Polish office market. The relatively high indexation rate may affect office rental growth which in turn may prompt landlords to rethink strategies - depending on the location, quality and occupancy levels of their building portfolios.

Service charges in the office sector have also gone up by an average of 25-50%, due to unprecedented growth in the costs of utilities and services (including energy and waste disposal), minimum wage increases, rising property insurance premiums, property taxes and perpetual usufruct fees. The actual growth in costs will largely depend on the price of electricity contracted by landlords for 2023 and on whether landlords have applied for the freezing of energy prices – available for micro, small and medium-sized enterprises.

Long-term trends for the polish office market

While the market's growth is expected to be driven by new sources of demand for office space, organizations will face a range of challenges related to office usage with the rise of hybrid working and ESG regulations which are being already implemented by many.

Changing work models

The past three years have fast-tracked changes to how and where people work. As the risk of further waves of Covid-19 continues to fade, the proportion of companies maintaining a hybrid work model remains high. This is also reflected in office occupancy levels that remain relatively low compared to 2019 – and this in spite of the gradual return of employees to the office.

Organizations continue to develop new workplace arrangements including flexibility to choose work settings as well as remote and in-office working days. A key factor behind the further evolution of workplace models will certainly be the incorporation of remote working and the implementation of the concept of employment flexibility into labour law regulations - which came into force in April 2023.

The business services sector continues to grow

The business services sector has been resilient in the face of the last three years of pandemic and has continued to grow despite the economic slowdown. According to ABSL, in early 2022 the sector employed over 400,000 people in 1,714 BPO, SSC/GBS, IT and R&D centres throughout Poland. ABSL estimates that the deeper the recession, the more willing global corporations will be to cut costs in more costly countries, which will benefit Poland, among others. Looking ahead, the growth of the business services sector will be largely driven by reinvestments and the development of existing centres.

ESG and sustainable growth strategies

Environmental, Social and Corporate Governance (ESG) will increase in importance in the design, construction and maintenance of office buildings and in investment and lease decisions. The implementation of a sustainable growth strategy will, in the long run, add value to a property and improve its appeal to more potential tenants and buyers.

Poland office market Key indicators - Q4 2022

SZCZECIN

Office stock (sq m)	186,000
Office take-up (sq m)	18,500
Office supply (sq m)	1,500
Vacancy rate (%)	5.8%
Headline rent (EUR/sq m/month)	12.75–13.30

POZNAŃ

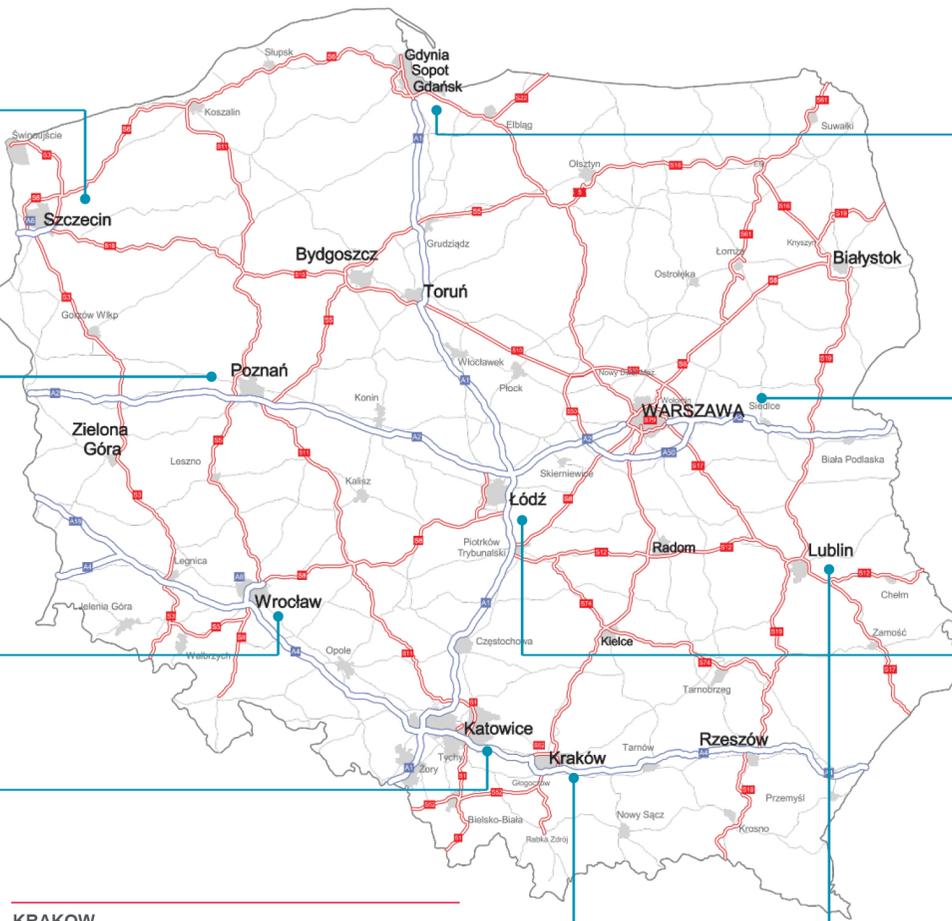
Office stock (sq m)	623,100
Office take-up (sq m)	46,600
Office supply (sq m)	0
Vacancy rate (%)	10.5%
Headline rent (EUR/sq m/month)	13.50–15.00

WROCLAW

Office stock (sq m)	1,327,900
Office take-up (sq m)	137,200
Office supply (sq m)	65,700
Vacancy rate (%)	15.6%
Headline rent (EUR/sq m/month)	13.50–15.50

KATOWICE

Office stock (sq m)	726,500
Office take-up (sq m)	62,700
Office supply (sq m)	127,300
Vacancy rate (%)	17.1%
Headline rent (EUR/sq m/month)	13.50–15.00



KRAKOW

Office stock (sq m)	1,708,000
Office take-up (sq m)	198,100
Office supply (sq m)	100,500
Vacancy rate (%)	16.0%
Headline rent (EUR/sq m/month)	14.00–15.00

TRICITY

Office stock (sq m)	1,012,100
Office take-up (sq m)	101,000
Office supply (sq m)	50,600
Vacancy rate (%)	13.3%
Headline rent (EUR/sq m/month)	13.50–14.25

WARSAWA

Office stock (sq m)	6,268,800
Office take-up (sq m)	860,100
Office supply (sq m)	236,800
Vacancy rate (%)	11.6%
Headline rent in the city centre	22.00–26.00
Headline rent in non-central locations	13.50–16.50

ŁÓDŹ

Office stock (sq m)	631,200
Office take-up (sq m)	48,400
Office supply (sq m)	43,300
Vacancy rate (%)	21.0%
Headline rent (EUR/sq m/month)	12.50–13.50

LUBLIN

Office stock (sq m)	223,400
Office take-up (sq m)	10,800
Office supply (sq m)	16,300
Vacancy rate (%)	16.6%
Headline rent (EUR/sq m/month)	11.50–12.50

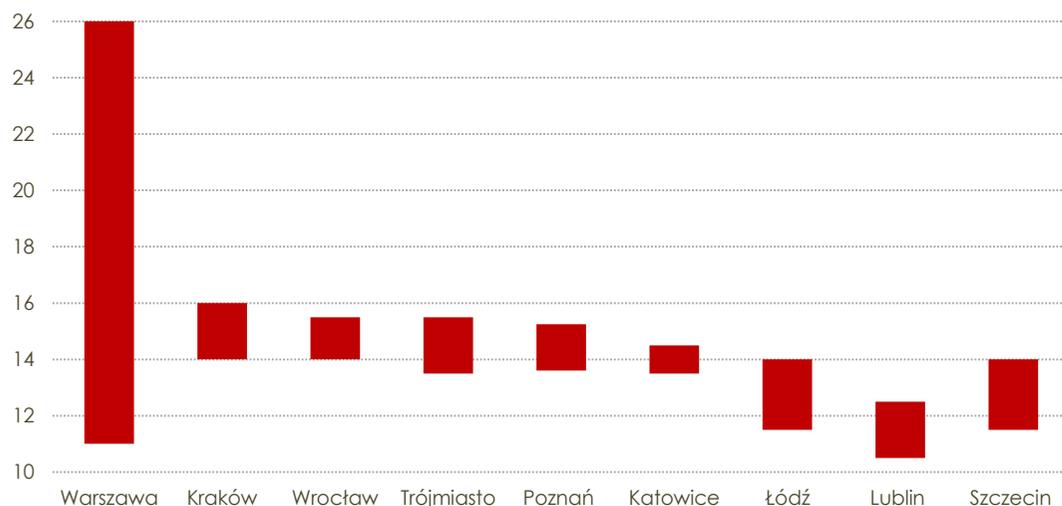
Source: Cushman&Wakefield, office take-up and supply in the year to date



