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THE FINANCIAL CONTEXT OF CORPORATE GREEN INVESTMENTS IN THE POLISH BANKING SECTOR

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Purpose: The primary research objective is to determine the premises of the expansiveness of credit institutions in financing corporate green investments in Poland.
Design approach: The research focuses on updating the positive and negative aspects of the expected increase in the effects of green financing of corporate investments in the European Union. ESG issues have become widely disseminated in broadly understood publications. The areas of the issues studied within their framework are also expanding. There are certainly many reasons for the observed situation. In principle, however, they arise from the ever-increasing financing needs of ESG strategies adopted by business entities. They are also closely tied to the growing public acceptance of counteracting climate change. In economic practice, this means increased competition for means of financing ESG strategies and, as a result, also the emergence of a number of economic barriers to its implementation. The issues related to financing corporate green investments are the main subject of the research since they are the ones that require considerable financial outlays, the use of which is subject to stringent EU regulations frequently exceeding the business capabilities of companies. Green investments also generate a high level of ESG risks, both on the part of recipients and donors of financial capital. In ESG strategies, however, they constitute the most significant factor in climate change determining the scale of innovation of modern companies and their adaptability to the challenges of the global economy. The review of the literature on ESG issues reveals that financing corporate green investments requires extensive research. In this respect, there is no access to reliable empirical data and classical methods of verifying the effects and costs of corporate green investments are unreliable.
Findings: The research results presented in the paper expand the knowledge in the field of implementation of ESG strategies in business entities in Poland. Conducted consecutively for a long period, they make it possible to shape an increasingly objective view of green financing of sustainable development goals with bank credit.
Originality/value: The questionnaire-based research conducted in the first half of 2024 made it possible to assess the motives for financing ESG strategies of companies in the Polish banking sector.
Keywords: green loans, new ESG reporting standards, motives for corporate green financing, ESG strategies
Category of the paper: viewpoint.

1. Introduction

Sustainable development is a concept that has been changing the face of the global economy since the 1950s. Particular interest in sustainability from numerous scientific, business, and political environments is linked to adopting an ESG strategy that explicitly targets climate action. In the European Union, the energy transition has become a significant factor in stimulating its further dynamic economic growth based on the innovative transition of all 27 member states. The document promoting business actions appeared to be the publication of the European Green Deal in 2019, the primary mission of which is to achieve climate neutrality by 2050. Finalising such an ambitious sustainable development goal in the business environment entails specific and rapid measures that alter the existing production profiles requiring the implementation of new techniques and technologies. Therefore, it is mainly associated with financing green investments of companies requiring the accumulation of capital resources significantly exceeding their existing cash income. A growing number of studies and discussions relating to the energy transition in EU member states emphasize the need to finance ESG business strategies using private capital resources. However, the intended allocation of financial capital involves significant ESG risks for all participants in this process. Numerous regulations are therefore implemented in the European Union to direct private financial flows toward green investments. These regulations are related to the development of the market for green and sustainable bonds, fund, and stock market instruments, as well as bank loans. The primary research objective of this paper is to determine the premises of the expansiveness of credit institutions in financing corporate green investments in Poland. A review of the literature on sustainable development and a critical analysis of current studies on the energy transition indicate numerous threats to achieving climate neutrality in the European Union by 2050. (Juszczak, 2024; Krawczyńska-Kaczmarek ,2024; Pisarska,2024; Pyka I, Pyka J, 2023) After all, geopolitical conditions in the global economy are undergoing serious changes. High uncertainty is emerging also at the macroeconomic level of the EU member states, which directly affects the possibility of financing the green transition therein. Meanwhile, the regulatory pressure from EU authorities for rapid financing of the European Green Deal is constantly increasing. The results of the surveys conducted in the banking environment since 2020 verify the thesis that the motives for financing ESG strategies of companies in the Polish banking sector are changing but not hindering the process. On the other hand, changes observed in the external environment of credit institutions increase ESG risks necessitating modifications to bank risk management systems and closer cooperation with banks' business stakeholders.

