



Bank Polski

Transition Plan of the PKO Bank Polski S.A. Group

Warsaw, March 2025

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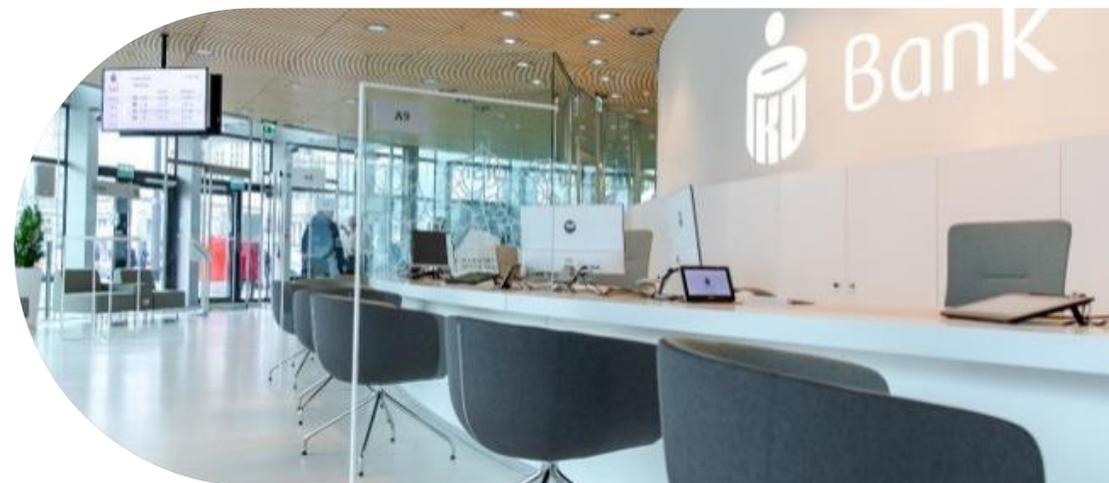
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Introduction

Our climate ambitions



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The ongoing climate changes...



We closely monitor informations on climate change resulting from human activity and recognize the responsibility that businesses bear in adhering to the commitments set out in the Paris Agreement.

Our goal is to achieve business objectives in a manner that minimizes both the impact of our operational and product-related activities on climate change and the effects of climate change on our business operations.

In our efforts, we will support the long-term goal of the Paris Agreement—to limit the increase in the global average temperature to well below 2°C, and ultimately to 1.5°C, compared to pre-industrial levels.

...require decisive action

As the largest universal bank in Poland, we are building a lasting foundation for our operations while caring for the environment, society, and our surroundings.

In our **Growth and Development Strategy for 2025-2027**, we have set ambitious goals to support the resilience and transition of the Polish economy.

This document presents key information about our **transition plan**, including the objectives and actions we have defined both for our own operations and for the financed emissions (within our loan portfolio).

The **transition plan** covers the entire **PKO Bank Polski S.A. Group**. Within the Group, it includes the Bank PKO BP S.A. activities as well as the mortgage loan portfolio of the PKO Bank Hipoteczny S.A.



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A leader of the ESG transition in the Polish banking sector

We continuously analyze the potential impact of climate change trends by identifying opportunities and risks for our operations and growth prospects.

As a financial group, we identify the largest emissions within our value chain—primarily in our lending and investment activities (Scope 3, Category 15 – financed emissions).

We estimate that our product-related emissions in Scope 3 exceed our reported Scope 1 and 2 emissions by more than 300 times.

Therefore, in addition to efforts aimed at reducing direct emissions (Scope 1) and indirect emissions from purchased electricity (Scope 2), we are committed to setting emission reduction targets for our loan portfolio.



We recognize new opportunities to finance low-emission products and services, as well as to support our clients' energy transition towards low-emission and climate-resilient business models.

Our offering is tailored to the evolving needs of all clients within the Bank's Group, including corporate clients, businesses, enterprises, and individual customers.



We plan to gradually expand our emissions' reduction plan to cover an increasing share of our credit portfolio, prioritizing sectors that require the most urgent action.

For these sectors, we will define decarbonization pathways based on widely used and internationally recognized methodologies, taking into account their planned development and sector-specific characteristics.



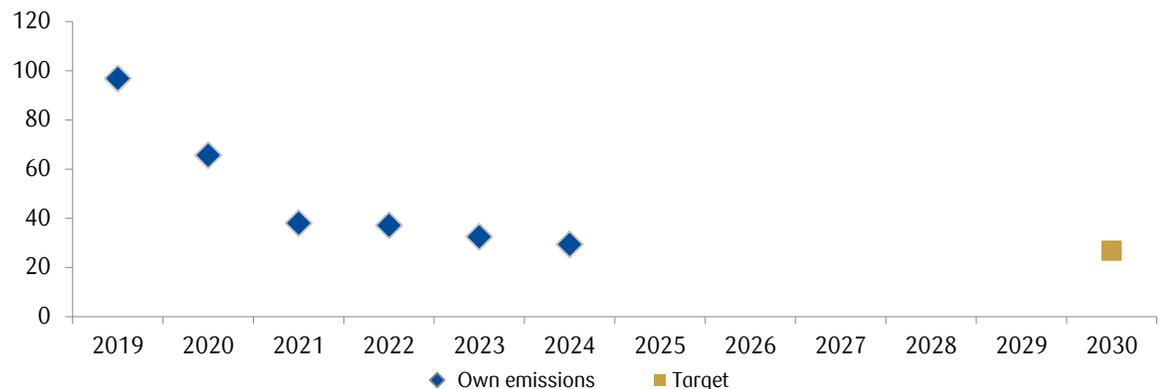
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Our Decarbonization Goals