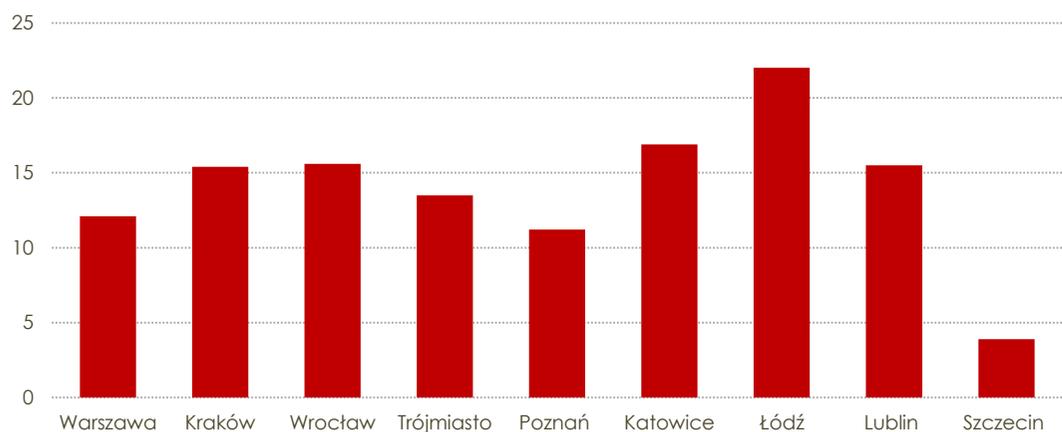
WROCLAW

Attractive cost of doing business – office space

Price range of office space to rent (EUR/m2/month)



Vacancy rate (%)



- ✓ **Almost 13 mln m2 of modern office space** - the availability of modern office space and attractive rental conditions remain key factors for business to develop
- ✓ Office market in Poland is **unique in terms of the number of office locations** when compared with other CEE countries, where almost all the stock is concentrated in one city
- ✓ **Warsaw, being the most mature office market in Poland**, has by far the largest availability of locations with the widest price range. The total value of office space in the capital city amounts to 6,343 mln m2, which resulted from the completion of 228, 100 m2 of new office space in Q1-Q3 2022 by the developers
- ✓ As of the end of September 2022, **total office investments in Poland stood at €1.8 billion**, exceeding the full-year volume of the previous year

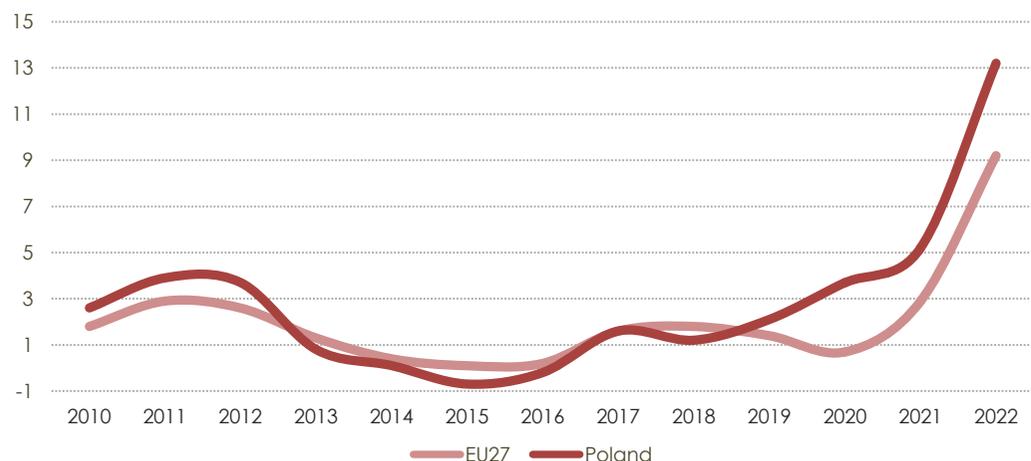
Source: Gekko advisoryNOW based on JLL Q3 2022

Attractive cost of doing business – cost of living

In 2023, alongside global trends disinflation is expected. On a monthly basis, consumer prices inched up 0.1 percent, slightly lower than early estimates of 0.2 percent and easing from a 0.7 percent gain in November.

Historically inflation rate in Poland averaged 7.92% from 1992 until 2022, reaching an all time high of 46.50% in April of 1992 and a record low of -1.60% in February of 2015.

Inflation rate (%)

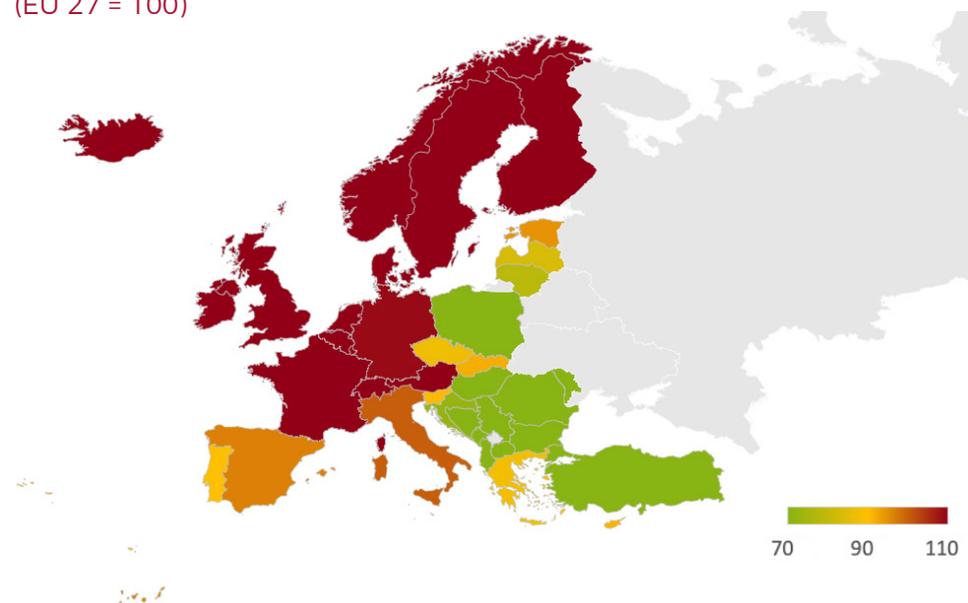


Source: Gekko advisoryNOW based on Eurostat, Central Statistical Office of Poland (GUS)

The cost of living in Poland is among the cheapest in the EU - in Mercer's cost of living survey (2023) Warszawa (Poland's most expensive city) was ranked 170th out of 227 locations worldwide

The cost of living varies considerably between the cities and the rural areas with Warszawa being by far the most expensive location - however, when compared with other capital cities in the CEE region, the cost of living is quite reasonable and less expensive than other Western European capitals

Price level index in 2022 (EU 27 = 100)

