



SUSTAINABILITY BOND FRAMEWORK

STATE OF BERLIN

BERLIN



Legal notice

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1 Introduction

In March 2022, the Senate of Berlin adopted the framework concept for the Berlin Sustainable Finance Strategy as a building block for a future-proof financial policy in Berlin.¹ This conceptual Framework concretizes the existing sustainable orientation of government work in Berlin, regarding ecologically and socially sustainable aspects in financing transactions. As environmental and social issues become increasingly central to considerations of a sustainable community, investors on the capital market are beginning to see sustainability as an important decision-making criterion for their actions, in addition to return and risk aspects. On the capital market, the State of Berlin regularly acts as a borrower and refinances most of its liabilities by issuing bonds. The financing of the sustainable transformation of the capital will, in the future, be accompanied by the issuance of sustainable bonds. This measure plays a key role in the framework concept for the Berlin Sustainable Finance Strategy. To this end, a framework for the issuance of sustainability bonds (Sustainability Bond Framework) is hereby established.

2 The State of Berlin introduces itself

2.1 About the State of Berlin

Berlin, Federal State and capital of the Federal Republic of Germany, is the most populated municipality in Germany with around 3.7 million inhabitants² and the largest in terms of area with 892 km², as well as one of the largest cities in Europe.

According to the current population forecast, the number of inhabitants in Berlin will increase to approx. 3.9 million by 2030³. The population growth is accompanied by an increase in employment subject to social security contributions. With an increase of 41.4% in employees subject to social security contributions between the end of 2010 and the end of 2021 Berlin leads the nationwide comparison.⁴

Berlin has outstanding innovation and knowledge potential. The business and science location thrives on an extensive range of educational opportunities, renowned scientific institutions with highly qualified researchers as well as private research and development. As one of the largest university hospitals in Europe, the Berlin Charité makes a significant contribution to spreading Berlin's excellent reputation as a science location far beyond the city's borders. The joint innovation strategy of the states of Berlin and Brandenburg sets targeted priorities for further economic development with five clusters.⁵

¹ [Berlin Sustainable Finance Strategy](#)

² [Destatis - Federal Statistical Office: Population by Nationality and Federal States](#)

³ [Statistics Office Berlin-Brandenburg](#)

⁴ [Destatis - Federal Statistical Office: Statistics on employees subject to social insurance contributions](#)

⁵ [The Joint Innovation Strategy of the States of Berlin and Brandenburg \(innoBB 2025\) - Berlin.de](#)

As a place with an eventful history, Berlin has experience with far-reaching upheavals. Courageous advocacy for diversity, equal opportunities, gender equality and against discrimination is firmly anchored in the urban community and forms an essential basis of Berlin's policy. Accordingly, the city is committed to solidarity with people who live isolated and in poverty and provides them with the necessary assistance. The numerous efforts for a productive coexistence, a community-based culture of hospitality and tolerant coexistence make Berlin a cosmopolitan city in which different religions and cultures coexist and all population groups and milieus feel at home.

Berlin has grown - and has preserved its urban diversity with the typical Berlin mix of tradition and dynamic. Despite all its growth, Berlin has remained green; spaces for leisure and recreation, meeting and exercise have been preserved. With the Charter for Berlin's Urban Green Spaces, the Berlin Senate has made a lasting self-commitment.⁶ In addition to the approach of internal development, the construction of neighbourhoods on conversion and previously undeveloped areas is gaining new relevance.

Current challenges are: More affordable housing and a technical and social infrastructure that grows with it. Property policy and the application of planning law are increasingly important, especially in view of the rising cost development, which carries the risk of social inequalities and spatial polarization. Added to this is the global challenge of climate change. Berlin must prepare itself for climate change to lead to more extreme weather by the end of the century. The heat-adapted and water-sensitive city are therefore central guiding themes of urban development.

