Second-Party Opinion

Cyfrowy Polsat Group Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Cyfrowy Polsat Group Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:

USE OF PROCEEDS The eligible categories for the use of proceeds – (i) Energy efficiency, (ii) Renewable energy, (iii) Eco-efficient products, (iv) Pollution prevention and control, and (v) Green buildings – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG Goals 7, 8, 9, 11 and 12.

PROJECT EVALUATION / SELECTION Cyfrowy Polsat Group's internal process in evaluating and selecting projects is managed by a dedicated Green Bond Committee, which is comprised of members from the Group's various teams, including senior representatives from Administration, Technology, Production, Controlling, Treasury and/or Investor Relations. Sustainalytics considers the project selection process in line with market practice.

MANAGEMENT OF PROCEEDS Cyfrowy Polsat Group's Finance Department will manage allocations using its internal accounting and treasury management tracking system. The Group will also use internal budgeting, controlling and/or accounting systems to determine the cost of Eligible Green Projects. While 100% of the proceeds will be allocated to refinance existing and past projects and assets between 2017 and 2019, the Group confirms that there will be no unallocated proceeds. Sustainalytics considers this as in line with market practice.

REPORTING Cyfrowy Polsat Group intends to publish on its corporate website an executive report that covers both allocation reporting and impact reporting upon full allocation of the proceeds. Allocation reporting will include a list of aggregated Eligible Projects, financed through the bond proceeds, including amounts allocated and allocations per eligibility category. In addition, Cyfrowy Polsat Group is committed to reporting on relevant impact metrics, where feasible. Sustainalytics views Cyfrowy Polsat Group's allocation and impact reporting as aligned with market practice.

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Issuer Location	Warsaw, Poland

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Introduction

Cyfrowy Polsat S.A. Capital Group ("Cyfrowy Polsat Group", the "Issuer" or the "Group") is a Polish TV provider, media and telecommunications group, providing a broad range of services across Poland, including TV production and broadcasting, pay-TV, mobile and fixed-line telephony, data transfer services and broadband Internet access. The Group owns and operates, among others, Cyfrowy Polsat, Polkomtel, Netia and TV Polsat.

Cyfrowy Polsat Group has developed the Cyfrowy Polsat Group Green Bond Framework (the "Framework") under which it intends to issue a green bond and use the proceeds to refinance, in whole or in part, existing and past projects that improve energy efficiency and reduce GHG emissions within its own operations, as well as support its clients with their environmental performances. The Framework defines eligibility criteria in five areas:

1. Energy efficiency
2. Renewable energy
3. Eco-efficient products
4. Pollution prevention and control
5. Green buildings

This Framework has been published in a separate document.[1]

Cyfrowy Polsat Group engaged Sustainalytics to review the Cyfrowy Polsat Group Green Bond Framework, dated December, 2019 and provide a second-party opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).[2]

As part of this engagement, Sustainalytics held conversations with various members of Cyfrowy Polsat's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of Cyfrowy Polsat's Green Bond Framework. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Cyfrowy Polsat Group Green Bond Framework and should be read in conjunction with that Framework.

[1] The Cyfrowy Polsat Group Green Bond Framework is available on Cyfrowy Polsat Group's website at: https://grupapolsat.pl/en/investor-relations/bonds.
[2] The Green Bond Principles are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Cyfrowy Polsat Group Green Bond Framework

Summary

Sustainalytics is of the opinion that the Cyfrowy Polsat Group Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP 2018. Sustainalytics highlights the following elements of Cyfrowy Polsat's Green Bond Framework:

