

REPORT REVIEW

Investitionsbank Berlin Social Bond Report

Social Bond Report Investitionsbank Berlin

10 January 2024

VERIFICATION PARAMETERS

Type(s) of reporting	<ul style="list-style-type: none">▪ Social Bond Report
Relevant standard(s)	<ul style="list-style-type: none">▪ Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB), June 2022, administered by the International Capital Market Association (ICMA)▪ IBB's Social Bond Report (as of August 7, 2023)
Scope of verification	<ul style="list-style-type: none">▪ IBB's Social Bond Framework (as of June 3, 2022)▪ Bond(s) identification: DE000A289KN1
Lifecycle	<ul style="list-style-type: none">▪ Post-issuance verification
Validity	<ul style="list-style-type: none">▪ As long as no changes are undertaken by the Issuer to its Social Bond Report as of August 7, 2023

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SCOPE OF WORK

Investitionsbank Berlin (“the Issuer”, “the Bank” or “IBB”) commissioned ISS-Corporate to provide a Report Review¹ on its Social Bond Report by assessing:

1. The alignment of the IBB’s Social Bond Report with the commitments set forth in IBB’s Social Bond Framework (as of June 3, 2022)².
2. IBB’s Social Bond Report - benchmarked against Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB), updated June 2022, administered by the International Capital Market Association (ICMA).
3. The disclosure of proceeds allocation and soundness of reporting indicators – whether the impact metrics align with best market practices and are relevant to the Social Bonds issued.

The engagement with IBB on the Report Review took place from June to August 2023. The engagement with IBB on the Limited Assurance took place from November 2023 to January 2024.

¹ A limited assurance is provided on the information presented in IBB’s Social Bond Report. A review of the post-issuance disclosure practices and of the structure of the financial transaction(s) is conducted against ICMA’s Standards (Social Bond Principles) core principles and recommendations where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the bond documentations and the annual report. The Issuer is responsible for the preparation of the report including the application of methods and internal control procedures designed to ensure that the subject matter information is free from material misstatement.

² The Framework was assessed as aligned with the Social Bond Principles as of June 2021.

ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p>Part 1.</p> <p>Alignment with the Issuer’s commitments set forth in the Framework</p>	<p>The IBB’s Social Bond Report meets the Issuer’s commitments set forth in the Social Bond Framework. The proceeds have been used to (re-)finance projects in the field of Affordable Housing, Affordable basic infrastructure, SME financing and employment generation, and Access to public goods and services in accordance with the eligible categories defined in the Framework.</p>	Aligned
<p>Part 2.</p> <p>Alignment with the Harmonised Framework for Impact Reporting for Social Bonds</p>	<p>The Social Bond Report is in line with ICMA’s Harmonised Framework for Impact Reporting for Social Bonds. The Issuer follows core principles and where applicable key recommendations.</p> <p>The Bank reported within a year from the Social Bond issuance in September 2022³ and includes impact indicators for the financed projects. Allocation of proceeds is disclosed at project category level.</p> <p>IBB adheres to the core principles by reporting the allocation from social bonds annually until full allocation, applying a formal internal process to track proceeds, outlining the allocation of the Social Bond Pool to the respective social project categories, identifying the target population, when relevant, outlining the outcome of the social categories through defined key performance indicators, and illustrating the social output/impacts generated by the social bonds.</p>	Aligned
<p>Part 3.</p> <p>Disclosure of proceeds allocation and soundness of reporting indicators</p>	<p>The allocation of the bond’s proceeds has been disclosed, with a detailed breakdown across different</p>	Positive

³ Value date October 4, 2022

eligible project categories as proposed in the Framework⁴.

IBB's Social Bond Report has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices.

**Limited
Assurance
Conclusion**

Based on ISS-Corporate Limited Assurance methodology⁵, Part I, II, and the sampling check assessment results nothing has come to ISS-Corporate attention indicating that the information provided by the Issuer in its Report does not present fairly, in all material respects, the allocation of the bond proceeds to eligible Social Projects as described in the Issuer's Bond Framework.