2.2 Sustainability Strategy of the State of Berlin

Sustainable management is implemented at all levels - the United Nations Sustainable Development Goals (Agenda 2030) are anchored in Berlin's political and economic actions: As early as 2016, the State of Berlin developed a sustainability profile⁷. Concurrently to the existing urban strategies and the Berlin Strategy 3.0, this profile brings into focus the topic of sustainability. This is also clear from the inventory report „The 17 Sustainability Goals in Berlin: Examples of implementation at the state level⁸“, which was submitted in November 2021 by the Senate Department of Environment, Mobility, Consumer and Climate Protection. It supplements the „Indicator Report 2021 - Sustainable Development in Berlin“⁹ published in September 2021 by the Berlin-Brandenburg Statistics Office, which makes the implementation of the UN Sustainable Development Goals by the State of Berlin quantifiable. In the current legislative period (2021-2026), a Berlin Sustainability Strategy 2030 is being developed on this basis in a broad-based participatory process. A continuous and close interlocking of the Berlin Sustainability Strategy 2030 and the Berlin Sustainable Finance Strategy is envisaged to achieve maximum impact and transparency.

⁶ [Charta for Berlin's Urban Green Spaces](#)

⁷ [Berlin's Sustainability Profile](#)

⁸ [The 17 Sustainability Goals in Berlin: Examples of implementation at the state level](#)

⁹ [Indicator Report 2021 - Sustainable Development in Berlin](#)

2.2.1 Social Sustainability

Berlin faces the multifaceted social challenges of a growing metropolis. As a city state, Berlin is responsible for tasks on the municipal and state level. This dual task related competence is among others evident in education. Berlin invests in education and lifelong learning because these are the keys to a self-determined and independent life. The aim of the Berlin Senate is to ensure that the educational success and future opportunities of children and young people do not depend on their parents' home. Berlin's schools make an important contribution to the reconciliation of work and family life: They combine education, social learning, and meaningful leisure activities. Providing free lunch for Berlin's pupils in grades 1 to 6 promotes food security. At the same time, regular and high-quality meals increase the pupil's ability to learn and concentrate, thus also their performance at school and strengthen the children's health. This is exemplary for how holistic approaches are successful.

By orienting itself towards the UN's 17 Sustainable Development Goals (SDGs) and the resulting multidisciplinary consideration of social challenges, the State of Berlin takes their complexity into account, strengthens the urban society with this strategy and prevents future social distortions.

2.2.2 Environmental Sustainability

Berlin sets a strong emphasis on climate protection. As a metropolis, Berlin is one of the major emitters of greenhouse gases. On the other hand, metropolises, where many people live close together, react more sensitively to the consequences of global warming. This includes, for example, extreme weather events such as heat, heavy precipitation, and storms. CO₂ emissions are the most important indicator of climate balance. In Berlin, these have fallen by around 41% in the period from 1990 to 2019¹⁰.

This positive development must be advanced further. To this end, the Berlin Energy Transition Act (EWG Bln)¹¹ sets out the legal framework for ambitious climate protection in the State of Berlin: Berlin wants to become climate-neutral by 2045 at the latest. Along the way to this goal, climate-damaging CO₂ emissions are to be reduced by at least 70 percent by 2030 and by at least 90 percent by 2040 compared to 1990. With these binding climate protection targets set out in the EWG Bln, Berlin is making its contribution to the implementation of the Paris Climate Agreement.

To support these goals, the EWG Bln lays the legal foundations for key climate protection instruments such as the Berlin Energy and Climate Protection Program BEK 2030 and the diBEK digital monitoring and information system. In addition, the law contains regulations, e.g., on a CO₂-neutral administration, climate adaptation and climate protection as educational content.

This path is accompanied by the Berlin Solar Act, which came into force in July 2021. Berlin wants to make better use of the large potential for solar energy to achieve the goal of covering 25 percent of Berlin's electricity demand from solar energy by 2050 at the latest. The law thus makes an important contribution to climate protection. The solar obligation is to apply from 1 January 2023.

¹⁰ Statistics Office Berlin-Brandenburg – Statistical Report: Environmental-Economic Accounting for the State of Berlin

¹¹ [Berlin Energy Transition Act](#)

The installation and operation of photovoltaic systems will then be obligatory for new buildings and existing buildings where the roof is substantially rebuilt, with a useable building space of more than 50 square metres.