2. Materials and methods tables

2.1. External conditions for financing ESG strategies

In the observed maze of growing issues related to green financing of ESG strategies, supporters and opponents of process continuation or intensification can be distinguished. The observed climate change, accompanied by unprecedented, catastrophic natural phenomena, is an indisputable argument appealing to all groups of green financing stakeholders. It is also pointed out that the energy transition significantly affects the economy as well. According to the IMF, the medium-term impact multiplier of investments in renewable energy sources on GDP for 2021 amounted to 150%. According to its supporters, the green transition also means a thriving labour market. In the European Union, the energy transition has unexpectedly been driven by the energy crisis caused by the EU's dependence on fossil fuels, highlighted by Russia's aggression against Ukraine. It is therefore indisputable and socially accepted to further decarbonise the EU economy in line with the objectives of the European Green Deal. The group of supporters of the green transition in the European Union also includes countries with a high level of commitment to modern energy technologies that improve their economic innovativeness and international competitiveness. On the other hand, its opponents are the remaining member states whose economies will be impaired in the face of the costs of the green transition. Extensive investment in renewable energy sources, while profitable in the long run, entails a tremendous increase in demand for metals and critical raw materials. This translates into increased prices with all the financial, economic, and social consequences. The situation is encouraging ever greater polarisation of social attitudes in EU member states and generating therein a permanent increase in uncertainty accompanying the implementation of ESG strategies. At the same time, the Estimates of the European Commission of 2023 indicate that additional investments of EUR 620 billion per year are necessary to meet the objectives of the European Green Deal. On the other hand, estimates by the International Energy Agency show that the European Union must increase its annual expenditures on low-emission energy by EUR 200 billion to stay on track for achieving climate neutrality by 2050. Therefore, under the European Commission's plans, most of the investments will need to be financed with private resources. The size of this financing, however, raises far-reaching concerns. The demand for financing environmentally friendly projects is observed to be growing constantly. The European Commission's estimates as of July 2021 show that the European Union will need additional investments of EUR 350 billion per year during the current decade (Zielone finance, 2024). Green investment is also growing globally. In 2023, it reached USD 1.77 trillion, or nearly 2% of the global GDP. However, according to the latest estimates, the gap in financing sustainable development goals globally amounts to USD 11-15 trillion per year, four times the current level of spending to date. (United Nations, 2022). Therefore, there is increasing resistance to the green transition of the modern economy stabilised by the optimism of its supporters. However, the problem exists and requires a wide-ranging, substantive debate. It seems particularly significant in the context of high geopolitical, economic, and financial uncertainty in the global economy. The issues emerging in its context determine the effectiveness and efficiency of implementing business ESG strategies, which are frequently marginalised from a microeconomic perspective. Regulations that directly aim to channel private financial flows into green investments are a significant determinant of the implementation of ESG strategies in the European Union. Key regulations in this area include the EU Taxonomy, the Non-Financial Reporting Directive (NFRD), the Sustainable Finance Disclosure Regulation (SFDR), the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), and the European Sustainability Reporting Standards (ESRS) (Pyka, Pyka, 2023) On October 17, 2023, the European Commission adopted Delegated Directive 2023/2775 on adjusting company size criteria for micro, small, medium-sized, and large undertakings or groups. (Commission Delegated Directive—2023/2775) On December 22, 2023, European Sustainability Reporting Standards were released as a delegated regulation of the European Commission. This legal act is directly applicable to all EU member states. The ESRS have their legal basis in Directive 2013/34/EU, as amended by the CSRD. Thus, it does not require additional implementation at the national level. The new ESG reporting standards in Europe, introduced by the ESRS, are expected to increase the transparency and accountability of companies for green investments. Companies subject to reporting under the CSRD must comply with the new requirements, including both general reporting principles and detailed environmental, social policy, and governance guidelines. However, the EU regulatory process has not been closed since the logic of the ESG process is constantly progressing, which requires detailed disclosure of information