

REPORT REVIEW

Investitionsbank Berlin Social Bond Report

21 August 2024

VERIFICATION PARAMETERS

Type(s) of reporting

- Social Bond Report

Relevant standard(s)

- Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB), June 2023, administered by the International Capital Market Association (ICMA)
- IBB's Social Bond Report (as of July 30, 2024)
- IBB's Social Bond Framework (as of June 3, 2022)

Scope of verification

- Bonds identification:

ISIN	Bond Maturity	Nominal Volume (EUR)
DE000A289KN1	October 2027	500 million
DE000A30V257	September 2028	500 million

Lifecycle

- Post-issuance verification

Validity

- As long as no changes are undertaken by the Issuer to its Social Bond Report as of July 30, 2024

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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 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 the Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB), updated June 2023, 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.

¹ A limited assurance is provided on the information presented in IBB’s Social Bond Report. A review of the use of proceeds allocation and impact reporting is solely conducted against the core principles and recommendations of ICMA’s standards (Social Bond Principles) where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the allocation and impact reporting. 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 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 I</p> <p>Alignment with the Issuer's commitments set forth in the Framework</p>	<p>IBB's Social Bond Report meets the Issuer's commitments set forth in the Social Bond Framework. The proceeds have been used to refinance Affordable Housing, Affordable Basic Infrastructure, SME Financing and Employment Generation, and Access to Public Goods and Services in accordance with the eligibility criteria defined in the Framework.</p>	<p>Aligned</p>
<p>Part II</p> <p>Alignment with the HFIRSB</p>	<p>The Social Bond Report is in line with the HFIRSB. The Issuer follows core principles, except for not providing the pro-rated share of the project impact for one category, and where applicable, key recommendations.</p> <p>The Bank reported within a year of the issuance of Social Bonds in September 2022³ and September 2023.⁴ This is the second report published for the bond issued in 2022 (ISIN: DE000A289KN1) and first report published for the bond issued in 2023 (ISIN: DE000A30V257). Impact indicators for the financed projects are included in the report. Allocation of proceeds is disclosed at the project category level.</p> <p>IBB adheres to the core principles by reporting the allocation to the respective social project categories annually until full allocation, applying a formal internal process to track proceeds, identifying the target population, and where relevant, describing the output, outcome and/or impact through defined key performance indicators.</p>	<p>Aligned except for reporting on pro-rated share of the overall project impact for one category⁵</p>
<p>Part III.</p> <p>Disclosure of proceeds allocation and</p>	<p>The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Framework.⁶</p>	<p>Positive</p>

³ Value date Oct. 4, 2022.

⁴ Value date Sept. 13, 2023.

⁵ For the category "Access to Public Goods and Services." More information is provided in Part II.

⁶ 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 is free from material misstatement.

soundness of reporting indicators

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

Limited Assurance Conclusion

Based on ISS-Corporate's Limited Assurance methodology,⁷ Parts I and II, and the sampling check assessment results, nothing has come to ISS-Corporate's attention indicating that the information provided by IBB 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 Social Bond Framework.

⁷ ISS-Corporate's 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 the Issuer, which remains the responsibility of the Issuer, 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 may not be able to detect all instances of non-compliance in the matters being reviewed, including fraud, error or non-compliance. ISS-Corporate prepared this External Review for the Issuer, and does 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 FRAMEWORK⁸

The following table evaluates the Social Bond Report against the commitments set forth in IBB’s Social Bond Framework, which are based on the core requirements of the Social Bond Principles (SBP) and 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 its Social Bond Framework. The report is in line with the initial commitments set in the Framework. The proceeds have been used to refinance projects pertaining to the following social categories: Affordable Housing (state-owned housing companies and housing cooperatives), Affordable Basic Infrastructure (water treatment and supply), SME Financing and Employment Generation, and Access to Public Goods and Services.</p> <p>The Issuer’s project categories financed align with the Social Bond Framework’s social categories and are in accordance with the eligibility criteria set in the IBB’s Framework. Social benefits at the category level are described and, where possible, quantified.</p> <p>IBB defines the percentage of assets that are refinanced (100%). Moreover, IBB complies with the 36-month look-back period and defines the projects that are excluded from financing, as defined in the Social Bond Framework.</p>	<p>✓</p>
<p>2. Process for Project</p>	<p>IBB confirms to follow the Process for Project Evaluation and Selection description provided by its</p>	<p>✓</p>

⁸ IBB’s Social Bond Framework was assessed as aligned with the SBP (as of June 2021) as of June 3, 2022.

