



Invest
in Wielkopolska

THE ASSOCIATION OF WIELKOPOLSKA MUNICIPALITIES AND COUNTIES
THE INVESTOR ASSISTANCE CENTRE

Contact

Al. Niepodległości 16/18, 61-713 Poznań

phone. (061) 854 19 73, 854 14 72

fax. (061) 851 53 95

e-mail: coi@investinwielkopolska.pl

web: www.investinwielkopolska.com

STOWARZYSZENIE GMIN I POWIATÓW WIELKOPOLSKI

Invest in Wielkopolska

Head: Łukasz Filipiak – l.filipiak@sgipw.wlkp.pl

Senior Consultantt COI: Tomasz Telesiński – t.telesinski@sgipw.wlkp.pl

Junior Consultant COI: Anna Łohunko – a.lohunko@sgipw.wlkp.pl

Partners:

Invest in Wielkopolska

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INTRODUCTION

WELCOME TO WIELKOPOLSKA REGION!

JACEK GURSZ / PRESIDENT

The functioning of the Investor Assistance Centre from the perspective of ten years of implementation of numerous projects, has brought our region real profits. It was here that many investments were born that today give residents of Wielkopolska work and maintain the reputation of the region – the leader in raising and attracting capital. COI action history is inextricably linked with the Association of Municipalities and Districts of Greater Poland, who normally works for and cooperates with local government units. And it is with their prominent participation Investor Assistance Center may work so well, and cooperation has become a natural way to effectively support an investor.

ŁUKASZ FILIPIAK / MANAGING DIRECTOR

On behalf of the entire team Investor Assistance Center, I invite you to read this release and enter the cooperation with us. I guarantee that the Wielkopolska region will meet all your expectations and become the best address to locate your business. As part of our free of charge service we offer you access to a database of certified investment areas, search of locations corresponding to the requirements, support and assistance during the entire investment process, contact with the relevant authorities and coordinating visits. The projects implemented so far have resulted in the emergence of such investors as Honda, H & M, Bridgestone, Gestamp Automotion, and Amazon. Visit our webpage www.investinwielkopolska.com for more details!

Map of the analysed region, source: Colliers International, October 2013

COUNTRY INVESTMENT ATRACTIVENESS

This section of the report presents a comparison of 7 countries from the CEE region: Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland and Slovakia. Poland is the largest country within the analysed region. It covers an area of 31,268,000 hectares and is inhabited by more than 38 million people. During the global economic crisis in recent years Poland has retained positive economic growth. In 2012, Polish GDP growth amounted to 2%, while the average in the euro zone was minus 0.6%. Currently we can observe a further rebound in gross domestic product growth. It is expected that throughout 2013 Polish GDP may grow by 1.5% and more than 2% in 2014.

Projections regarding the Polish labour market are still positive, but the pace of improvement is rather slow. In 2013, the unemployment rate will reach a level of ca. 13.4%, which is not a significant change compared to 2012. After a substantial decrease in inflation at the beginning of 2013, a slight revision is predicted. The inflation target may be achieved in the middle of 2014.

	2011	2012	2013 f
GDP	4.4%	2%	1.5%
Inflation Rate	4.3%	3.7%	1%
Unemployment Rate	12.4%	13.4%	13.4%
Average Monthly Salary (EUR)	867.28	895.78	900.60*

Poland - key aconomic figures, source: Colliers International, based on Central Statistical Office, October 2013
*-mid-year 2013, at the exchange rate EUR 1 = PLN 4.18

Poland, with its steady economic growth, remained the most attractive location for investment in Central and Eastern Europe. Currently, the Polish Information and Foreign Investment Agency is providing assistance to over 165 projects. Investors can find in Poland one of the largest working populations, low labour costs and highly qualified workers. In 2012, nearly half a million students graduated from Polish universities, and more than 1.6 million people were studying. It is worth mentioning Special Economic Zones, which offer favourable conditions such as tax breaks and other direct support.

The average net salary in Poland stood at EUR 10,858 at the end of 2012, which is a competitive figure compared to other analysed countries. The highest earnings were recorded in Czech Republic (EUR 16,007), while the lowest in Lithuania (EUR 9,110).

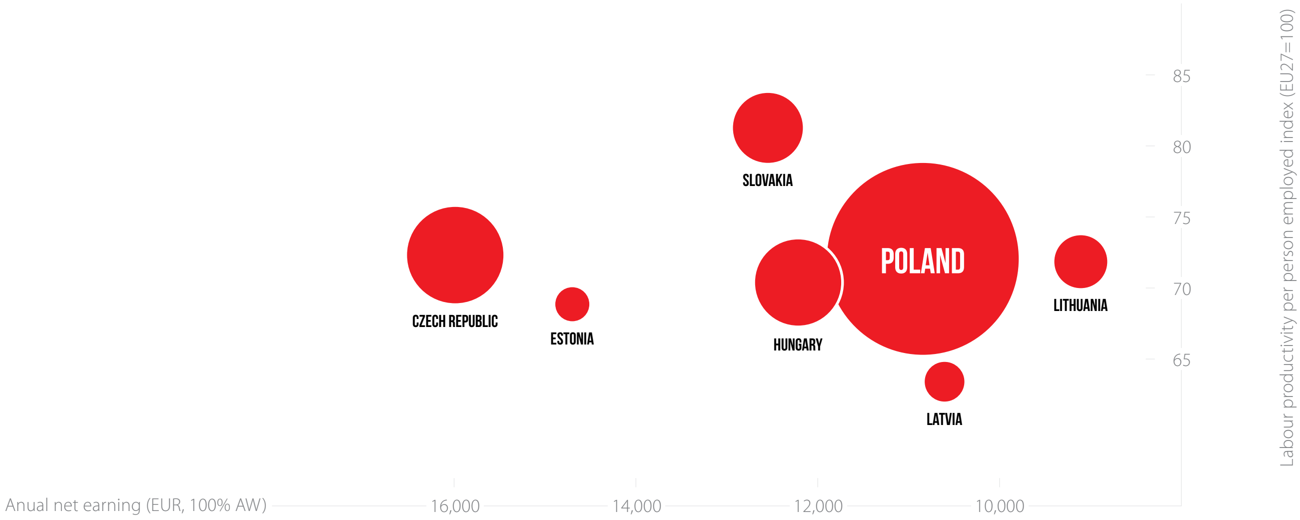
	Czech Republic	Estonia	Hungary	Latvia	Lithuania	Poland	Slovakia
Population	10,505,445	1,340,194	9,957,731	2,041,763	3,007,758	38,538,447	5,404,322
Annual net earnings (EUR)	16,007	14,717	12,215	10,632*	9,110*	10,858	12,558

Population and annual net earnings in analysed countries (as for 2012), source: Colliers International, based on Eurostat, October 2013
* Data as for 2011

The chart below presents a two-dimensional analysis of the investment attractiveness of the selected economies. The annual net earnings, presented as an average worker's wage, have been juxtaposed with a labour productivity index, measured as a ratio of EU 27 average of GDP per person employed (PPS). The bubble sizes reflect the working age population of each country.

It is visible that relatively low wages in Poland are combined with above-average workers' productivity. However, the most outstanding characteristic of Polish labour market is the huge supply of the working age population (i.e. inhabitants of age 15-64), incomparable with statistics from the other countries of the analysed region. As a result of the above-mentioned features, Poland is an attractive market for foreign investors.