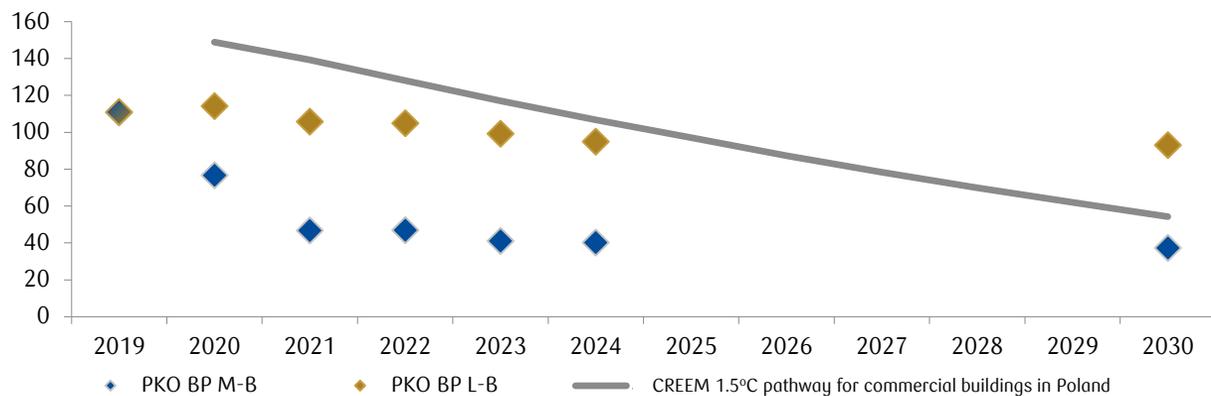
Internal operations management

Reduction of the Bank's own emissions – the path to a sustainable future

PKO Bank Polski's Own Emissions, 2019-2030 [thousand t CO₂e]*



Emissions from the PKO Bank Polski's Own Properties, 2019-2030 [kgCO₂e/m²]



*M-B: market-based – greenhouse gas emissions resulting from individual business choices regarding electricity suppliers
 L-B: location-based – greenhouse gas emissions resulting from energy production in the area where it is consumed



Our own emissions' reduction target

Reducing own emissions is one of the Bank's key priorities. We are systematically lowering our emissions through initiatives such as significantly reducing (by nearly 20% since 2019) and modernizing our leased office space. The Bank is intensifying its efforts, particularly in upgrading existing facilities and securing new, energy-efficient locations.

By 2030: A 72% reduction compared to 2019 and a 17% reduction compared to 2023, limiting emissions to no more than 26.8 thousand tons of CO₂e.

In 2023 emissions level equaled 32.5 thousand tons of CO₂e.



Own operations

Planned actions for reducing own emissions



To achieve the emissions' reduction targets, the Bank has decided to expand its actions and their scope by implementing initiatives focused on reduction, modernization, and green energy in the areas of real estate and the vehicle fleet.

Reduction

- Elimination of vacant properties,
- Replacement of part of the fleet with low-emission or electric vehicles, gradually over a 4-year period,
- Adjustment of the heating plant schedules to the operating hours of the buildings,
- Implementation of solutions to reduce energy consumption, such as introduction of greater automation for the use of thermal and electrical energy.

Modernization

- Increase the number of ESG-related projects from the current number of approximately 15 per year to all projects, to be implemented in the coming years (e.g., 100 in 2025 and 140 in 2026),
- Equip old heating plants with automation systems and BMS (Building Management Systems),
- Replace part of the heat sources in the Bank's properties.

Green Energy

- The share of green electricity or energy purchased with green origin certificates/under a PPA agreement, no less than 90% on an annual basis,
- Investments in own renewable energy ecosystems optimizing the energy profiles of the Bank's Group infrastructure.

Other Actions Related to Emissions' Reduction

Reduction in the number of vehicles used by the Bank.

Reduction targets for the other companies within the Bank's Group will be set during the next update of the transformation plan.



Internal operations management

Planned Actions – The Bank's Energy System



Our ambition is to actively participate in the energy transition and enhance the Bank's energy independence.

Building the Bank's Energy Ecosystems

- Direct cooperation with Green Energy Producers – PPA Agreements
- Own Renewable Energy Ecosystem Projects to support the Bank's Group infrastructure. Our goal is to cover 100% of the Bank's energy demand, reaching 70 GWh annually.
- Monitoring and Efficient Energy Management of the Group's infrastructure using the latest Energy Management Systems (EMS), forecasting tools, and Artificial Intelligence (AI).



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Our priorities in reducing financed emissions

Actions prioritization

We are aware of the impact of our loan portfolio on climate, which is why our priority has been to estimate the emissions associated with this portfolio (Scope 3).