to assess the desired directions of green transition of business. Since these are constantly changing, ESG reporting under the CRSD provisions and guidelines is being implemented in stages (2024-2027), covering a growing number of entities. The scope of mandatory reporting is also increasing. This is because a green business environment must be transparent about ESG implementation and able to assess ESG risks since any irregularities in this process are subject to sanctions. The changes being introduced should undoubtedly prevent irregularities in the financing of green investments implemented across a significant swath of the European Union. The threat of greenwashing, however, remains significant, which is demonstrated by the greenwashing directive that has been in force in the European Union since 26 March 2024. The new regulations contained in the directive have not been applied by EU member states yet. According to the directive, however, this should happen no later than 27 September 2026. Despite all this, according to estimates and surveys of various entities, financial and non-financial institutions are increasingly interested in ESG strategy implementation. Polish entrepreneurs are also focusing on inspiring change and implementing specific sustainability measures. One in three of the companies studied has a sustainability strategy. Companies employing between 2 to 10 and 11 to 49 employees dominate among them (34% and 41%, respectively), while sole proprietorships mainly do not have any strategy (58%). At the same time, the vast majority of respondents find it rather important or definitely important to take measures to support sustainable development. However, verification of business activity accepting ESG strategies remains difficult (Marciniak, 2024). Significant reasons for this situation are not only the deficiencies in accounting records but also varied sources of green financing (bank, fund, bond, stock exchange, and public). Bank and credit recipients' disclosures make it possible to claim that this approach is developing dynamically. The first ESG-linked transaction (bank financing) in Poland was conducted in 2019 for Energa (with another tranche in 2020). Another one appeared in 2021 for Raben Group Six. In 2022, six such transactions were completed, and by the end of 2023 another 15. The value of disclosed bank ESG transactions in Poland reached at least PLN 33.717 billion at the end of 2023. Therefore, the volumes of bank green financing are growing rapidly. It is, however, worth noting that nominally high transactions influence the volume of bank ESG financing. In 2023, the transaction for Grupa Polsat Plus alone amounted to PLN 10.6 billion. (Pisarska .2024) Simultaneously, among the 23 companies and groups obtaining financing were industry-diverse companies; 5 representatives of various types of industrial manufacturing, 5 representatives of transport and logistics, 4 representatives of conventional energy and mining, 2 media and telecommunications groups, 2 retail chains, and single representatives of medical services, food production, automotive industry and financial services (Pisarska, 2024). Considering the needs of the climate transition, the results presented are hardly impressive or satisfactory. Therefore, with high probability, it can be assumed that constraints are impeding the increase in the amount of funds for the European Green Deal at the level of business ESG strategies. Their identification requires extensive research, although, with the assumption that the amount of green financing is growing, increased competition for green capital among business entities should be expected, contributing to an increase in the cost of its acquisition. From the perspective of the increased involvement of private financial institutions in sustainable development, the indicated trend will lead to a steady increase in their income and a positive change in their investment portfolio. Under increasing demand for green capital, difficulties in financing the "non-green needs" of business entities, small and medium-sized companies operating in domestic financial markets in particular, will intensify. After all, international and global corporations will obtain green financing through project finance programs, stimulating changes in their existing international business positions. These processes will undoubtedly be accompanied by an increase in the scale of the global economy's financialization, which can be difficult to regard as a positive phenomenon in the context of sustainable development. Therefore, an ESG strategy should be regarded as a serious factor for global change in the operations of companies and financial institutions. Thus, the unequal level of development and social dissatisfaction will intensify in the European Union with a significant difference in the level of preparation of member states for climate transition. After all, the largest financial and opportunity costs of the green transition will be incurred by companies in sectors that are among the largest emitters of CO_2. Obtaining a consensus on this issue seems unlikely. Therefore, sustainable development will eventually slow down regardless of the scale of new climate transition regulations.