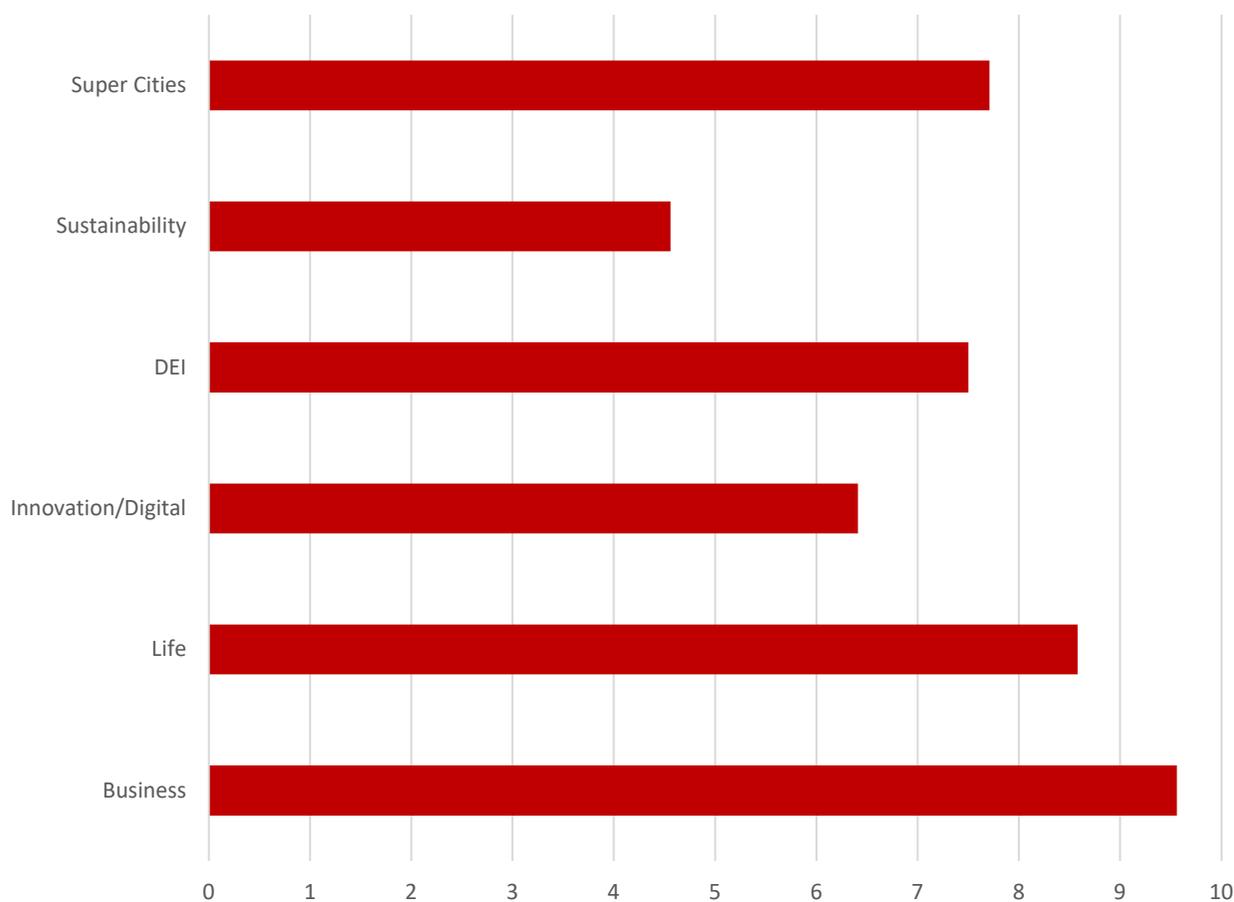


Source: Gekko advisoryNOW based on Eurostat, Central Statistical Office of Poland (GUS), OECD, Mercer

Customer oriented attitude – Business Services

Tholons Global Business Innovation Sustainability Index (TBIS) 2023

■ Poland 14th in the ranking



According to the Tholons Index Poland is ranked **14th globally** and scored big in 4 facets – Business, Life, Super Cities and Diversity, Equity and Inclusion (DEI)

This year's index categorized Poland in the “Big Kahuna” nations described as **“new leaders having built a vibrant foundation”**. Poland is among Top 50 Digital Nations that are **“pivoting to the new equitable reality”** and is **recognised in the Business facet**

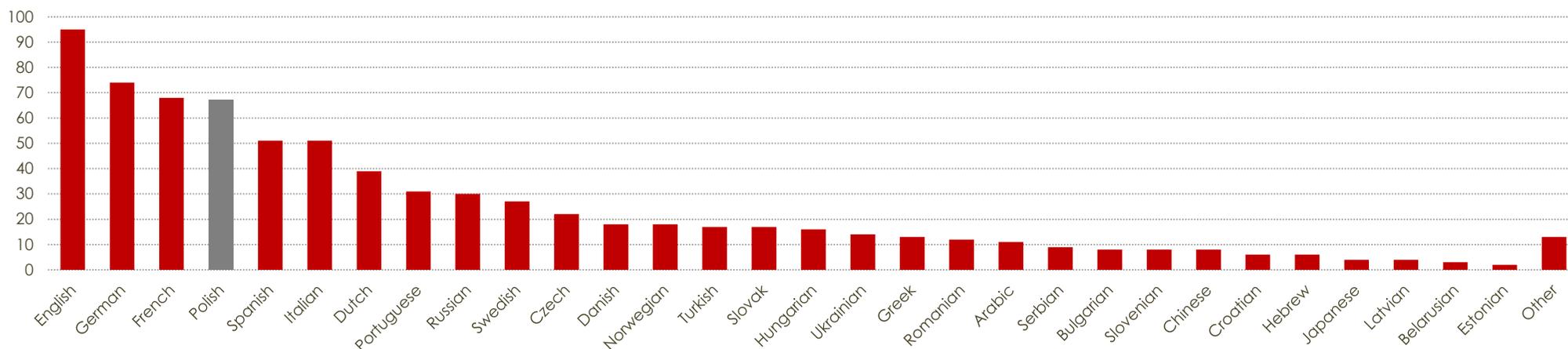
Tholons Index TBIS for 2023 has a much higher emphasis on **“digital innovation, sustainability, diversity, equity and inclusion, supplementing talent, business catalyst, globalization workforce, cost, health, education and risks”**

Gdańsk, Kraków, Warsaw and Wrocław are on the list of TBIS Super Cities. **Warsaw, Kraków, Wrocław, Poznan and Lodz** are listed in **top 10 FDI's European cities of the future 2022/23** benchmarked locations for their attractiveness to foreign direct investment (FDI)

Source: Gekko advisoryNOW based on Tholons Global Business Innovation Sustainability Index (TBIS), FDI's European Cities and Regions of the Future

Customer oriented attitude – foreign languages

Languages used in BSS (%)



- ✓ Business Services Centers located in Poland use **36 different languages**
- ✓ **95% of the centers use English and 67% use Polish**
- ✓ **22,7% of business services centers use at least 10 languages**

- ✓ The average number of **languages used in business services centers in Poland is 7**
- ✓ The languages used in more than half of the centers are **English, German, Polish, French, Italian and Spanish**

Technological ecosystem in Poland & Warsaw as a city worth keeping an eye on

- ✓ **Poland has outpaced China, India, and Brazil for growth in online services**, according to the World Trade Organization (WTO).
- ✓ **Warsaw**, in particular, has become a **hub of economic activity** in recent years, with **multinational companies** such as Microsoft, Google, and Nvidia attracted by the **educated workforce, and relatively low cost of living and labour costs**. These companies have set up multibillion-euro operations in Warsaw, creating a range of well-paid job opportunities.
- ✓ Since 2014 institutions such as PFR Ventures & NCBiR have been paving the way for western funds to be deployed in Poland and now take advantage of highly skilled workforce and maturing startup ecosystem. **The next generation of tech unicorns will come from Poland.***
- ✓ Warsaw was awarded the title of the „**Best European Destination 2023**”.
- ✓ **Warsaw is forecasted by Oxford Economics to be the fastest-growing European city by GDP over the next 5 years (2022-2026).**
- ✓ **Warsaw is ranked 7th in top 10 FDI's major European cities of the future 2022/23 benchmarked locations for their attractiveness to foreign direct investment (FDI).**



Source: Gekko advisoryNOW based on Euronews, WTO, European Best Destinations, Oxford Economics, FDI's European Cities and Regions of the Future, * LinkedIn, Dominik Andrzejczuk



WARSZAWA

Hybrid city

Few words have had such a successful story in recent years as “hybrid”. Sometimes it annoys us because nowadays everything is expected to be hybrid. But on the other hand...? I have just returned from the Urban Land Europe Conference where 800 top-class real estate specialists pondered the future of industry, business, and the world. We can sense a revolution knocking at our door. Most likely, it will be bigger and more powerful than anything before, surpassing even steam power and the internet. Everyone discussed the major changes, uncertainties, and the need to develop mental and competent abilities to make quick and smart adjustments. To be a little bit here and a little bit there. So perhaps hybridity is the answer. Quite fitting for today. And there is one city in Poland that is inherently hybrid.