- Use of Proceeds:
  - The eligible use of proceeds categories – (i) Energy efficiency, (ii) Renewable energy, (iii) Eco-efficient products, (iv) Pollution prevention and control, and (v) Green buildings – are recognized as impactful by the GBP 2018.
  - Cyfrowy Polsat Group confirms that only one issuance will be carried out under this Framework, and 100% of the proceeds will be used to refinance its expenditures on existing and past projects and assets between 2017 and 2019.
  - The Energy Efficiency category pertains to Cyfrowy Polsat Group's investments in modernizing and upgrading its mobile and fixed network technology and related infrastructure. Investments include:
    - Replacement of old energy intensive technology such as 2G and 3G with advanced 4G LTE, which has potential to reduce network energy intensity per unit of data traffic. The enablement of energy savings through the high-speed network connectivity is considered significant,[3] hence Sustainalytics views positively the environmental impact contributed through this use of proceeds.
    - Retrofitting and replacement of outdated fixed network infrastructure, such as the replacement of conventional copper-based technology with fiber optic technology, which allows for faster transmission of data over longer distances, requires less maintenance and consumes 50% less energy, based on Cyfrowy Polsat Group's current experience.
    - Investments in energy efficient systems and technology such as free cooling systems, intelligent lighting, optimization of power storage, server virtualization as well as machine learning and artificial intelligence.
  - Proceeds will be allocated by Cyfrowy Polsat Group for research and development as well as implementation of initiatives to increase renewable energy share, namely biomass, in its energy mix. The Issuer confirms to enter medium- and long-term renewable energy power purchase agreements of over five years in order to increase its use of renewable energy. Sustainalytics further encourages Cyfrowy Polsat Group to outline quantitative targets for the increase of renewable energy percentage in its overall energy mix, along with relevant disclosure.
  - Cyfrowy Polsat Group has confirmed that purchased renewable energy will be generated from biomass and that the Company will contractually ensure (i) the source of feedstock is not in competition with food production, and (ii) Cyfrowy Polsat Group's right to perform periodic examination or audit of the energy production sourcing, and/or obtain Guarantees of Origin (GoO) according to the European Commission requirements[4] from its energy suppliers.
  - Cyfrowy Polsat Group will use proceeds raised under this Framework to improve its e-waste management practices within the organization, as well as management of end-user devices, such as the production of set-top boxes[5] which uses 100% recycled materials as inputs. The Group will also make investments in systems, technologies and processes in its set-top box

[3] 5G Spectrum: Strategies to Maximize All Bands (Ericsson). Accessed in December 2019 from https://www.ericsson.com/en/networks/trending/hot-topics/5g-spectrum-strategies-to-maximize-all-bands
[4] European Commission Directive (EU) 2018/2001 of the European Parliament and of the Council on the Promotion of the Use of Energy from Renewable Sources (Recast). To be retrieved from https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L2001&from=EN
[5] A set-top box (STB), also colloquially known as a cable box, is an information appliance device that can convert external source of signal into contents that can be displayed on the television screen or other display devices.

manufacturing plant that increase the energy efficiency of production and make the product and packaging more resource efficient.
  - Under the Green Building category, Cyfrowy Polsat Group will use proceeds to develop, acquire, lease and/or renovate properties that have or will receive certifications under recognized green building standards. The framework specifies that eligible green buildings are those that have or will receive minimum LEED "Gold", BREEAM "Excellent", or other recognized national or international equivalents. Sustainalytics has conducted an evaluation of these standards and considers them to be robust and credible (see Appendix 1 for additional details on the certification schemes).
- Project Evaluation and Selection:
  - Cyfrowy Polsat Group has a dedicated Green Bond Committee which will be responsible for the project selection and evaluation process. The committee will be composed of senior management representatives from various teams, including Administration, Technology, Production, Controlling, Treasury, and/or Investor Relations. The committee will validate Eligible Green Projects based on the defined categories in the Framework, and monitor the portfolio, ensuring the replacement of projects should any projects fall out of eligibility.
  - Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - The Finance Department of Cyfrowy Polsat Group will manage and track allocations using an internal accounting and treasury management tracking system. The Group will also use internal budgeting, control and/or accounting systems to identify the costs of Eligible Green Projects which are then marked against funds raised under the Framework.
  - The Group confirms full allocation to refinance past projects or assets upon issuance. Therefore, no proceeds will remain as unallocated.
  - Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Cyfrowy Polsat Group will report on the allocation of proceeds and the impacts of the Eligible Green Projects upon full allocation. Allocation reporting will include: (i) a list of aggregated Eligible Projects and the allocated amounts financed through the Group's Green Bonds, and (ii) bond proceeds allocated per eligibility category.
  - Regarding impact reporting, the Group intends to provide environmental impact data related to the projects refinanced, by reporting on various metrics where feasible, such as (i) expected energy savings, (ii) estimated avoided/reduced GHG emissions, (iii) renewable energy generated or purchased, and (iv) and types and levels of certification of properties. The report will also include case studies that highlight positive environmental and social qualitative impacts.
  - Sustainalytics notes that, at the time of issuance, the Group does not have quantitative time-bound targets established, and encourages the Group to develop these targets in the future in order to strengthen its Framework.
  - Cyfrowy Polsat Group commits to publish the reporting in its corporate website as an executive report.
  - Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Cyfrowy Polsat Group Green Bond Framework aligns to the four core components of the GBP 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Cyfrowy Polsat Group