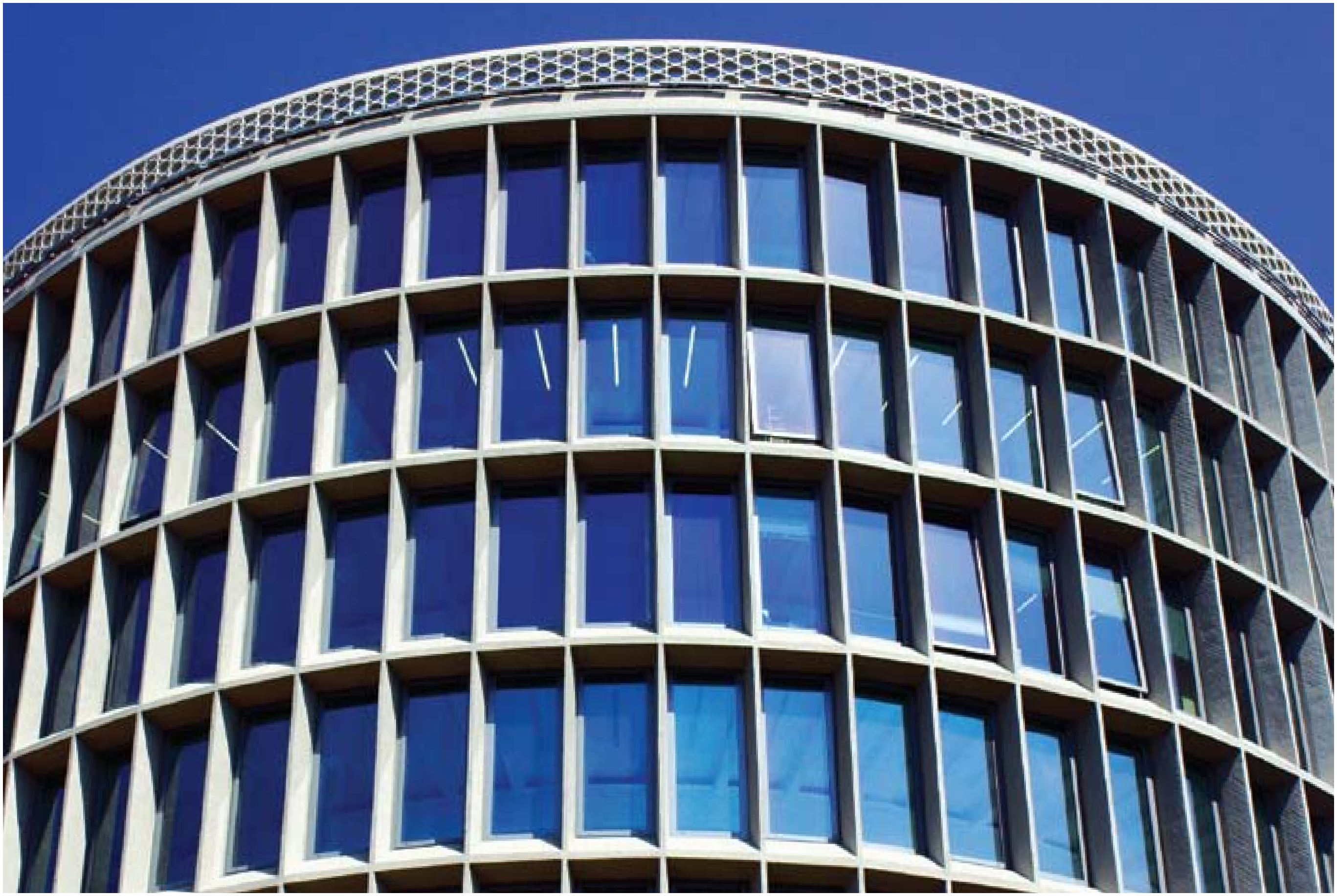
POLISH INVESTMENT ATTRACTIVENESS 2012



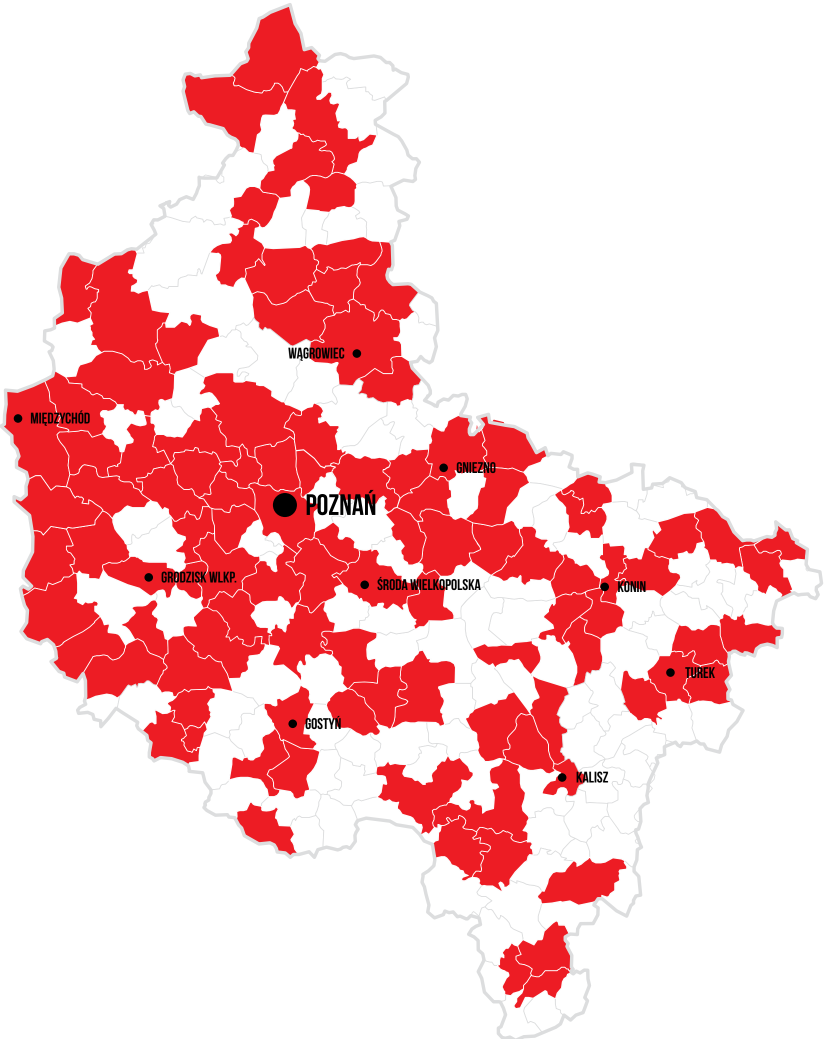
Source: Colliers International based on Eurostat, October 2013
* Earnings data in Latvia and Lithuania as for 2011. The bubble sizes reflect the working age population of each country.

Since Poland is a member of the European Union, we are an important business partner for foreign investors from all over the world. Poland's stability and safety are guaranteed by its NATO and EU memberships. Contrary to the majority of European countries, Poland experienced growth in the number of Foreign Direct Investment projects in 2012, by about 5% y-o-y. The latest investments were mainly in the automotive sector. Poland has remained one of the best-performing economies in the CEE region.

According to the Global Competitiveness Report 2013-2014 published by the World Economic Forum, Poland ranked 42nd among 148 other countries. Compared to last year, it is a relatively stable performance. Poland's strengths include its large market size, quality of the educational system and well developed financial sector. We still need to improve tax regulations, transport infrastructure and the burden of government regulations.



WIELKOPOLSKA
THE ECONOMY OF THE REGION



Database of certificated greenfields in Wielkopolska

Location of the region significantly determines its development opportunities that if properly used, can yield the desired results. Wielkopolska has become an extremely transit region, located in close proximity to the western border of the state. These features place it in the forefront of attractive areas in terms of capital investment. The improvement of these assets in recent years is also due to the development of the road network and the integration into the European transport network.

Wielkopolska regional economy is well diversified, and is characterized by varied economic structure and a high level of industrialization and openness to external markets. The basic element of the region's economy is highly developed and diversified in terms of branches industry, effective and highly mechanized agriculture and rapidly growing sector of banking and financial services. In addition, there is significant potential for specialized construction companies capable of competing with foreign companies. A big success in attracting investors results from the above-average investment activity of the municipalities, based on the knowledge and skills to raise funds for the development and preparation of areas for economic activation.

Therefore, in the industrial landscape of Wielkopolska there are investors present from all over the world, with particular activity of capital from Germany, the USA, Great Britain, Holland, France and Japan. Thanks to these advantages Wielkopolska, with economic indicators higher than the national average, is among the strongest economic regions in Poland.

Wielkopolskie Voivodeship is included in the group of three most attractive regions in terms of investment. Many foreign companies have already invested the capital to their satisfaction and among them are Volkswagen, Beiersdorf, Man, Glaxo Smith Kline, the Wrigley Company, Exide, Bridgestone, Matsushita, Nestle, Philips, Jeronimo Martins, H & M and Baxter's Food Group. In several of these cases, the Investor Assistance Centre was the institution that supported the investment process as you can see with the real and positive results.