Gdynia is located in the north of Poland and is part of a larger agglomeration commonly known as the Tri-City, which also includes the biggest and most famous city in the region, the thousand-year-old Gdansk. Upon entering the city, special road signs greet visitors. Instead of informing about the speed limit, they say, “Smile, you are in Gdynia!” And indeed, people smile, as we have witnessed.

Not only tourists, who visit for business or a seaside vacation or to attend one of the many cultural or sports events, smile. The residents also do so, as the citizens of Gdynia feel happy - and surveys conducted by sociologists over the years confirm this. The inhabitants of Gdynia are the most satisfied, among all Poles, with the place they call home.

The pandemic, apocalyptic climate changes, and the sense of danger associated with the outbreak of a brutal war in Ukraine have led us to pay more and more attention to the quality of life. This global trend had already emerged before the COVID virus temporarily disrupted our lives,

and subsequent unforeseen events have further reinforced it. Nowadays, people seek a good life, often valuing it more than high wages or remarkable professional achievements. Investors need to take this into account. For many years, we have heard that among all the important resources, one remains critical. And that is the talent pool. Where should we look for it? Maybe in places where people genuinely desire to live.

Gdynia holds a strategic location at the crossroads of important international transport corridors running from Scandinavia and Northeast Europe

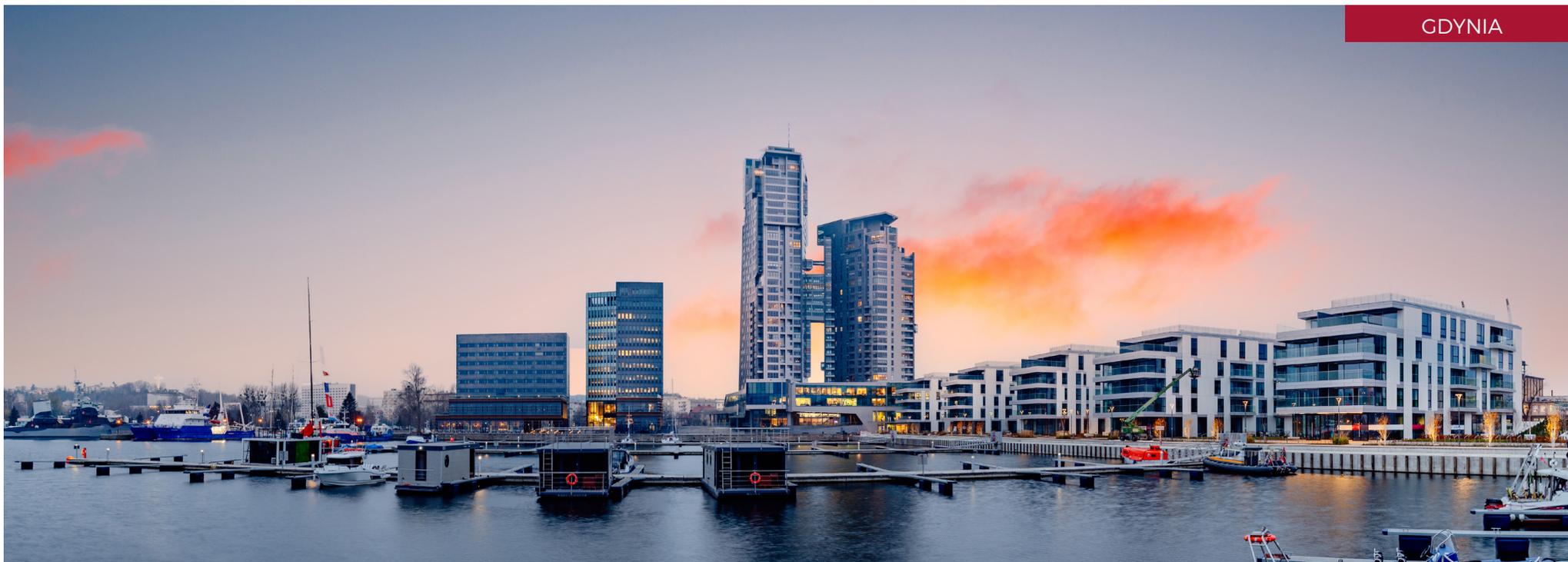


**Katarzyna
Gruszecka - Spychała**

Deputy Mayor for Business
Gdynia City Hall

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Dreams came true here, just like in Disney fairy tales. Fortunes were made, and beautiful tenement houses were built, which now create a unique modernist urban layout that will soon be officially declared a UNESCO heritage site



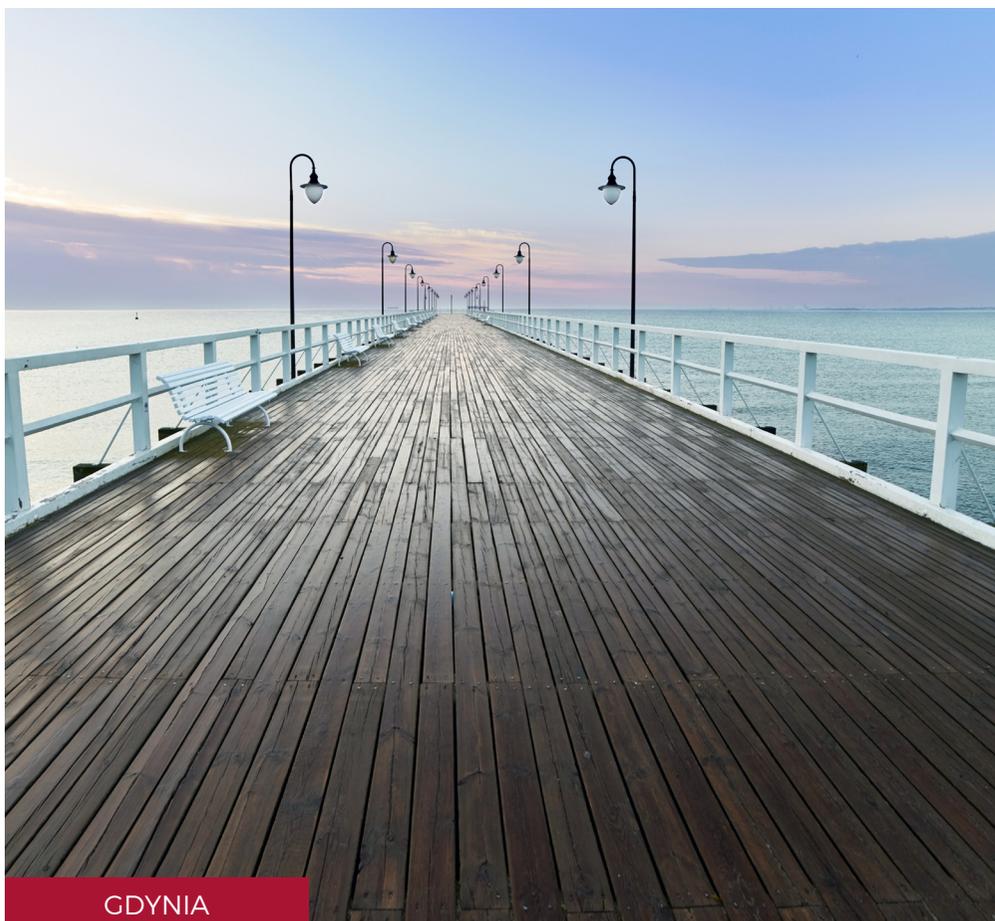
towards Southern Europe and the Mediterranean Sea. Gdynia is also situated on a route that connects the northern part of Western Europe with Eastern Europe. Thanks to this location, it is easily accessible from anywhere. The city was established less than 100 years ago and quickly became an icon of Polish economic independence. This happened because the Polish government, shortly after regaining independence, built a modern port from scratch on a beach in a fishing village. Before the outbreak of the Second World War, this port had already become the largest in the Baltic, and a beautiful city grew around it, becoming a promised land for anyone aspiring to a successful career and wealth. Dreams came true here, just like in Disney fairy tales. Fortunes were made, and beautiful tenement houses were built, which now create a unique modernist urban layout that will soon be officially declared a UNESCO heritage site. Even after the war, during the dark years of the Cold War, Gdynia, as a port city, served as Poland's window to the world. And as soon as communism collapsed, the city's genius loci spoke, and the spirit

of entrepreneurship once again fostered great fortunes and big businesses. Today, the city attracts people not only with its beauty and prosperity but, above all, with the quality of life, which experts consider the best in Poland. Gdynia was the first city in Poland to receive the ISO Smart City certificate. The city offers residents, and consequently entrepreneurs, the highest possible quality of life and excellent conditions for doing business (Gdynia secured the 3rd place in the LivCom Awards competition for the project "Gdynia as an example of pure quality of life"). The city's reputation as a favorable location for investment is based on various factors, including a wealth of

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The pandemic, apocalyptic climate changes, and the sense of danger associated with the outbreak of a brutal war in Ukraine have led us to pay more and more attention to the quality of life.

educational facilities with a large number of students (the Pomeranian region is home to 24 universities and 86,000 students as of 2020/2021); exceptional, unique Gdynia schools and universities; cooperation with the Fahrenheit Universities; an educational offering tailored to market needs, in consultation with companies operating in Gdynia; a strong presence of companies based and operating in Gdynia, which contribute their market experience to the city's growth; and a crucial factor for investors relying on qualified employees - the quality of life (according to a 2019 survey, 88% of residents reported being satisfied - a more recent survey is not available due to the pandemic). This aspect is particularly important, especially for highly skilled professionals and managers in sectors such as IT or BPO/SSC.