<p>Evaluation and Selection</p>	<p>Social Bond Framework. The report is in line with the initial commitments set in the Framework.</p> <p>The selected projects are defined and structured in a congruous manner. The Issuer ensures compliance with the Eligibility Criteria, and ESG risks associated with the project categories are identified and managed appropriately. 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>In line with best market practices, the Issuer involves various stakeholders in this process, together constituting the ESG Bond Committee.</p>	
<p>3. Management of Proceeds</p>	<p>IBB confirms to follow the Process for Management of Proceeds description provided by its Social Bond Framework. The report is in line with the initial commitments set in the 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 equal 100% of the amount allocated to eligible projects, with no exceptions. The proceeds are tracked appropriately 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 are no temporary investments.</p>	<p>✓</p>
<p>4. Reporting</p>	<p>IBB's Impact Report is consistent with the Reporting description provided by its Social Bond Framework. The report is in line with the initial commitments set in the Framework.</p> <p>The "Allocation Reporting" and "Impact Reporting" sections of the Social Bond Report comply with the pre-issuance commitment expressed in the</p>	<p>✓</p>

	<p>Framework. The report is intended to be publicly available on the Issuer’s website⁹.</p> <p>The Issuer is transparent on the level of impact reporting, the information reported, and the reporting frequency, scope and duration, in line with best market practice.</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	
<p>5. Verification</p>	<p>ISS-Corporate provided a Second-Party Opinion (SPO) on IBB’s Social Bond Framework.</p>	


⁹ 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 SBP and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of annual reporting. Social bond issuers are required to report on both the use of social bond proceeds and the social impacts at least annually until full allocation. The HFIRSB has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates IBB’s 2024 Social Bond Report against the HFIRSB.

CORE PRINCIPLES		
ICMA HFIRSB	Social Bond Report	ASSESSMENT
Reporting on an annual basis	IBB has reported within one year of issuance and all proceeds have been fully allocated. The report will be available on IBB’s website.	✓
Formal internal process to track proceeds	<p>IBB confirms project selection and management of proceeds to be in line with the criteria set forth in the underlying Framework.</p> <p>All eligible loans undergo a credit process. They are also evaluated and approved by IBB’s ESG Bond Committee and respect the list of exclusion criteria. The Bank follows a pool-to-bond approach when managing the proceeds, allocating them to eligible categories. The bonds are tracked using an internal information system until maturity.</p>	✓
Allocation of the proceeds to social project categories	<p>In accordance with the criteria established within the Framework and in compliance with the Social Bond Principles, IBB has allocated the net proceeds of the bond issued under this Framework to existing eligible assets within the following categories (and sub-categories):</p> <ul style="list-style-type: none"> ▪ Affordable Housing (state-owned housing companies and housing cooperatives) ▪ Affordable Basic Infrastructure (water treatment and supply) 	✓

	<ul style="list-style-type: none"> ▪ SME Financing and Employment Generation ▪ Access to Public Goods and Services <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 (public transport) ▪ Access to Essential Services 	
<p>Target population(s) identified</p>	<p>The Issuer defined targeted populations for the respective project categories (and sub-categories) funded by the Social Bond.</p> <ul style="list-style-type: none"> ▪ Affordable housing: People entitled to a Wohnberechtigungsschein (WBS), a housing entitlement, according to Berlin’s income limits; people 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 Infrastructure (water treatment and supply)¹⁰: All people 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 per 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>The Issuer has chosen impact indicators for other categories included in its Social Bond Pool:</p> <ul style="list-style-type: none"> ▪ Affordable Basic Infrastructure (public transport): All population in Berlin. 	

¹⁰ 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"> ▪ Access to Essential Services¹¹: 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 Annex III of the HFIRSB (i.e., the 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's 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 Berlin's 2021 rent index ▪ Share of the annual residences in the stock for re-letting, leased to housing entitlement certificate (WBS) holders in 2022 ▪ 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 2022 ▪ 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 Berlin's 2021 rent index ▪ Social Bond Pool share as contribution to enabling the amount of drinking water supply in 2023 (in m³) 	

¹¹ For the sub-category "health services," no loans were within the Social Bond Pool at the date of issuance.