2.2. The willingness of banks to finance green investments

Financing green investments with a bank loan currently operating under the Sustainability Linked Loan (SLL) formula is a relatively new solution. The framework for this mechanism has been defined in the Sustainability Linked Loan Principles (SLLP) published in 2019. The experience from the growing application of this instrument in ESG financing has resulted in its further revisions. The latest edition of the SLLP was updated in February 2023, and according to the adopted definition, SLLs are all types of credit and/or contingent instruments (secured lines, guarantee lines, or letters of credit) that meet ESG requirements, the application of which, however, depends on the sustainable development goals achieved by the credit recipients. The structuring of the corporate green lending issue has certainly played a key role in sparking greater interest among banks in directing financial capital toward environmentally sustainable projects. The CSRD has also become a significant document intensifying ESG financing opportunities in the Sustainability Linked Loan formula. According to the adopted regulations, the parties to the agreement and thus the bank (and/or financing banks) together with the credit recipient must agree on sustainable investment indicators (Key Performance Indicators). Within the framework of the defined targets for all criteria – SPTs (Sustainability Performance Targets), the indicators measured year on year should increase guaranteeing the appropriate way to implement the investment financed with a green loan. The interest rate of the loan depends on the structure of the ESG objectives and is agreed upon by the parties to the agreement (the creditor and the credit recipient), taking into consideration potential changes. In the process of financing green investment, the credit recipient is obliged to report to the creditor on the implementation of the tasks financed with the loan while specifying the degree of achievement of each KPI with independent third-party verification confirmation. By this means, the credit recipient controls the achievement of the agreed SPTs and can revise the interest rate terms of the green credit. The Sustainability Linked Loan mechanism based on linking the price of capital (interest rate terms) to the sustainable development goals of the entity, unquestionably serves to motivate the financial sector client (capital recipient) to make progress in sustainability-relevant dimensions. When it comes to credit institutions, the mechanism reduces ESG risk, which undoubtedly encourages them to provide green lending. Estimates indicate that bank green loans are becoming a better sustainability instrument than green bonds, which already appeared on the financial market in 2007. In Poland, bank financing with a margin linked to achieving sustainable development goals (ESG) is becoming more and more common. This is indicated by various estimates. At the end of 2023, bank green loans nominally amounted to more than PLN 33 billion, while the value of green and other sustainable local bond issues of non-financial companies has to date amounted to an estimated PLN 9.5 billion, whereas investment funds registered in Poland - to PLN 6.5 billion in assets at the end of the first quarter of 2024. These estimates indicate that the strongly formalised process of ESG lending (green investments), where both the credit recipient and the creditor must be guided by strictly specified sustainable development goals, is not a significant obstacle to their mutual green relationship. Moreover, it is worth noting that all the previously indicated regulations generated in the European Union within the framework of supporting ESG processes remain in force, requiring banks and companies to build strong, separate entities for managing the process of sustainable development and ESG risks. Simultaneously, the reporting process has been spread over the years starting from 2024. Criteria have been established according to which, starting with large companies and groups and ending with small and medium-sized enterprises, mandatory ESG reporting is introduced. This fact is usually interpreted as facilitating the preparation of green financing procedures. On the other hand, it emphasises that complex green financing procedures require spectacular personnel preparation for ESG reporting. In small and medium-sized companies this signifies using the services provided by entities that offer relevant support and charge for it. Thus, financial costs and contingency preparation of the green financing process continue to multiply. From what has been seen so far, it is also clear that any loophole in the process of achieving ESG objectives is rapidly becoming the basis for further EU regulations. Thus, the sustainability landscape is shaped by several trends that are uncertain from a green lending perspective. These should include increased regulatory support and increased standardisation of sustainable development, greater integration of ESG factors into mainstream investing, and strong corporate and investor activism forcing companies to adopt more sustainable practices. They point to central control of sustainable development and should in principle limit its market-based financing. Yet this is not so obvious. After all, the whole logic of successive ESG regulations is based on the fact that companies should report in detail on the sustainable development goals they are pursuing. Then the pressure generated by various stakeholders will naturally lead to the desired business transition. Assuming that the administrative management of ESG business strategies will be efficient, increasing demand for capital financing green investments in the European Union should be expected. Meanwhile, the assessment of the course of this process has been so far extremely difficult. ESG data, which are an objective tool and the foundation for analysing sustainability progress, are virtually unavailable. This is because there is no access to aggregated ESG data in the form that would make it easy to compare goals and their implementation by various entities. Meanwhile, the quality of the published ESG estimates and reports increasingly developed by companies leaves a lot to be desired. In this context, the questionnaire-based research conducted over a long period with complete consistency of analysed issues and formulated survey questions is justified. The research conducted successively since 2020 by the research team of the Department of Banking and Financial Markets of the University of Economics in Katowice covers the issues of sustainable development goals focusing on sustainable financing, the process of greening the portfolio of bank loans, and ESG policy and risk. The current research stage focused on the development and implementation of banks' ESG strategies, their financing of green investments, in-depth aspects of ESG risk in bank risk management, climate risk in banks, and their reporting of ESG measures. The questionnaire-based research was conducted in the first quarter of 2024 among the representatives of the 10 largest commercial banks in Poland. The research sample included the following banks: PKO BP S.A., Bank Pekao S.A., Santander Bank Polska S.A., ING Bank Śląski S.A., mBank S.A., BNP Paribas S.A., Bank Millennium S.A., Alior Bank S.A., Citi Handlowy S.A. and Velo Bank S.A. Acknowledging at the same time that the total value of the assets of these institutions represents 79% of the total value of the assets of the Polish banking sectors, the results obtained from the survey of their representatives are therefore representative of the whole banking sector in Poland. The survey included 100 representatives of commercial banks in Poland occupying managerial positions and related to ESG issues and sustainable development. 77% of respondents had at least 10 years of experience working in a bank. The structure of the respondents makes it possible to conclude that most respondents could observe the changes that have been taking place in banks over the past few years, resulting from the increasing global interest in sustainability issues. The underlying rationale for initiating questionnaire-based research verifying the progress in the implementation of ESG strategies is a research gap in the sustainability assessment. In spite of that, the issue of socialisation of production processes and increasing the chances of the global economy for pro-ecological development has been widely discussed for a long period, constituting the subject of many papers and scientific research. They concentrate, however, mainly on theoretical issues directly leading to the need to increase the scope of research verifying the role and significance of the ESG concept in the global economy. Such an opportunity emerged in the European Union with the launch of the European Green Deal in 2019, a package of policy initiatives, the aim of which was to set EU member states on a path towards environmental transition and eventually the achievement of climate neutrality by 2050. The research by the EU Team began in 2020 and successively analysed ESG strategies. However, the sustainable financing of corporate green initiatives in Poland is an essential research subject that corresponds directly to the interests of its members. The research conducted to date has been questionnaire-based, which results directly from the difficulty in obtaining the required, even short-term empirical data. The collected research material is systematically published, which makes it possible to understand the scale and direction of ESG strategy financing in Poland. Guided by the objective of this paper, a part of the questionnaire-based research was selected, which made it possible to establish the level of interest of banks in financing ESG strategies of companies operating in Poland.