⁴ The assessment is based on the information provided in the Issuer's report. The Issuer is responsible for the preparation of the report including the application of methods and procedures designed to ensure that the subject matter information is free from material misstatement.

⁵ ISS-Corporate limited assurance procedure is based on common market practices and voluntary guidelines, such as ISAE 3000. It solely relies on the analysis of the information provided by IBB, which remains the responsibility of IBB, including data on the allocation of proceeds, project descriptions, sample portfolios, and impacts of projects. The External Review was conducted through desk-based analysis, and no on-site visits were conducted. However, limited assurance reviews have inherent limitations, and they may not be able to detect all instances of non-compliance in the matters being reviewed, including fraud, error, or non-compliance. We prepared this External Review for IBB, and we do not assume any responsibility for any reliance on this report by any persons or users other than the party for whom it was prepared.

REPORT REVIEW ASSESSMENT

PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SOCIAL BOND FRAMEWORK⁶

The following table evaluates the Social Bond Report against the commitments set forth in IBB’s Framework, which are based on the core requirements of the Social Bond Principles as well as best market practices.

HARMONISED FRAMEWORK FOR IMPACT REPORTING FOR SOCIAL BONDS	OPINION	ALIGNMENT WITH COMMITMENT
<p>1. Use of Proceeds</p>	<p>IBB confirms to follow the Use of Proceeds’ description provided by IBB’s Social Bond Framework. The report is in line with the initial commitments set in the IBB’s Social Bond Framework and the proceeds have been used to (re-)finance the following social categories: Affordable Housing, Affordable basic Infrastructure (public transport), SME Financing and Employment Generation, and Access to Public goods and services.</p> <p>The social categories Affordable basic infrastructure (water treatment and supply), and Access to essential services were included in the report; however, no Social Bond funds were allocated to these categories.</p> <p>The Issuer’s social categories align with the project categories and are in accordance with the eligibility criteria set in the IBB’s Social Bond Framework. Social benefits at category level are described and quantified.</p> <p>IBB defines a look-back period of 36 months, projects excluded from financing are described and states the share of proceeds allocated to financing and refinancing, in line with best market practice.</p>	<p style="text-align: center;">✓</p>
<p>2. Process for Project</p>	<p>IBB confirms to follow the Process for Project Evaluation and Selection description provided by IBB’s Social Bond</p>	<p style="text-align: center;">✓</p>

⁶ The Issuer’s Social Bond Framework was assessed as aligned with the SBP (as of June 2021) as of as of June 3, 2022.

<p>Evaluation and Selection</p>	<p>Framework. The report aligns with the initial commitments set in the IBB’s Social Bond Framework: loans must undergo a credit process, which includes compliance with applicable national and international environmental and social regulations and must be in line with the selection criteria defined in the Social Bond Framework.</p> <p>The projects selected are defined and structured in a congruous manner. The Issuer ensures compliance with the eligibility criteria. ESG risks associated with the project categories are identified and managed through an appropriate process.</p> <p>In the context of the project selection and evaluation, the Bank explains who is considered accountable and responsible for what. IBB’s ESG Bond Committee is responsible for the review and approval of the eligible social loans, in compliance with the selection criteria described in the Social Bond Framework. IBB has included internal expertise in its Committee, which is formed by various stakeholders, in line with best market practices.</p>	
<p>3. Management of Proceeds</p>	<p>IBB confirms to follow the Process for Management of Proceeds description provided by IBB’s Social Bond Framework. The report is in line with the initial commitments set in the IBB’s Social Bond Framework. The Bank follows a pool-to-bond approach to managing the proceeds, allocating them to eligible categories. The bonds are tracked until the maturity of the bonds.</p> <p>The proceeds collected are equal to 100% of the amount allocated to eligible projects, with no exceptions. The proceeds are tracked in an appropriate manner and attested in a formal internal process.</p> <p>IBB is transparent on the allocation of proceeds, reporting on a portfolio basis by project categories. The proceeds were fully allocated, therefore there were not any temporary investments.</p>	<p>✓</p>
<p>4. Reporting</p>	<p>The IBB Impact Report is coherent with the Reporting description provided by IBB’s Social Bond Framework. The report is in line with the initial commitments set in</p>	<p>✓</p>