3 Sustainable Finance

So far, in the context of Berlin's Sustainable Finance-Strategy aspects of sustainability have solely been taken into consideration in the asset management by the State of Berlin. In 2017, Berlin was one of the first German federal states to develop a concept for integrating strict sustainability criteria in the pension reserve funds, which are being invested in shares. In cooperation with an external index provider, Berlin developed a tailor-made sustainable stock index (BENEXX)¹², which goes far beyond common market standards and takes into account individual preferences of the city state, such as a prohibition on investments in companies from the fossil fuel, nuclear energy or war weapons manufacturing sectors.

3.1 Motivations for Issuing Sustainability Bonds

At the European level, the EU Commission published its first Sustainable Finance Action Plan in 2018, which was revised on 6 July 2021 and forms part of the EU Green Deal of 2019. The Action Plan aims to ensure the contribution of the financial sector to achieving the EU climate targets by 2030 and 2050. The core of this Plan is the delegated regulation on Taxonomy.

In May 2021, the German government launched the German Sustainable Finance Strategy, which is intended to support and strengthen the shift towards a more sustainable economic order.

Regulatory dynamics have a flanking effect, because the European Union will introduce new disclosure standards for financial products in addition to the existing EU Taxonomy until 2023. This regulatory framework leads to a growing consideration of sustainability criteria and accelerates the shift of international financial assets into investments with ecological and social relevance.

The State of Berlin supports the development of sustainable finance in the refinancing activities of regional authorities. It intends to contribute to the expansion of the environmentally and socially sustainable bond segment on the capital market and therefore aims to issue sustainable bonds on a regular basis. These so-called „Landesschatzanweisungen“ rank pari passu with other liabilities in the respective asset class and can be issued as sustainability bonds or also in the form of green or social bonds.

3.2 Basis and Components of the Sustainability Bond Framework

This framework is based on the Green Bond Principles (GBP) 2021¹³, the Social Bond Principles (SBP) 2021¹⁴ and the Sustainability Bond Guidelines 2021 (SBG)¹⁵ of the International Capital Markets Association (ICMA). The GBP and SBP are voluntary guidelines to promote the integrity of the sustainable finance market and encourage issuers to be transparent and open. The framework applies to the issuance of sustainable bonds, whereby the proceeds are allocated exclusively to the financing or refinancing of new or existing eligible projects with a clear

¹² [BENEXX: Sustainability Index of the State of Berlin](#)

¹³ [ICMA Green Bond Principles \(Version 2022\)](#)

¹⁴ [ICMA Social Bond Principles \(Version 2022\)](#)

¹⁵ [ICMA Sustainability Bond Guidelines \(Version 2021\)](#)

environmental or social benefit. Projects with a clear environmental benefit are labelled „Green“, projects with a clear social benefit are labelled „Social“.

The framework will be updated for future issues as appropriate. Any future updated version of this framework will be reviewed and verified by an external sustainability rating agency (Second Party Opinion Provider). The Sustainability Bond Framework of the State of Berlin addresses the four core components of the voluntary guidelines:

1. Use of Proceeds
2. Project Evaluation and Selection Process
3. Management of Proceeds
4. Reporting

3.2.1. Use of Proceeds

To comply with the constitutionally anchored debt brake, the State of Berlin is only permitted to incur new debt for purposes narrowly defined by law. The Senate Department of Finance, entrusted with financing operations, therefore mainly does follow-up financing of existing loan liabilities of the State of Berlin. Berlin commits to allocate the bond proceeds generated through sustainable financing within this framework's meaning exclusively to investment and consumption expenditure that generate a clear environmental benefit or a clear social benefit.

For the expenditure financed under this framework, the following sectors are excluded in the allocation of emission revenues:






- Fossil fuels and energy production from fossil fuels
- Energy production from nuclear power
- Production or trade of/with products that are considered illegal under international conventions and agreements or are part of international bans
- Production of weapons of war

This list of exclusion criteria is intended to preserve the integrity of the sustainability credentials of green, social or sustainability bonds and is consistent with current market standards for sustainable finance.



A description of the estimated distribution of revenue per green and social project category as well as the financing or refinancing share will be provided in the investor presentation prior to the issuance of the respective bond.


The State of Berlin identifies eligible green and social projects in the respective budget plans. These projects are assigned to ICMA project categories, measures from the Berlin Energy and Climate Protection Program, the 17 sustainability goals in Berlin, EU environmental goals and the UN SDGs according to the following overview.