	<ul style="list-style-type: none"> ▪ Social Bond Pool share as contribution to enabling the amount of wastewater treatment in 2023 (in m³) ▪ 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 <p>The Issuer also shows the assessment and measurement of the impacts in the other Social Bond Pool categories:</p> <ul style="list-style-type: none"> ▪ Social Bond Pool share as contribution to enabling the number of subscribers 2023 ▪ Social Bond Pool share as contribution to enabling the number of company-related passenger numbers 2023 ▪ Generation of the precondition for the renovation or construction of schools ▪ Generation of the precondition for the creation of new school places 	
<p>Pro-rated share of the overall impact results of the projects or portfolio of projects</p>	<p>The Issuer reports the pro-rated share of the overall impact results of the projects or portfolio of projects with the exception of the Access to Public Goods and Services category</p> <p>Pro-rated share of impact is provided in the categories of Affordable Housing and Affordable Basic Infrastructure, except where average figures are not feasible to be reported as pro-rated shares.</p> <p>For the categories of SME Financing and Employment Generation, IBB's loans constitute the necessary pre-conditions for the establishment or continued operation of the targeted SMEs. This catalytic role aligns with the</p>	<p style="text-align: center;"></p> <p>Categories of Affordable Housing, Affordable Basic Infrastructure, and SME Financing and Employment Generation</p>

	<p>criteria for reporting overall results in accordance with the HFIRSB.</p> <p>However, pro-rated shares are not used for the Access to Public Goods and Services category. While public goods and services typically benefit all residents within the targeted municipalities, ISS believes that more information on municipality spending could be required to determine the Issuer's relative contribution or to demonstrate its catalytic role.</p> <p>Please note that the above is assessed against the 2023 version of HFIRSB which places greater emphasis on pro-rated share of impact. When the Issuer prepared their Framework in alignment with the 2022 version of the HFIRSB, pro-rated share impact reporting was not a Core Principle.</p>	<p>○</p> <p>Category of Access to Public Goods and Services</p>
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RECOMMENDATIONS

ICMA HFIRSB	Social Bond Report	ASSESSMENT
<p>Disclose the methodology and the assumptions used for the calculation of impact indicators</p>	<p>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.</p>	<p>✓</p>
<p>When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach</p>	<p>The impact of IBB's projects is reported separately per category and sub-category on an aggregated basis.</p>	<p>✓</p>
<p>Disclose the methodology used to determine the share of eligible project financing being applied to impact calculation</p>	<p>For most categories, the Issuer determines the share of eligible project financing being applied to output calculation, meaning the share of the total project cost and/or contribution that is financed by the Issuer resulting in a pro-rated share of overall results of the project categories where applicable.</p>	<p>✓</p>

However, the share of eligible financing is not determined for the Access to Public Goods and Services category.

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, projections or estimates.	-
Report Period	The entirety of proceeds has been allocated to social assets. As part of its due diligence in monitoring projects included in its Social Bond program, the Issuer transparently reports on the 87 removed loans from the Social Bond Pool from Jan. 1, 2023, to Dec. 31, 2023.	✓
Disbursement reporting	The proceeds from the Social Bond issuance were used to refinance existing loans. The pool of loans was increased from EUR 2.388 billion to EUR 2.453 billion in 2023, resulting from additional disbursements of loans committed from 2019 to 2022.	✓
Projects with partial eligibility	All projects are 100% eligible for financing.	-

OPINION

IBB follows the HFIRSB's core principles and key recommendations. The Issuer provides transparency on the level of expected reporting and 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. The pro-rated share of the overall project impact is also provided where applicable, except for the Access to Public Goods and Services category.

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 putting 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 of the issuance, after full allocation of the proceeds.

This is the second year of allocation reporting for the bond issued in 2022 (ISIN: DE000A289KN1) and first year of allocation reporting for the bond issued in 2023 (ISIN: DE000A30V257). 100% of the proceed were allocated in both years. The Use of Proceeds allocation reporting occurred within the regular annual cycle from the issuance.

