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mBank is not involved in the construction of a power plant in Ostrołęka. It supports renewable energy

Green activists accuse mBank of financing the construction of Ostrołęka C, a coal-fired power plant. Meanwhile, the bank is in no way involved in this investment and its total exposure to the energy industry accounts for only 1% of the credit portfolio. The conventional energy industry has never been of vital importance to mBank. The bank, already a leader in supporting green energy projects, plans to continue increasing its exposure to this segment of the energy industry.

Some green activists have called on mBank not to finance the construction of a power plant in Ostrołęka. They invoke new rules for financing the mining and coal power industry, introduced by the bank in 2019, that put a ban on financing coal-fired power blocks. Let us look at the facts.

1. mBank does not finance the construction of a power plant in Ostrołęka. It has never planned to do so

mBank does not finance Ostrołęka C. It acted as an arranger of Enea's bonds issue programme under an agreement signed back in 2014 between several banks in which it undertook to support Enea in its bonds issue. In 2019, based on this agreement, Enea decided to issue bonds to refinance its existing debt (i.e. to repay its outstanding bonds).

The issue did not bring new money to Enea and, unlike the majority of issues on the Polish market, had a clear purpose: to refinance Enea's debt in respect of outstanding ENEA0220 series bonds. Pursuant to the Bonds Act, funds raised from a bonds issue cannot be used for any purpose, in this case for the construction of Ostrołęka C power plant, as suggested by green activists. A breach of the provisions of the Bonds Act carries a penalty of imprisonment.

It is worth stressing that the bank did not buy Enea's bonds, which means that no money was transferred from the bank to Enea.

2. mBank's exposure to the energy industry is marginal

mBank's exposure to financing the energy and heating industry accounts for only 1% of its credit portfolio. In the future, the bank plans to increase its exposure to the energy industry only in the green energy sector.

3. Starting from 2019, mBank does not finance coal-based projects

In April 2019, mBank adopted a new policy for financing the mining and coal power industry and undertook not to finance investments in coal power generation. Consequently, as of 1 April 2019, it does not finance new coal mines and coal-fired power plant units. In addition, mBank does not enter into relationships with companies in which more than 50% of power production is coal-based (measured based on power generation capacity).

As declared by the management board on the day of announcing the new rules, the bank will continue its cooperation with the existing clients from the energy industry. In doing so it will focus, among others, on financing projects that contribute to reducing the share of coal power in the energy mix. The agreement signed by mBank and several other banks with Tauron on 19 June 2019 may serve as a good example of this strategy in action. Tauron will spend the borrowed funds, among others, on increasing the share of renewable energy in its energy production.

The bank provides companies from the energy industry with day-to-day banking services, which is similar to the

provision of telecommunications services and utilities. As part of these services the bank opens and maintains accounts and conducts bond issues.

If after 2025 our existing clients still generate more than 50% of electricity from coal, the bank's top decision-makers will take individual credit decisions on a case-by-case basis.

4. Starting from 2015, mBank does not finance projects that are harmful to the natural environment

The natural environment is one of the key aspects of the Strategy for Corporate Sustainability and Responsibility of mBank S.A. adopted in 2015. In line with the strategy the bank restricted its ties with companies whose operations exploit precious natural areas and breach environmental regulations.

5. mBank focuses on renewable energy

mBank supports and promotes environmentally friendly solutions and finances modernisation projects reducing CO2 emissions and coal use, such as wind farms and solar energy. Offshore investment projects are also being considered. mBank is one of the leaders in green energy financing. In 2018 the bank announced a plan to allocate PLN 500 million for this purpose.

6. mBank supports the protection of human rights

mBank is a signatory to the Ten Principles of the UN Global Compact: it does not finance companies that are complicit in human rights abuses, violate labour law and are involved in corruption.

7. mBank's actions are in line with green activists' demands

mBank's initiatives outlined above reduce the share of coal in Poland's electricity production, which means that in fact the bank's actions meet the demands of green activists.

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