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LPBC

Luxembourg-Poland Business Club magazine



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Interview

Xavier

Bettel





Palace of Culture and Science in Warsaw, Poland.

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LPBC

Luxembourg-Poland
Business Club magazine

Chief Editorial Officer: Artur Sosna | **Editorial staff:** Anna Dober, Christoph N. Kossmann, Jan Grimbrandt, Włodzimierz Blasiak, Antoine Badot, Bartosz Jałowiecki, Xavier Bettel, Georges Faber, Jan Pamuła, Jean Lasar | **Conception & coordination:** 360Crossmedia | **Artistic Director:** Frank Widling | **Cover photo:** 360Crossmedia/M.D. | **Print run:** 500 copies



Motława river in Gdansk, Poland.

| editorial |



Dear Friends, Dear Colleagues,

You will read in this magazine articles written by talented experts and will read the last trends in our business.

This magazine belongs to you! We would like to encourage you to participate in its content: we rely on your expertise and would like to share it with the readers on the pages of our next edition.

Wishing you a pleasant reading of this magazine!

With regards,

Artur Sosna

President at Luxembourg-Poland
Business Club

Artur Sosna

(Luxembourg-Poland Business Club)

Polish ambitions

LUXEMBOURG-POLAND BUSINESS CLUB
PRESIDENT ARTUR SOSNA ANSWERS TO OUR
QUESTIONS ABOUT HIS BACKGROUND AND LPBC.
INTERVIEW.

Tell us about you in a few words?

I was born and grew up in Poland until the age of 18. After that I spent 15 years in Germany where I graduated from university and then worked for a global player in the education business. In 2007 I moved to Luxembourg to open a branch of a worldwide company and finally in 2015 started my own business (Inspiring-Speaker Office). I am married and have two kids. I run marathons, I am the President of the "Luxembourg-Poland Business Club" and speak six languages fluently. Finally I am passionate about the diversity of languages and cultures based in Luxembourg and think it is quite a unique place in the world.

What are LPBC's current activities?

We are working on further developing our website to establish a platform through which companies can get connected with talented trainees and professionals looking for opportunities in Luxembourg. This could also apply to companies based in Poland. Secondly, in June 2016 we will host the first "Summer Business Ball" in Luxembourg with

250 selected guests from politics and business from both countries.

Lastly, we observe the growing demand for the business network between Luxembourg and Poland. To keep up with these developments the LPBC is expanding its activities. We are also considering to extend our executive board with accomplished business leaders.



"In June 2016 we will host the first "Summer Business Ball" in Luxembourg with 250 selected guests from politics and business from both countries."

Artur Sosna,
President at Luxembourg-
Poland Business Club

What are the future developments for LPBC?

Luxembourg's and Poland's economy are developing well. Geographically, both countries are seen to be well positioned for growth. Very important for their future development are the growth of some key sectors in ICT, Automotive, Logistic, Bio-Technology, Finance

and Environment, to mention a few. This means to me that there is a great potential for future events to help bring together people in those sectors.

More
information

www.lpbc.lu

The Luxembourg Patrimonial Foundation What's new in Luxembourg?

LAST YEAR THE FEATURES OF THE NEW INHERITANCE PLANNING TOOL TO BE INTRODUCED IN LUXEMBOURG WERE UNVEILED. EXPERTS WERE VERY OPTIMISTIC THAT THE DRAFT LAW WOULD BE ENACTED FAIRLY SOON AND THAT THIS NEW PLANNING INSTRUMENT WOULD BE BROUGHT INTO LIGHT IN 2014.



Christoph N. Kossmann,
SGG Group

However, this was not the case. Even though the draft law was already quite advanced in the parliamentary process and was ready for voting, the Government nevertheless wanted to make additional changes. Such amendments were to bring the draft law in line with the new requirements under the looming Fourth EU Anti-Money Laundering Directive (AML) that was passed by the European Parliament in April. The new Directive is based on the recommendations of the Financial Action Task Force (FATF) and aims at improving customer due diligence and creating increased transparency in the fight against money laundering. As a consequence, the additional changes to the draft law will cause a delay in the enactment of the Patrimonial Foundation, however, the law will then be fully compliant with the recommendations of the Fourth Directive.