Contribution of framework to Cyfrowy Polsat Group's sustainability strategy

While recognizing the environmental impact from media and telecommunication operations and products, Cyfrowy Polsat Group defined several environmental goals in 2014 which have become important elements of the Company's broader strategy. Sustainalytics highlights below environmental goals:[6]

- Ascertain that the Company's products meet the requirements of relevant norms and regulations such as ISO 14001:2015, and maximize the use of recycled material in its production.

[6] Cyfrowy Polsat Group, Report of Cyfrowy Polsat S.A. Capital Group and Cyfrowy Polsat S.A. on non-financial information for the year 2018: https://raportniefinansowy2018.grupapolsat.pl/app/uploads/2019/10/non-financial-report-2018.pdf

- Ensuring the Company achieves legally required levels of salvaging and recycling of its electrical and electronic equipment, as well as its batteries and packed products[7].
- Reduction of negative environmental impact in other essential environmental aspects such as use of electric cars by the Company, and control of Fluorinated gas emissions.[8]

To ensure that it is on a path to achieve the set environmental goals, Cyfrowy Polsat Group measures its sustainability efforts across its subsidiaries. Measured categories include: consumption of raw materials; electrical power; waste management and recycling and impact of base stations and transmitters on the environment.[9] Cyfrowy Polsat Group's sustainability performances in 2018 include:[10]

- Cyfrowy Polsat Group recycled approximately 636 tons of non-hazardous waste for recycling to specialized recycling firms, more than half of which was electro-waste (314 tons).
- The Group implemented a comprehensive waste collection process that has allowed it to supply nearly 192 tons of cardboard as well as 5 tons of plastic film and Styrofoam for recycling.
- TV Polsat supplied the following amounts of waste to recycling: 275 kg of toner cartridges, 3,330 kg of data carriers, 1,767 kg of electronic equipment and 4,400 kg of mixed construction materials.
- In order to reduce its electrical power consumption within its internal operations, Cyfrowy Polsat introduced a policy that requires employees to switch off the light when leaving a room, disconnecting chargers once charging is completed and rationing use of water and air-conditioning.
- The Group's subsidiary, Polkomtel, introduced ecological solutions across its operations, including data storage solutions in its network server rooms; highly efficient rectifiers in its power stations; free-cooling systems which reduce power consumption and carbon dioxide emission levels; power-saving bulbs and automatic light switches and the company recently added cars with low CO_2 to its car fleet. Sustainalytics views these efforts positively and encourages the Group to report on the progress of these initiatives.
- The Group launched eco-services such as offering customers the option to receive invoices or payment slips electronically. In 2018, over 91.9% of Cyfrowy Polsat customers and 95.3% of Polkomtel customers received electronic invoices.

Sustainalytics views positively the commitments and initiatives undertaken by Cyfrowy Polsat Group and its affiliate companies, and considers that the green bond issued under the Framework will advance the Group's overall environmental strategies. While Sustainalytics is of the opinion that the Eligible Projects in the Framework align with Cyfrowy Polsat Group's environmental objectives, it is encouraged to set, where feasible, quantitative targets and specific time-bound goals related to the projects financed under the Framework.