The process of setting targets for our loan portfolio was preceded by an analysis aimed at identifying priority sectors to be included in the climate transition plan. The selection of priority sectors was based on the assumptions of our Growth and Development Strategy for years 2025-2027, as well as on following factors:

- **The scale of our environmental impact**, measured as the share of financing for a given sector within the loan portfolio (based on gross balance sheet value) and the emissions intensity of the financed activities per PLN 1 million of granted financing. The analysis also considered the Bank's share in financing emissions at the national level.
- **The sector's decarbonization potential**, which included an assessment of national transition priorities, current and planned regulations and programs supporting decarbonization applicable to the sector, economic conditions, as well as potential regulatory and technological barriers.
- **Market practices** in setting GHG reduction targets for various sectors by financial institutions, including the availability of decarbonization pathways and tools tailored to the specific characteristics of each sector.

Selection of key sectors

From a list of several industries, we selected the energy generation sector and the residential real estate sector as the starting points for setting greenhouse gas emission reduction targets related to our loan activities. In the coming years, we plan to continue our work on improving the methodologies for calculating financed emissions, enhancing the quality of emission data, and expanding our targets to include additional key sectors.

Supervision

We also continuously monitor the emerging practices and actions being taken at the national level regarding climate transition, in order to actively respond to the changes around us.

We have also established a process for the regular monitoring of the achievement of our targets, as well as the principles for their verification and modification in the event of significant changes in our operations or the external environment.



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Priority sectors in our climate transition plan

Decarbonization priorities and ambitions



Energy generation

- The energy generation sector is the foundation of the decarbonization of the entire economy,
- The sector is the main source of greenhouse gas emissions in Poland (**accounting for approximately 40% of national emissions**)¹,
- We aim to support the national transition by financing the development of renewable energy sources and gas capacities that stabilize the country's energy system.



Residential real estate

- The real estate sector is one of the main sources of greenhouse gas emissions in Poland, accounting for approximately 11% of national emissions and contributing significantly to overall energy consumption²,
- More than a quarter of active mortgage agreements in Poland have been signed with PKO BP S.A.³, this means that our actions will have a significant impact at the national level.



Regulatory and market environment of our priority sectors

Climate transition

The decarbonization of the global economy is one of the greatest challenges of our time, with the European Union playing a key role in this process. In response to climate change and the growing awareness of the economy's impact on the environment, the EU and its member states have taken decisive action to establish themselves as leaders in the fight against global warming.

The ambitious goal set for the region – climate neutrality by 2050 – requires fundamental changes in energy production, industry, transportation, real estate, and natural resource management.

In line with this decarbonization effort, the EU has introduced numerous directives, regulations, and initiatives to mobilize and support the transformation. These actions directly influence the Bank's transformation plan and the targets established within it.

Energy generation sector

In response to the EU's decarbonization plans for the energy sector, Poland has developed the National Energy and Climate Plan (NECP) for 2030, outlining ambitious targets for increasing renewable energy capacities and ensuring national energy security by partially replacing coal-fired units with gas-fired units.

This document is currently under revision to reflect evolving energy transition priorities.

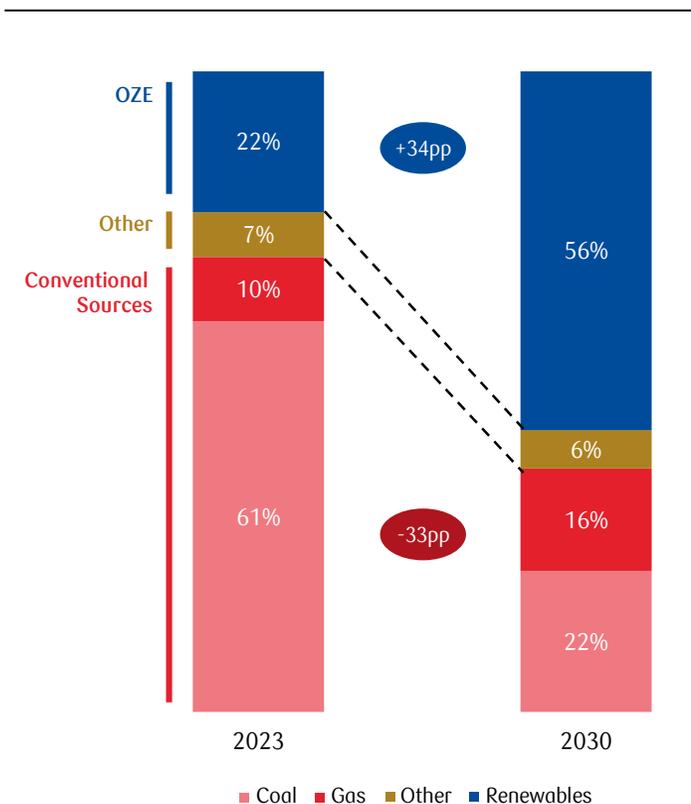
The updated NECP focuses on maintaining support mechanisms for renewable energy development, including origin certificates, the auction-based renewable energy sources system, and feed-in tariffs. Additionally, it aims to modify regulations on onshore wind turbine placement and adapt the legal framework to support the development of offshore wind energy.

Further support for national efforts will come from the Recovery and Resilience Plan (RRP), which allocates approximately 45% of EU funding to investments aligned with climate goals. These investments include renewable energy projects and the construction of a smart energy grid, which is essential for Poland's energy transition.

Moreover, EU funding under the REPowerEU initiative is designed to accelerate investments in low-emission energy sources, including grid expansion and modernization.

Both national and European-level actions align with the Bank's strategic goals, particularly in financing investments in renewable energy generation and gas-based energy sources.