GDYNIA

Thanks to its location on the Baltic Sea, the maritime economy plays a significant role in Gdynia's economic landscape. The Port of Gdynia was one of the largest in terms of transshipments on the Baltic Sea in 2021, with a total handling of 26.7 million tons. Moreover, the Port of Gdynia ranked 3rd in the Baltic region in terms of container transshipment, with 985,918 TEUs handled in 2021. Furthermore, plans for port development include the Outer Port, a future-proof investment expected to accommodate container ships with lengths of up to 430 meters and drafts of up to 16 meters. The projected annual cargo handling capacity of the new terminal is approximately 25 million tons. With over 12,000 people employed in the maritime sector in 2021, the realization of the Outer Port will create an additional 4,700 jobs.

Additionally, Gdynia is a city of the future. In the prestigious FDI Global Cities of the Future 2020/2021 ranking (FDI Magazine is a branch of the Financial Times), Gdynia was recognized as the second most promising city for foreign direct investment in the developing world. This means that it is currently

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Gdynia was the first city in Poland to receive the ISO Smart City certificate.

one of the world's best places for foreign direct investment in terms of economic and business potential, human capital, communication, and financial efficiency. Gdynia has been acknowledged in this field for many years, as demonstrated by numerous awards it has received.

Speaking of entrepreneurship, it is worth mentioning that Gdynia is home to nearly 45,000 business entities, with 97% of them being microbusinesses with up to 9

employees. The city's population amounts to approximately 244,000, with almost 139,000 of working age. In terms of the business environment, Gdynia is the location of the Pomeranian Science and Technology Park (PPNT), Gdynia Entrepreneurship Support Centre (GCWP), Gdynia Business Incubator, 'Invest in Gdynia' Investor Service Center, Gdynia Development Agency, cooperation with Invest in Pomerania, and the Pomeranian Special Economic Zone, including the Baltic Port of New Technologies.

The city offers great opportunities for collaboration between the city and businesses in areas such as waste management, energy management, mobility and logistics, health, water management, and sustainable construction. Public-private partnerships (PPP) are particularly developing in areas such as the construction of rental housing, sports and recreation centers, parking lots, schools, public utilities, and roads.

Gdynia is part of the Pomeranian Voivodeship and the Gdansk-Gdynia-Sopot Metropolitan Area (OMG-G-S). Along with Gdansk and Sopot, it forms a complex called the Tri-City, which is promoted as a cohesive economic organism aimed at preventing the loss of investors.

We believe that what we offer after work is equally important. Gdynia is small and compact, making cars unnecessary. A bicycle or efficient public transport is sufficient. Over 50% of the area is covered by forests, and a significant part of it resembles a beautiful national park, with hills, streams, and nature reserves. People usually go on vacation to visit places like this, but the residents of Gdynia have them within reach. In fact, it takes no more than fifteen minutes to reach the forest from any district. The coastline is long and diverse, with the most famous beach located in the city center. Those who enjoy swimming can easily jump into the Baltic Sea just fifteen minutes after leaving the office. Personally, I keep a towel and swimsuit in my trunk all summer long. Every time I quickly change into flip-flops, leaving behind the stress of everyday life and taking a deep breath, I feel joy and gratitude. It's worth mentioning that the air here is the cleanest in Poland. Years of ecological investments

have made it possible to breathe safely without a mask even in winter, and the tap water is of better quality than bottled mineral water found in stores. Therefore, going for a jog and quenching your thirst without using plastic is highly encouraged. If someone gets bored (if that's even possible) with swimming, sailing (we have two marinas and SUP rentals, as well as beaches adapted for people with disabilities, equipped with everything they need for bathing), running, admiring the views, or cycling in the forest, they can always enjoy streaming a movie on their own couch.

Gdynia offers numerous cultural events, including the largest film festival in Poland, sensational Musical Theater productions of the most famous musicals on the largest stage in Poland, Gdynia Arena hosting concerts of Polish and world stars, the best Polish design festival, and thousands of intimate events for those who prefer smaller crowds. And for sports enthusiasts, there are running and cycling marathons, sailing, SUP and football championships, Ironman competitions, airshows, and even free yoga on the beach organized by the city.

Not everyone wants to commit to just one lifestyle. Some may choose to live in seclusion in the forest, produce goat cheese, and disconnect from the internet, while others prefer to live a fast-paced life, undertake significant projects, and earn a fortune but miss out on witnessing the changing seasons outside their window. However, in Gdynia, it is possible to have a little of both. It can be a hybrid lifestyle, where happiness, health, and satisfaction can coexist. While this might be achievable anywhere in the world, in a place like Gdynia, this task is undoubtedly much easier than anywhere else.

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Strategic location in the continental Europe

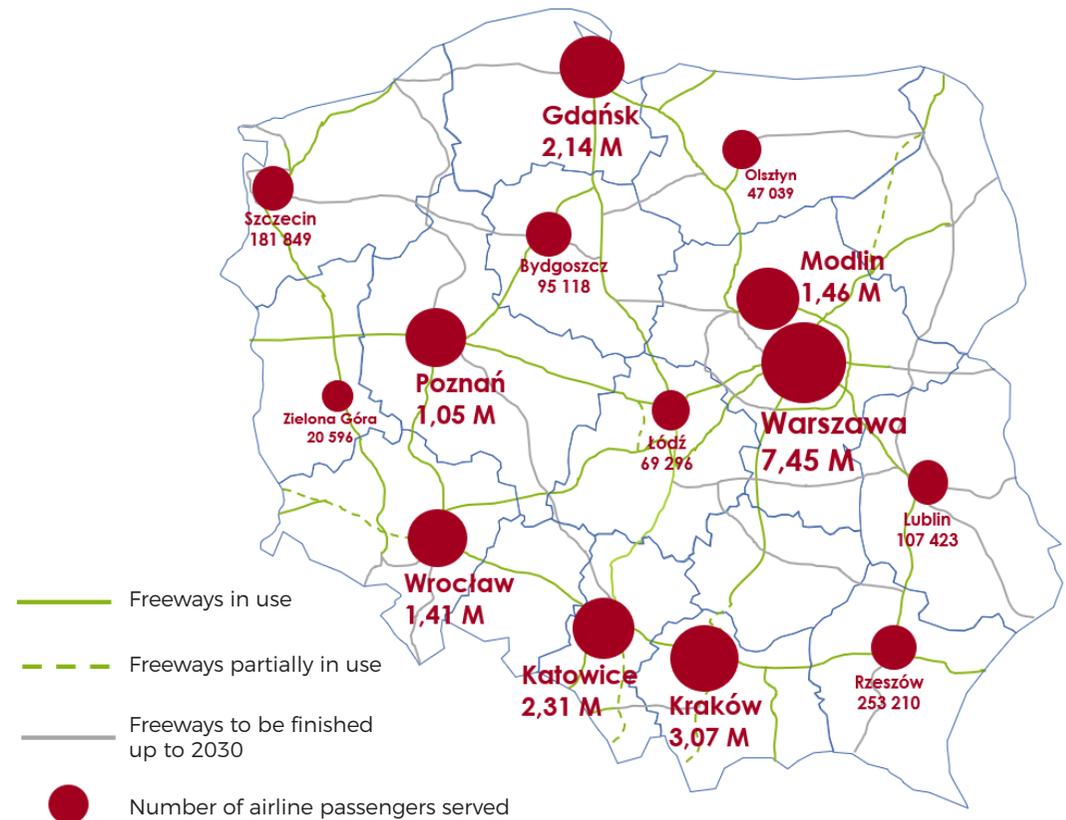
Key part of Trans-European transport network

The ultimate objective of TEN-T is to close gaps, remove bottlenecks and eliminate technical barriers that exist between the transport networks of EU Member States, strengthening the social, economic and territorial cohesion of the Union and contributing to the creation of a single European transport area

Developed infrastructure

- ✓ The overall length of freeways in Poland increased over last years to over 4880 km.
- ✓ The Frederic Chopin “Okęcie” Airport in Warszawa served 7,45 mln passengers in 2021
- ✓ Poland’s national railways belong to an international routes connecting Western and Eastern Europe

Balanced time zone and comfortable climate



Source: Gekko advisoryNOW based on Urząd Lotnictwa Cywilnego, GDDKiA and Portal Gov



POZNAŃ

Who is an intelligent graduate in times of artificial intelligence?