2.3. Limitations of corporate green financing in domestic banks

The questionnaire-based research of 2024 indicates that over 90% of institutions in the Polish banking sector have either implemented or announced the implementation of ESG strategies, which means that real efforts are being made in the Polish banking sector towards green financing for sustainable development. The conducted research indicates that the essential motive for a positive approach to implementing an ESG strategy by banks is an opportunity to improve their image among various groups of stakeholders. This motive was indicated by as many as 95% of respondents. Whereas 24% of respondents claim that the implementation of an ESG strategy is also an opportunity to improve the bank's position in the market. The remaining motives, which in the research included pressure from the parent bank, the geopolitical setup, and an improvement in stock prices, were not significant in the respondents' opinion. With a high degree of probability, it can therefore be assumed that commercial banks in Poland intend to compete for corporate green financing mainly with offers that best meet the formal EU criteria. This conclusion is also confirmed by the results of the research in which 72% of respondents indicated that banks make capital flows for green financing to a minor extent, whereas 17% of respondents think that such financing takes place, however, only in the case of projects that meet the taxonomy criteria. On the other hand, 9% of them declare that there is no capital flow in banks for green investments since credit recipients themselves are not interested in such financing. In contrast, when reviewing the direction of this financing, respondents pointed out that bank green funds are mainly directed at investments related to energy transition, climate change mitigation, and environmental protection. On the other hand, projects that finance investments in the area of social responsibility and corporate governance play a less significant role (Pyka, Nocoń, 2024). They therefore prefer nominally high corporate green financing by shifting investment risk to them. Banks are also guided by specific criteria in financing investments (Figure 1).

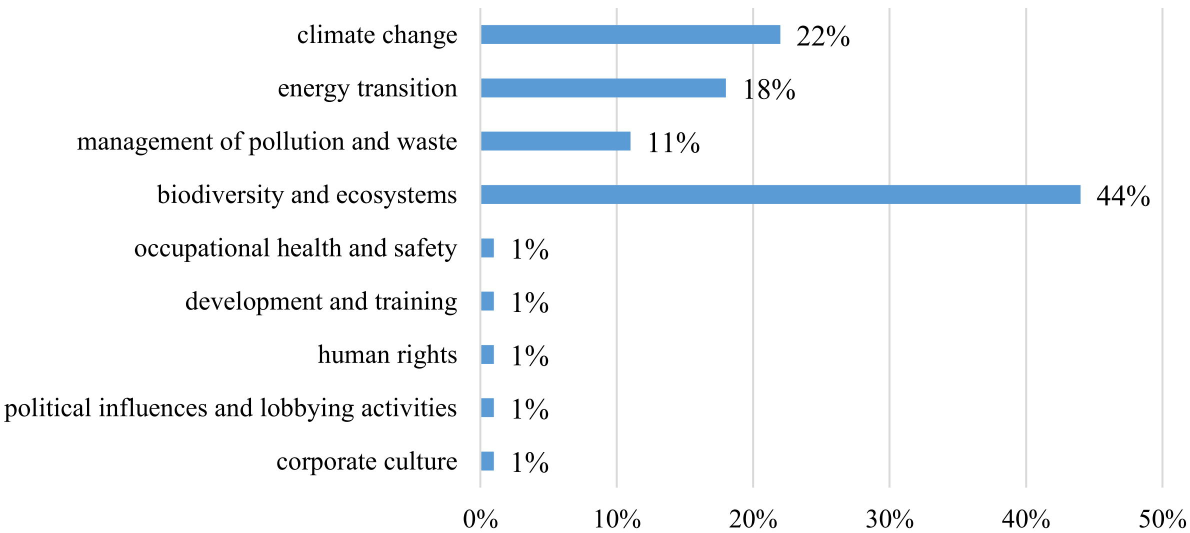

Figure 1.

Source: own elaboration.