As this Directive foresees increased transparency rules that will also apply to the beneficiaries of trusts and foundations, all existing laws in the EU regarding these instruments will also have to be adapted. Luxembourg wanted to use this occasion to implement these requirements at an early stage, despite AML compliance already being an important element in the draft law. At the same time, it is unlikely that any changes will be made to the basic features of the Luxembourg Patrimonial Foundation. The concept of the Luxembourg Patrimonial Foundation was inspired by the existing 'Privatstiftung' in Austria, the Belgium, and Dutch 'Stichting' as well as the 'Familienstiftung' under

German and Liechtenstein Law. The Foundation is a legal entity and as such can hold property of any kind directly in its own name. Incorporation can be done by any private individual or legal entity acting in the context of private wealth management, before a notary public in Luxembourg. The minimum contribution is EUR 50'000. The Foundation is represented by a board of directors, the articles can also foresee a two-tier structure with a board of directors and a supervisory board. A special feature—already known from the Dutch Stichting—is the possibility to issue depository receipts to a certificate holder who has the right to receive income from the underlying assets held by the Foundation. The Luxembourg Patrimonial Foundation as a modern and very flexible vehicle for inheritance planning and wealth structuring will find its place very quickly in the international estate practitioner's toolbox. With the updated EU AML recommendation already integrated, it is also an instrument in compliance with the highest standard of the EU AML legislation. Thus, it will be a genuine planning tool of high quality, conforming to the family of existing types of Foundations and Trusts.

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Boson Energy Back in Poland. Bringing Impact Energy.



Jan Grimbrandt and Prof Włodzimierz Blasiak

INTERVIEW WITH BOSON ENERGY
FOUNDERS JAN GRIMBRANDT AND
PROF WŁODZIMIERZ BLASIAK.

Can you present Boson Energy SA in short?

Jan Grimbrandt: Boson Energy is a provider of impact energy solutions. That means that we build power plants for distributed generation of predictable and affordable power and heat (or cooling). Solutions that have true positive societal impact. This energy is produced on the end-user site using locally available solid fuels, and the objective is zero emissions to soil, water, and air. We are a Luxembourgish company founded in 2009 – with strong connections to Poland and Sweden. The two of us started working together with pollution control and fossil-to-biomass conversion, and we very active and successful on the Polish market. Based on the same core team and technology originally developed at KTH in Stockholm, we now work to fulfil our goal to become THE provider of impact energy solutions – based on

biomass, zero emission coal, and zero emission waste-to-energy.

What are the latest trends in your industry?

Professor Blasiak: Distributed thermal solutions and resilience is at the core of the energy system transformation that is happening. A transformation that affects all of us – in both developed and developing markets.

JG: Take smart cities as an example. A smart city without smart energy is honestly still a pretty dumb city. A truly smart city needs to be powered by resilient circular energy. That means generation that is decentralized, base-load, thermal, and running on local solid fuels. And this works in all kinds of countries; Germany, Poland, India, South Africa, Rwanda, Indonesia...

There is no way around looking at the complete societal- and system costs and benefits of different energy solutions any more – over the lifecycle, not just upfront installation cost. Social license-to-operate is key.

What importance do the Polish and Luxembourg markets have for your company?

Prof Blasiak: The Polish market is extremely important to us! I am Polish of course, and we have been active on the Polish market for years. Poland has large resources of biomass and coal and can really use the jobs local fuel production would give, and needs to replace old coal systems. And Jan being invited again this year to speak in Krynica is a testament to our commitment to Poland.

"We also see big potential for manufacturing and applied research in Poland – not only for the local market, but also for export."

The Luxembourg Limited Partnership

A perfect match with Alternative Investments in Poland

SINCE ITS INTRODUCTION IN JULY 2013, THE LUXEMBOURG SPECIAL LIMITED PARTNERSHIP (SLP) HAS BEEN VERY SUCCESSFUL, NOT ONLY AS A FUND RAISING VEHICLE, BUT ALSO AS AN ASSET OWNING ENTITY, TO THE EXTENT THAT ITS ACTIVITY IS LIMITED TO PRIVATE WEALTH MANAGEMENT, AS OPPOSED TO TRADING OR "COMMERCIAL" ACTIVITY.