Current and Projected Energy Mix in Poland, 2023-2030, [%]¹



1. National Energy and Climate Plan for 2030 (updated in October 2024), Infracore
Sources: National Energy and Climate Plan for 2030 (updated in October 2024), National Recovery Plan, RED III

Regulatory and market environment of our priority sectors



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Residential real estate sector

The vast majority of single-family homes (68%) and multi-family buildings (80%) in Poland were constructed before 1990 and are typically characterized by low energy efficiency, contributing significantly to national energy consumption (around 20%).

In line with the EU Energy Performance of Buildings Directive (EPBD), national policies aim to ensure the renovation of energy-inefficient buildings, specifically: full modernization of 16% of the least energy-efficient buildings by 2030 and full modernization of 26% of the least energy-efficient buildings by 2033.

In response to the EPBD directive, Poland is developing the National Building Renovation Plan, which sets ambitious EU-aligned targets for the 26% least energy-efficient buildings, along with further upgrades to the housing stock to low- or zero-emission standards.

Additionally, the updated National Energy and Climate Plan for 2030 outlines strategic decarbonization goals for Poland's residential real estate sector, emphasizing the importance of renovating buildings with an Energy Performance (EP) rating above 230 kWh/(m²/year).

The National Energy and Climate Plan for 2030 also includes social support measures aimed at reducing the share of households affected by energy poverty to a level not exceeding 11% by 2030 (compared to approximately 40% in 2024).

National initiatives, combined with domestic and EU financial support programs, aim to achieve a 3% annual building renovation rate, accelerating the transition of Poland's housing stock by 2050.

In line with national targets, PKO Bank Polski will actively support thermal modernization efforts, including dedicated financing for individual customers and close cooperation with housing communities and cooperatives.

At the same time, recognizing the importance of a socially just and sustainable transition and considering its significant market share in the mortgage segment, the Bank does not plan to drastically limit financing for properties with lower energy efficiency ratings at this stage. Instead, it will focus on educational initiatives for customers purchasing lower-rated properties and will actively support them in improving energy efficiency.



1. Directive on the Energy Performance of Buildings (EPBD)

Sources: Draft of National Building Renovation Plan, Long-Term Building Renovation Strategy, National Energy and Climate Plan for 2030.



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Emission Reduction Targets for Our Loan Portfolio

Sector Name	Sector Emission Scope	Emission Intensity in the Base Year – 2023	Emission Intensity Reduction Target by 2030.	% Share in Loan Portfolio (2023)	Chosen Sector Decarbonization Pathway
Electricity Generation and Supply	Scope 1	349 kg CO ₂ e/MWh	Achieving a 47% reduction in emission intensity from 2023 to 2030	1,98%	International Energy Agency 1.5°C
Residential Real Estate* (Mortgages)	Scope 1 and 2	58,8 kg CO ₂ e/m ²	Achieving a 31% reduction in emission intensity from 2023 to 2030	45,64%	By 2030: Alignment with CRREM 2°C; Ultimate Target: CRREM 1.5°C



The presented values have been determined based on the available data on the emissions intensity of PKO Bank Polski's portfolio, as well as scientific emission reduction scenarios developed by the International Energy Agency (IEA) and the Carbon Risk Real Estate Monitor Tool (CRREM). Changes in emission calculation methodologies or emission reduction scenarios may require us to adjust our reported emissions or revise our established targets.

We have adopted objective principles for monitoring the achievement of our targets and verifying progress—these principles are presented in the following sections of this document.



*covers the entire credit exposure in the residential real estate sector in PKO Bank Polski S.A. and PKO Bank Hipoteczny S.A.

Our decarbonization plan for the energy generation sector



Our goal

Achieving a 47% reduction in emission intensity from 2023 to 2030 [kgCO₂e/MWh]

Our loan portfolio

Exposure in the electricity and heat generation sector constitutes approximately 2% of the Bank's total loan portfolio. Within this exposure, we finance Polish energy companies that supply electricity to numerous Polish households and businesses. Decarbonizing this portfolio is a key objective for us, as it will accelerate the transformation of the Polish economy and ensure a sustainable and secure future.