	<p>the IBB’s Social Bond Framework: reporting annually until full allocation. The Bank commits to report the allocation of proceeds, including outstanding Social Bonds and aggregated amount of proceeds, share of proceeds allocated to financing and refinancing, breakdown of proceeds allocated per category, and unallocated proceeds, and the impact reporting.</p> <p>The sections “Allocation reporting” and “Impact Reporting” of the Social Bond Report comply with the pre-issuance commitment expressed in the framework. The report is intended to be publicly available on the Issuer’s website⁷.</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	
<p>5. Verification</p>	<p>ISS ESG has provided a Second Party Opinion (SPO) on IBB’s Social Bond Framework.</p>	

⁷ IBB Investor Relations <https://www.ibb.de/en/about-us/investor-relations/investor-relations.html>.

PART II: ASSESSMENT AGAINST THE ICMA'S HARMONISED FRAMEWORK FOR IMPACT REPORTING FOR SOCIAL BONDS

Reporting is a core component of the Social Bond Principles (SBP) and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of an annual reporting. Social bond Issuers are required to report on both the use of social bond proceeds, as well as the social impacts at least on an annual basis until full allocation. Harmonised Framework for Impact Reporting for Social Bonds has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates IBB's Social Bond Report against ICMA's Harmonised Framework for Impact Reporting for Social Bonds.

CORE PRINCIPLES		
ICMA HFIRSB	Social Bond Report	ASSESSMENT
Reporting on an annual basis	IBB has reported within one year from issuance and all the proceeds have been fully allocated. The report is available on IBB's website ⁸ .	✓
Formal internal process to track proceeds	IBB confirms project selection and management of proceeds to be in line with the criteria set forth in the underlying Framework.	✓
Allocation of the proceeds to social project categories	In accordance with the criteria established within the Framework, in compliance with the Social Bond Principles issued by the ICMA, IBB has allocated the net proceeds of the bond issued under this Framework to new and/or existing eligible assets within the following categories: <ul style="list-style-type: none"> ▪ Affordable Housing ▪ Affordable Basic Infrastructure: Public Transport ▪ SME Financing and Employment Generation ▪ Access to Public Goods and Services 	✓

⁸ Social Bond Report 2023 by IBB, <https://www.ibb.de/media/dokumente/investor-relations/social-bonds/ibb-social-bond-report-2023-en.pdf>.

	<p>The following eligible social categories were included in the report; however, no Social Bond funds were allocated to these categories:</p> <ul style="list-style-type: none"> ▪ Affordable Basic Infrastructure: Water Treatment and Supply ▪ Access to Essential Services 	
<p>Target Population(s) identified</p>	<p>Where applicable the Issuer defined targeted populations for the respective project categories funded by the Social Bonds:</p> <ul style="list-style-type: none"> ▪ Affordable Housing: Persons entitled to a housing entitlement certificate, Wohnberechtigungsschein (WBS) according to the Berlin income limits. Populations whose net cold rent is not more than 30% of the income of a tenant. Sections of the population with low and middle incomes. ▪ Affordable Basic Infrastructure⁹: sub-category public transport: All population in Berlin ▪ SME Financing and Employment Generation: Small and medium-sized enterprises in Berlin. ▪ Access to Public Goods and Services: Citizens of municipalities with a GDP/capita below the German average and/or an unemployment rate that is above the median of all German municipalities related to the commitment year. <p>Also, the Issuer has chosen impact indicators for other categories included in its Social Bond Pool:</p>	

⁹ For the sub-categories 'waste management-services', and 'energy services' no loans were within the Social Bond Pool at the date of issuance.

