



Ministry
of Finance

Republic
of Poland



Green Poland

June 2019

4 pillars of the Green Bond Framework



- Republic of Poland's Green Bond Framework and subsequent Green Bonds will align with the ICMA Green Bond Principles issued in June 2016, as confirmed by an independent external review process carried out by Sustainalytics
- The Green Bond Framework has been developed to demonstrate how the State Treasury of the Republic of Poland will issue Green Bonds to fund new financing or the re-financing of Eligible Projects
- The Green Bond Framework has been prepared according to Green Bond Principles and includes:
 - Use of Proceeds
 - Project Evaluation and Selection
 - Management of Proceeds
 - Reporting
- The Green Bond Framework and Second Opinion are available on the website*



Use of Proceeds - Eligible Sectors and funding mechanisms

- The Green Bond Framework details Eligible Sectors, these are outlined below:

Renewable Energy

- excise tax exemptions (through Ministry of Finance and tax administration)



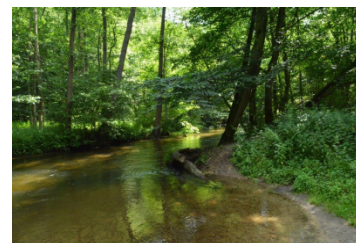
Sustainable Agricultural Operations

- subsidies (through Ministry of Agriculture and Rural Development and ARMA*)



Afforestation

- subsidies (through local governments and ARMA under CAP)



National Parks

- subsidies (through Ministry of Environment)



Clean Transportation

- subsidies (supervised by Ministry of Infrastructure)



Reclamation of Heaps

- subsidies (SPV)



Eligible Sectors in further detail



Renewable energy

Generation of energy from renewable sources

- Examples include wind, solar, tidal, and biomass energy

Manufacture of components of renewable energy technology

- Examples include wind turbines, solar panels

Wholly dedicated transmission infrastructure linking energy from renewable sources to users

Clean Transportation

Investments in rail infrastructure

- Examples include electric rolling stock, rail line, modernisation, maintenance, upgrades, reinstatement of old, unused lines, general improvement in energy efficiency of the entire rail system

Investments related to associated rail infrastructure

- Examples include new and refurbishment of existing rail stations, entry ticket equipment, efficient movement of people and freight

Eligible Sectors in further detail



Sustainable Agricultural Operations

Sustainable Agricultural Operations

- Examples include organic farming (such as: reduced use of pesticides) more energy efficient farming and processes

Afforestation

Sustainable Forest management

- Examples include development and planting of new forested areas, ongoing maintenance in the form of tree, plant and wildlife care and management and fire protection

Eligible Sectors in further detail



National Parks

National Park management

- Examples include conservation and restorative activities, repair and recreation of damaged areas to reconstruct distorted natural habitats
- Organisation and funding of educational activities/facilities to enhance awareness, knowledge and importance of the National Parks and hence support/encourage the environmental care taken by local residents and visitors

Reclamation of Heaps

Reclamation and remediation of contaminated land

- Examples include soil remediation and the onsite repair and recreation of damaged tree, plant and wildlife, ongoing maintenance care and management

Ineligible sectors

To provide as much transparency as it is possible, Green Bond Framework assumes specific projects that are **explicitly excluded** from Green financing

Such ineligible projects include:

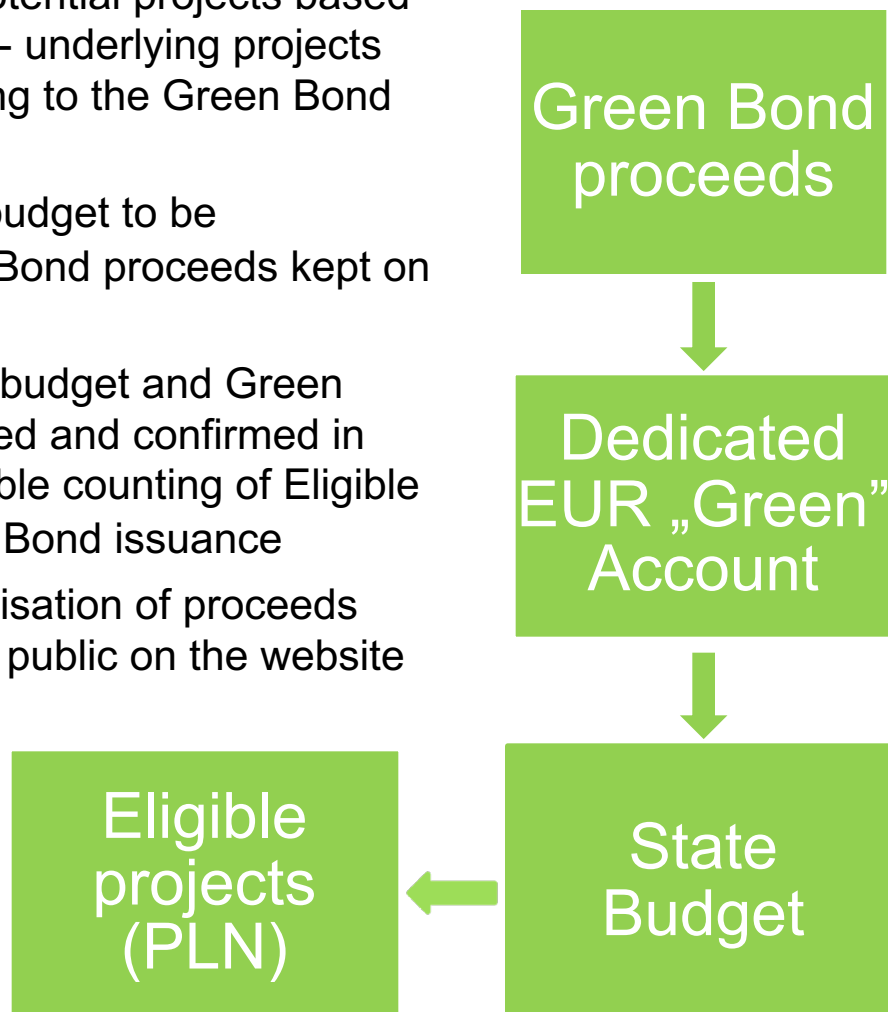
- ✗ Burning of fossil fuel for power generation and transportation
- ✗ Rail infrastructure dedicated for transportation of fossil fuels
- ✗ Nuclear power generation
- ✗ Palm oil operations
- ✗ Production/provision of weapon/alcohol/gambling/adult entertainment
- ✗ Large scale hydro projects (over 20MW of electricity generation)
- ✗ Transmission infrastructure and systems where 25% or more of electricity to the grid is fossil-fuel-generated
- ✗ Use of biomass for generation in coal plants



Project selection, management of proceeds and reporting commitment



- Ministry of Finance identifies potential projects based on budgetary expenditure plan - underlying projects are tested for eligibility according to the Green Bond Framework
- Approved spendings from the budget to be funded/refunded by the Green Bond proceeds kept on a dedicated account
- Reconciliation between annual budget and Green Bond allocation will be performed and confirmed in annual report to ensure no double counting of Eligible Projects across multiple Green Bond issuance
- Annual reporting presenting utilisation of proceeds until full allocation will be made public on the website



Second Party Opinion



- *„Sustainalytics is of the opinion that the Poland Green Bond Framework is robust, credible, and transparent”*
- *„Issuance of green bonds under the Poland Green Bond Framework is a step that will help Poland achieve its objective of transitioning to a low-emissions economy,”*
- *„Proceeds from the bond will have clear positive environmental impacts and contribute to achieving Poland’s environmental targets,”*



Green bonds issues



The Ministry of Finance has issued green bonds on EUR market three times so far:

1. December 20th, 2016 a 5-year green bonds maturing on December 20th, 2021. **Republic of Poland priced green bonds as the first ever Sovereign issuer,**
2. February 7th, 2018 a 8-year green bonds maturing on August 7th, 2026
3. March 7th, 2019 two tranche issuance:
10-year green bonds maturing on March 7th, 2029,
30-year green bonds maturing on March 8th, 2049
the longest ever green bonds issued by Sovereign issuer.

Poland is the first Sovereign issuer with 4 green bonds outstanding.

Poland's Green bonds has been successfully approved by LuxSE and listed on the Luxembourg Green Exchange platform.

Poland's Green bonds were assessed by Moody's rating agency which assigned GB2 note. It is the second highest grade („Very Good”) in 5-notch scale.