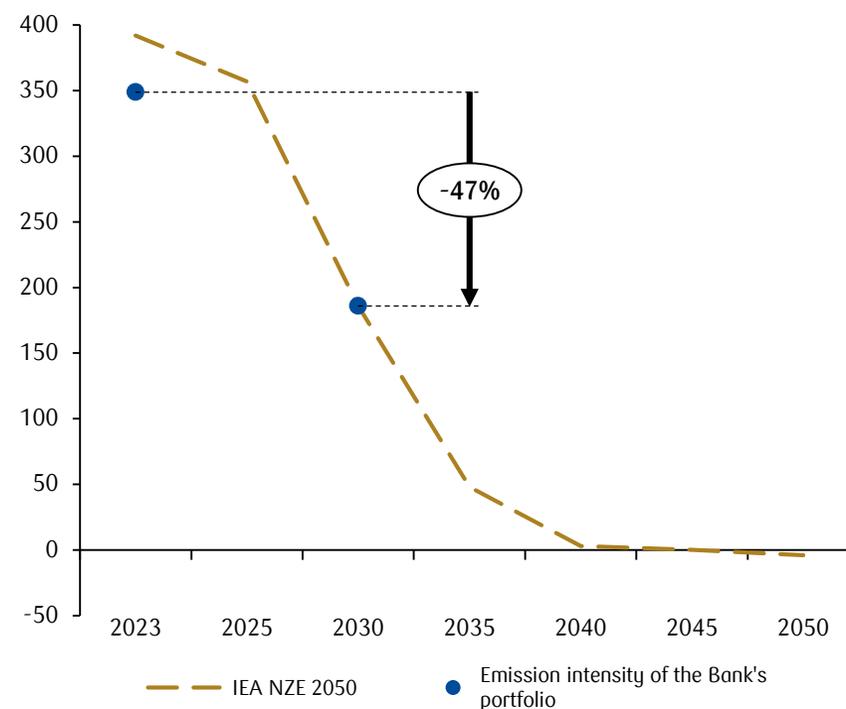
Our actions

- **Significant increase in financing share of:**
 - **generation capacity from renewable energy sources** (achieving 59% share of renewable energy in the new energy generation financing portfolio by 2030), and
 - **generation capacity from gas sources** (achieving 41% share of gas projects in the new energy generation financing portfolio by 2030).
- **Support energy generation sector clients** in the implementation of their climate transformation plans.
- **A decrease in the value of the credit portfolio for coal-based energy generation capacities.**



For the purpose of setting emission reduction targets in our energy generation portfolio, **we have used the pathway of the International Energy Agency (IEA) for the energy sector, assuming a scenario that keeps global warming below 1.5°C, in line with the Paris Agreement.** We anticipate that the actions we have planned will enable us to be on track with this pathway by 2030. Our targets have been established considering a number of external factors over which we have no direct control, which are outlined further in this document. A significant change in these factors may require a revision of the targets and actions we have set.

The emission intensity reduction pathway for the energy generation sector and the Bank's targets, 2023-2050 [kgCO₂e/MWh]



Key factors influencing the achievement of emissions reduction targets in the energy generation sector



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Financing renewable energy sources

Increasing the share of renewable energy sources (RES) in Poland's energy mix is a key element of the energy sector transition. According to forecasts from the National Energy and Climate Plan (NECP), the share of RES in electricity generation is expected to rise from 21.2% in 2022 to 56.1% by 2030. Ambitious RES development targets are also reflected at the European Union level, including in the RED III directive and the REPowerEU plan.

The Bank's involvement in financing RES investments, aligned with government ambitions, not only brings business benefits but also significantly reduces the emission intensity of the Bank's portfolio, thereby increasing the likelihood of achieving its targets.

District heating – opportunity to strengthen cooperation with local governments

District heating systems in Poland are mostly municipally owned and have limited funds for modernization. Decarbonization projects will require support from the Bank, along with funds available through government support mechanisms.

Participation in financing gas capacities

Gas power plants are a flexible source of electricity, making them a valuable support for renewable energy generation, which depends on weather conditions. They help balance the energy grid based on demand.

According to the NECP, coal-fired units are to be replaced by gas-fired units, which are considered a transitional solution. Their peak utilization is projected for 2030, after which their significance will decline due to the expansion of zero-emission capacity and, later, the implementation of nuclear energy.

Increasing financing for lower-emission gas power plants at the expense of coal-fired power plants will result in a reduced emission intensity of the Bank's portfolio.

Our adopted assumptions

Our plans and targets have been established in alignment with national ambitions and plans for the decarbonization of the energy generation sector (including the National Energy and Climate Plan).

Additionally, we have assumed the continuation of current regulatory conditions and the availability of support from EU funds under REPower EU or the Recovery and Resilience Facility.

Significant changes in these assumptions may require a revision of our emission reduction targets. Additionally, we have identified several risks and barriers to the adopted decarbonization pace, related to technological, legal, and economic factors.





Barriers and risk factors related to the decarbonization of the sector

Energy Generation



Grid limitations

In order to facilitate the integration of new energy sources into the power grid, the construction and modernization of transmission infrastructure are necessary. A key barrier to the development of distribution and transmission networks may be the lack of public acceptance for the construction of overhead power lines.



Economic barriers

The energy generation sector faces uncertainty regarding future electricity prices and related products, such as property rights and greenhouse gas emission allowances. The materialization of these risks may limit the investment capacity of companies operating in the sector.



Technological barriers

The transition based on zero-emission yet intermittent renewable energy sources requires solutions that support the integration of new capacity into the energy system. The development of dispatchable generation sources and energy storage technologies, including hydrogen, is crucial.



Legal barriers

A key challenge for the energy sector is compliance with EU environmental regulations, such as the Industrial Emissions Directive (IED) and the conclusions on Best Available Techniques (BAT) for large combustion plants. Potential regulatory changes may impact the scale and direction of investment expenditures, as well as the profitability of projects, which could, in the future, become misaligned with the objectives of the energy transition.



Our decarbonization plan for the residential real estate sector



Our goal

Achieving a 31% reduction in emissions intensity from 2023 to 2030 [kgCO₂e/m²]

Our credit portfolio

The exposures of our residential real estate portfolio account for approximately 41% of the Bank's total credit exposures. We are a market leader in mortgage loans, and as such, we are fully aware of our role in the transition of the Polish housing stock towards climate neutrality by 2050.