They concentrate on loans financing biodiversity and ecosystems (44% of respondents), climate change (22% of respondents), and energy transition (18% of respondents). That is why not all the needs for corporate green financing in the banking sector are evenly distributed. Moreover, it can be assumed that the process will exclude especially small and medium-sized companies. At the same time, it comes as a surprise that 22% of respondents point out the need to allocate bank capital to climate change. Russia's aggression against Ukraine showed that financing energy needs in Poland should be prioritised. At the same time, looking at the survey results, it is difficult to evaluate the preferences for corporate green lending in Poland. In Table 1, respondents expressed the reasons for managing climate change while evaluating this need. 69% of respondents indicated improved energy efficiency in climate change management, logically contradicting the results shown in Figure 1.

Table 1.
Indicate good practices in climate change management in your bank

Name	
Managing climate impact (estimating carbon footprint, identifying reduction objectives, selecting appropriate actions for impact and financial commitment, and adopting an implementation schedule)	56%
Improvement in energy efficiency (concerning transport, lighting, buildings, energy production)	69%
Purchase of green energy (from outside companies or self-produced)	55%
Transport optimisation and eco-driving	26%
Carbon offsetting	2%

Source: own elaboration.

When analysing the willingness of banks to provide green financing to companies, respondents also answered a question about the factors hindering the implementation of ESG strategies (Figure 2). 56% of respondents point to the high cost of transitioning the bank to an ESG strategy. There is also high awareness (49% of respondents) of the low preparation level of the managers for its implementation, which significantly increases the costs of staff training inbanks (49%). There is also a strong awareness of the need for continuous personnel education.

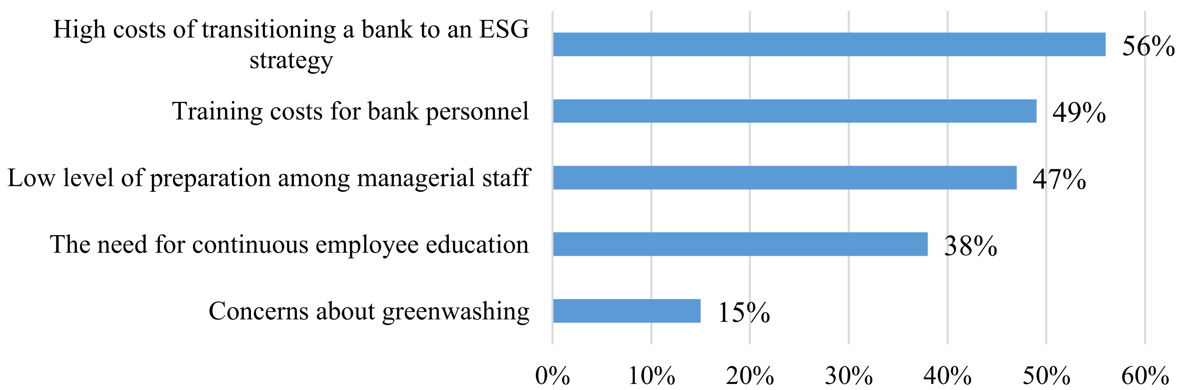

Figure 2. In your opinion, what are the reasons hindering the implementation of ESG strategies?
Source: own elaboration.

By contrast, respondents do not indicate ESG risk among the determinants of green lending. 44% of respondents thought that ESG risk affects corporate green financing only to a small extent. It is also worth noting that respondents do not link ESG risks to the high bank capital required to secure green investment transactions. Only 10% of respondents also link the limitations of corporate green financing to the regulatory need to include ESG risks in bank management (Figure 3).

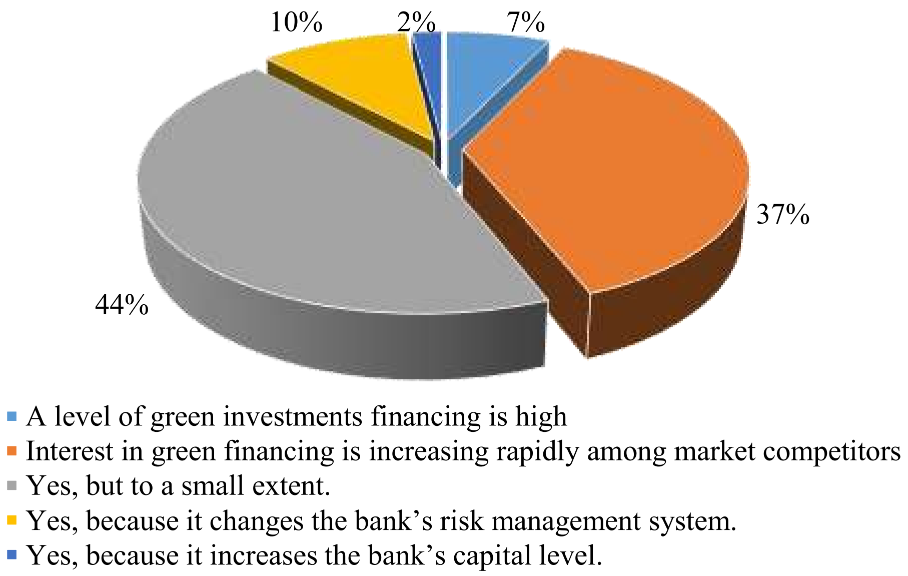

Figure 3. In your opinion, ESG risk affects banking activities because:
Source: own elaboration.