The SLP being transparent for Luxembourg corporate income tax and net wealth tax purposes, while at the same time not being vested with legal personality triggers a lot of interest for the purposes of investing in real estate and private equity type projects in Poland. The question concerning the private wealth management classification of its activity however remained a grey area until the beginning of this year. Early in January 2015, the Luxembourg tax authorities issued a Circular Letter which provides guidance on the tax treatment of limited partnerships (including both the Common Limited Partnership – CLP – and the SLP), in particular for limited partnerships qualifying as Alternative Investment Funds (AIFs). The fact that non-regulated partnerships are tax transparent for

corporate income tax and net wealth tax purposes does not mean that they are tax exempt but that the Luxembourg tax burden belongs to their partners. Non Luxembourg resident investors are however not subject to corporate income tax and net wealth tax in Luxembourg, unless the Limited Partnership is considered as constituting a permanent establishment in Luxembourg and generating commercial profits. CLPs and SLPs may however be subject to municipal business tax in their own name if they realize commercial income, hence the importance of having clarified the notion of "commercial income". The purpose of the Circular is, among other aspects, to clarify the conditions in which a commercial activity may arise. As per the Circular, in order to analyze whether the activity performed by the CLP or SLP is commercial or not, reference has to be made to Luxembourg law, parliamentary comments and case law, where a commercial activity is typically opposed to private wealth management. Whether or not a partnership carries out "private wealth management" activities must be determined based on a bundle of signs and not on an isolated fact or circumstance. The Circular mentions a certain amount of case law that gives indications on how to

interpret the criteria set forth by the law with respect to the characterization of a commercial activity. Based on these grounds, the Circular confirms that the number of the assets and the disposal of certain assets within a short time period does not trigger as such the realization of commercial operations. The Circular also specifically mentions that (non-regulated) partnerships which are AIFs within the meaning of the Luxembourg law of July 2013 are not considered as carrying out a commercial activity as they have not, by definition, a commercial purpose but instead an investment purpose. This Circular is extremely welcome to clarify the notion of "private wealth management" as opposed to "commercial activity" and confirms that AIFs set up as partnerships can be fully tax transparent in Luxembourg provided that certain conditions are met. This clarification will without any doubt reinforce the attractiveness of the SLP for the purposes of investment in real estate and private equity types of projects in Poland.

Antoine Badot,
Partner, International Tax
Alternative Investments, Real
Estate & Infrastructure, KPMG
Luxembourg

Leaving or staying?

BARTOSZ JAŁOWIECKI
DISCUSSES THE IMPORTANCE
OF MAINTAINING DIPLOMATIC
RELATIONS BETWEEN POLAND
AND LUXEMBOURG.



Last year Denmark, this year Finland which country will be next to close down its Embassy? This is the question which we in the diplomatic community in Luxembourg sometimes ask ourselves when we talk about the future of the diplomatic missions to the Grand Duchy. Poland, a northern country, and one which is keen on making savings in its public administration, has over the recent years also scaled down its diplomatic presence in Luxembourg. Yes, Luxembourg is important because it the founding member of NATO and the EU. Yes, Luxembourg is important because it is a financial center. And yes, Luxembourg is important because about 4,000 Polish citizens live in the Grand Duchy. In today's financial reality, however, the factor that might prove

decisive for the fate of my country's diplomatic presence in Luxembourg is the amount and the quality of economic cooperation between Poland and Luxembourg. This is because economic diplomacy is becoming just as essential as the traditional one and we as diplomats are increasingly evaluated on the basis of the assistance that we provide to our enterprises. This means that our enterprises must be interested in doing business in the countries where we reside. If they are not, we cannot deliver the results which are expected of us. Polish enterprises are increasingly interested in Luxembourg and as Poland's Embassy in Luxembourg we have been promoting these companies in the Grand Duchy for years. During a large number of conferences, B2B meetings and other events we have shown our

Luxembourgish partners that Polska and Made in Poland stand for high quality goods as well as reliable and trustworthy services – in IT, logistics and in the energy sector. Poland is transforming itself into an export-oriented economy and in many countries around the world Polish products and Polish know-how are now highly appreciated and valued. If prejudices and stereotypes can be overcome and if the same process takes place in the Grand Duchy, then I am sure that more Polish ambassadors will come to reside in Luxembourg and that you will continue to find our Embassy at 24, rue Guillaume Schneider.

Bartosz Jałowicki,
Ambassador of the Republic
of Poland to the Grand Duchy
of Luxembourg



| cover story |



Xavier Bettel,
(Prime Minister)

Unswerving ambition





INTERVIEW WITH XAVIER BETTEL,
PRIME MINISTER.