Higher education response to the world of AI-assisted technologies

While work on artificial intelligence has been going on for decades, the last few months have brought new widely available AI solutions that have ignited public discussion about its application, especially the implications for the further development of humankind. It quickly became apparent that the new opportunities would also enormously change the academic landscape. As is often the case with ground-breaking developments, the community has divided into two camps: great supporters of the new solutions seeing them as unprecedented progress of scientific research and novel prospects in education, and strong opponents heralding the end of the tradition of academia, the replacement of man by machine and, consequently, his intellectual degradation.

Over time, further initiatives began to emerge, attempting to determine the principles of a 'new world' in which the student and researcher are supported (but also limited) in their learning and work by artificial intelligence. However, this task is highly challenging, as the very fast pace of development of solutions almost precludes the possibility of the principles keeping up with reality. The first efforts to address this new situation could target a more fundamental issue relating to graduates' intellectual abilities and professional competencies. Therefore, one of the actual and relevant questions for which the academic world could seek answers is: who is an intelligent graduate in times of artificial intelligence? In other words, the point is how higher education should prepare to respond well to advanced AI-assisted technologies and produce graduates with enough mental capacities to learn and understand the fast-changing reality, skillful but also with good judgment and ethical reflection. The ones who are desired are those who can create and use these solutions for a better world (by optimising the use of diverse resources and disseminating knowledge) and for self-development (by enabling new insights and perspectives that have not been able to obtain

without AI and supporting innovativeness and creativity because of reduction of cognitive load and routinised works).

Why are graduates so important? It is the large group of young people who feed into the labour market every year. According to Statistics Poland, in the academic year 2020/21, 297400 graduates received their diplomas in Poland. Graduates were most likely to graduate in subjects related to business, administration and law (24.0%), technology, industry, construction (15.7%), health and social care (11.2%) and social sciences, journalism and information (10.6%). The first question is, are

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(...) higher education should prepare to respond well to advanced AI-assisted technologies and produce graduates with enough mental capacities to learn and understand the fast-changing reality, skillful but also with good judgment and ethical reflection.



Agnieszka Kurczewska

Vice-Rector,
External Relations
University of Lodz

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The demand for AI-related professional skills is increasing across most sectors. Even if not all tasks can be automated, future graduates will likely actively interact with AI at work.

they prepared for a world in which artificial intelligence will play such an important role? In this case, we need to rely upon universal competencies with which we equip students regardless of the field of study, like prudence, analytical and critical thinking, the need for lifelong learning, but also to attitudes like responsibility, empathy, and commitment to humanistic values. They are all relevant in virtually every professional and private context,

and they should ensure the use of artificial intelligence only for social benefit and in a transparent manner.

The second and more future-oriented question is how to educate the students who will become graduates and enter the labour market in a few years. The demand for AI-related professional skills is increasing across most sectors. Even if not all tasks can be automated, future graduates will likely actively interact with AI at work. Some will work on new AI-based solutions (therefore, new knowledge will be demanded), and others will be using them (thus, also new competencies will be desired). Academia needs to prepare for both types of interventions. Assuming a transformative impact of AI on business processes and strategies, in the case of business students, while educating, it will also be essential to consider AI's potential ethical and social implications to ensure that it is used responsibly.

AI is at its peak now and will stay with us longer. It has the potential to address some of the challenges in higher education - advance scholarship, renew teaching and learning practices but also it leads to the fundamental questions related to the role of academia as a kind of guardian ensuring that there is progress but in the service of the well-being of humankind. This approach should reconcile supporters and opponents of AI. However,

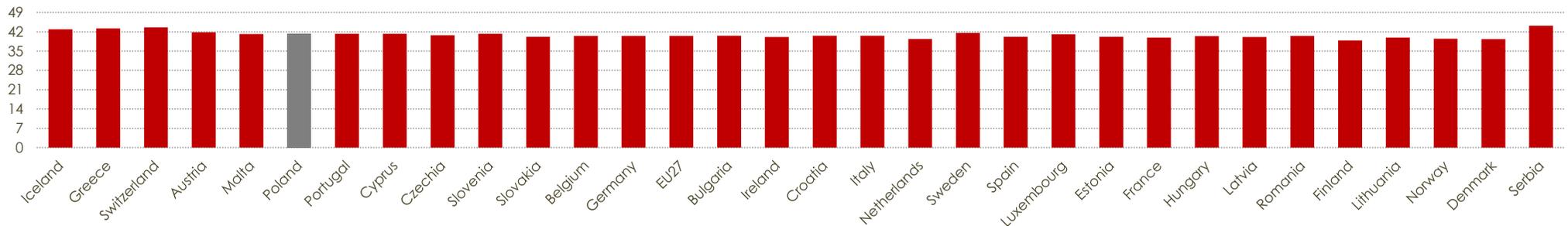
academia also needs much more time to learn to enjoy the benefits of artificial intelligence and use it for its own purposes. To redefine its role, constant monitoring of the latest AI-assisted technological developments is needed, but also a regular cooperation with the social and business environment to ensure that the competencies of graduates are relevant to reality and fit new job profiles.



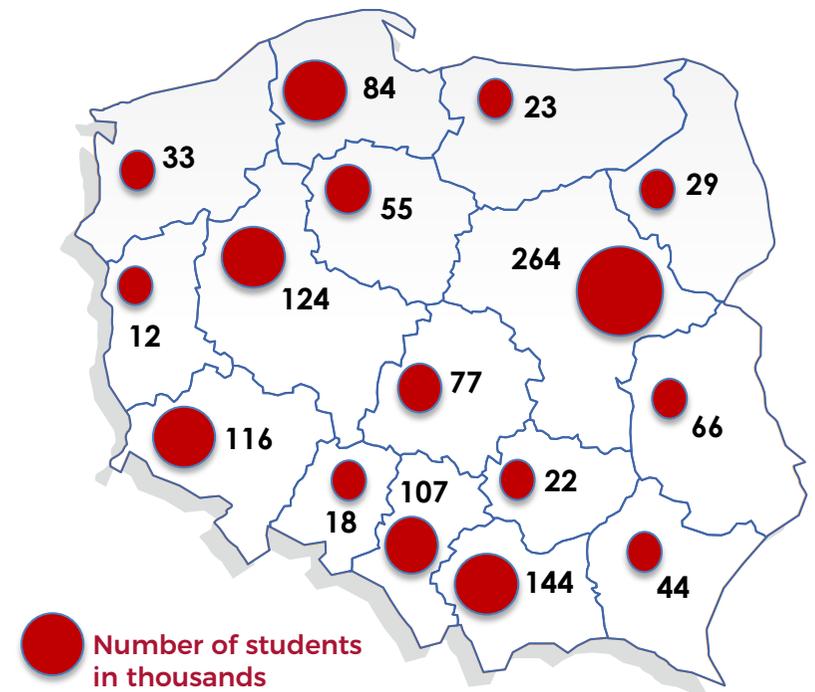
ŁÓDŹ

Highly skilled professionals

Average weekly working time



- ✓ **Very large talent pool available for investors** – age group 25 - 49 accounts for 37% (EU27 average equals 33%)
- ✓ **Very large population of students** – above 1.2 mln students at over 400 universities higher education institutions in 2021
- ✓ **Poland ranked 2nd in CEE in Best Countries for Education 2021**
- ✓ **Educated Poles are returning to their homeland in a kind of reverse brain drain** because they are starting to realise that there are exciting opportunities waiting for them back home
- ✓ **People work harder than the rest of Europe** - average weekly working time exceeds EU27 (40,5 hours) average by almost 1h. However, people have a work-life balance attitude