The respondents also indicate that banks apply EU regulations related to the CSRD. 46% of respondents state that they implement the reporting obligation resulting from the CSRD respecting the principle of the so-called double materiality. Similarly, 46% of respondents pay attention to ESG-related indicators and objectives in the reporting process (Figure 4).

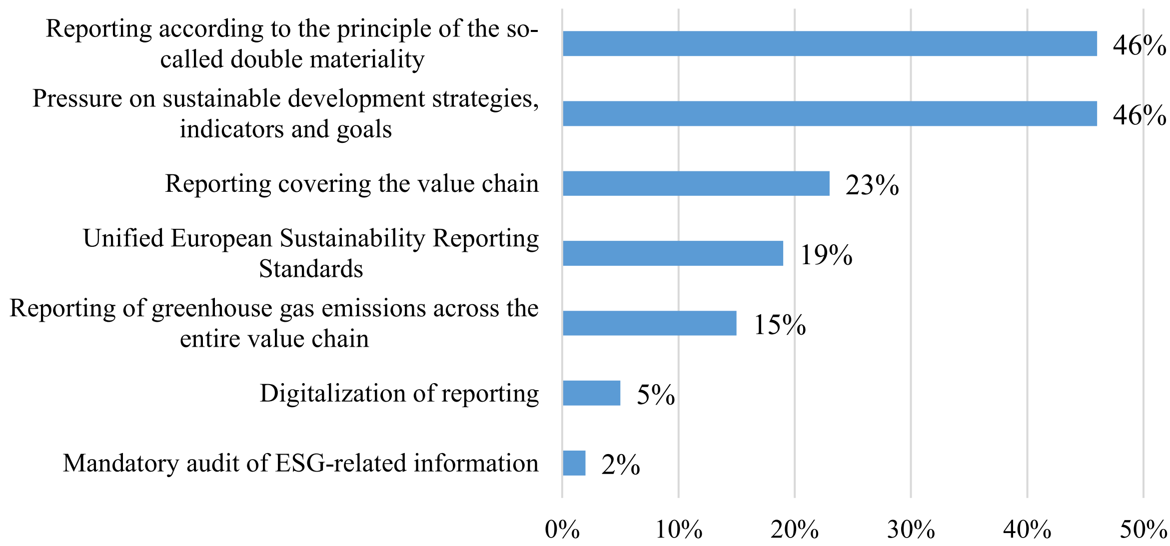

Figure 4. What provisions resulting from the CSRD are already being applied in your bank?
Source: own elaboration.

The significance of reporting is recognised by the respondents in interactions with investors and consumers (51% of respondents). They also indicate other positive aspects of sustainability reporting, which certainly highlights the meeting of banks' expectations to reduce the risk of green lending (Figure 5).