	<ul style="list-style-type: none"> ▪ Affordable Basic Infrastructure: sub-category water treatment and supply: All population in Berlin ▪ Access to Essential Services¹⁰: Participants in primary to tertiary education. <p>The Issuer refers to definitions and thresholds for targeted populations.</p>	
<p>Output, outcome and/or impact of projects at project or portfolio level</p>	<p>The Issuer referred to existing indicator lists and catalogs from the Annex III of the HFIRSB: (i.e Number of benefiting people, number of facilities).</p> <p>A detailed analysis of impact indicators is available in Part III of this report.</p>	
<p>Illustrating of the social impacts</p>	<p>The assessment and measurement of the impacts generated by IBB Social Bonds covered the following areas:</p> <ul style="list-style-type: none"> ▪ Number of companies financed ▪ Average (unadjusted) inventory rent per square meter in comparison to the local comparable rent in accordance with the Berlin rent index in 2021 ▪ Share of the annual residences in the stock for re-letting, leased to WBS¹¹ holders in 2021 ▪ Number of approved applications to reduce the net cold rent of existing tenancy agreements to 30% of the net household income (hardship case scheme) in 2021 ▪ Average rent per square meter of the total number of housing units of all housing cooperatives financed compared with the local comparable rent according to the Berlin rent index 2021 	

¹⁰ For the sub-category 'health services' no loans were within the Social Bond Pool at the date of issuance.

¹¹ "Wohnberechtigungsschein", housing entitlement certificate.

- Social Bond Pool share as contribution to enabling the number of subscribers 2022 (number of subscribers to public transport)
- Social Bond Pool share as contribution to enabling the number of company-related passenger numbers 2022
- Number of SMEs financed
- Number of jobs secured
- Generation of precondition for creation of new jobs
- Number of municipalities financed
- Number of beneficiaries in commitment year
- GDP per capita in comparison to the national average of the municipalities whose GDP per capita was below the national average in the commitment year
- Unemployment rate in comparison to the national median of the municipalities whose unemployment rate was above the national median in the commitment year

The Issuer also shows the assessment and measurement of the impacts in the other Social Bond Pool's categories:

- Social Bond Pool share as contribution to enabling the amount of drinking water supply in 2022 (in m³)
- Social Bond Pool share as contribution to enabling the amount of wastewater treatment in 2022 (in m³)
- Generation of the precondition for the renovation or construction of schools
- Generation of the precondition for the creation of new school places

RECOMMENDATIONS

ICMA HFIRSB	Social Bond Report	ASSESSMENT
Disclose the methodology and the assumptions used for the calculation of impact indicators	The Issuer reports on actual absolute output indicators and qualitative and quantitative impact indicators. The Issuer confirms regularly tracking these indicators against targets until full allocation.	✓
When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach	The impact of IBB's projects is reported separately per category and sub category on an aggregated basis.	✓
Disclose the methodology used to determine the share of eligible project financing being applied to impact calculation	IBB discloses data on the pro-rated amount of eligible project financing being applied to impact calculation.	✓
Collaborating with experts if reporting on the estimated lifetime impacts and/or project economic life in years	IBB does not estimate the project economic life in years.	-
Assumptions and ex-post verification	The Issuer reports on actuals not using assumptions or projection estimates.	-
Report Period	The entirety of proceeds has been allocated to Social Assets. During 2022, 43 loans were excluded from the pool because the eligible criteria were no longer fulfilled.	✓
Disbursement reporting	The proceeds from the social bond issuance were used to refinance existing loans. The pool of loans was increased from EUR 1.821 billion to EUR 1.896 billion in 2022 resulting from additional disbursement of loans committed in the years 2019-2021.	✓
Projects with partial eligibility	All projects are 100% eligible for financing.	-

OPINION

The IBB follows Harmonised Framework for Impact Reporting for Social Bonds' core principles and some key recommendations. The Issuer provides transparency on the level of expected reporting as well as on the frequency, scope, and duration, aligned with best market practices. IBB reports the allocation of social bonds annually until full allocation, applying a formal internal process to track proceeds, outlining the allocation of the Social Bond Pool to the respective social project categories, identifying the target population, when relevant, describing the outcome of the social categories through defined key performance indicators, and illustrating the social impacts generated.

PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS

Use of Proceeds Allocation

Use of Proceeds allocation reporting is key to put the impacts into perspective with the number of investments allocated to the respective Use of Proceeds' categories.

The Use of Proceeds allocation reporting occurred within one year from the issuance, after full allocation of the proceeds.

Proceeds allocated to eligible projects/assets

The Social Bond Pool proceeds' allocation is broken down at the sub-category level. The Issuer has provided details about the type of projects included in the portfolio.

The report provides information about projects which were removed from the Social Bond Pool. During the year 2022, 37 loans were redeemed in full while for six loans the eligibility criteria for the Social Bond Pool was no longer fulfilled. These 43 loans were removed from the Social Bond Pool without substitution.

The allocation report section of the Social Bond Report of IBB aligns with best-market practices by providing information on:

- The portfolios of project sub-categories (re-)financed
- The total amount of proceeds in the Social Bond pool as of 31 December 2022 is EUR 1.896 billion. The amount of the disposable loans in the Social Bond Pool is EUR 1.396 billion whereas EUR 500 million is the amount of outstanding Social Bond issuances.
- A breakdown of the loan portfolio by the social bond pool categories and by SDG mapping in share of total volume.

Impact Reporting Indicators

The table below presents an independent assessment of the Issuer’s report and disclosure on the output, outcome, and/or impact of projects/assets using impact indicators.

ELEMENT	ASSESSMENT
<p>Relevance</p>	<p>The impact indicators chosen by the Issuer for this Social Bond are the following:</p> <p>Affordable Housing</p> <ul style="list-style-type: none"> ▪ Number of companies financed ▪ Average (unadjusted) inventory rent per square meter in comparison to the local comparable rent in accordance with the Berlin rent index ▪ Share of the annual residences in the stock for re-letting, leased to WBS holders ▪ Number of approved applications to reduce the net cold rent of existing tenancy agreements to 30% of the net household income ▪ Average rent per square meter of the total number of housing units of all housing cooperatives financed compared with the local comparable rent according to the Berlin rent index <p>Affordable basic infrastructure</p> <ul style="list-style-type: none"> ▪ Number of companies financed ▪ Share as contribution to enabling the number of subscribers to public transport ▪ Share as contribution to enabling the number of company-related passenger numbers <p>SME financing and employment generation</p> <ul style="list-style-type: none"> ▪ Number of SMEs financed ▪ Number of jobs secured ▪ Generation of precondition for creation of new jobs <p>Access to public goods and services</p> <ul style="list-style-type: none"> ▪ The number of municipalities financed

- GDP per capita in comparison to the national average of the municipalities whose GDP per capita was below the national average in the commitment year
- Unemployment rate in comparison to the national median of the municipalities whose unemployment rate was above the national median in the commitment year
- Number of beneficiaries in commitment year

Other impact indicators chosen by the Issuer for this Social Bond Pool are the following:

Affordable basic infrastructure

- Share as contribution to enabling the amount of drinking water supply (in m³)
- Share as contribution to enabling the amount of wastewater treatment (in m³)

Access to essential services

- Number of companies financed
- Generation of the precondition for the renovation or construction of schools
- Generation of the precondition for the creation of new school places

These indicators are qualitative, quantitative, and material to the Use of Proceeds categories financed through this bond and in line with the Suggested Impact Reporting metrics for Social Projects by the ICMA Harmonized Framework for Impact Reporting for Social Bonds. This aligns with best market practices.

For the project category "Access to public goods and services", IBB has chosen indicators that are not listed in the Harmonised Framework for Impact Reporting for Social Bonds since this sub-category is not specified in the Harmonised Framework. However, they provide visibility on the number of beneficiaries, which is, according to the mentioned framework, a common output indicator to report on social impacts.