Well positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards Eligible Projects that are recognized by the Green Bond Principles (2018), Sustainalytics is aware that such Eligible Projects, and past projects, could have negative environmental and social outcomes. Some key environmental and social risks associated with the Eligible Projects could include, human rights challenges in the supply chain for raw materials critical to the telecommunications industry; health and safety risks associated with the construction of infrastructure to promote energy efficiency and in the construction/renovation of green buildings; biodiversity and stakeholder relations risks associated with the construction of raw assets; and exposure to data privacy and associated security risks.

Nevertheless, Sustainalytics is of the opinion that Cyfrowy Polsat Group is well positioned to manage and/or mitigate potential risks through the following policies and procedures:

- Cyfrowy Polsat Group monitors its activities on a regular basis to ensure compliance with local laws and regulations governing environmental protection, as well as any other applicable environmental requirements in the regions in which it operates.[11]
- In line with its commitment to ecological responsibility, Polkomtel, one of Cyfrowy Polsat Group's subsidiaries, and Cyfrowy Polsat Group's STB manufacturing plant, have both obtained ISO

[7] Cyfrowy Polsat Group has confirmed with Sustainalytics that 'packed products' refer to collective boxes, pallets or other packaging that is used to collectively pack and transport end-use devices such as handsets, modems and Set Top Boxes, to protect against potential damage.
[8] Initiatives under 'reduction of negative environmental impact' provided by Cyfrowy Polsat Group to Sustainalytics. F-gases refer to Fluorinated gases used in a range of industrial applications and can be global warming effect up to 23000 times greater than carbon dioxide (CO2). Refer: https://ec.europa.eu/clima/policies/f-gas_en
[9] Cyfrowy Polsat Group, Report of Cyfrowy Polsat S.A. Capital Group and Cyfrowy Polsat S.A. on non-financial information for the year 2018: https://raportniefinansowy2018.grupapolsat.pl/app/uploads/2019/10/non-financial-report-2018.pdf
[10] Idem
[11] Cyfrowy Polsat Group, WSE best practice: https://grupapolsat.pl/en/corporate-governance/wse-best-practice

9001:2015 and ISO 14001:2015 certifications.[12] Sustainalytics views ISO 9001 and ISO 14001 as robust environmental management standards that imply the presence of appropriate systems to mitigate and address environmental risks.

- All Cyfrowy Polsat Group companies are required to follow the Group's Procurement and Vendor Selection Procedure which serves to control for and mitigate adverse environmental impacts throughout supply chain practices.[13]
- Within the Group, each company has its own Occupational Health and Safety Committee, which meets on a quarterly basis to review ongoing risk assessments and monitoring.[14] In 2018, there were no recorded cases of non-compliance with regulations or voluntary codes related to the impact of products and services on health and safety.
- The Group has instated several policies which apply to its supply chain and operations, including a Code of Ethics and Human Rights Resources Policy and a Diversity and Human Rights Respect policy.[15] The Group supports the Universal Declaration of Human Rights and the Declaration of the of the International Labor Organization and has incorporated the fundamental principles of these declarations into its aforementioned Code of Ethics and Human Rights Resources Policy.

Based on the above-mentioned standards and assessments, Sustainalytics is of the opinion that Cyfrowy Polsat Group has appropriate measures in place, and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are recognized as impactful by GBP. Sustainalytics has focused on three categories below where the impact is specifically relevant in the local context.

Importance of increasing renewable energy in Poland to meet climate goals

Poland is a part of EU's commitment to reduce GHG emissions by 40% by 2030 as compared to 1990 levels.[16] However, Poland is highly dependent on fossil fuel as an energy source. The energy sector in Poland contributes to more than 80% of its emissions.[17] As of 2018, approximately 85% of its electricity was produced from fossil fuel, with renewables sharing only 13% of the electricity mix.[18] It is therefore crucial that public and private sector support investments in the renewable energy in order to reduce Poland's dependency on fossil fuels and thereby reduce its GHG emissions. Cyfrowy Polsat Group's initiative to execute medium- and long-term power purchase agreements will bolster the effort required to increase renewable energy investments in Poland.