Eligible Green Projects:

Green Bond Principles Project Categories	Subcategories and examples	Measures in the Berlin Energy & Climate Protection Program 2030	Environmental objectives / economic activities according to the EU Taxonomy	UN SDG
Renewable Energy	<ul style="list-style-type: none"> Promote the use of renewable energy (e.g., battery storage for sustainably generated energy; solar energy) in companies, private and public infrastructures Generation and promotion of renewable energy plants (e.g., wind energy, solar energy; climate-friendly biomass utilisation of state-owned green waste) Connection of renewable energies to the existing grid Related research, consulting and development activities 	<p>Measures in climate change mitigation:</p> <ul style="list-style-type: none"> Field of action: Energy Field of action: Buildings 	Climate change mitigation	 
Energy Efficiency	<ul style="list-style-type: none"> Support program of Berlin to install energy-efficient technologies and products and increase energy efficiency in companies and public infrastructures. Grants dependent on achieved CO₂ savings in tons. Minimum requirements for different areas of measures: Final energy savings of at least 5%; primary energy savings of at least 20%; verification by an energy expert approved for federal support programs before application.¹⁶ Grants for conversion to climate-friendly heating systems (CO₂ savings of at least 25%) New construction, renovation or modernisation of technical infrastructures and facilities (e.g., Tempelhof Building Monument - Technical Infrastructure 2030: Reduction of energy consumption of the monument by at least 40%, among other things) 	<p>Measures in climate change mitigation:</p> <ul style="list-style-type: none"> Field of action: Economy Field of action: Buildings 	Climate change mitigation Climate change adaptation	  

¹⁶ Berlin Program for Sustainable Development: Funding priority – investments to increase energy efficiency and the use of renewable energies in companies

Green Bond Principles Project Categories	Subcategories and examples	Measures in the Berlin Energy & Climate Protection Program 2030	Environmental objectives / economic activities according to the EU Taxonomy	UN SDG
	<p>through heat recovery from sewage and air-water heat transfer and installation of photovoltaic systems)</p> <ul style="list-style-type: none"> • Conversion of lighting systems in public spaces from gas lighting to modern LED lighting • Related research, consulting and development activities 			
Pollution prevention and control	<ul style="list-style-type: none"> • Reduction of air pollution • Greenhouse gas control (e.g., through preservation and renaturalisation of natural CO₂ sinks such as moors or forests) • Soil treatment • Waste prevention and reduction (e.g., initiative „Re-Use Berlin“) • Expansion and promotion of the sharing economy (e.g., free rental of cargo bicycles) 	<p>Measures in climate change mitigation:</p> <ul style="list-style-type: none"> • Field of action: Energy • Field of action: Transport • Field of action: Overarching measures • Field of action: Measures to create CO₂ sinks 	Pollution prevention and control	
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> • Sustainable redesign of public sealed open spaces and parks including implementation of rainwater management in public spaces • Create new green spaces and neighbourhood recreation areas or enhance them ecologically through renovation (e.g., unsealing; climate-resilient redesign; grazing of green spaces; incorporation of compost plant charcoal for CO₂ storage) • Forest conversion to increase resilience to climate change 	<p>Adaptation to the impacts of climate change:</p> <ul style="list-style-type: none"> • Field of action: Urban development and urban green • Field of action: Water • Field of action: Forestry 	<p>Climate change adaptation</p> <p>Protection and restoration of biodiversity and ecosystems</p>	