Green bonds – summary



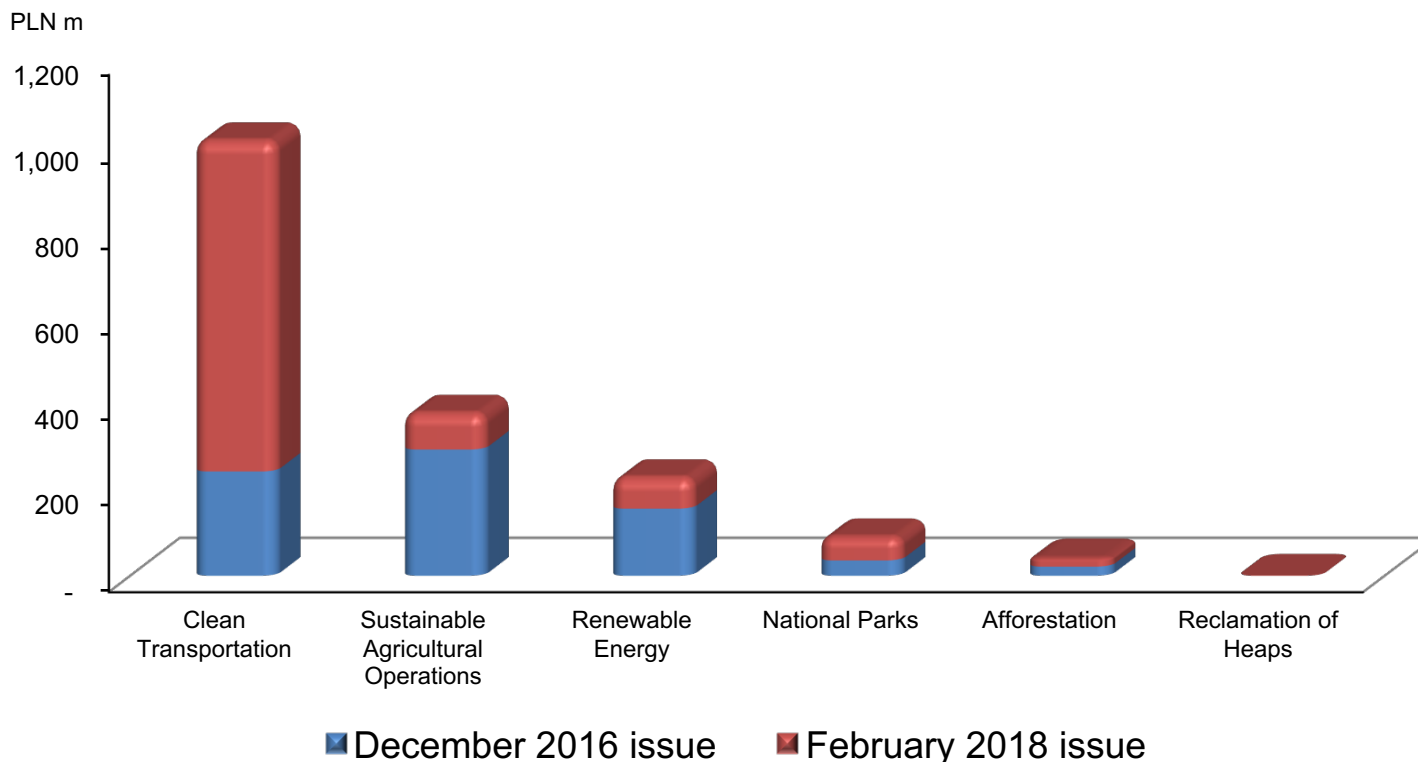
- Demand from investors' side exceeded our expectations
- Structure of buyers was well diversified both geographically and institutionally

	2016 issue	2018 issue	2019 issue	
Tenor (years)	5	8	10	30
Maturity	December 20, 2021	August 7, 2026	March 7, 2029	March 8, 2049
Amount issued (EUR)	0.75bn	1.0bn	1.5bn	0.5bn
Yield	0.634%	1.153%	1.057%	2.071%
Allocation to green investors*	61%	41%	47%	43%

* Preferable investors from MoF point of view. These are mostly funds, environmentally aware, with mandate to invest in green bonds as a way to tackle climate change.

Green bonds – distribution of proceeds

Since 2017, Ministry of Finance spent EUR 1.74bn on environmental projects (proceeds from 2 issues of green bonds). Projects horizon encompasses period from 2014 until 2018. These funds were allocated to every sector identified in the Green Bond Framework. Detailed information is available on the website in reports on the use of proceeds, which were positively reviewed by Sustainalytics*.



* <https://www.gov.pl/web/finance/issues-international-bonds>

Press coverage / Green Award



Poland sets strong precedent with first sovereign green bond

Poland makes Green history

Poland leads charge to turn EM nations green

Poland stuns green market to become first sov to print

**Sovereign Green Bonds: Poland
sets a precedent**

Suspend the cynicism as Poland goes green





Thank you for your attention

Ministry of Finance
www.gov.pl/finanse
Bloomberg: PLMF <GO>
Reuters: PLMINFIN

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