How would you describe the relations
between Poland and Luxembourg?

The relationship between Poland and Luxembourg is very strong and both countries are close partners in different areas. On a political level we have an excellent relationship with Poland and as BENELUX countries we also have a regular exchange with the Višegrad group (Poland, Hungary, Slovakia and Czech Republic). On an economic level, there has been a significant increase of business exchange since Poland became member of the EU but it is also true that is a lot more potential for a closer cooperation between Luxembourg and Poland. Currently it is mainly an exchange of industrial goods between both countries and I am sure that there are other sectors where companies from Luxembourg and Poland could work together.

Luxembourg is the leading investment fund centre in Europe and an ideal hub to make capital-intensive investments, for example in the area of transportation, energy and climate change. A number of select investors already take advantage of Luxembourg's advanced legal framework to invest into infrastructure projects in Poland and beyond. Leveraging Luxembourg's unique know-how in cross-border investment to finance sustainable infrastructure projects in Poland is a win-win for both sides.

It is therefore important that business leaders come together and have the opportunity to exchange. The Economic Forum of Krynica is an ideal place to do so.

What are your priorities
as Prime Minister?

Luxembourg is a founding member of the European Union and has always been an active and constructive partner in the development of the EU. We now hold the Presidency of the Council of the EU for six months. This means that we have a responsibility that goes beyond our own borders. We have a history in building



“Leveraging Luxembourg’s
unique know-how in
cross-border investment
to finance sustainable
infrastructure projects in
Poland is a win-win for
both sides.”

Xavier Bettel,
Prime Minister



bridges between different interests and this will be our first duty in this difficult period with difficult topics on the agenda such as immigration, economic stability, unemployment or climate change.

In Luxembourg my government has presented a roadmap of reforms which we are currently implementing. It is important to reduce our public debt so that our children are free to take their own decisions instead of repaying the costs of our prosperity. That is why we decided different measures of budget consolidation. We can already see that these measures were the right decision. But we also have to diversify our economy and develop new sectors. The ICT sector is one among other examples where Luxembourg is already today a reference point on the world map and we are putting a lot of efforts to reinforce our position. I also have the portfolio of media and communication and I meet a lot of business representatives from

the ICT sector. They confirm that Luxembourg is an ideal hub for them. We have invested a lot in the infrastructure, in broadband internet and connectivity and Luxembourg is a very business friendly environment with tailor made aid schemes for start-up companies. My government has also significantly simplified the creation of business by a new legislation on private limited liability companies allowing so-called 1-euro companies. We need these companies because we need new perspectives for young people who enter the labour market in the following years. A top priority for my government is to create perspectives and to prepare the country for the challenges that lie ahead of us.

More
information

www.myofficialstory.com/xavierbettel

Untapped opportunities between Poland and Luxembourg

SINCE POLAND'S ACCESSION TO THE EU, TRADE AND BUSINESS WITH LUXEMBOURG HAVE DEVELOPED WELL. BUT THE FULL POTENTIAL IS FAR FROM BEING REALIZED. THE ECONOMIC FORUM IN KRYNICA IS AN EXCELLENT OPPORTUNITY FOR BUSINESS LEADERS TO EXPLORE NEW IDEAS.

Multimodal logistics: creating value together

Luxembourg has developed into a leading multimodal logistics hub with dedicated rail connections to the North Sea ports and Southern Europe. Poland has the potential to become a logistics hub in its part of Europe. By connecting the two hubs, Poland could more efficiently ship its exports to the large consumer centers in Western Europe. Luxembourg would benefit from channeling goods to customers based in Poland and beyond. The advantages of multimodal transportation are manifold and the market potential is huge. Cost calculation outperforms road transportation on long distances and it contributes to a better environment. A multimodal rail connection between Poland and Luxembourg will create value in both countries.

Luxembourg based funds investing in Poland: a win-win

With over 3000 billion of total net assets under management, Luxembourg is the leading investment fund centre in Europe. Due to its

stability and international orientation, it is the ideal hub to make capital-intensive investments, for example in the area of transportation, energy and climate change. A number of select investors already take advantage of Luxembourg's advanced legal framework to invest into infrastructure projects in Poland and beyond. Leveraging Luxembourg's unique know-how in cross-border investment to finance sustainable infrastructure projects in Poland is a win-win for both sides.



Bird's eye view, Warsaw, Poland.