Green Bond Principles Project Categories	Subcategories and examples	Measures in the Berlin Energy & Climate Protection Program 2030	Environmental objectives / economic activities according to the EU Taxonomy	UN SDG
Clean Transportation	<ul style="list-style-type: none"> Ramp-up phase of e-mobility bus fleet <p>The projects make a significant contribution to climate protection within the meaning of the EU Taxonomy Regulation and the technical assessment criteria set out in Annex I on climate protection¹⁷.</p> <p>The activity complies with the following criteria:</p> <p>(a) The activity provides urban and suburban passenger transport and its direct (tailpipe) CO₂ emissions are zero.</p>	<p>Measures in climate change mitigation:</p> <ul style="list-style-type: none"> Field of action: Transport 	<p>Climate change mitigation</p> <p>6.3 Urban and suburban transport road passenger transport</p>	
	<ul style="list-style-type: none"> Improvement of the cycling infrastructure through the construction, expansion, and renovation of cycling facilities <p>The projects make a significant contribution to climate protection within the meaning of the EU Taxonomy Regulation and the technical assessment criteria set out in Annex I on climate protection¹⁸.</p> <p>The activity complies with the following criteria:</p> <p>(a) The infrastructure that is constructed and operated is dedicated to personal mobility or cycle logistics: pavements, bike lanes and pedestrian zones, electrical charging and hydrogen refuelling installations for personal mobility devices</p>	<p>Measures in climate change mitigation:</p> <ul style="list-style-type: none"> Field of action: Transport 	<p>Climate change mitigation</p> <p>6.13 Infrastructure for personal mobility, cycling logistics</p>	
	<ul style="list-style-type: none"> New construction, expansion, repair, and maintenance of the various public transport systems as well as closing network gaps 	<p>Measures in climate change mitigation:</p> <ul style="list-style-type: none"> Field of action: Transport 	<p>Climate change mitigation</p> <p>6.14 Infrastructure for rail transport</p>	

¹⁷ [Annex I to the EU-Taxonomy Regulation](#)

¹⁸ [Annex I to the EU-Taxonomy Regulation](#)

Green Bond Principles Project Categories	Subcategories and examples	Measures in the Berlin Energy & Climate Protection Program 2030	Environmental objectives / economic activities according to the EU Taxonomy	UN SDG
	<p>and selective network extensions in the public transport network</p> <p>The projects make a significant contribution to climate protection within the meaning of the EU Taxonomy Regulation and the technical assessment criteria set out in Annex I on climate protection¹⁹.</p> <p>The activity complies with one of the following criteria (6.14):</p> <p>(a) The infrastructure²⁰ are electrified trackside infrastructure and associated subsystems: infrastructure, energy, on-board control-command and signalling, and track-side control-command and signalling subsystems²¹.</p> <p>(b) infrastructure and installations are dedicated to the transfer of passengers from rail to rail or from other modes to rail.</p> <p><u>In addition:</u> the infrastructure is not dedicated to the transport or storage of fossil fuels.</p> <p>Or:</p> <p>The activity complies with one of the following criteria (6.15):</p> <p>(a) The infrastructure is dedicated to the operation of vehicles with zero tailpipe CO₂ emissions: electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric road systems (ERS).</p> <p>(b) the infrastructure and installations are dedicated to</p>		6.15 Infrastructure enabling low-carbon road transport and public transport	



¹⁹ [Annex I to the EU-Taxonomy Regulation](#)

²⁰ [as defined in point 2 of Annex II to Directive \(EU\) 2016/797 of the European Parliament and of the Council](#)

²¹ [ibid.](#)

Green Bond Principles Project Categories	Subcategories and examples	Measures in the Berlin Energy & Climate Protection Program 2030	Environmental objectives / economic activities according to the EU Taxonomy	UN SDG
	<p>urban and suburban public passenger transport, including associated signalling systems for metro, tram and rail systems.</p> <p><u>In addition:</u> The infrastructure is not dedicated to the transport or storage of fossil fuels.</p>			
	<ul style="list-style-type: none"> Construction and operation of publicly accessible charging infrastructure for electric vehicles <p>The projects make a significant contribution to climate change mitigation as defined in the EU Taxonomy Regulation and the technical assessment criteria set out in Annex I on climate change mitigation²².</p> <p>The activity complies with one or more of the following criteria:</p> <p>(a) The infrastructure is dedicated to the operation of vehicles with zero tailpipe CO₂ emissions: electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric road systems (ERS).</p> <p>(b) The infrastructure and installations are dedicated to urban and suburban public passenger transport, including associated signalling systems for metro, tram and rail systems.</p> <p><u>In addition:</u> The infrastructure is not dedicated to the transport or storage of fossil fuels.</p>	<p>Measures in climate change mitigation:</p> <ul style="list-style-type: none"> Field of action: Transport 	<p>Climate change mitigation</p> <p>6.15 Infrastructure enabling low-carbon road transport and public transport</p>	
	<ul style="list-style-type: none"> Conversion of the public vehicle fleet to CO₂-free drives (electric vehicles) 	<p>Measures in climate change mitigation:</p> <ul style="list-style-type: none"> Field of action: Transport 	<p>Climate change mitigation</p>	