Data sourcing and methodologies of

Data sourcing and methodologies of quantitative assessment for the impact indicator chosen by the Issuer for this bond:

<p>quantitative assessment</p>	<p>a) Affordable Housing</p> <p>For the sub-category ‘State-owned housing companies’ the Issuer uses the cooperation agreement report 2021 of the Wohnraumversorgung by the city of Berlin on affordable rents, new housing construction and social housing supply¹² to calculate the average (unadjusted) inventory rent per square meter in comparison to the local comparable rent in accordance with the Berlin rent index (“Berliner Mietspiegel”) through the sum of the differences, the share of residence leased to WBS holders through the sum of the shares per housing company and the number of approved applications to reduce the net cold rent of existing tenancy agreements through the sum of the total approved applications of the housing companies. The number of companies is the sum of companies in the Social Bond Pool and data is coming from IBB’s internal database fed by confidential information provided by the borrowers under the bilateral project agreement.</p> <p>For the sub-category ‘Housing Cooperatives’ IBB uses, the annual and audit reports 2019 to 2021 of the respective housing cooperatives and the documentation of the Berlin rent index (“Berliner Mietspiegel”) 2019¹³ and 2021¹⁴ to calculate the average rent per square meter of the total number of housing units through the sum of the average net cold / target rents and the average rent for rental housing in Berlin. The number of companies financed is the sum of companies in the Social Bond Pool and data is coming from IBB’s internal database fed by confidential information provided by the borrowers under the bilateral project agreement.</p> <p>The impact indicators are in line with the core indicators proposed by the ICMA Harmonized Framework for Impact Reporting (for Social Bonds).</p>
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¹² Cooperation Agreement Report 2021 on affordable rents, new housing construction and social housing supply by the city of Berlin, <https://www.stadtentwicklung.berlin.de/wohnen/wohnraumversorgung/download/WVB-Bericht-KoopV2021.pdf>.

¹³ https://www.stadtentwicklung.berlin.de/download/mietspiegel2019/Broschuere_Mietspiegel2019.pdf

¹⁴ <https://www.stadtentwicklung.berlin.de/wohnen/mietspiegel/de/download/Mietspiegel2021.pdf>

b) Affordable Basic Infrastructure

IBB uses amount of liabilities, number of subscribers and company-related passenger numbers from the annual reports of the respective companies from 2021 and 2022 for the sub-category 'public transport' to determine the share of subscribers and company-related passengers by first putting the average disbursed loan volume in relation to the average amount of the borrower's liabilities in the financial year 2022. The percentage calculated from this was then multiplied by the total number of subscribers or company-related passenger numbers in 2022. Finally, the calculation of the sum in regards to all debtors occurred. The number of companies is the sum of companies financed in the Social Bond Pool and data is coming from IBB's internal database fed by confidential information provided by the borrowers under the bilateral project agreement.

The impact indicators are in line with the core indicators proposed by the ICMA Harmonized Framework for Impact Reporting (for Social Bonds).

c) SME Financing and Employment Generation

To determine the number of SMEs financed, the number relating to the new jobs created and the number of jobs secured IBB uses internal data. The data is coming from IBB's internal database fed by confidential information provided by the borrowers under the bilateral project agreement. The number of SMEs financed is equivalent to the sum of SMEs in the Social Bond Pool. Every borrower was counted only once, regardless of the number of loans taken up. The number relating to the "Generation of precondition for creation of new jobs", is in accordance with the planned number of jobs created, as stated during the application process. The data is coming from IBB's internal database fed by confidential information provided by the borrowers under the bilateral project agreement. The number of secured jobs is equivalent to the total sum of existing jobs at the application date.

The impact indicators are in line with the core indicators proposed by the ICMA Harmonized Framework for Impact Reporting (for Social Bonds).

d) Access to Public Goods and Services

IBB uses internal data, internal data is data coming from IBB's internal database fed by confidential information provided by the borrowers under the bilateral project agreement. IBB also uses data from the vdpKommunalScore¹⁵ to calculate the number of inhabitants, the GDP per capita and the unemployment rate 2019-2021.