Proceeds allocated to eligible projects/assets

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

The report provides information about projects that were removed from the Social Bond Pool. In 2023, 71 loans were redeemed in full, while for 16 loans the eligibility criteria for the Social Bond Pool was no longer fulfilled. These 87 loans were removed from the Social Bond Pool without substitution.

The Allocation Reporting section of IBB's Social Bond Report aligns with best market practices by providing information on:

- The portfolios of project sub-categories refinanced
- The total amount of proceeds in the Social Bond Pool as of Dec. 31, 2023, is EUR 2.453 billion. The amount of the disposable loans in the Social Bond Pool is EUR 1.453 billion, whereas EUR 1 billion is the amount of outstanding Social Bond issuances. This includes two bond issuances of EUR 500 million each, in 2022 and 2023.
- A breakdown of the loan portfolio by the Social Bond Pool sub-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 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 (water treatment and supply)</p> <ul style="list-style-type: none"> ▪ Number of companies financed ▪ 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) <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"> ▪ Number of municipalities financed

	<ul style="list-style-type: none"> ▪ Number of beneficiaries in commitment year <p>Other impact indicators chosen by the Issuer for this Social Bond Pool are the following:</p> <p>Affordable Basic Infrastructure (public transport)</p> <ul style="list-style-type: none"> ▪ Number of companies financed ▪ Share as contribution to enabling the number of subscribers¹² to public transport ▪ Share as contribution to enabling the number of company-related passenger numbers <p>Access to Essential Services</p> <ul style="list-style-type: none"> ▪ 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 <p>These indicators are qualitative, quantitative and material to the Use of Proceeds categories financed through this bond and in line with the HFIRSB’s Working List of Sample Social Indicators for Social Projects. This aligns with best market practices.</p> <p>For Access to Public Goods and Services, IBB has chosen indicators that are not listed in the HFIRSB because this sub-category is not specified in the HFIRSB. However, IBB provides visibility on the number of beneficiaries, which is a common output indicator to report on social impacts according to the mentioned framework.</p>
<p>Data sourcing and methodologies of quantitative assessment</p>	<p>Data sourcing and methodologies of quantitative assessment for the impact indicator chosen by the Issuer for this bond:</p> <p>a) Affordable Housing</p> <p>For the sub-category "state-owned housing companies," the Issuer uses the 2022 cooperation agreement report¹³ of the Wohnraumversorgung by the city of Berlin on affordable</p>

¹² Subscribers are the people who have a seasonal ticket to public transport.

¹³ 2022 cooperation agreement report:

https://www.stadtentwicklung.berlin.de/wohnen/wohnraum/wohnungsbaugesellschaften/download/KoopV_Bericht_2022.pdf

rents, new housing construction and social housing supply to calculate the average (unadjusted) inventory rent per square meter in comparison to the local comparable rent in accordance with the 2021 Berlin rent index¹⁴ 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 sourced from IBB's internal database fed by confidential information provided by the borrowers under the bilateral project agreement.

For the sub-category "housing cooperatives," IBB uses the annual and/or audit reports from 2019 to 2022 of the respective housing cooperatives and the documentation of the Berlin rent index in 2019¹⁵ and 2021¹⁶ 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 sourced from IBB's internal database fed by confidential information provided by the borrowers under the bilateral project agreement.

b) Affordable Basic Infrastructure (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 2023. 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 2021 to 2023 financial years. The resulting percentage share was

¹⁴ The Berlin [rent index](https://www.berlin.de/sen/wohnen/service/mietspiegel/#downloads) is updated every two years. The rent index for the previous year (i.e., 2021) is used for the year in which no rent index was published. Source: <https://www.berlin.de/sen/wohnen/service/mietspiegel/#downloads>

¹⁵ Rent index 2019: https://www.stadtentwicklung.berlin.de/download/mietspiegel2019/Broschuere_Mietspiegel2019.pdf

¹⁶ Ibid.

then multiplied by the total amount of water supplied and wastewater purified in 2023. 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 sourced from IBB's internal database fed by confidential information provided by the borrowers under the bilateral project agreement.

c) SME Financing and Employment Generation

To determine the number of SMEs financed, the number of new jobs created and the number of jobs secured, IBB uses internal data. The number of SMEs financed is 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 sourced 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.

d) Access to Public Goods and Services

IBB uses internal data coming from its internal database fed by confidential information provided by the borrowers under the bilateral project agreement. IBB also uses data from the vdpKommunalScore¹⁷ to calculate the number of inhabitants from 2019 to 2022.