Without a doubt, the big advantage of the region is the labor supply, which stands out against the country. In this respect, the region is characterized by high efficiency, with relatively low labor costs. This factor, in many cases, was decisive for the implementation of major investments in the Wielkopolska Region. The potential of labor force is the fruit of the number of highly specialized educational centers, ranging from strictly specialized, vocational schools, allowing the acquisition of a broad workforce, to the graduates of more than 40 schools of higher education who successfully join executive staff of companies formed in Wielkopolska.

In Wielkopolska more than 9% of Gross Domestic Product is created, which is the third position in the country. In formation of the gross value added it is the services that have the highest share of the market, followed by industry and construction, as well as non-market services. Increasingly smaller share of gross value added is taken by the agricultural sector. On average, one resident of the region produces the GDP by 6.6% higher than the rate achieved in the country.

Economic information about voivodship

Total area of the voivodeship	29,826 km^2
Population (in urban areas)	3,419,400 (55.9%)
Population density	115 / km^2
Voivodeship capital	Poznań
Other big towns in the voivodeship	Kalisz, Konin, Piła, Ostrów Wielkopolski, Gniezno, Leszno
Special Economic Zones	Wałbrzyska, Łódzka, Kamiennogórska, Kostrzyńsko-Słubicka
Industrial & Technology Parks	Nickel Technology Park Poznań, Poznań Science and Technology Park, Luboń Technological Park, Śrem Investment Park
International airport	Poznań – Ławica

The economic development of Wielkopolska is varied by territory. The largest share in the GDP has Poznań. Poznań Agglomeration dominant in the field of manufacturing, service, business support institutions as well as science and culture institutions is a major drive of the economic growth. The southern and south-eastern part of the region is developed in terms of food, textile and clothing industries, as well as electrical engineering. Also the production and productivity in agriculture are the highest in that part of the region. Important economic and social functions are played here in Kalisz, Ostrow Wielkopolski and Leszno. The eastern part of the province, with the main center in Konin, is a dynamic fuel and energy complex of lignite mining and power generation and aluminum metallurgy.

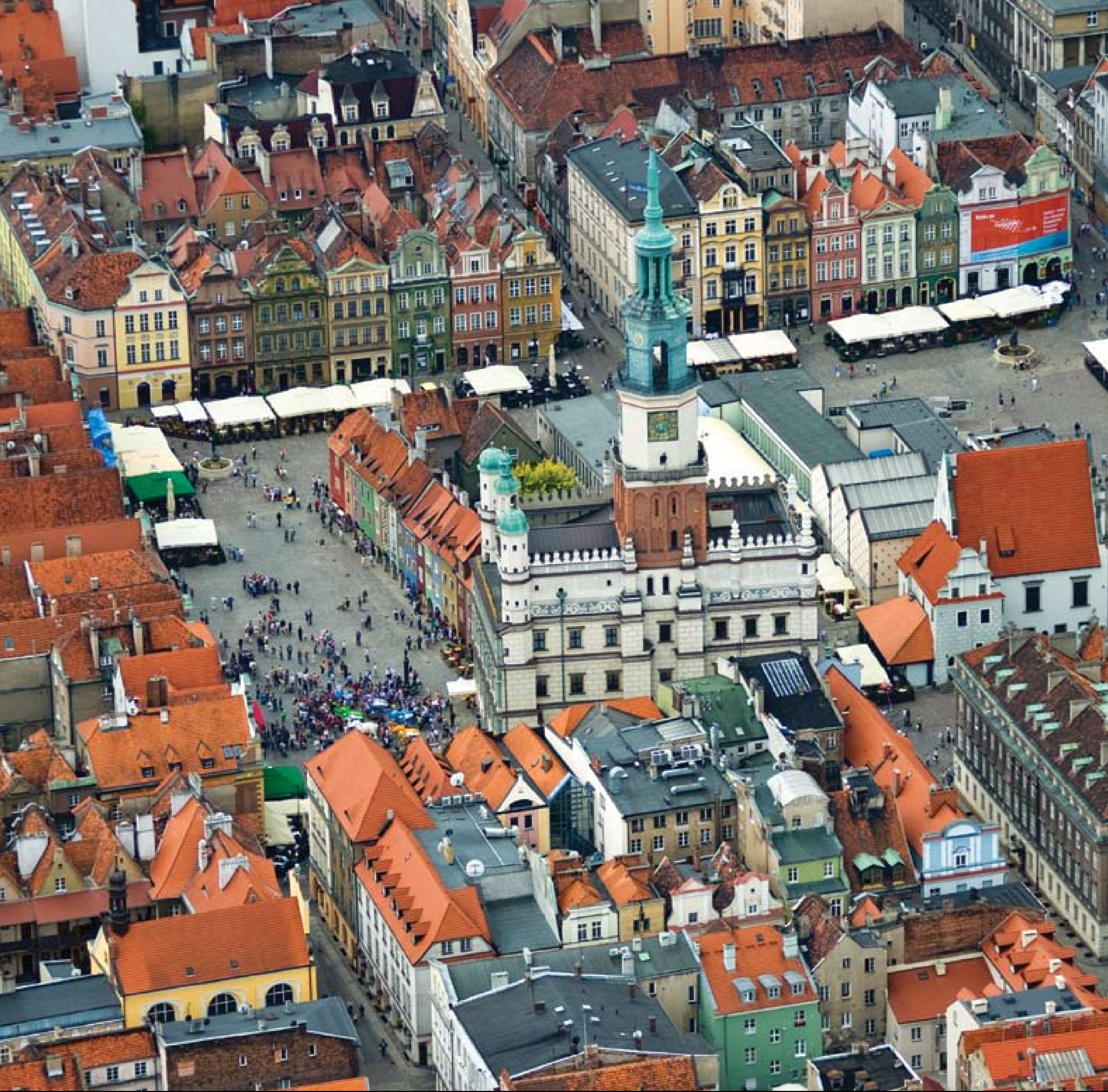
In the northern part of Wielkopolska, apart from outstanding landscape and natural assets, the largest economic center is Pila where production plant is located manufacturing a number of well-known products in Europe and in the country (Philips Lighting Poland). Since the establishment of laisser-faire economic regime, the region thanks to its own characteristics, the efforts of local authorities and implementation of visions of investors, has become an area of great opportunity for investment from the automotive, logistics and BPO sectors.

Despite the many above mentioned objective advantages such as the favorable location, residents of Wielkopolska actively seek to acquire investors. In the region there are many organizations that support the investment process at different stages. One of the leaders is the Investor Assistance Centre, which is the regional partner of the Polish Agency of Information and Foreign Investment. The decade of operation is based on a great and vibrant relationship with proinvestment minded local governments. This tandem allows to achieve great results in the form of numerous investments and promotion of the region in an investor's environment. Wielkopolska also developed a well-functioning system of services for business which facilitates the functioning of those entities already operating in our market, and at the same time the system is a great support for the individuals taking the first steps among local entrepreneurs.

Economic information about voivodship

Number of companies	4,000,000
Value of FDI	10 bilion dollars (starting from 1990)
GDP level	9.3%
Unemployment rate	9.8%
Number of students	150,000
Main foreign investors	Volkswagen, Solaris, Unilever, H&M, Firestone, Bridgestone, Man, Kraft, BASF, Philips, Glaxo Smith Kline, Matsushita
FDI: country of origin	Germany (30%), Great Britain (10%), USA (10%), France (10%)
International Rating	Fitch (A-)

THE REGION ATTRACTIVE TO INVESTORS



HUMAN RESOURCES

In Greater Poland there live now 3,463,419 people of which 595,700 live in the city of Poznan.[1]

In terms of education, which is a very important element to be taken into account by investors, the state population in 2011 was as follows: [2]

	University degree	High school or grammar school	Vocational school	Junior high school	Primary	Other (not specified or not completed)
Poland	17%	31.6%	21.7%	4.9%	18.3%	6.6%
Greater Poland region	16.4%	30.6%	26.0%	5.1%	17.7%	4.2%

A level of education in Poland.

Another factor that proves to be extremely important from the point of view of a potential employer comes down to a rate of active job performance, which in the case of Poland amounts at 53.3%. It needs to be noticed that Voivodeship rate is not only above average, but the ratio at 56.1% puts the region in the first place. The situation is similar in the case of the employment rate, where the Polish average is 46.4% and Greater Poland rate goes up to 50.2%.