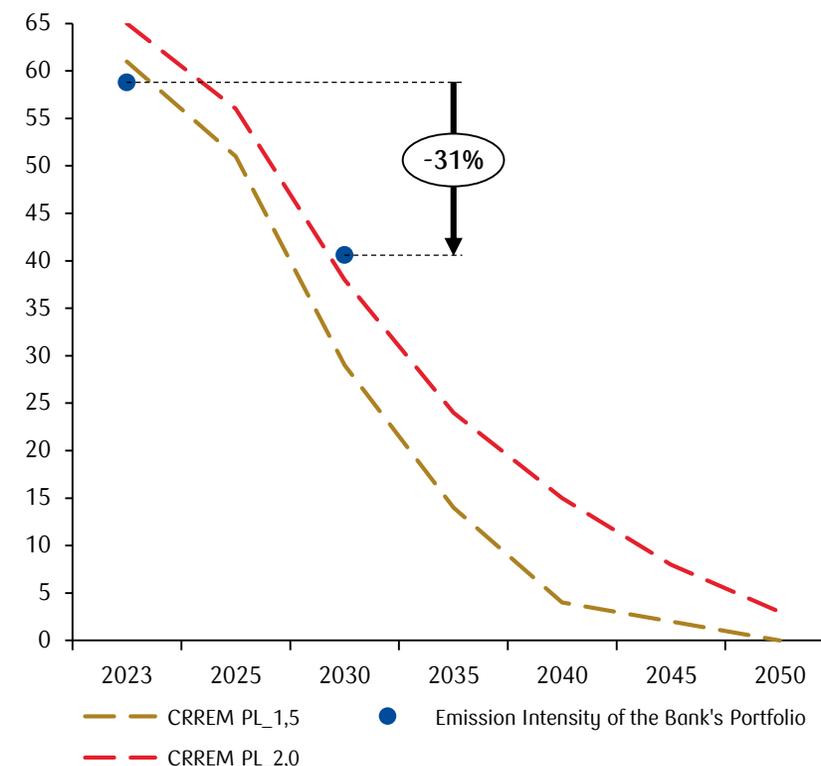
Our actions

- **Financing of energy renovation activities** undertaken by individual clients as well as housing cooperatives and communities,
- **Offering financing** for more energy-efficient buildings,
- **Systematic improvement of data quality** through the acquisition of energy performance certificates for buildings,
- **Educational activities and promotion** of low-emission technologies in construction.



For the purpose of setting emissions reduction targets in the residential real estate portfolio, we used the Carbon Risk Real Estate Monitor Tool (CRREM) pathways for residential properties in Poland. We assume that the actions we have planned will allow us to align with the CRREM pathway in the 2°C global warming scenario by 2030. In the following years, we will strive to reach an emission reduction level consistent with the 1.5°C scenario. These assumptions are based on the significant role of factors influencing emissions reduction in residential properties, over which we have no direct control, and which are outlined later in the document. These assumptions will undergo periodic verification to assess the potential for accelerating the emission reduction pace.

Pathway for reducing emissions intensity in the residential real estate sector and the Bank's targets, 2023-2050 [kgCO₂e/m²]



Key factors influencing the achievement of emission reduction goals in the residential real estate portfolio



The Bank plays a key role in financing the Polish real estate market, holding a 25% share of active mortgage agreements in Poland in 2023. This not only means a significant impact on nationwide decarbonization but also entails considerable social responsibility, including efforts to prevent social exclusion.

Bank's Growth and Development Strategy for years 2025-2027 sets ambitious goals to support the resilience and transition of the Polish economy, including financing new low-emission buildings and supporting the thermal modernization of existing structures.

Aspects influencing the adopted goals

- **A significant impact of factors that are beyond the Bank's control**, such as macroeconomic and regulatory uncertainty, the pace and scale of thermal modernization, dependencies on other sectors of the economy and Poland's energy mix, the supply of real estate with the desired energy efficiency parameters, and the rate of elimination of knowledge, economic, technical, and administrative barriers.
- **The regulatory and legal framework** plays a key role in supporting the process of thermal modernization and renovation of Polish buildings. Poland has adopted the Long-Term Building Renovation Strategy, which outlines a set of guidelines aimed at enhancing building renovation efforts across the country. These measures seek to improve energy efficiency, air quality, and contribute to reducing CO₂ emissions.
Our estimates indicate that the actions currently outlined in the national strategy may be insufficient to achieve the average CO₂ equivalent emission intensity required by the CRREM 1.5°C pathway, in line with the Paris Agreement.
- **Macroeconomic environment** – while our products and services are designed to prepare clients for upcoming changes and help to finance them, we observe that current national efforts, combined with rising prices of construction products and services, do not guarantee the required pace of transition.
- **Lack of direct impact of our actions on the emission reduction of the residential real estate portfolio** – we undertake a range of initiatives that are crucial for the sector's transition but do not directly translate into reducing emissions in the residential real estate portfolio, such as:
 - education and the promotion of energy efficiency and renewable energy sources in construction,
 - cooperation with housing cooperatives and communities on the thermal modernization of multi-family buildings, which improves the energy efficiency of units that are not directly financed by the Bank,
 - a dedicated thermal modernization offering for existing buildings, classified as a cash loan portfolio.
- **The need to reconcile the Bank's strategic ambitions for emissions reduction with a just transition and the prevention of financial exclusion** – as a key player in financing the Polish real estate market, we bear significant social responsibility for our actions.