²² Annex I to the EU-Taxonomy Regulation



Green Bond Principles Project Categories	Subcategories and examples	Measures in the Berlin Energy & Climate Protection Program 2030	Environmental objectives / economic activities according to the EU Taxonomy	UN SDG
	<ul style="list-style-type: none"> • Related research, consulting and development activities 	Measures in climate change mitigation: <ul style="list-style-type: none"> • Field of action: Transport 	Climate change mitigation	
Climate change adaptation	<ul style="list-style-type: none"> • Measures to promote green roofs and facades 	Adapting to the impacts of climate change: <ul style="list-style-type: none"> • Field of action: Urban development and urban green 	Climate change adaptation	
Green buildings	<ul style="list-style-type: none"> • New construction of public buildings (e.g., administrative buildings, universities) to at least KfW Efficiency House 40 standard²³, even more energy-saving construction methods are to be aimed for. • Major renovation of public buildings (e.g., administrative buildings, universities) in compliance with KfW Efficiency House 55 Standard²⁴, unless otherwise stipulated by law • Related research, consulting and development activities 	Measures in climate change mitigation: <ul style="list-style-type: none"> • Field of action: Buildings 	Climate change mitigation Climate change adaptation	

²³ Energy standards for public buildings are regulated in § 10 EWG Bln: [Berlin Energy Transition Act § 10](#)

²⁴ [ibid.](#)

Eligible Social Projects:

Social Bond Principles Project Categories	Subcategories and Examples	Target Group	Social Goals on a State level (17 Sustainability Goals in Berlin)	UN SDG
Affordable basic infrastructure	<ul style="list-style-type: none"> Access to public transport 	<ul style="list-style-type: none"> Pupils Students People with limited mobility People living below the poverty line 	<ul style="list-style-type: none"> Berlin to be inclusive, safe, resilient and sustainable Promoting the traffic turnaround and reducing motorized private transport by providing free public transport for schoolchildren and teaching the use and benefits of public transport at an early stage Strengthening the resilience of the urban population, especially in disadvantaged neighbourhoods Ensuring access to mobility and social participation also for citizens at risk for poverty 	
Access to essential services	<ul style="list-style-type: none"> Access to high quality education (e.g., school digitalization, nursery and playground renovation) 	<ul style="list-style-type: none"> Pupils Small children 	<ul style="list-style-type: none"> Equality of education and opportunities for children and young people 	
	<ul style="list-style-type: none"> Preventive health measures (e.g., COVID-19 vaccination and protective equipment) 	<ul style="list-style-type: none"> All citizens of Berlin Residents of socially disadvantaged neighbourhoods 	<ul style="list-style-type: none"> Containment of the pandemic 	
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	<ul style="list-style-type: none"> Measures to reduce long-term unemployment (e.g., Solidarity Basic Income Program) 	<ul style="list-style-type: none"> Unemployed and long-term unemployed 	<ul style="list-style-type: none"> Combating unemployment and underemployment Economic development considering economic, social and ecological sustainability 	