Analysing further the economic activity of the population aged 15 and more, the working age population in the region is 2,232,500 which represents 65% of the inhabitants. 536,100 people of this fraction are economically active and 1,372,000 are working. The activity rate of the working age population is 71.4% and the employment rate amounts at 63.8%.[3]

Economic activity of the population aged 15 and over	Population	Active on a job market	
		Total	Employed
Wielkopolskie	2,232,500	1,536,100	1,372,000

Employment activity rate in Greater Poland

1 As at 30.06.2013 – Central Statistical Office

2 Statistical Yearbook Voivodeship 2012

3 Study based on data from the Central Statistical Office

Taking into account the level of education, the rate is as follows:[4]

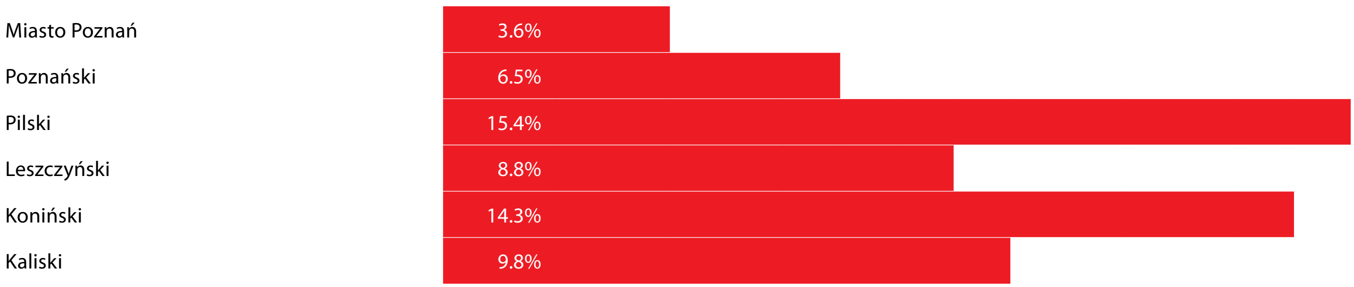
Economic activity of the population aged 15 and over	Active on a job market		Employment activity rate	Employment rate	Unemployment rate
	Total	Employed			
University education	387,600	366,900	79.9%	75.6%	5.3%
High school / grammar school education	401,900	363,800	68.7%	62.1%	9.5%
Vociational education	492,700	434,200	63.9%	56.3%	11.9%

Activity rate in terms of education in the Greater Poland

The registered rate of unemployment in Greater Poland in August 2013 was 9.5%. In 2011, 134,954 registered unemployed, among which 11% were people with university education degree, 23% of with post-secondary and secondary vocational education, nearly 10% of general secondary education, and 31% of vocational education. The largest group of the unemployed (25%) were people with a history of employment in the range of 1-5 years. As many as 1879 new jobs were registered, out of which for one job offer there were 72 unemployed.

This is undoubtedly an opportunity for employers to quickly hire staff ready to start work immediately. An additional benefit for employers, resulting from the above data is a possibility to obtain a grant from the Office of Labour, whose tasks include working closely with the business and the labor market in the activation of the unemployed.

The unemployment rate in the different sub-regions forms as follows:[5]



4 Study based on data from the Central Statistical Office

5 Voivodeship Statistical Yearbook 2012

EDUCATION

Wielkopolskie Voivodeship can also boast one of the best universities in Poland, unique lines of language studies and qualified human resources, and the same Poznan comes as the third university academic center in Poland in terms of a number of educational institutions.

All in all, when it comes to the Greater Poland Region, there were 153,034 students at the turn of academic year 2011/2012 and 44,203 graduates.

Most students focus on the three following types of public schools: [6]

Educational institution / type	Educational institution / number	Students	Graduates
Educational institutions in general	40	165,694	47,865
Universities	1	43,266	11,578
Technical	2	20,769	4,774
Economics	7	22,586	7,620

A number of students and graduates

Region of Greater Poland is at the forefront when it comes to university education, taking the third position in Poland in terms of number of schools right after the Mazowieckie Voivodeship and Silesia, as well as the 5th place in terms of number of students, and the 4th position when it comes to graduates.

THE MAJOR UNIVERSITIES OF POZNAN INCLUDE:

- Adam Mickiewicz University – over 40 thousand students,
- Poznan University of Economics – over 12 thousand students,
- Poznan University of Technology – over 19 thousand students,
- Life Sciences University – almost 12 thousand students,
- Poznan School of Banking – over 6 thousand students,
- Poznan College of Modern Languages – over 2 thousand students.

6 Study based on data from the Central Statistical Office

The region also offers a wide range of courses in the secondary schools.[6]

Educational institution / type	Educational institution / number	Students	Graduates
Vocational schools	163	25,275	9,403
Technical (supplementary) schools	205	49,802	12,382
Post-secondary schools	264	26,613	6,565

Curriculum faculties

A wide range of courses and a high level of education prove that graduates are highly-prospective employees in different areas: economics, technology, humanities and languages.

High quality university level as well as knowledge and skills of employees constitute a key to the commercial success for local employers. Local academic centres are fully aware of it and make every effort to forge close cooperation and dialogue with business enterprises providing qualified staff.

6 Study based on data from the Central Statistical Office


UNIWERSYTET IM. ADAMA MICKIEWICZA
COLLEGIUM EUROPAEUM
IM. JANA PAWŁA II

REMUNERATION LEVELS IN WIELKOPOLSKA REGION

The information below was prepared based on recruitment processes carried out by Grafton Recruitment Polska Sp. z o.o. in 2012 and 2013 in Wielkopolska region in manufacturing sector.

One should turn attention to the fact that the level of remuneration in various positions within the company structure depends on numerous factors, inter alia the branch of industry and profile of the company, size of employment, number of subordinates, scope of responsibilities in the position, as well as the individual arrangements between the employer and the employee. For this reason, the numerical data presented below is in ranges from the minimal to the maximum amount of remuneration in the given position.

Values of currencies according to NBP (National Bank of Poland) currency exchange rates have been adopted in the tables below.[7]

PRODUCTION SECTOR

Position	Average monthly gross salary	
	PLN	EURO
Blue collar worker – unskilled Blue collar worker – skilled	1,600 – 2,600 2,500 – 3,500	379 – 616 592 – 829
Engineer Specialist	3,000 – 6,500	710 – 1,539
Production Line Manager	7,000 – 14,000	1,657 – 3,315
Purchasing Manager	6,000 – 15,000	1,421 – 3,552
Maintenance Manager	6,000 – 14,000	1,421 – 3,315
Quality Manager	6,000 – 15,000	1,421 – 3,552
Production Director/ Plant Manager	12,000 – 25,000	2,842 – 5,920

Salary levels at production sector

7 Values indicated in EURO – according to the currency exchange rate of the National Bank of Poland as of 01.10.2013 (EURO/PLN = 4.223)

ADDITIONAL ELEMENTS OF REMUNERATION AND BENEFITS

Aside from primary salary, many local employers also pay additional elements of salary to employees, in the form of discretionary bonuses, vouchers or holiday packages, private medical care, co-financing for education, company car, life insurance etc. Of course, the type and amounts depend on the performed tasks and responsibilities, as well as on the position within the company structure.

Below are examples of extra-pay benefits in manufacturing sector.

For production positions:

- discretionary bonuses and annual vouchers,
- cash awards to employees for outstanding achievements and attitudes (for example: punctuality, no use of sick leave, innovations-ideas to improve work, clean clothes),
- co-financing or coverage of the costs of meals,
- vouchers or discounts for selected products or services of the company,
- coverage of the costs of transport or organizing transport/bus at the expense of employer

For non-production positions:

- discretionary bonuses and annual vouchers,
- private medical care,
- entrance vouchers to recreation and fitness centers,
- co-financing or reimbursement for education – language courses, specialist courses, post-graduate studies,
- private life insurance (especially on managerial positions),
- tools in accordance with requirements of the position such as company car, mobile phone, laptop,
- co-financing or coverage of the costs of meals,
- vouchers or discounts for selected products or services of the company.


mega
avans
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THE MOST IMPORTANT INFORMATION ON THE POLISH LABOR MARKET

LEGAL FORMS OF EMPLOYMENT IN POLAND

The forms of employment in Poland may be divided due to the legal nature of contracts concluded between the employer and the employee. In this case, one can discern contracts regulated by the provisions of the Labor Code or the Civil Code.