"A multimodal rail connection between Poland and Luxembourg will create value in both countries."

Georges Faber

Cyber security: an essential asset for innovative services

Cyber security is tantamount to attractiveness and competitiveness. It allows for the development of new products, such as "fintech", a combination of financial and technology services. It can lead to the emergence of new business models based on e-payments or virtual currencies for example. Fintech is an opportunity for Luxembourg as it will further diversify its financial services offer; for Poland as it could be an ideal place for the

emergence of fintech start-ups. Its universities of technology offer the necessary talent pool. A focus on fintech could lead to the creation of an advanced technology ecosystem in Poland caring to the needs of international financial centers like Luxembourg, continuously seeking innovation and diversification.

Georges Faber,
the Ambassador of the Grand Duchy
of Luxembourg to Poland

Direct connexion between Poland and Luxembourg

IN POLAND, THERE ARE 25 COMPANIES WITH LUXEMBOURG CAPITAL VALUED OVER \$US1M. ACCORDING TO THE NATIONAL BANK OF POLAND (NBP), AT THE END OF 2013 THE CUMULATIVE VALUE OF INVESTMENT OF LUXEMBOURG COMPANIES IN POLAND WAS 15.5B EURO. TRADE TURNOVER BETWEEN POLAND AND LUXEMBOURG IN 2012 WAS 300M EURO (EXPORTS FROM LUX TO PL) AND 175M EURO (EXPORTS FROM PL TO LUX).

There is a major push from businesses, with offices both in Luxembourg and Krakow, to bring a direct flight connection between Poland and Luxembourg.

Employees of companies such as BBH, State Street, ArcelorMittal and Comarch are required to take indirect journeys between their offices in Krakow and Luxembourg, rather than what could be a less than 2-hour direct flight. There is significant and growing support for consideration of a direct route by airlines.

A Krakow Airport Executive CEO Mr. Jan Pamula has noted: "Recently we have noticed the great and still growing business relations between Poland and Luxembourg, which is the 4th biggest foreign investor in our country, with many Luxembourgish companies having offices and branches in Krakow. The current indirect air service must often be linked with a coach rotation to Luxembourg what is inconvenient and time-consuming. In our opinion, a direct air service would be a catalyst for development of tighter business relations, and what is also important, it would significantly save time of travellers. A direct air service

would undoubtedly have a strong impact on tourism. Thanks to direct air connections, Krakow would become more accessible destination for tourists from Luxembourg willing to discover attractions of the city and the region.

From a business point of view Krakow offers a great possibilities for the Meetings, Incentives, Conferencing and Events (MICE) industry with three brand new venues and is European leader in Business Process Outsourcing (BPO) and Shared Services Centre (SSC) services."

Persuading authorities to implement a direct flight service between cities can be hard and thorough market analysis needs to be carried out before they will invest in new routes between regional airports in highly competitive European market.

"Luxair has successfully embarked on an ambitious growth strategy in recent years, and this puts it in a favourable position to explore potential new destinations and services, including in Eastern Europe", says Jean Lasar, VP Corporate Communication of Luxair Group. "In this context, Poland is naturally one of the markets we are

considering for the opening of new routes, with Warsaw and Krakow being the key candidates. For the time being, our analyses show both destination markets to be still below the economic threshold that would warrant a direct route opening. This has led us to establish agreements with LOT and Lufthansa to offer passengers travelling back and forth between Warsaw and the Greater Region of Luxembourg more convenient and bookable connections, albeit with one stop. However, given the dynamic nature of our business, we are constantly reviewing our options and are prepared to modify our offer on relatively short notice".

Krakow Airport is Poland's second busiest after Warsaw, handles 4 million passengers a year and offers connections to 61 destinations which are operated by 17 carriers. It is also the largest regional airport in Poland located in the south of Poland, 11 km west of Krakow. The operational area of the airport covers south-eastern Poland inhabited by around 7.9 million people within 100 km of the airport.

Lux-Airport is the international airport of Luxembourg and welcomed nearly 2.5 million passengers in 2014, up by 12.3% from 2013. It provides direct flight service to 66 destinations and employs 229 people. Luxembourg continues to be ranked among the "Top 100" best international airports for all categories, just behind Shanghai Pudong and ahead of Geneva and Los Angeles airports.

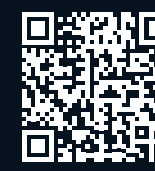


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