- 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.

¹⁷ The vdpKommunalScore is a scorecard model for assessing the financial strengths and weaknesses of all municipalities in Germany. The combination of rankings of different socioeconomic indicators enables the relative classification of all municipalities in Germany. Source: <https://www.vdpexpertise.de/produkte/kommunen/vdpkommunalscore/>

The impact indicators in a) to d) are in line with the core indicators proposed by the HFIRSB.

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

a) Affordable Basic Infrastructure (public transport)

IBB uses amount of liabilities, number of subscribers and company-related passenger numbers from the annual reports of the respective companies from 2021 to 2023 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 years 2021 to 2023. The percentage calculated from this was then multiplied with the total number of subscribers or company-related passenger numbers in 2023. 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.

IBB uses an internal database for the remaining capital, number of loans, average loan tenor and number of companies financed. The database is 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 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 "education" sub-category. The data is sourced 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 finished until the end of the building period, as specified in




	<p>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 sourced from IBB’s internal database fed by confidential information provided by the borrowers under the bilateral project agreement. For Access to Public Goods and Services, IBB has chosen indicators that are not listed in the HFIRSB because this category is not specified in it. However, IBB provides visibility on the number of beneficiaries, which is a common output indicator to report on social impacts according to the mentioned framework.</p>
<p>Baseline selection</p>	<ul style="list-style-type: none"> ▪ For the 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. 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, each net household income is used for comparison. ▪ 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. <p>Besides this, IBB does not use a baseline comparison in its impact report.</p>
<p>Scale and granularity</p>	<p>The impact data is presented at the Use of Proceeds category and sub-category level for the indicator(s).</p>

High-level mapping of the impact indicators with the U.N. 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 indicator(s) adopted by IBB for its Social Bonds can be mapped to the following SDGs, according to ISS ESG SDG Solutions Assessment (SDGA),

a proprietary methodology designed to assess the impact of an Issuer’s product or services on the U.N. SDGs.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<ul style="list-style-type: none"> ▪ Number of companies financed for Affordable Housing ▪ 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 housing entitlement certificate (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 	
<ul style="list-style-type: none"> ▪ Number of companies financed for Affordable Basic Infrastructure (public transport) ▪ Social Bond Pool share as contribution to enabling the number of subscribers ▪ Social Bond Pool share as contribution to enabling the number of company-related passenger numbers 	
<ul style="list-style-type: none"> ▪ Number of companies financed for Affordable Basic Infrastructure (water treatment and supply) 	

<ul style="list-style-type: none"> ▪ Social Bond Pool share as contribution to enabling the amount of drinking water supply (in m³) ▪ Social Bond Pool share as contribution to enabling the amount of wastewater treatment (in m³) 	
<ul style="list-style-type: none"> ▪ Number of companies financed for Access to Essential Services ▪ Generation of the precondition for the renovation or construction of schools ▪ Generation of the precondition for the creation of new school places 	
<ul style="list-style-type: none"> ▪ Number of SMEs financed ▪ Number of jobs secured/Generation of precondition for the creation of new jobs 	
<ul style="list-style-type: none"> ▪ Number of economically disadvantaged municipalities financed ▪ Number of beneficiaries by commitment years 	

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. The Social Bond Report has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices. In addition, the impact indicators used align with best market practices using ICMA's recommended metrics in the HFIRSB.

DISCLAIMER

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ANNEX 1: Methodology

Review of the post-issuance Reports

The ISS-Corporate Report Review provides an assessment of labeled transactions reporting against international standards using ISS-Corporate's 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 proprietary methodology based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent the Issuer's reporting and project categories contribute to related SDGs is identified.

ANNEX 2: Quality management processes

ISSUER'S RESPONSIBILITY

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

- 2024 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, which ISS-Corporate is part of, 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 took place from July to August 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.

ISS-Corporate assesses the alignment of the Issuer's report with external principles (e.g., the Green/Social Bond Principles), analyzes the alignment of the Issuer's Report against the commitments in the respective Framework, and analyzes the disclosure of proceeds allocation, 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-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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