The primary source of labor law is the Labor Code (Kodeks Pracy – KP). Based on KP regulations, an employment agreement is concluded.

TYPES OF EMPLOYMENT AGREEMENTS

The Labor Code, based on which the majority of contracts with employees is concluded, discerns four types of employment agreements:

- for a trial period,
- for a definite period of time,
- for the duration of a specific work,
- for an indefinite period of time.

The first three types of contracts are term contracts, and the fourth one – a contract for an indefinite period. These contracts differ in terms of their purposes and duration as well as separate procedures of their termination.

A/ EMPLOYMENT AGREEMENT FOR A TRIAL PERIOD

An employment agreement for a trial period is to familiarize the employer with an employee's qualifications, his or her suitability for the given position and to familiarize the employee with the working conditions and relations at the workplace. An agreement for a trial period may be concluded for a period agreed upon by the parties, however, one not longer than three months. An agreement for a trial period is concluded by an employer with the given employee only once.

B/ EMPLOYMENT CONTRACT FOR A DEFINITE PERIOD AND FOR THE DURATION OF A SPECIFIC WORK

Contracts concluded for the duration of a specific work and for a definite period have a different purpose and nature. Their purpose is not familiarization with mutual values but creating an employment relation for a strictly specified duration in line with both parties' expectations. In a contract for a definite period, the parties strictly specify the period, for which the employment relation has been concluded, additionally particularizing the date, to which the relevant contract shall remain valid. The amount of consecutive contracts concluded in sequence by an employer has been limited. These contracts may be concluded by the given employer only twice in sequence, and the third contract becomes an agreement for an indefinite period by law.

A contract for the duration of a specific work is concluded if the parties have difficulties in precisely specifying its exact duration. In practice, such a contract is concluded only for performance of part-time or season works.

C/ EMPLOYMENT AGREEMENT FOR AN INDEFINITE PERIOD

An employment agreement for an indefinite period is concluded when the parties have clearly specified or there is lack of precise arrangements pertaining to the type of concluded contract, and the circumstances accompanying the conclusion of contract do not suggest that another type of contract has been concluded. An employment contract for an indefinite period, also called an open-ended contract, is characterized by the fact that the parties do not specify a date or event, as the result of which the contract would be terminated. Such a contract gives the employee the greatest guarantees, above all in terms of durability of the labor relation.

TERMINATION OF EMPLOYMENT AGREEMENTS

Pursuant to provisions of the Labor Code, termination of agreements may be done:

a. based on an agreement of the parties,
b. by means of a statement of will of one of the parties, meaning the employer or employee, with a period of notice (termination of an employment agreement with a period of notice),
c. by means of a statement of will of one of the parties without a period of notice (termination of an employment agreement without a period of notice),
d. after expiry of the period, for which it had been concluded,
e. at the date of completion of work, for which it had been concluded.

In addition, an employment agreement expires as the result of death of the employee, death of the employer, after expiration of three months of absence of the employee as the result of temporary arrest.

Types of employment agreements		
Agreement for a trial period	Agreement for a definite period of time	Agreement for an indefinite period of time
• cannot be concluded for a period longer than 3 months	• one may concluded a maximum of 2 contracts, the third will automatically be considered a contract concluded for an indefinite period of time	• the parties do not specify the date of its termination
Periods of notice		
• it the contract is shorter than 2 weeks: 3 business days, • if it is longer than 2 weeks: 1 week, • if it amounts to 3 months: 2 weeks	• it may be terminated only if: • the contract has been concluded for a period longer than 6 months, • the parties have explicitly allowed for such a possibility in the content of the contract – one assumes 2 weeks of notice	• 2 weeks, if the employee has been hired for less than 6 months; • 1 month if the employee was hired for at least 6 months, • 3 months, if the employee was hired for at least 3 years

Summary and comparison of types of employment agreements

TEMPORARY WORK AGREEMENTS

Employment of temporary employees in Poland is regulated by the Bill of July 9th, 2003 on employment of temporary employees as well as the Labor Code. Based on the Bill, Temporary Work Agencies have the right to employ temporary employees and based on a commercial agreement delegate them to their clients (referred to as the employer user).

Agencies conclude employment agreements with their employees, which are trilateral in nature, indicating a specific employer user in aid of whom the employee will physically render work.

PRIMARY CHARACTERISTICS OF A TEMPORARY WORK AGREEMENT:

- A temporary employee may work for a single employer user for the period of 18 months within 36 months. A exception are situations, in which a temporary employee is hired as replacement for a specific employee – then such an employee may work as a temporary employee for up to even 36 months.
- Contracts may be concluded for the period of 1 day up to 18 months (in the case of replacement: 36 months).
- Employee is entitled to two days of paid leave for every 30 days of work.

- Temporary employee is entitled to all employee benefits stemming from the Labor Code.
- The period of notice for temporary work agreements amounts to, respectively:
    - 3 days for contracts shorter than 2 weeks,
    - 1 week for contracts longer than 2 weeks (counting from Saturday).

- Pursuant to the Bill, temporary employees cannot be treated worse than employees employed on a permanent basis, this pertains both to remuneration and work conditions.
- Employer user agrees, in agreement with an agency, on the duration of the contract, remuneration and responsibilities of a temporary employee.

Agreements concluded between an agency and a temporary employee are always employment agreements for a definite period– they may be concluded for a period of several months or several weeks, but also several days or even a single day.

The most numerous groups of temporary employees are hired for blue-collar positions, mainly related to physical or manual labor. However, more and more popular, also in Poland, has become using temporary personnel in administrative, qualified positions, also white collar.

Temporary employment is most frequently used by manufacturing and logistics companies, commercial chains, common services centers, telemarketing companies and other entities from the BPO sector. The most typical situations of using temporary work are:

- works related to seasonal nature of labor,
- intensification of demand for personnel related to variability of orders,
- replacements for the duration of holiday leaves or sick leaves of own employees,
- replacements for the duration of maternity and parental leave,
- limitations in the form of internal employment limits,
- instead of a trial period,
- instead of a graduate internship,
- ordering works, cataloguing works or other works that need to be performed, but which are not related to the main activity of the company

COSTS DIVIDED INTO COSTS INCURRED BY THE EMPLOYEE AND BY THE EMPLOYER

The basis for calculation and payment of the said costs is the gross monthly remuneration of the employee. In majority of cases, they are percent values specified by valid legal regulations.

1. Costs incurred by the employee:

- ZUS (Social Insurance Institution) social insurance, meaning 13.71% of the employee's gross remuneration, i.e.:
  - 9.76% - pension insurance,
  - 1.5% - disability insurance,
  - 2.45% - sickness insurance,
- NFZ (National Health Fund) health insurance, meaning 9% counted from the difference between the gross remuneration and the amount paid under social insurances (amounting to 13.71% of gross remuneration)
- income tax, meaning tax in line with valid tax thresholds:
- 18%, if in the course of the given year the employee does not exceed the amount of the tax threshold in the amount of PLN 85,528.00 (counted as: gross remuneration of the employee minus the amounts of premiums paid under social insurances and possible other reliefs, to which the employee is entitled),
- 32% if in the course of the given year the employee exceeds the above-described tax threshold, meaning the among of PLN 85,528.00.

2. Costs incurred by the employer

- ZUS (Social Insurance Institution) social insurance, meaning insurance including:
  - 9.76% - pension insurance,
  - 6.5% - disability insurance,
  - ca. 1.2% - accident insurance (variable; from 0.9% to 3.6%),
  - 2.45% - Labor Fund,
  - 0.1% - Employment Fund Contribution,
- remuneration for paid holiday leave, to which an employee is entitled (depending on the length of seniority, an employee is entitled to 20 or 26 days of leave),
- ZUS social insurance under medical leave amounting on average to 1.91%, in respect of 33 days of the period of sickness. In the case of doctor's leave issued in relation to an accident at work, a woman in her pregnancy – an employee is entitled to remuneration in the amount of 100% of remuneration for work. In other cases of sickness – 80%. In the case of hospital treatment – 70%. The employer incurs the cost of sick leave for the period of the first 33 days. After this period, the cost is covered by the Social Insurance Institution (ZUS),

- PFRON, National Disabled Persons Rehabilitation Fund – variable, set individually for every company once in a quarter, e.g. PLN 88.11 per employee (state as of 01.10.2013),
- other costs, which include:
    a. costs of the necessary trainings in the field of occupational safety and hygiene (in the beginning of employment and periodical),
    b. costs of protective and working clothing (the employer is obligated to ensure it to the employer, if the position requires it),
    c. costs of the necessary medical examinations before commencement of work as well as periodical examinations or control examinations. The cost of primary examinations amounts to PLN 40 up to PLN 100,
    d. other, e.g. beverages and preventive meals for persons working in difficult physical conditions.