- The number of municipalities financed is equivalent to the sum of municipalities in the Social Bond Pool.
- The number of beneficiaries in the commitment year is equivalent to the sum of all inhabitants of the municipalities financed by year of the loan commitment.
- For the GDP per capita indicator, the sum of the deviations in percent of the respective GDP per capita values by municipality in comparison to the national average in the commitment year, weighted by the respective remaining capital of the loans as of 31 December 2022. Only municipalities whose GDP per capita was below the national average in the commitment year were considered.
- For the unemployment rate the sum of the deviations from the median unemployment rate in percent by municipality, in the respective commitment year, weighted by remaining capital as of 31 December 2022 was calculated. Only municipalities whose unemployment rate was above the national median in the commitment year were considered.
- The average GDP per capita was calculated through the yearly average GDP per capita of all municipalities in Germany.

¹⁵ The vdpKommunalScore is a scorecard model for assessing the financial strengths and weaknesses of all municipalities in Germany. The combination of rankings of different socio-economic indicators enables the relative classification of all municipalities in Germany; <https://www.vdpexpertise.de/produkte/kommunen/vdpkommunalscore/>.

- The median unemployment rate was calculated through the median of all yearly unemployment rates of all municipalities in Germany.

The impact indicators are in line with the core indicators proposed by the ICMA Harmonized Framework for Impact Reporting (for Social Bonds).

Data sourcing and methodologies of quantitative assessment for other impact indicator chosen by the Issuer for the Social Bond Pool:

a) Affordable Basic Infrastructure

For the sub-category of 'water treatment and supply' IBB uses the amount of liabilities, drinking water supply (in m³) and wastewater treatment (in m³) from the annual report of the companies in 2022. To determine the contribution to the drinking water supply and wastewater treatment, the average disbursed loan volume was first put in relation to the average amount of the borrower's liabilities in the financial year 2022. The resulting percentage share was then multiplied with the total amount of water supplied and wastewater purified in 2022. Finally, the calculation of the sum in regards to all borrowers occurred. The number of companies financed is the sum of companies in the Social Bond Pool and data is coming from IBB's internal database fed by confidential information provided by the borrowers under the bilateral project agreement.

b) Access to Essential Services

For the number of companies financed, the number of renovated, or being currently renovated and newly constructed, or being currently constructed educational facilities and the number of school places created the issuer uses internal data for the sub-category 'education'. The data is coming from IBB's internal database fed by confidential information provided by the borrowers under the bilateral project agreement. The number of renovated, or being currently renovated and newly constructed, or being currently constructed educational facilities is equivalent to the planned number of educational facilities that are to be

	<p>finished until the end of the building period, as specified in the project agreement. The number of school places created is equivalent to the planned number of school places in the project agreement for the respective renovated or newly constructed educational facility. The number of companies financed is the sum of companies in the Social Bond Pool and data is coming from IBB's internal database fed by confidential information provided by the borrowers under the bilateral project agreement.</p> <p>For the project category "Access to public goods and services", IBB has chosen indicators that are not listed in the Harmonised Framework for Impact Reporting for Social Bonds since this sub-category is not specified in the Harmonised Framework. However, they provide visibility on the number of beneficiaries, which is, according to the mentioned framework, a common output indicator to report on social impacts.</p>
<p>Baseline selection</p>	<ul style="list-style-type: none"> ▪ For the category Affordable Housing, sub-category 'State-owned housing companies', the average (unadjusted) inventory rent per square meter is compared with the baseline of the local comparable rent in Berlin in 2021 and for the approved applications to reduce the net cold rent of existing tenancy agreements where income spending for the net cold rent is more than 30% of the income is compared to each net household income. ▪ For the sub-category 'housing cooperatives' the average rent per square meter of the total number of housing units of all housing cooperatives financed is compared to the local comparable rent in Berlin in 2021. For the category Access to public goods and services the GDP per capita is compared to the national average of the municipalities whose GDP per capita was below the national average in the commitment year and the unemployment rate is compared to the national median of the municipalities whose unemployment rate was above the national median in the commitment year. <p>Besides this, IBB does not use a baseline comparison in its impact report.</p>

