

## STATE TREASURY OF THE REPUBLIC OF POLAND

**Type of Engagement:** Annual Review

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### Introduction

In February 2018, The State Treasury of the Republic of Poland represented by the Minister of Finance (The “State Treasury of Poland”) issued a green bond aimed at funding certain environmentally beneficial projects in Poland, in accordance with its Green Bond Framework. This was the second green bond issuance under the Green Bond Framework, following the inaugural December 2016 issuance. In February 2019, the State Treasury of Poland engaged Sustainalytics to review the projects funded through the issued green bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Green Bond Framework.

### Evaluation Criteria

Sustainalytics evaluated the projects and assets funded from the 2018 green bond based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Green Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Green Bond Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

**Table 1: Use of Proceeds and Eligibility Criteria**

Use of Proceeds	Eligibility Criteria	Key performance indicators
Renewable Energy	<ul style="list-style-type: none"> <li>• Generation of energy from renewable sources</li> <li>• Manufacture of components of renewable energy technology</li> <li>• Wholly dedicated transmission infrastructure linking energy from renewable sources to users</li> </ul>	<ul style="list-style-type: none"> <li>• Total megawatt/gigawatt capacity of clean energy produced (MW/GW)</li> <li>• Number of wind turbines / solar panels installed and operating in each location etc.</li> </ul>
Clean Transportation	<ul style="list-style-type: none"> <li>• Investments in rail infrastructure</li> <li>• Investments related to associated rail infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Location and miles of track supported</li> <li>• Number of passengers transferred to the train (and calculated equivalent removal of cars / lorries)</li> <li>• Total GHG emissions avoided of the project (tCO2eq)</li> </ul>
Sustainable Agricultural operations	<ul style="list-style-type: none"> <li>• Sustainable Agricultural operations</li> </ul>	<ul style="list-style-type: none"> <li>• Number of farms/ farmers supported</li> <li>• Area of farmland (square meters / acres / hectares) supported</li> </ul>
Afforestation	<ul style="list-style-type: none"> <li>• Sustainable Forest management</li> </ul>	<ul style="list-style-type: none"> <li>• Area of forest (square meters / acres / hectares) planted / preserved</li> <li>• Location and site name</li> </ul>

		<ul style="list-style-type: none"> <li>Biodiversity information – trees and plants planted</li> </ul>
National Parks	<ul style="list-style-type: none"> <li>National Park management</li> </ul>	<ul style="list-style-type: none"> <li>Location and site name</li> <li>Area of land (square meters / acres / hectares) preserved</li> <li>Biodiversity information – trees and plants planted</li> <li>Visitor data</li> </ul>
Reclamation of Heaps	<ul style="list-style-type: none"> <li>Reclamation and remediation of contaminated land</li> </ul>	<ul style="list-style-type: none"> <li>Area of land (square meters / acres / hectares) remediated</li> <li>Future use of remediated land / purpose of the reclaimed land</li> </ul>

### Issuuing Entity's Responsibility

The State Treasury of Poland is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and, where provided in accordance with the reporting commitments of the Framework, project impact.

### Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of The State Treasury of Poland's Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from The State Treasury of Poland employees and review of documentation to confirm the conformance with the Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by The State Treasury of Poland with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by The State Treasury of Poland.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

### Conclusion

Based on the limited assurance procedures conducted,<sup>1</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects funded through proceeds of The State Treasury of Poland 2018 Green Bond are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Green Bond Framework. The State Treasury of Poland has disclosed to Sustainalytics that the proceeds of the green bond were fully allocated as of November 7, 2018.

<sup>1</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of the projects funded by the green bond in 2018 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Green Bond Framework and above in Table 1.	All projects and project categories reviewed complied with the Use of Proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded by the green bond in 2018 to determine if project impact was reported in line with the KPIs outlined in the Green Bond Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

## Appendix 1: Allocation and Impact Reporting by Eligibility Criteria

Use of Proceeds and Eligibility Criteria Category	Allocation (million €)	Environmental Impact Reported by Eligibility Criteria <sup>i</sup>
Renewable Energy	71.7	<ul style="list-style-type: none"> <li>• 14,898,678 MWh of renewable electricity generated</li> <li>• 8,585 MW of installed renewable energy capacity as of the end of Q2 2018<sup>ii</sup></li> <li>• 12,127 kt CO<sub>2</sub> emissions avoided</li> </ul>
Clean Transportation	767.9	Refurbishment or modernization of: <sup>iii</sup> <ul style="list-style-type: none"> <li>• 1,317.8 km of railway lines</li> <li>• 701 civil engineering facilities</li> <li>• 200 railway platforms</li> </ul>
Sustainable Agricultural Operations	84.1	<ul style="list-style-type: none"> <li>• 54,449 farms employing sustainable agriculture practices supported as part of Rural Development Programme (RDP) expenditures</li> <li>• 1,444,584 hectares of land or animal resources protected as part of Rural Development Programme (RDP) expenditures</li> <li>• 17,607 organic farms supported</li> <li>• 524,836 hectares of organically farmed land supported</li> </ul>
Afforestation	19.8	<ul style="list-style-type: none"> <li>• Investments in 15,569 farms in 2017 and 15,211 farms in Q1-Q3 2018 to improve the lifespan of trees<sup>iv</sup></li> <li>• Investments in 76,360 hectares to improve the lifespan of trees (in the period from the beginning of RDP 2014-2020 until the end of August 2018)</li> </ul>
National Parks	54.1	<ul style="list-style-type: none"> <li>• 23 national parks consisting of 329 thousand hectares in operation</li> </ul>
Reclamation of Heaps	0.2	Approximately ten projects undertaken, including: <ul style="list-style-type: none"> <li>• Cleaning of 2 km of riverbed of the Branicki watercourse in Suszec</li> <li>• Cleaning of 127.7 m of a mine drainage ditch in Czarny Bór</li> </ul>

<sup>i</sup> The environmental indicators reported by the State Treasury of Poland aggregate impacts at a program level, and may not indicate the impact resulting from specific expenditures financed from the green bond. In certain cases, the impact resulting from specific projects funded by the green bond is reported, this information is outlined in the Green Bond Report.

<sup>ii</sup> The installed capacity includes hydro projects >5MW which did not receive support from green bond expenditures

<sup>iii</sup> For the category of Clean Transportation, while the allocation reporting covers the period Q1 2016 – Q3 2018, the impact reporting covers only fiscal years 2016 and 2017, as 2018 data is not yet available.

<sup>iv</sup> These figure only include 2017 and Q1-Q3 2018, which make up 99% of the allocations from the 2018 green bond within the afforestation category.

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