Social Bond Principles Project Categories	Subcategories and Examples	Target Group	Social Goals on a State level (17 Sustainability Goals in Berlin)	UN SDG
Food security and sustainable food systems	<ul style="list-style-type: none"> • Access to free school lunches for all pupils in grades 1-6 • Access to regional and sustainably produced food; avoidance of food waste (e.g., Berlin Food Strategy) 	<ul style="list-style-type: none"> • Pupils • All citizens of Berlin • Customers of communal kitchens 	<ul style="list-style-type: none"> • More regional and sustainably produced foods • Health-promoting nutrition for all, regardless of budget • Expansion of measures to support health promotion and prevention with a focus on healthy nutrition for all people 	
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> • Measures to promote neighbourly coexistence and self-help (e.g., infrastructure support program, Berlin home visits) • Measures to help educate children and families (e.g., baby guides, district mothers) • Promotion of women in research and teaching • Expenditure in connection with the construction, operation and maintenance of refugee shelters • Sustainable major sporting events (e.g., Special Olympics Berlin) • Integrated Social Program ISP 	<ul style="list-style-type: none"> • All citizens of Berlin • Socially disadvantaged families • Senior citizens²⁵ • LGBTIQ* people • People with disabilities • Unemployed people • People living below poverty line • Homeless people • Offenders in the rehabilitation process • Migrants • Refugees • Over-indebted people 	<ul style="list-style-type: none"> • Ensuring and improving the social and cultural participation of people at risk of poverty • Strengthening the resilience of the urban population, especially in disadvantaged urban neighborhoods • Improving women's access to and participation in the economy and science • Gender-equitable education in schools • Protecting women and girls from discrimination and violence • Protect against discrimination, reduce (institutional) discrimination and promote a culture of valuing diversity • Raising awareness of the right to equal treatment and non-discrimination in society, business, administration, and politics 	

²⁵ According to the „Guidelines of Berlin’s Senior Citizens’ Policy“, this includes people older than 60 years of age

3.2.2 Project Evaluation and Selection Process

The project evaluation and selection process ensures that the proceeds from Green, Social and Sustainability Bonds are allocated exclusively to projects that correspond to the use of proceeds described in section 3.2.1.

The State of Berlin has defined the following criteria for project evaluation:

Sustainability criteria:

- The sustainable expenditure must be attributable to one of the ICMA project categories listed under 3.2.1.
- It is possible to qualitatively describe and quantify the sustainability impact of the financed projects at the level of the ICMA project categories
- In accordance with the sustainability strategy of the State of Berlin, the funded projects contribute to at least one of the UN Sustainable Development Goals.

Budget criteria:

- The cash outflow can be quantified and clearly allocated to the respective projects by means of actual figures within the final budgetary statement.
- The expenditure is of an investive or consumptive nature. Capital expenditures, public subsidies and current expenditures that result in new assets, expand or improve existing assets or increase their life span are eligible. Expenditures budgeted in the State of Berlin's budget in main group 4 "Personnel expenditures" are excluded.
- Only the net expenditures of the State of Berlin are considered. Any third-party funds used for (partial) financing, e.g. allocations from the federal government, EU funding or complementary financing by promotional banks, are deducted from the total expenditure.
- Expenditures made based on federal legal provisions or EU regulations are excluded.

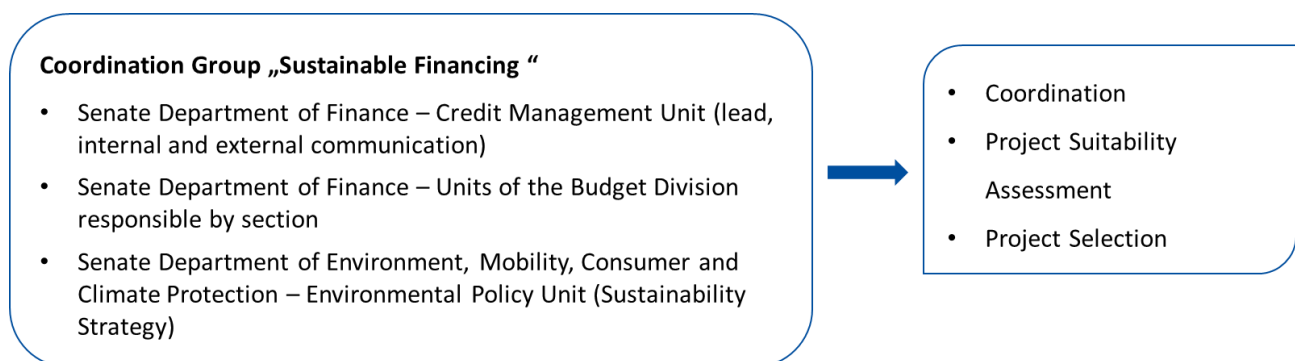
Double accounting of eligible expenditure is not permitted. Eligible green projects and eligible social projects are allocated to the sustainable financing of the State of Berlin's budget.