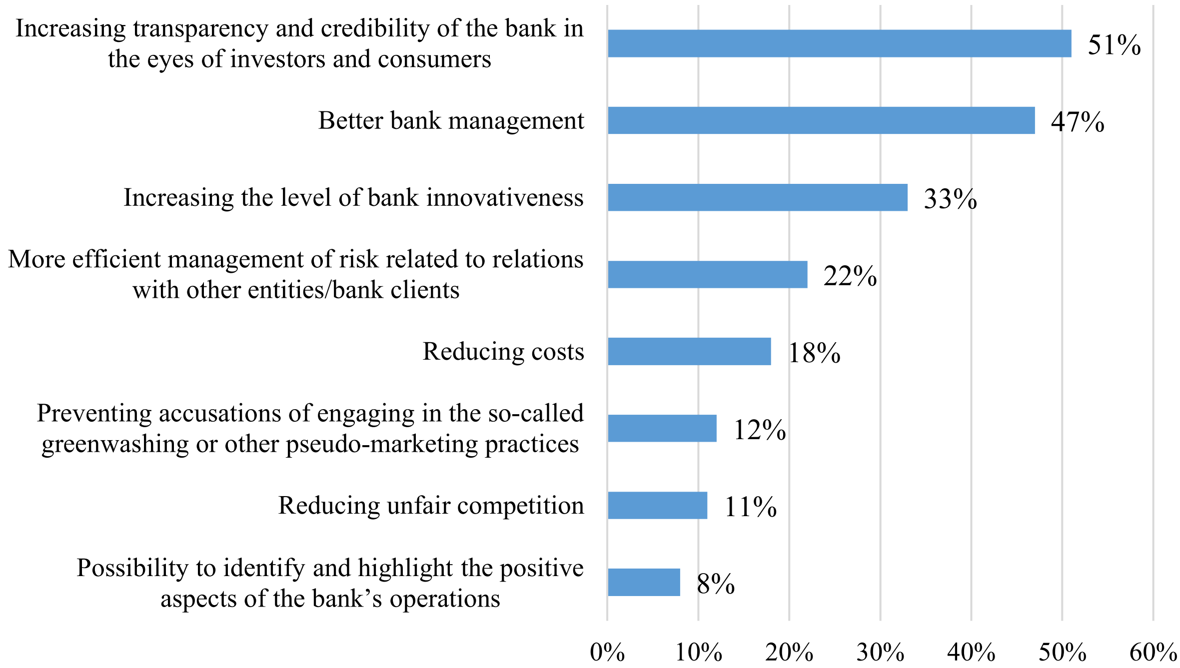

Figure 5. In your opinion, reporting on sustainable development issues is an opportunity for:

Source: own elaboration.

The bank client is frequently confused and does not have sufficient organisational or legal resources to understand the requirements resulting from ESG. That is why banks, addressing the needs of their customers, perceive it as an opportunity to increase their relationship with clients and strengthen the connection between the client and the bank, which facilitates fulfilling their new obligations. They are, therefore developing the right tools and instruments in their relations with clients to help bank clients, mainly companies, meet their ESG reporting obligations. After all, green financing requires interaction with the client.

3. Results

The conducted research broadens the knowledge of ESG strategy implementation. Conducted successively for a long time, it makes it possible to shape an increasingly objective picture of green financing of sustainability objectives with bank credit. However, in the European Union, the ESG strategy implementation is taking place under high uncertainty driven primarily by geopolitical changes in the global economy. They undoubtedly determine the varying course of the process in the member states. However, there are many more factors of external nature influencing corporate green lending. Maintaining economic prosperity stabilising green financing conditions in the private sphere is essential among them. The economic growth of EU member states since the global financial crisis has consistently failed to achieve the expected momentum. Thus, there is a concern in the business environment about the increasing cost of financing sustainable development. Studies also show that there is a growing demand for ESG financing, which means the need to increase funding for its implementation. According to estimates, it is growing significantly around the world, in the European Union, and in the national economy. Therefore, it should be emphasised that business competition for green capital is growing, which must lead to at least a short-term increase in the cost of financing sustainable development. Another noticeable factor supporting green financing of the entire climate transition is the logic of successive EU ESG regulations based on the fact that companies should report in detail on the pursued sustainable development goals leading naturally to the desired business transition. In the maze of various rapidly growing EU regulations, the market mechanism verifying sustainability is being lost, a serious threat of greenwashing is emerging, and public resistance to green transition is increasing. The lack of data verifying ESG strategy implementation indicated in this paper makes objective evaluation of the formulated opinions and views difficult. A literature review, however, frequently exposed the positive motives for green financing and the advantages of the transition taking place along with the implementation of ESG strategies. The final effect is a growing polarisation of views between supporters and opponents of climate transition that is neutral, however, to the central ESG administration. In this regard, the questionnaire-based research conducted appears to be justified, making it possible to better analyse and assess the course of strategy implementation at the level of financial and non-financial entities. Conclusions from the research on the Polish banking sector show that:

- there are real actions being taken in the Polish banking sector for green financing of sustainable development,
- the main motive for green lending is the opportunity to improve one's image among various groups of stakeholders,
- green banking funds primarily focus on investments related to energy transition, combating climate change, and protecting the natural environment,
- business investments financed with green loans only to a small extent correspond to the energy transition that needs to take place to reduce the level of CO2 emissions in Poland,
- green lending is conducted in close collaboration between banks and businesses and its objective is to meet the reporting criteria and indicators,
- sustainability reporting meets the expectations of banks to reduce ESG risks,
- ESG risks have little impact on corporate green financing,

- the factors hindering the implementation of an ESG strategy are primarily related to the high cost of transitioning banks to ESG strategies, poor preparation of managers for its implementation, and significant costs of staff training in banks,

Thereby, the conducted questionnaire-based research points out that bank ESG risks do not slow down the process of corporate green financing, which results from stringent EU regulations concerning climate change. Banks allocate their capital to corporate green investments guided by meeting formal reporting criteria. That is why business ESG strategies and preparation of industries, as well as companies, should favour dynamic growth and demand for green lending.

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