Source: Gekko advisoryNOW based on Central Statistical Office, Eurostat, Euronews



KRAKÓW

Poland is an attractive option for nearshoring and offshoring

Nearshoring or offshoring to Poland offers Western companies a multifaceted approach to enhance their competitiveness. It provides access to highly skilled specialists, cost savings, improved process quality, and the latest management methodologies. **Poland is increasingly becoming the preferred choice for international corporations embarking on business and digital transformation journeys.** It offers the opportunity to transfer and centralize global back-office processes at a reasonable price, either independently or with a trusted partner. With specialists fluent in 38 languages, companies can expand their international middle-office competences in various areas such as HR, marketing, controlling, business analytics, and assemble highly qualified IT teams in e-commerce, cloud computing, AI, BI, cybersecurity, automation, software development, and large-scale ERP system implementation.

Poland has emerged as a strong competitor to countries like Germany, France, and the UK in terms of knowledge base, experience, and technological expertise. Additionally, Poland remains an attractive location in terms of salaries compared to Western Europe, with the average salary in Poland being only 30% of that in Germany and 35% of the average salary in France, according to Eurostat.

Increasingly, incoming investors are leveraging the expertise of local managers to facilitate complete process migration to Poland, whether through nearshoring or offshoring models. This involves developing project plans, managing expectations, mapping and documenting processes, and transitioning to standardization and automation.

The remarkable success of Poland in attracting businesses is the result of numerous advantages, with a key factor being its diversified, large, and

affordable labor market, which has been nurtured over the years. Poland has a student population of over 1.4 million, exceeding the combined number of students in all other Central and Eastern European (CEE) countries. Furthermore, Poland has invested in developing excellent linguistic capabilities, with service centers in Poland offering services in 38 different languages. English-speaking staff are available in all centers, followed by German, French, and Italian speakers in the majority of centers.

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The changes go far beyond the office space. Needs have changed, priorities have changed, so has the way organization is defined - along with the key factor in its structures - the employee.



Szymon Stadnik

CEO of ITO and process outsourcing service provider ITELENCE, co-owner and co-founder of award winning BPO FRISTA

Poland is positioning itself as a partner country where back-office processes are being replaced by middle-office and knowledge-intensive functions. This necessitates a flexible approach and a workforce that can adapt to new market realities, as many processes initially moved to Poland are now being automated. Employees in Poland continually enhance their skills through postgraduate diplomas, courses, trainings, and webinars to meet evolving market demands. Adaptability and resilience are distinguishing qualities of the Polish workforce.

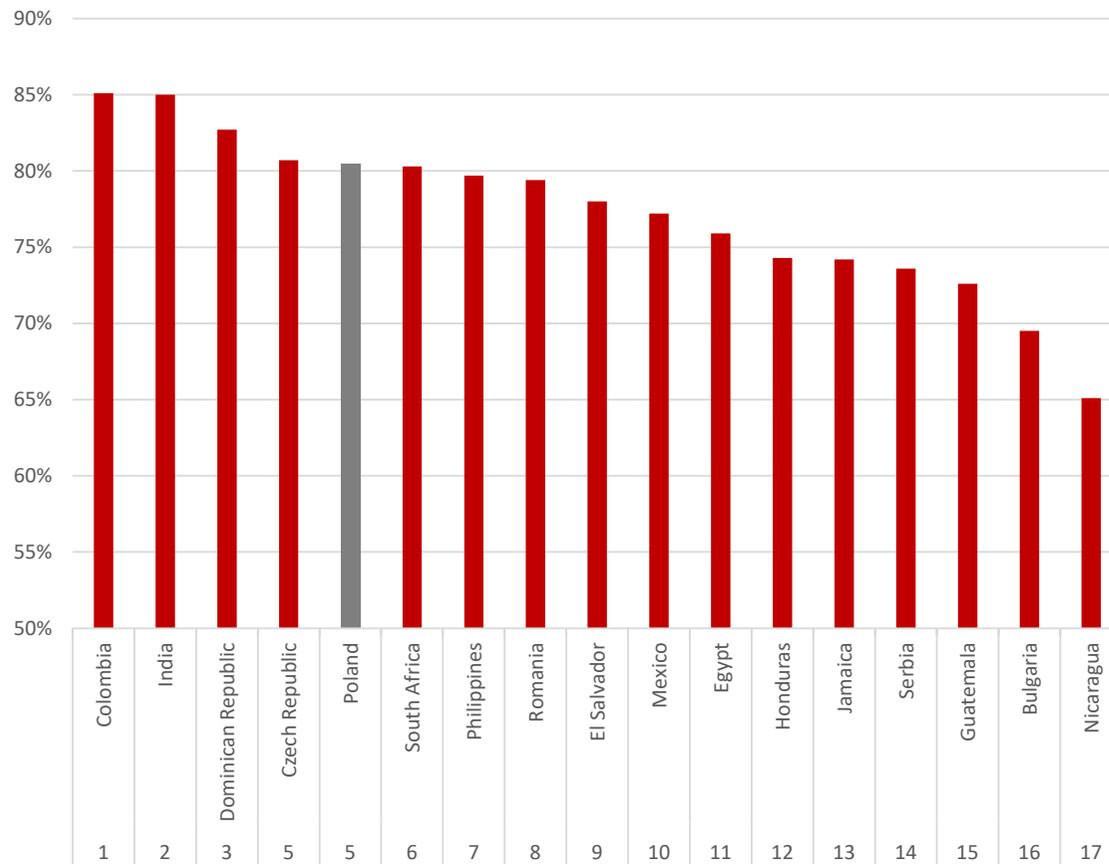
In recent years, Western European and US clients have shown particular interest in transferring advanced functions involving artificial intelligence, cloud solutions, Big Data, business analytics, SAP, and data analysis and integration to Poland. The Polish labor market actively responds to investors' growing expectations by providing employees with sophisticated skills. Having been involved in various recruitment processes, I have found that there is no technology I couldn't source in Poland.



MORSKIE OKO, TATRY

Confidence of doing business in Poland

Offshore BPO Confidence Index 2022 overall ranking



Source: Gekko advisoryNOW based on Offshore BPO Confidence Index 2022

According to the Offshore BPO Confidence Index Poland is ranked **5th globally** and scored big in 5 facets – **Local Labor Market, Infrastructure, Commercial Property, Political Stability, Public Security**

Offshore BPO Confidence Index 2022 took into consideration 7 categories: Local Labor Market, Infrastructure, Commercial Property, BPO Ecosystem, Political Stability, Public Security and Economic Stability. They were evaluated on the basis of confidence of doing business in surveyed countries.

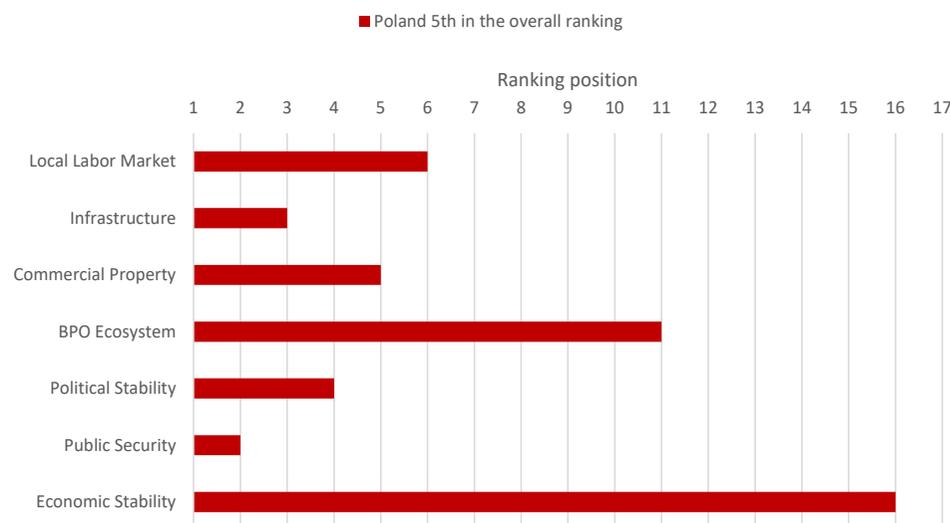


Confidence of doing business in Poland

- ✓ The majority of country managers in Poland have **complete confidence in the availability of quality front-line agents**
- ✓ All of Poland's respondents have **100% confidence in the quality of the country's internet connectivity and telecoms**
- ✓ Poland's electric power grid, public transportation network, airport facilities, restaurants, hotels, and international travel connections are **solid and reliable across the board**
- ✓ Poland has a **high potential to find modern plug-and-play BPO facilities** (90% confidence rating). Similar confidence is shared in the **possibility of leasing, purchasing, and retrofitting property for BPO**, along with the **availability of property in second- and third-tier cities** (83% confidence rating)
- ✓ **BPO Ecosystem confidence is high according to Poland's investment promotion agency and BPO association**
- ✓ All country managers expressed **100% confidence in the safety of public transport for contact center workers** and the **absence of danger for foreign visitors**