Barriers and risk factors related to the decarbonization of the sector

Residential real estate



Knowledge barriers

A key factor hindering the decarbonization of the real estate sector continues to be knowledge barriers, including an insufficient information system on the benefits of thermal modernization and available support mechanisms. Additionally, individual investors constructing new properties often lack awareness of available technologies for improving energy efficiency or the potential application of renewable energy sources (RES).



Economic barriers

Currently, the high costs of construction services, materials, and equipment required for thermal modernization, along with the risk of further price increases, create a significant financial barrier. Additionally, these substantial expenditures, combined with the long payback period of thermal modernization projects, serve as a discouraging factor for customers.



Technical barriers

The poor structural condition of old buildings often prevents or limits the scope of available thermal modernization works. Additionally, the low quality of renovation work by contractors—stemming from a lack of required expertise—and the failure of some manufacturers to meet insulation material standards result in thermal modernization efforts failing to deliver the expected outcomes.



Administrative barriers

Complex procedures related to subsidies and the lack of local expertise centers contribute to the creation of administrative barriers, which primarily hinder the process of obtaining financial support under local and EU funding mechanisms.



PKO BP S.A. actively supports the decarbonization of the Polish residential real estate sector

Financing energy-efficient real estate

Our goal is to offer clients long-term financing on preferential terms, enabling them to purchase or construct properties with the highest energy efficiency ratings. Our offering includes the 'Własny Kąt' mortgage, where clients can benefit from a margin discount if the financed property meets specific energy efficiency criteria.

We are continuously working on expanding our green mortgage offering to support our clients and ensure a just transition within the real estate sector. An additional mechanism facilitating the financing of energy-efficient residential properties is the issuance of green covered bonds, made possible through the presence of the Mortgage Bank within the PKO BP S.A. Group.

Support for thermal modernization – single-family houses

Low awareness of building energy efficiency is one of the factors slowing down the sector's transition. Our goal is to raise public awareness of the benefits of home renovation while supporting our clients through preferential financing for such projects.

Additionally, we recognize the importance of household energy security, which is why we encourage and support our clients in purchasing and installing photovoltaic panels and other eco-friendly devices through the 'Ekopożyczka', - a loan offered under preferential terms for green use of proceeds.

Support for thermal modernization – multi-family residential buildings

Apartments in multi-family buildings constitute a significant portion of our mortgage portfolio. Therefore, we make every effort to collaborate with housing cooperatives and associations to improve the energy efficiency of multi-family buildings. These entities play a crucial role in Poland's decarbonization plans.

As part of our support, we offer a [Thermomodernization loan for multi-family buildings](#). Combined with national subsidies and the absence of bank commission fee, this financing serves as a cornerstone for building renovations aimed at improving energy efficiency.



We are continuously developing our product offering to effectively support our clients in a socially just climate transition.



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Our Organization



Methodology for calculating credit portfolio emissions

Financed emissions (scope 3.15)

Our portfolio-related emissions

The estimation of financed greenhouse gas emissions represented a significant step toward developing decarbonization pathways for the loan portfolio. Since 2024, we have been disclosing information on emissions associated with our portfolio as part of prudential reporting – the Pillar 3 disclosure report.

Partnership for Carbon Accounting Financials

In December 2023, we joined the Partnership for Carbon Accounting Financials (PCAF), an organization that has developed a globally recognized and widely adopted standard for financial institutions to measure greenhouse gas emissions resulting from their loan portfolios (Scope 3, as defined by the Greenhouse Gas Protocol). The PCAF methodology enables the calculation of greenhouse gas emissions associated with corporate loans, equity investments, corporate bonds, and mortgage lending.

In cases where full emissions data from our clients is unavailable (as some clients themselves may lack this information), we have utilized industry-average emissions data for calculation purposes. For commercial real estate and mortgage portfolios, we have based our calculations on the non-renewable primary energy demand (EP) indicator.

Residential real estate sector

In accordance with the PCAF standard, for residential real estate, we determine our financed emissions as the product of the financed floor area (available in our internal systems) and the emission intensity factor expressed in kgCO_2/m^2 . We utilize emission intensity factors from the PCAF database specific to Poland, distinguishing between single-family and multi-family properties.

For properties where we have actual values of non-renewable primary energy demand (EP) as specified in energy performance certificates¹, we base our calculations on the PCAF factors applicable to the respective energy class and building type.

Energy generation sector

We determine emissions related to exposures in the energy generation sector as the product of multiplication of the attribution factor (reflecting our share in the emissions of the financed company or investment) and the total emissions of the company or investment.

In cases where actual emissions data is unavailable, we apply emission intensity factors expressed in kgCO_2/kWh specific to the given energy carrier or emission intensity factors per monetary unit (kgCO_2/EUR) available in the PCAF database.

Data quality

The PCAF standard defines a data quality hierarchy on a scale from 1 – the highest data quality (audited actual emissions reported by the company) to 5 – the lowest data quality (estimated data based on national or sectoral averages).

PCAF encourages financial institutions to continuously improve the quality of data used for financed emissions calculations, ensuring that the estimated emissions are as close to actual values as possible. Therefore, as part of our efforts, we plan to obtain actual emissions data from our clients and progressively increase the coverage of our residential real estate portfolio with energy performance certificates.



1. As presented by the client or made available in the Central Register of Building Energy Performance maintained by the Ministry of Development and Technology.

