

The State Treasury of the Republic of Poland

Type of Engagement: Annual Review

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Engagement Leader: Larysa Metanchuk, larysa.metanchuk@sustainalytics.com, (+40) 21 529 2233

Introduction

In March 2019, The State Treasury of the Republic of Poland represented by the Minister of Finance (The “State Treasury of Poland”) issued green bonds aimed at financing projects in Poland that carry positive environmental impact. This was the third green bond issuance under the Green Bond Framework, following the inaugural December 2016 issuance. In March 2020, The State Treasury of Poland engaged Sustainalytics to review the projects funded through the issued green bonds 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 in 2019 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, as is outlined in the Green Bond Framework.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

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

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

Issuing 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 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,¹ 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's Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Green Bond Framework.

¹ 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
Use of Proceeds Criteria	Verification of the projects funded by the green bond in 2019 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Green Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the green bond in 2019 to determine if impact of projects 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 Category	Allocation (million €)	Environmental Impact Reported by Eligibility Criteria
Renewable Energy	88.72	<ul style="list-style-type: none"> 41,259,280 MWh of renewable electricity generated 9,106 MW of installed renewable energy capacity as of the end of 2019² 32,677 kt CO₂ emissions avoided
Clean Transportation	497.76	Refurbishment or modernization of ³ : <ul style="list-style-type: none"> 1,172 km of railway lines 768 civil engineering facilities 194 railway platforms
Sustainable Agriculture Operations⁴	117.04	<ul style="list-style-type: none"> 63,703 farms employing sustainable agriculture practices supported under the agri-environment-climate programme 1,515,503 hectares of land or animal resources protected under the agri-environment-climate programme⁵ 16,579 organic farms supported 576,211 hectares of organically farmed land supported⁶
Afforestation⁷	11.72	<ul style="list-style-type: none"> Investments in 15,331 farms Investments in 76,032 hectares⁸
National Parks	31.85	<ul style="list-style-type: none"> 23 national parks consisting of approximately 315 thousand hectares in operation⁹
Reclamation of Heaps	1.07	Approximately six projects undertaken, including: <ul style="list-style-type: none"> Maintenance and cleaning of drainage trenches approximately 1 km long and the riverbed of the Branicki watercourse of ca. 2km Maintenance of the "Piaseczno" excavation sites covering an area of ca. 44 ha

² The installed capacity includes hydro projects >5MW which did not receive support from green bond expenditures

³ For the category of Clean Transportation, the impact reporting covers only fiscal year 2018, as for 2019 data is not yet available. The impact is reported as part of the total National Railway Programme expenditures

⁴ All impact metrics are calculated for the total expenditures under the Rural Development Programmes (RDP)

⁵ In the period from the beginning of RDP 2014-2020 until the end of 2019

⁶ In the period from the beginning of RDP 2014-2020 until the end of 2019

⁷ All impact metrics are calculated for the total expenditures under the Rural Development Programmes (RDP)

⁸ In the period from the beginning of RDP 2014-2020 until the end of 2019

⁹ At the end of 2018. Data for 2019 is not yet available

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Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider". The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

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