Scale and granularity	The impact indicators are presented at the Use of Proceeds' category and sub-category level.
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High-level mapping of the impact indicators with the UN Sustainable Development Goals

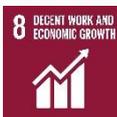
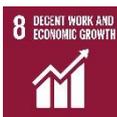
Based on the project categories financed and refinanced by the bonds as disclosed in the Issuer's Social Bond Report, the impact indicators adopted by IBB for its Social Bonds can be mapped to the following SDGs, according to the ICMA "A High -Level Mapping to the Sustainable Development Goals"¹⁶.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
Number of companies financed¹⁷ for Affordable Housing	
Number of companies financed¹⁸ for Affordable Basic Infrastructure- Public Transport	
Average (unadjusted) inventory rent per square meter in comparison to the local comparable rent in accordance with the Berlin rent index	
Share of the annual residences in the stock for re-letting, leased to WBS holders	
Number of approved applications to reduce the net cold rent of existing tenancy agreements to 30% of the net household income	
Average rent per square meter of the total number of housing units of all housing cooperatives financed compared with the local comparable rent according to the Berlin rent index	

¹⁶ [ICMA's Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds](#)

¹⁷ The companies financed are eligible under the eligibility criteria stated in the Social Bond Framework. The category Affordable Housing has other indicators that can be mapped to the Sustainable Development Goals.

¹⁸ The companies financed are eligible under the eligibility criteria stated in the Social Bond Framework. The category Affordable Basic Infrastructure (public transport) has other indicators that can be mapped to the Sustainable Development Goals.

<p>Social Bond Pool share as contribution to enabling the number of subscribers (sub-category 'public transport')</p>	
<p>Social Bond Pool share as contribution to enabling the number of company-related passenger numbers (sub-category 'public transport')</p>	
<p>Social Bond Pool share as contribution to enabling the amount of drinking water supply (in m³)</p>	
<p>Social Bond Pool share as contribution to enabling the amount of wastewater treatment (in m³)</p>	
<p>Generation of the precondition for the renovation or construction of schools</p>	
<p>Generation of the precondition for the creation of new school places</p>	
<p>Number of SMEs financed</p>	
<p>Number of jobs secured/Generation of precondition for the creation of new jobs</p>	
<p>Number of economically disadvantaged municipalities financed</p>	
<p>GDP per capita in comparison to the national average of the municipalities whose GDP per capita was below the national average in the commitment year</p>	
<p>Unemployment rate in comparison to the national median of the municipalities whose unemployment rate was above the national median in the commitment year</p>	

Number of beneficiaries in commitment years (category 'Access to public goods and services')



OPINION

The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Framework and the IBB's Social Bond Framework has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices. Besides, the impact indicators used align with best market practices using ICMA's recommended metrics in the HFIRSB.

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ANNEX 1: Methodology

Review of the post-issuance Reports

The ISS-Corporate Report Review provides an assessment of labelled transactions reporting against international standards using ISS-Corporate proprietary methodology.

High-level mapping to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent to which the Issuers reporting and project categories contribute to related SDGs is identified.

ANNEX 2: Quality management processes

ISSUER'S RESPONSIBILITY

Issuer's responsibility was to provide information and documentation on:

- Social Bond Report
- Social Bond Framework
- Proceeds Allocation
- Reporting Impact Indicators
- Methodologies, and assumptions for data gathering and calculation
- ESG Risk Management

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is part, has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Report Review has been conducted by following the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with IBB on the Report Review took place from June to August 2023. The engagement with IBB on the Limited Assurance took place from November 2023 to January 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this Report Review

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess the alignment of the Issuer's report with external principles (e.g., ICMA Green / Social Bond Principles, ICMA Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyze the alignment of the Issuer's Report against the commitments in the respective Framework, and analyze the disclosure of proceeds allocation, the data source, and calculation methodologies of the reporting indicators against best market practices. Following these guidelines, we draw up an independent Report Review so investors are as well as informed as possible about the proceeds allocation and the impact of the sustainability finance instrument(s).

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>

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