The employer may willingly grant additional benefits to an employee, such as: additional bonuses, co-financing in order to increase qualifications, trainings, company car, phone or laptop for private purposes, holiday vouchers, co-financing of means, allowances, additional private medical care.

COSTS OF THE EMPLOYER AND EMPLOYEE – SUMMARY

Type of premium:	Employee	Employer	Remarks
Pension insurance	9.76%	9.76%	
Disability insurance	1.50%	6.50%	
Sickness insurance	2.45%		
Labor Fund		2.45%	
Accident insurance		0.9% – 3.6%	Depending on the industry of the company it amounts to 0.9% to 3.6%. Here and in further calculations we adopt 1.2%.
Employment Fund contribution		0.10%	
TOTAL:	13.71%	20.01%	
Health insurance	9.00%		
PFRON (National Disabled Persons Rehabilitation Fund)		88.11 PLN	Monthly per person, regardless of the person's amount of remuneration.

Costs of employees and employer - summary

EXAMPLES OF CALCULATIONS

Monthly net remuneration of an employee:		2,047.87 PLN	484.96 EURO
costs incurred by the employee	ZUS pension insurance	273.28	64.71
	ZUS disability insurance	42.00	9.95
	ZUS sickness insurance	68.60	16.24
	Health insurance	187,25	44.34
	Income tax 18%	181.00	42.86
Monthly gross remuneration of an employee constituting the basis for calculation of costs:		2,800.00 PLN	663.06 EURO
Costs incurred by the employer:	ZUS pension insurance	273.28	64.71
	ZUS disability insurance	182.00	43.10
	ZUS accident insurance	33.60	7.96
	Labor Fund	68.60	16.24
	Employment Fund Contribution	2.80	0.66
	PFRON	88.11	20.59
Monthly costs of employment for the employer (gross remuneration of the employee + costs incurred by the employer):		3,445.57 PLN	816.59 EURO

Example of calculation of monthly net remuneration of the employee (EURO/PLN = 4.223 – according to the exchange rate of the National Bank of Poland as of 01.10.2013)

Business week in Poland on average has 40 hours in the case of full-time employment (8 hours a day). It is assumed that the maximum number of hours per week may amount to 48. In addition, part-time employment agreements are used. Due to the specificity of branches of industry, part of the companies adopt multi-shift work with shift length other than 8 hours. Shift work is not a separate system of work time and it can be used in combination with various systems of work time.

BONUSES FOR OVERTIME AND WORK DURING NIGHT HOURS

Pursuant to the Labor Code (KP) for hours worked above the agreed upon standards, as well as for hours of night work, an employee shall be paid according to legally specified bonuses. The worked hours are documented by daily filling in of work time sheets or are measured with the use of electronic systems.

Employees performing work during the night hours, for every worked night hour receive a bonus in the amount of 20% of the minimum hourly remuneration (pursuant to the Labor Code). The employer, however, may pay to the employee a bonus in the amount higher than the specified minimum.

Overtime work and the manner of settlement of an employee for overtime work are regulated by legal regulations. The amount of overtime may not exceed 150 hours per employee per year.

For overtime work the employer may:

- grant free time to the employee in the amount of the worked overtime (overtime hours = number of hours of free time),
- pay remuneration for work increased by appropriate bonuses

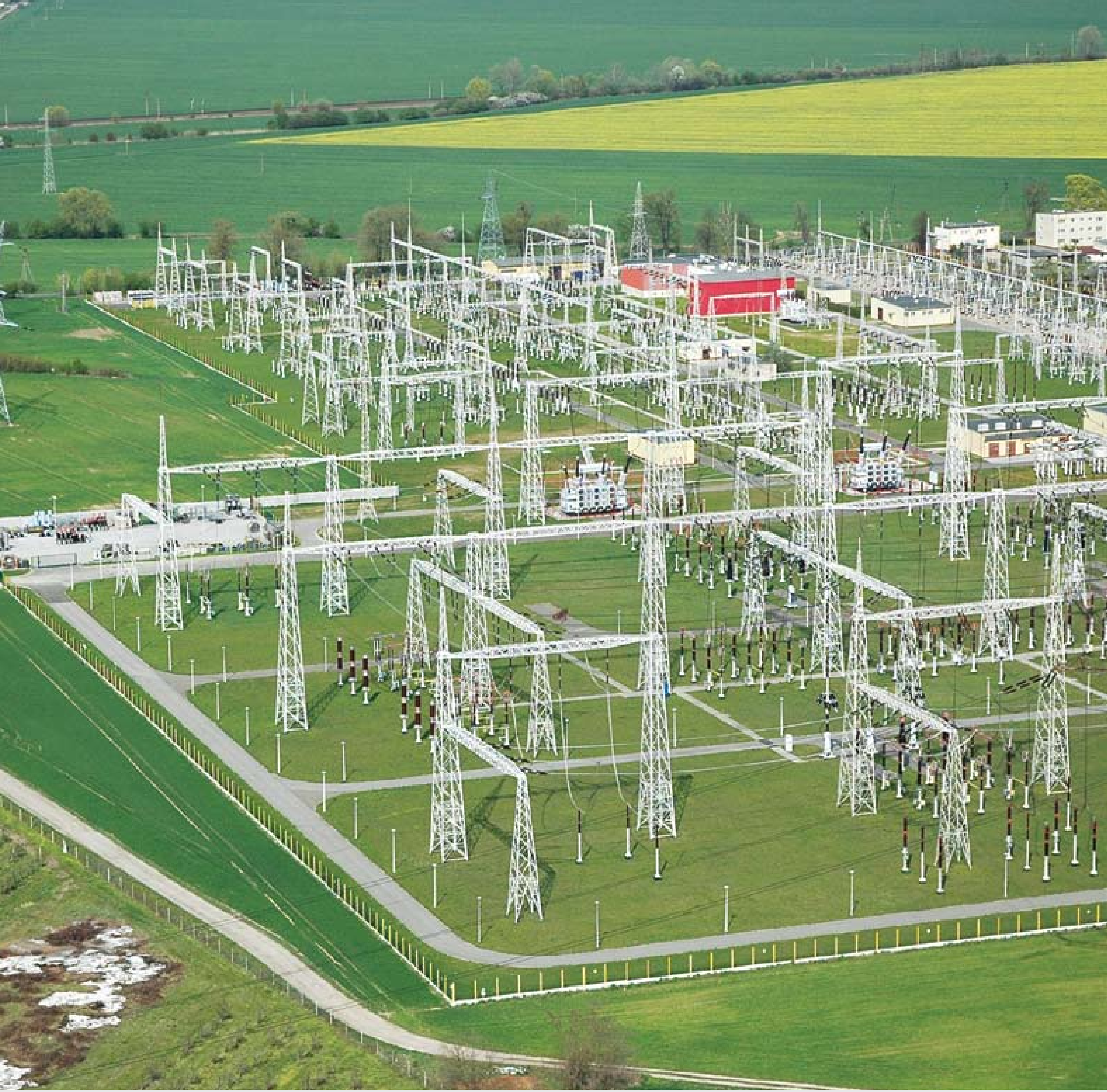
We hope that you will find the information above useful in the course of investment planning in Wielkopolska region.

Should you have any additional questions pertaining to employee issues in Poland, we invite you to contact us directly. We provide support and advice in planning of mass recruitment processes, in situations of employment of a large number of employees also in specific and niche positions, performing preliminary employee potential surveys of local markets. We advise and help planning the recruitment process in a manner ensuring its complete success.