Role of improving energy efficiency in the telecommunication industry

Of the 85% of electricity produced by fossil fuels in Poland about 78% comes from coal, one of the most polluting energy sources. Cities and villages in Poland suffer high levels of air pollution and are often smothered by smog, especially in the winters.[19] A long term solution to the problem of air pollution will be for Poland to shift to cleaner sources of energy. Poland plans on reducing the share of coal in power generation to 60% by 2030 and increase renewables share to 21% by 2030.[20] Encouraging industries to be more energy efficient can provide both short and long-term benefits. It is expected that with the advancement in mobile internet standard as well as increase in users, there may be a need to install many more base stations and process much more data over longer distances, consequently driving up energy demand.[21] It is estimated that

[12] Cyfrowy Polsat S.A., Report of Cyfrowy Polsat S.A. Capital Group and Cyfrowy Polsat S.A. on non-financial information for the year 2018, at: https://grupapolsat.pl/sites/default/files/documents/non-financial_report_of_cyfrowy_polsat_s.a._capital_group_and_cyfrowy_polsat_s.a._for_the_year_2018_21.03.2019_f3.pdf
[13] Idem
[14] Cyfrowy Polsat S.A., Report of Cyfrowy Polsat S.A. Capital Group and Cyfrowy Polsat S.A. on non-financial information for the year 2018, at: https://grupapolsat.pl/sites/default/files/documents/non-financial_report_of_cyfrowy_polsat_s.a._capital_group_and_cyfrowy_polsat_s.a._for_the_year_2018_21.03.2019_f3.pdf
[15] Idem
[16] The European Union and Its Member States, Intended Nationally Determined Contribution of the EU and its Member States, March 2015, at: https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Poland%20First/LV-03-06-EU%20INDC.pdf
[17] United Nations Climate Change Secretariat, Summary of GHG emissions in Poland, (accessed in December 2019), at: https://unfccc.int/files/ghg_emissions_data/application/pdf/pol_ghg_profile.pdf
[18] Forum Energii, "Energy Transition in Poland", 2019, at: https://forum-energii.eu/en/analizy/transformacja-2019
[19] The New York Times, "Smothered by Smog, Polish Cities Rank Among Europe's Dirtiest", April 2018, at: https://www.nytimes.com/2018/04/22/world/europe/poland-pollution.html
[20] Poland's Ministry Of Energy, "Extract From Draft, Energy Policy Of Poland Until 2040 (EPP2040)", 2018, at: https://forum-energii.eu/en/analizy/pep-2040-uwagi
[21] Design Considerations for a 5G Network Architecture, Steven Bergren (2017), at: https://www.semanticscholar.org/paper/Design-Considerations-for-a-5G-Network-Architecture-Bergren/41084c3dafd18a0f7126f7751ea37a7aae456df8

the Information and Communication (ICT) Industry could use 20% of all electricity and emit up to 5.5% of the world's carbon emissions by 2025, if serious advancements in energy efficiency in the ICT industry are not made. In 10 years, from 2006 to 2016, nominal number of phone users in Poland have increased by almost 60%. [22] Therefore, Cyfrowy Polsat Group's efforts to provide efficient mobile network technology and infrastructure may help manage the growing demand of energy from the ICT sector, however Sustainalytics notes two environmental limitations with respect to 5G technology below.

Green Buildings to mitigate climate change impacts

Energy performance of buildings in Poland is quite low with heating consuming a major share of the energy consumption. About 69% of energy is consumed by space heating in the residential sector and 37% of energy is consumed by heating, ventilation and air conditioning in non-residential buildings in Poland.[23]
Further, only approximately 8% of buildings have high standard of thermal insulation[24] and approximately 72% of buildings have either very thin insulation[25] or are completely uninsulated, resulting in high energy losses.[26] Therefore, Sustainalytics is of the opinion that Cyfrowy Polsat Group's investments in Green Buildings will have positive environmental impact.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Energy Efficiency	7. Affordable and Clean Energy 8. Decent Work and Economic Growth 9. Industry, Innovation and Infrastructure	7.3 By 2030, double the global rate of improvement in energy efficiency 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Renewable energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Eco-efficient products	8. Decent Work and Economic Growth 12. Responsible Consumption and Production	8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead

[22] Analysis of mobile telephony industry in Poland and customer preferences. Gheribi et al. (2018), at: https://www.researchgate.net/publication/331962663_Analysis_of_mobile_telephony_industry_in_Poland_and_customer_preferences
[23] Financing Building Energy Performance Improvement in Poland, Buildings Performance Institute Europe (2016), at: http://bpie.eu/wp-content/uploads/2016/01/BPIE_Financing-building-energy-in-Poland_EN.pdf
[24] Based on a research conducted by Institute of Environmental Economics. High standard of thermal insulation includes the following building characteristics – modernized installation, wall insulation minimum 11 cm, roof insulation and double-glazed windows.
[25] Buildings with wall insulation layer thinner than 8 cm and with no window or roof insulation.
[26] Idem

		12.2 By 2030, achieve the sustainable management and efficient use of natural resources 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Pollution prevention and control	11. Sustainable Communities and Cities	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Green buildings	11. Sustainable Communities and Cities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

Conclusion

Cyfrowy Polsat Group has developed the Cyfrowy Polsat Group Green Bond Framework under which it will issue a green bond, where the use of proceeds will be used to refinance energy efficiency, renewable/green energy, eco-efficient and/or circular economy adapted products, production technologies and processes, pollution prevention and control and green buildings projects. Sustainalytics considers that the projects funded by the green bond proceeds will provide positive environmental impact. Specifically, by focusing on high environmental impact areas of the telecommunications industry such as the deployment and upgrade of energy-intensive mobile networks, Cyfrowy Polsat Group is targeting carbon reduction efforts in an industry that would benefit significantly from mitigating further negative environmental impacts.

The Cyfrowy Polsat Group Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Cyfrowy Polsat Group Green Bond Framework is aligned with the overall sustainability strategy of the Group and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 8, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that Cyfrowy Polsat Group has sufficient measures to identify, manage and mitigate environmental and social risks commonly associated with the Eligible Projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Cyfrowy Polsat Group is well-positioned to issue green bonds and that the Cyfrowy Polsat Group Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

Appendices

Appendix 1: Green Building Certification Programs

	LEED[27]	BREEAM[28]
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.
Certification levels	Certified Silver Gold Platinum	Pass Good Very Good Excellent Outstanding
Areas of Assessment: Environmental Performance of the Building	• Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority	• Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation
Requirements	Prerequisites (independent of level of certification) + Credits with associated points These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	Prerequisites depending on the levels of certification + Credits with associated points This number of points is then weighted by item [29] and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREAAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.
Performance display		
Accreditation	LEED AP BD+C LEED AP O+M	BREEAM International Assessor BREEAM AP BREEAM In Use Assessor
Qualitative considerations	Widely recognised internationally, and strong assurance of overall quality.	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.

[27] USGBC, LEED: www.usgbc.org/LEED
[28] BREEAM, Building Research Establishment LTD: https://breeam.com
[29] BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

Appendix 2: Green Bond / Green Bond Programme - External Review Form
Section 1. Basic Information

Issuer name:	Cyfrowy Polsat Group
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: ***[specify as appropriate]***	Cyfrowy Polsat Group Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	06 January 2020
Publication date of review publication: ***[where appropriate, specify if it is an update and add reference to earlier relevant review]***	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

☒	Use of Proceeds	☒	Process for Project Evaluation and Selection
☒	Management of Proceeds	☒	Reporting

ROLE(S) OF REVIEW PROVIDER

☒	Consultancy (incl. 2nd opinion)	☐	Certification
☐	Verification	☐	Rating

☐ Other *(please specify)*:

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds – (i) Energy efficiency, (ii) Renewable energy, (iii) Eco-efficient products, (iv) Pollution prevention and control, and (v) Green buildings – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG Goals 7, 8, 9, 11 and 12.