Monitoring of established emission reduction targets

A key aspect of the transition is monitoring market developments, customer needs, and progress in achieving targets in accordance with the adopted transition plan



Key elements of the monitoring process specific to individual sectors

Energy generation sector

The emissions of the energy generation sector are largely linked to the individual emissions of the largest companies in the Bank's portfolio. Therefore, we have established a regular process for collecting data from our clients regarding their emissions and transition plans. We also monitor the implementation of these plans, as well as the sector's needs and the economic and financial conditions for investments in renewable energy sources (RES) and gas.

National transition plans are a key factor in the decarbonization of the sector. Hence, it is essential to continuously assess the pace and direction of changes at the national level, including the development of RES, nuclear energy, the elimination of grid constraints, and the implementation of EU regulations.

Residential real estate sector

The effective achievement of our emissions reduction targets in the residential real estate portfolio requires the establishment of a regular process for monitoring and reporting these targets, including the gradual improvement of data quality related to the energy efficiency of buildings (e.g., obtaining energy performance certificates).

We continuously track national plans and their implementation in the decarbonization of the real estate sector, as well as the awareness and needs of our clients. This enables us to effectively support them through dedicated loan products and to eliminate knowledge barriers regarding the benefits of improving energy efficiency and the available technologies.



Periodic update and verification of decarbonization goals

The established targets will require not only ongoing monitoring of progress in their implementation but also periodic reviews and updates, which we plan to conduct at least once every five years or more frequently in the event of:

- identification of significant changes in emission calculation methodologies (emission recalculations),
- substantial changes in the Bank's portfolio structure,
- updates to external decarbonization scenarios,
- significant changes in national policies affecting the pace and scope of the transition or the identification of material delays in the implementation of these plans.



Credit policies of Bank PKO BP S.A.

One of the tools supporting our decarbonization efforts is the set of credit policies developed for selected industries/sectors, including renewable energy sources, the high-emission energy sector, chemicals-oil-gas, construction and building materials. In addition to these policies, the Bank continuously monitors changes and market trends across various industries/sectors, publishes internal materials (e.g. industry brochures outlining current market trends), and organizes industry meetings.



Renewable Energy Sector Financing Policy

→ Objective of the policy:

Gradual increase in financing for renewable energy sources

Our motivation:

- Supporting environmental protection, preventing global climate change, and facilitating Poland's economic transition towards net-zero emissions

Policy overview:

- The policy defines the preferred directions for the development of the loan portfolio in the renewable energy sector. It focuses particularly on financing photovoltaic and wind farm projects while also allowing for the financing of other renewable energy initiatives



High-Emission Energy Sector Financing Policy

→ Objective of the policy:

Gradual restructuring of the loan portfolio by systematically reducing exposure to clients and transactions based on coal as an energy source

→ Our motivation:

Supporting national and European climate policy and striving for net-zero emissions of Poland's economy by 2050

→ Policy overview:

The policy covers, among others, the black coal and lignite mining industries, coal-related sectors (e.g., machinery production for mining, coal trade, and its derivatives), electricity and heat generation (excluding renewable energy sources), as well as complementary energy-related activities (industry, distribution, and combined heat and power plants). Regarding energy and heat production, the policy stipulates no financing for new sources based on black coal and lignite, along with a gradual reduction of existing exposure.



Responsibility for Sustainable Development at PKO Bank Polski S.A.

The Management Board of PKO BP S.A.

The Management Board of the Bank defines the framework for sustainable development, including setting goals, formulating strategy, adopting policies, and overseeing their implementation. It also approves the risk management strategy, including ESG risk management, and establishes committees to support its activities in sustainability and energy transition.



Sustainable Development Committee

The Sustainable Development Committee supports the Management Board in setting priorities, defining strategic directions, and establishing goals related to sustainability and energy transition. It also serves as a platform for dialogue in these areas. The Committee monitors the implementation of the Bank's and Group's sustainability and energy transition goals and initiatives. It also shapes policies, solutions, and the sustainability and energy transition management system within the Bank and its Capital Group. The Committee is chaired by the Vice President overseeing Finance and Accounting, with members including the Vice President responsible for Risk Management and directors from most business areas. The Committee also oversees the implementation of the transformation plan.



Sustainable Development Department

The department is responsible for developing the sustainable development strategy assumptions, coordinating the implementation of the Bank's and Group's energy transition and ESG goals, designing solutions to support the energy transition, and serving as a center of expertise in sustainable development and energy transition.

Credit Risk Department

The department is responsible for ESG risk management, including gathering information for managing ESG risk, calculating the emissions intensity of the loan portfolio, monitoring decarbonization pathways, and overseeing ESG risk limits.

Accounting and reporting Department

The department is responsible for preparing individual and consolidated financial statements as well as Bank activity reports, including the Sustainability Report, in compliance with European Sustainability Reporting Standards (ESRS).

ESG Public Programs Department

The department is responsible for supporting the development of the Bank's offerings for business clients in the area of products and services linked to public and EU programs, including those that support sustainable development, ESG, and the energy transition.

Office of Managing Assets and Means of Transport

The office is responsible for calculating the carbon footprint in scopes 1 & 2, and selected categories of scope 3 for the Bank and its Capital Group companies, as well as for developing and monitoring the emission reduction trajectory within the Bank's own operations.

Business & other units

Business units are responsible for executing transactions that support the implementation of the transition plan. Other departments provide information to the units responsible for sustainability, ESG strategy operationalization, and the transition plan.

We want to be number 1...
...and period.

PKO Bank Polski S.A.