Category	Confidence rating (%)
Local Labor Market	80,7
Infrastructure	93,7
Commercial Property	86,7
BPO Ecosystem	72,6
Political Stability	76,3
Public Security	95
Economic Stability	57,3

Poland in the Offshore BPO Confidence Index 2022



Source: Gekko advisoryNOW based on Offshore BPO Confidence Index 2022

An aerial, wide-angle photograph of a city skyline, likely New York City, viewed from a high vantage point. The image is heavily stylized with a teal/cyan color overlay and a vertical line running down the center. The text 'Appendix - legal aspects' is overlaid on the left side of the image.

Appendix

- legal aspects

Tax aspects - Personal income tax / PIT

- ✓ Employers in Poland **are required to calculate and withhold income tax advances on salaries** and other employment related to remuneration
- ✓ Employers **are required to incur costs of social insurance contributions** (employer's part)
- ✓ Minimum gross monthly wage in Poland amounts to **3 490 PLN in 2023 (approximately EUR 744), as of July 2023 3 600 PLN (EUR 768)**. Minimum hourly wage amounts to **22.80 PLN in 2023 (approximately EUR 4.86), as of July 2023 23,50 PLN (approximately EUR 5)**
- ✓ Tax free income in Poland is dependent on the income earned by a taxpayer in the course of a given tax year

Tax rates in Poland

12%	Income not exceeding 120 000 PLN (25 587 EUR) in a given tax year	The rate is calculated as 12% minus the tax reducing amount of 3 600 PLN
32%	Income exceeding 120 000 PLN (25 587 EUR) in a given tax year	The rate is calculated as 10 800 PLN + 32% of the excess over 120,000 PLN
19%	Capital gains	

Social Insurance contributions (SIC)

Insurance type	Assessment base	Allocation of contribution cost	
		Employer	Employee
Pension	Gross salary	9.76%	9.76%
Disability	Gross salary	6.5%	1.5%
Sickness	Gross salary	-	2.45%
Accident	Gross salary	0.67% - 3.33%	
Health	Gross salary minus SIC	-	9%

Legal aspects - Labour regulations in Poland (1/3)

General economic data

- ✓ Sex ratio total population: 107 females per 100 males
- ✓ Total population at working age (15 -89 years) – 57,9 %
- ✓ Economically active persons in millions: 17,2 (women employment rate – 49,3%)

Notice periods

- ✓ Employment contract for a trial period:
 - » 3 working days – for the trial period up to 2 weeks
 - » 1 week – for the trial period over 2 weeks and less than 3 months
 - » 2 weeks - for the trial period of 3 months
- ✓ Employment contracts for fixed-term and indefinite period:
 - » 2 weeks – regular employment less than 6 months
 - » 1 month – regular employment of at least 6 months and less than 3 years
 - » 3 months – regular employment of at least 3 years
- ✓ Notice period counted in days starts from the day following the submitting day

- ✓ Notice period counted in weeks starts on the 1st Sunday after handing in the notice and ends on Saturday. It must cover a full week or two weeks
- ✓ Notice period counted in months starts on the 1st day of the month following the month when the notice has been submitted and ends on the last day of the month

Social charges

Gross salary (incl. bonuses) multiply by approx. 1,2

Sick leaves

Employees are entitled to 80% of the regular gross salary

Sick leave during a pregnancy

Entitlement to 100% of the regular gross salary

Sick leave as a result of an accident on the way to or from work

Entitlement to 100% of the regular gross salary

Maternity leave

20 weeks with 100% salary + 41 weeks with 70% of salary (or 12 months with 81,5% of salary)

Legal aspects - Labour regulations in Poland

(2a/3)

Basis of employment

- ✓ The employment contracts based on the labour law can have one of the following written forms:
 - a. contract for a trial period that may not exceed 3 months
 - × As of 26.04.2023 a trial period employment contract shall be concluded for a period not exceeding:
 - 1 month - in the case of the intention to conclude an employment contract for a fixed term of less than 6 months;
 - 2 months - in the case of the intention to conclude a fixed-term employment contract of at least 6 months and less than 12 months
 - b. contract for a definite period – up to 3 contracts with 1 employee with a maximum total period of up to 33 months are allowed but e.g. in case of the contracts concluded for a definite period of time to substitute another employee during his justified absence at work the above limitations do not apply, or
 - c. contract for an indefinite period
- ✓ Flexible forms of work / employment: temporary contract/ interim job, lending workers, civil contracts, self-employment, telework, job leasing, job sharing

Legal aspects - Labour regulations in Poland (2b/3)

Working time

- ✓ It may not generally exceed 8 hours per day and an average of 40 hours per an average five-day working week within an adopted settlement period not exceeding 4 months
- ✓ 8 hours of overtime is allowed per week; the total number of overtime may not exceed 416 hours in the calendar year

Minimum salary

- ✓ Labour contracts: PLN 3 490 gross monthly in 2023; as of July 2023 PLN 3 600 gross monthly
- ✓ Civil contracts: PLN 22,80 gross per hour in 2023; as of July 2023 PLN 23,50 per hour

Holidays

- ✓ An employee is entitled to an annual uninterrupted paid holiday (minimum 14 calendar days)
- ✓ The yearly duration of the holiday depends on the total time of the employee's current and previous employment (the period of tertiary education is included in the total time of employment)
 - » 20 days for employees employed for less than 10 years and
 - » 26 days for employees employed for at least 10 years

Legal aspects - Labour regulations in Poland

(3a/3)

Allowances for overtime work and night-time work

- ✓ Overtime work at night, on Sundays and official holidays - 100% of remuneration in addition to regular remuneration
- ✓ Overtime work on any other day - 50% of remuneration in addition to regular remuneration
- ✓ Night-time work - 20% of the hourly rate of pay calculated on the basis of the minimum remuneration for work in addition to regular remuneration

Employees' rights connected with parenthood

- ✓ Maternity leave: from 20 weeks (one child in one birth) to 37 weeks (five and more children in one birth)
- ✓ Parental leave: up to 41 - 43 weeks or up to 82-86 weeks - if the employee combines parental leave and work for the employer granting the leave
- ✓ Paternity leave - up to 2 weeks. As of 26.04.2023, the time for the father to take this leave has been reduced and can only be taken by the time the child turns 12 months old
- ✓ Upbringing leave - up to 36 months

Legal aspects - Labour regulations in Poland (3b/3)

Transfer of employees from local companies to the SSC

- ✓ SSC as the separate employer
- ✓ In case of the transfer of an organised part of the establishment to the new employer, the former and the new employer shall be jointly and severally liable for the duties resulting from the employment relationship before the transfer

Secondment of employees to Poland from abroad

- ✓ Delegation letter / other legal base for the secondment
- ✓ Work permit and residence permit issues (separate provisions for the EU residents)
- ✓ National Labour Inspectorate (PIP) notification
- ✓ Appointment of a person to act as an intermediary between the National Labour Inspectorate (PIP) and the seconding employer and to send and receive documents or notifications - staying in the territory of Poland during the period of secondment
- ✓ Working conditions and safety at work rights of the seconded employees
- ✓ Retention of the documents relating to the employment of a seconded employee in the territory of Poland



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