COSTS OF EMPLOYMENT IN 2013 IN POLAND

Employer's costs in Poland cover three types of benefits:

- gross remuneration of the employee covering pension, disability and sickness premiums paid by the employee as well as income tax from physical persons (at the minimum gross remuneration for the given year is specified by legal regulations and in 2013 it amounts to PLN 1,600.00 gross).
- obligatory pension, disability and sickness premiums paid by the employer,
- other costs, inter alia ones stemming from obligations of the employer in the field of ensuring occupational safety and hygiene, medical examinations, possible employee trainings.



GREENFIELDS IN WIELKOPOLSKA REGION

Wielkopolska is selected by foreign investors for several reasons. First of all, it is a modern region characterized by high economic rates and reliability. Among the most frequently mentioned parameters that affect investment decisions are:

- excellent location in the western part of the Polish, a short distance from the border with Germany
- satisfactory level of road infrastructure (including the A2 motorway, express ways A5 and A11 as well as the bypass of Poznan) and rail infrastructure
- access to a qualified, professional and large blue-collar workforce, with experience such as the use of numerically controlled machines
- the potential of the city of Poznań (numerous educational institutions and scientific centers)
- developed technical infrastructure and access to relatively cheap and well-prepared investment sites
- highly developed business-related facilities (research centers, banking market, higher-order services, chambers of entrepreneurs)
- high representation of foreign capital from various industries (automotive, food, chemical and electronic) and sectors (manufacturing, logistics, R & D centers)
- high investment activity of municipalities associated with the acquisition of funds from the EU and the self-financing of development
- High-performance industry
- diversified economic structure
- large share of the private sector in the regional economy
- well developed institutions supporting business
- Poznań International Fair - a venue for major international events (congresses, conferences, sporting and cultural events)
- International Airport
- developed technical infrastructure and system of services for business
- relatively low labor costs: the average salary in the region is at 91% of the mean national salary
- human potential, high quality of labor market - a large supply of qualified workers who speak foreign languages
- High investment activity in the region: 34.6% is the highest investment in the industry (in Poland – 29.8%)
- good transport links: the main transit corridor from Western Europe to Russia, the A2 motorway between Konin and Nowy Tomyśl, bypass of Poznań under construction (east and west sections), upgraded S5 expressway and convenient

railway connections (Warsaw 2.5 h, Berlin 3 h), rail links system improving mobility of workforce in Wielkopolska, national and international airport, the Odra river water route

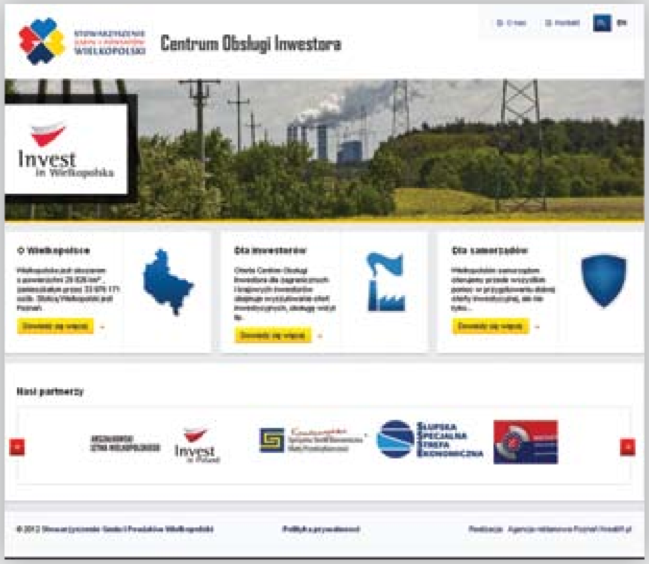
- skilled workforce: Poznań University of Technology, University of Economics, vocational colleges offering technical courses
- Academic Center: More than 140,000 students, 25 colleges, 157 fields of study, 50 research institutes, Department of PAN (Polish Academy of Sciences)
- 3rd position of the region in the country (about 7 billion U.S. dollars) in terms of invested foreign capital
- the country's largest area of agricultural land and the high quality of regional agricultural products

Wielkopolska is a region of diverse investments. The southern part of the region is the site of investors in the aviation industry - working for major corporations of Boeing and Airbus. Automotive industry is concentrated in the vicinity of Poznan and the south-western part of the region. Significant number of investors operates in the electronics industry. In the north of the region there are facilities of companies such as Philips, Samsung and Mathushita. Due to natural conditions, Wielkopolska is host to a number of investments in food and food processing industries.

More than 30 companies from Wielkopolska are placed on the list of 500 largest companies in Poland. Taking into account the criterion of employment , the largest company in the group employed between 100 and over 8,000 people. Wielkopolskie Voivodeship is classified by the experts among the group of Polish regions with the highest investment attractiveness . This is confirmed by systematic rankings in groups of cities conducted by the Institute for research on Market Economics and the Centre for European Regional and Local Studies of Warsaw University (regional capitals , districts and smaller cities). Factors determining the attractiveness influence the decision of investors in selecting the location of economic activity and the level of investment.

http://infobase.paiz.gov.pl

Among the cities and towns in the top positions (Class A and B) in the region are : Poznań, Leszno, Piła, Gniezno, Koło, Ostrów Wielkopolski, Kalisz, Szamotuły, Września, Kościan, Chodzież, Słupca, Turek, Gostyń, Krotoszyn, Ostrzeszów.



http://investinwielkopolska.com

METHOD OF CREATING A DATABASE AND THE SCOPE OF INFORMATION PROVIDED TO THE INVESTOR

Wielkopolska is an area of high interest to external capital. Number of greenfield investments is high, and results from the classification of the region in the top three of the most attractive regions in Poland. Team Investor Assistance Center (IAC) for the Office of the Marshal of the Wielkopolska Region and the Polish Agency of Information and Foreign Investment develops and verifies one of the country's largest real estate database of greenfield investment. At the moment you can choose from more than 280 offers prepared and audited by a team of IAC. The whole offer is available on the websites listed below or by contact with consultants of our institution.

What kind of information about the land is there in the database of IAC? The standard used in the Investor Assistance Centre is - Site Check List. This four-page form is a property document of PAIiIZ (Polish Information and Foreign Investment Agency) and allows for careful familiarization with the features of investment area. The material data are described in nine sections including location, area, existing infrastructure and transport links. In addition, the necessary attachments to the offer are map and photograph of the area. The grounds are checked each year by IAC consultants and the information contained in the Site Check List are supplemented and updated regularly.

PROCEDURE APPLIED WHEN PROCESSING AN INVESTMENT QUERY.

Please feel invited to use the package of free of charge services offered to potential investors by IAC. After you specify the expectations a consultant dedicated to the project will search in our database for offers of greenfield sites complying with the criteria. Then you will receive into your e-mail mailbox a proposal of several plots of land and offer to take a one-day trip in Wielkopolska. Of course, the consultants will answer any questions you may have or direct you to the relevant institutions which have the necessary data (eg. district labor office, office of funds support etc.). As a result, a visit will be organized during which you will be shown the selected property and the appointment will be arranged with the individual clients. This procedure is performed by COI dozens of times each year. You are welcome to cooperate with us!

WHERE TO GET THE NECESSARY INFORMATION?

Our Investor Assistance Centre cooperates with many institutions which specialize in supporting the investment process. In addition to the previously mentioned municipalities and county governments, such institutions include the Ministry of Economy, Polish Information and Foreign Investment Agency, Office of the Marshal of the Wielkopolska Region.