Use of proceeds categories as per GBP:

- ☒ Renewable energy
- ☒ Energy efficiency
- ☒ Pollution prevention and control
- ☐ Environmentally sustainable management of living natural resources and land use
- ☐ Terrestrial and aquatic biodiversity conservation
- ☐ Clean transportation
- ☐ Sustainable water and wastewater management
- ☐ Climate change adaptation
- ☒ Eco-efficient and/or circular economy adapted products, production technologies and processes
- ☒ Green buildings
- ☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs
- ☐ Other *(please specify)*:

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Cyfrowy Polsat Group's internal process in evaluating and selecting projects is managed by a dedicated Green Bond Committee, which is comprised of members from the Group's various teams, including senior representatives from Administration, Technology, Production, Controlling, Treasury and/or Investor Relations. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- ☒ Credentials on the issuer's environmental sustainability objectives
- ☒ Documented process to determine that projects fit within defined categories
- ☒ Defined and transparent criteria for projects eligible for Green Bond proceeds
- ☐ Documented process to identify and manage potential ESG risks associated with the project
- ☐ Summary criteria for project evaluation and selection publicly available
- ☐ Other *(please specify):*

Information on Responsibilities and Accountability

☒ Evaluation / Selection criteria subject to external advice or verification

☐ In-house assessment

☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Cyfrowy Polsat Group's Finance Department will manage allocations using its internal accounting and treasury management tracking system. The Group will also use internal budgeting, controlling and/or accounting systems to determine the cost of Eligible Green Projects. While 100% of the proceeds will be allocated to refinance past and existing projects and assets, the Group confirms that there will be no unallocated proceeds. Sustainalytics considers this as in line with market practice.

Tracking of proceeds:

☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner

☐ Disclosure of intended types of temporary investment instruments for unallocated proceeds

☐ Other *(please specify)*:

Additional disclosure:

☐ Allocations to future investments only

☒ Allocations to both existing and future investments

☒ Allocation to individual disbursements

☐ Allocation to a portfolio of disbursements

☐ Disclosure of portfolio balance of unallocated proceeds

☐ Other *(please specify)*: 100% of Cyfrowy's proceeds will be used to refinance past projects.

4. REPORTING

Overall comment on section (if applicable):

Cyfrowy Polsat Group intends to publish on its corporate website an executive report that covers both allocation reporting and impact reporting upon full allocation of the proceeds. Allocation reporting will include a list of aggregated Eligible Projects, financed through the bond proceeds, including amounts allocated and allocations per eligibility category. In addition, Cyfrowy Polsat Group is committed to reporting on relevant impact metrics, where feasible. Sustainalytics views Cyfrowy Polsat Group's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other *(please specify):*

Information reported:

☒ Allocated amounts

☐ Green Bond financed share of total investment

☐ Other *(please specify):*

Frequency:

☐ Annual

☐ Semi-annual

☒ Other (please specify): one report containing data both on allocation and impact upon full allocation of funds

Impact reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (please specify):

Frequency:

☐ Annual

☐ Semi-annual

☒ Other (please specify): one report containing data both on allocation and impact upon full allocation of funds

Information reported (expected or ex-post):

☒ GHG Emissions / Savings

☒ Energy Savings

☐ Decrease in water use

☒ Other ESG indicators (please specify): Amount of recycled e-waste and other waste (kton), Renewable energy generated or purchased (GWh)

Means of Disclosure

☐ Information published in financial report

☐ Information published in sustainability report

☒ Information published in ad hoc documents

☒ Other (please specify): corporate webpage of Cyfrowy Polsat Group

☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

Cyfrowy's Green Bond Framework: https://grupapolsat.pl/en/investor-relations/bonds
Cyfrowy's allocation and impact reports: https://grupapolsat.pl/en/investor-relations/bonds

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

☒ Consultancy (incl. 2nd opinion)
☐ Certification
☐ Verification / Audit
☐ Rating
☐ Other *(please specify):*

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

i. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.

ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognized external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialized research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

Sustainalytics

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.

For more information, visit www.sustainalytics.com

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