All of the above institutions have web sites in English, which can be helpful in finding information relating to both the Polish legislation and details of the Polish economic parameters. So, in addition to extensive information about available investment areas, or the scope of possible public funding, a major advantage of the cooperation is the ability to search the offers corresponding to the expectations of the investor, on many unified online platforms. We recommend as follows:

- www.mg.gov.pl
- www.funduszeeuropejskie.gov.pl
- www.paiz.gov.pl and http://infobase.paiz.gov.pl
- www.umww.pl
- www.investinwielkopolska.com

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Key FDI in Wielkopolska – Logistics & Manufacturing


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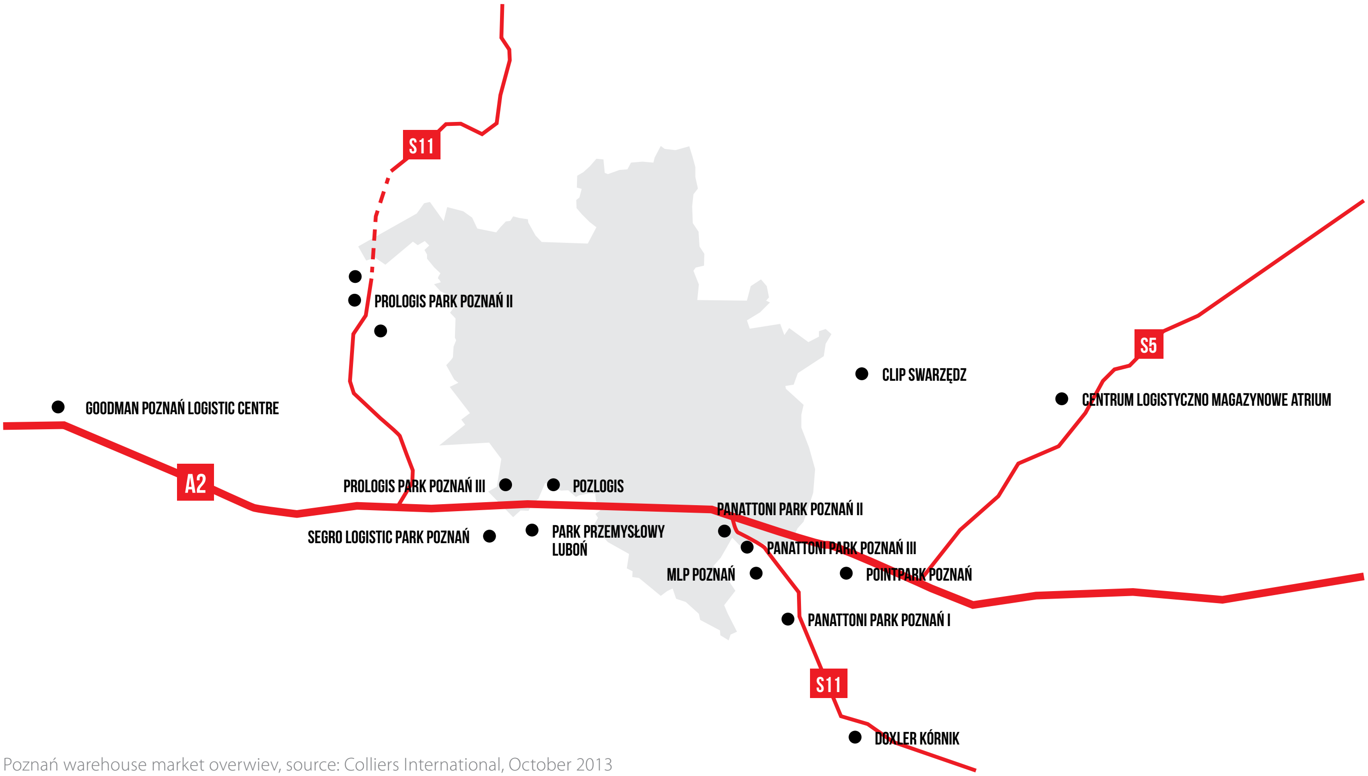
POZNAŃ INDUSTRIAL MARKET

1. INTRODUCTION

The Polish industrial map is characterised by a concentration around major agglomerations. Such a distribution of supply is mainly dictated by the infrastructure system in Poland. A bias towards the western part of the country is visible as the EU remains the major trade partner for enterprises operating in Poland. The main Polish industrial centres are: Warsaw, Upper Silesia and Central Poland, mainly represented by the Łódź region, which is situated near the eventual crossroads of the A1 and A2 motorways. Poznań, on the other hand, benefits from its proximity to the western border, as well as to the A2 motorway, which serves as a convenient link between Warsaw and Berlin.

The vast majority of supply in the Wielkopolska region is concentrated in the Poznań agglomeration, namely the surrounding municipalities, such as Gądki, Tarnowo Podgórne, Swarzędz, Żerniki or Komorniki.



Poznań warehouse market overwiev, source: Colliers International, October 2013

2. SUPPLY

At the beginning of October 2013, the total supply of modern industrial space in Poznań region stood at 900,700 m^2, which represents 12% of the total supply in Poland. There were no new completions registered in the Q3 2013; however, 69,500 m^2 within the next phases of four projects remain under construction.

Poznań, with a supply slightly exceeding 900,700 m^2, is the fourth biggest Polish industrial market, after Warsaw (2.69 million m^2), Upper Silesia (1.48 million m^2) and Central Poland (1.01 million m^2).

The industrial market in the Poznań region started to develop around 2004. In the period 2004-2007 the total supply of modern industrial space in Poznań grew by more than 7 times. The years after proved to be a time of constant moderate growth, with approximately 40,000 m^2 being delivered yearly. This year has not seen an increase so far in the stock of industrial space; however, the completion of two projects totalling 24,000 m^2 is planned by the end of 2013.

The most active developers in the Poznań market are Panattoni, Prologis and SEGRO. Their market shares in terms of the amount of delivered area equal 33%, 18% and 14% respectively. This resembles the structure of developers observed in the Polish industrial market as a whole, where the leader is Prologis, which covers slightly more than a quarter of the total supply. The following developers are Panattoni (21% of supply in Poland) and SEGRO (10%).

3. DEMAND

Since the beginning of the current year, slightly more than 150,000 m^2 of industrial space has been leased in the Poznań market, within 27 transactions. 54% of the demand was represented by renegotiations, while the remaining 46% were new deals. In the past 9 months, no BTS agreements have been registered in this market.

In the Q3 2013 alone, the transaction volume in Poznań exceeded 48,500 m^2, which represents 7 signed leasing agreements. Renegotiations were definitely the prevalent type of transactions in the analysed period, as they constituted 73% of demand. 17% of the industrial space was leased as part of new deals.

As at the end of Q3 2013, more than one third of the tenants in the Poznań market represented the Third Party Logistics sector, which was a slightly higher percentage than in Poland as a whole (26%). The second largest group of tenants were enterprises operating in the retail sector, and again it was a higher ratio than that observed in the Polish market in total (22% compared to 13% in Poland). As much as one fifth of the demand was represented by companies from other sectors not included in regular categories.

The biggest transaction registered in the Poznań industrial market in first three quarters of 2013 was a leasing agreement of approximately 26,000 m^2 concluded by a tenant from the retail sector and Segro Logistics Park. Other substantial deals include the leasing of 17,000 m^2 by Volkswagen and 14,700 m^2 by Henkel from the FMCG sector.

Tenant	Area (m^2)	Building
Retail	26,170	Segro Logistics Park Poznań
Volkswagen	17,000	Prologis Park Poznań II
Henkel	14,700	Panattoni Park Poznań II
Rhenus	8,600	Prologis Park Poznań I
Piotr i Paweł	8,300	Millennium Park Poznań

Selected lease transactions in 2013, source: Colliers International, October 2013

4. VACANT SPACE

In Q3 2013, Poznań was the industrial market with the lowest vacancy rate in Poland (3.6%), while the vacancy rate for all major Polish industrial markets amounted to 10.2%.

5. SPACE UNDER CONSTRUCTION

There was no new supply registered in Q3 2013; however, 69,500 m^2 remain under construction, which represents 23% of industrial space under construction in the Polish market (358,400 m^2). Two of the projects having a total area of 24,000 m^2 are planned to be delivered by the end of 2013.

6. RENTS

Like in the other regional markets, rental rates in Poznań have remained stable in comparison to the previous quarter and varied within a narrow range of 2.7-3.1 EUR/ m^2 per month.

Region	min. (EUR/m^2)	max. (EUR/m^2)
Warsaw I	3.8	5.5
Warsaw II	1.8	2.9
Warsaw III	1.9	2.7
Central Poland	1.9	3.0
Poznań	2.7	3.1
Upper Silesia	2.7	3.3
Kraków	3.7	4.5
Wrocław	2.8	3.2
Gdańsk	2.8	3.5
Toruń	2.2	2.8
Szczecin	2.9	3.5

Effective rental level (EUR/m^2), source: Colliers International, October 2013

7. FORECAST

The modern industrial market in Poznań is likely to continue its growth in the forthcoming years. The region is attractive to tenants thanks to its strategic location and continuous improvement in infrastructure.

Moreover, the low vacancy rate in this region creates a potential for developers to launching new investments.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