The following process has been defined for the selection of projects funded under this framework:

- 1) The identification of potentially eligible green projects and potentially eligible social projects and the associated expenditure in the sense of this framework takes place at the level of the participating senate administrations of the State of Berlin. For this purpose, an interministerial working group has been established for the continuous cooperation of all participating senate departments (IMAG "Sustainable Financing"). The IMAG combines cross-department expertise. Each participating senate departments has sent a permanent member to the working group, who has been taught the concept of sustainable financing in workshops.
- 2) The eight participating Senate Departments of Environment, Mobility, Consumer and Climate Protection, of Economy, Energy and Business, of Education, Youth and Family, of

Integration, Labour and Social Affairs, of Urban Development, Building and Housing, of Science, Health, Care and Equality, of Justice, Diversity and Anti-Discrimination and of Home Affairs, Digitisation and Sport document the green and social projects in structured project sheets and submit them to the Credit Management Unit of the Senate Department of Finance for coordination. All project sheets are consolidated in a central list of potentially eligible green or social projects (master list).

- 3) The suitability check and final selection of eligible green projects and eligible social projects for sustainable financing is carried out by the coordination group “Sustainable Financing”. This body consists of (i) the persons entrusted with sustainable financing in the Credit Management Unit of the Senate Department of Finance, (ii) the coordinators of the units of the Budget Department of the Senate Department of Finance that mirror the administrative structure of Berlin, (iii) the responsible representative for the sustainability strategy of the federal state in the Senate Department of Environment, Mobility, Consumer Protection and Climate Protection and delegated by the Environmental Policy Unit, and (iv) if necessary, further expert employees of other Senate Departments.
- 4) Based on the criteria for the use of proceeds according to 3.2.1 of this framework for the issuance of sustainability bonds and on the central list of potentially eligible green projects and potentially eligible social projects, the coordination group makes a project selection.



The Sustainable Financing Coordination Group will meet regularly and- on an ad-hoc basis to carry out its tasks

The Credit Management Unit in the Senate Department of Finance, which is responsible for sustainable financing, is responsible for documenting the project evaluation process and allocating the proceeds from sustainable financing to the selected projects.

The coordination group consults on the extension of the list of eligible project categories.

It should be emphasized that, within the framework of the administration’s legal obligation under Article 20 (3) of the basic law, the State of Berlin is bound to comply with national legislation as well as international principles and conventions that require a minimum standard of environmental protection and social norms. These principles are considered when budgetary expenditures are made. If ESG controversies arise in the case of changes in the legal basis or

market standards, the coordination group will consult with the Senate administrations concerned on whether to change the classification as an eligible expenditure in future green, social or sustainable financing under this framework.

3.2.3 Management of Proceeds

The State of Berlin considers transparency to be an essential feature of sustainable financing and has an internal accounting system that enables clear and traceable tracking of all uses of funds in the respective expenditures. Where the State of Berlin passes on the proceeds to contracted companies, it commits to ensure that these funds are used exclusively for eligible green expenditure or eligible social expenditure in accordance with section 3.2.1.

Expenditure incurred in the last three financial years preceding the respective sustainable financing can be considered. The State aims for full allocation at the time of issuance, but at the latest within 12 months after, to demonstrate their use. In accordance with ICMA requirements, the issue's proceeds thus correspond to the amount allocated to eligible green or eligible social projects. The State of Berlin will manage these proceeds in a bond-by-bond approach.

Revenues from sustainable financing that have not yet been allocated are managed within the framework of the general liquidity management of the Senate Department of Finance until the funds have been fully utilised.

If eligible green expenditures or eligible social expenditures no longer meet the requirements of this Framework, the State of Berlin commits to reallocate the proceeds allocated to such expenditures to other eligible green or eligible social expenditure until the maturity of the respective bond.

3.2.4 Reporting

The State of Berlin will report on sustainable financing and provide information on the use of proceeds (allocation report) and the sustainability impact of the financed eligible green and eligible social expenditure (impact report).

The Senate Department of Finance is responsible for reporting. In future, all reports will be made available to investors and the interested public on an internet page of the Senate Department of Finance. In addition, a list of eligible green spending and eligible social spending will be published on this website. Changes in the selected projects and their reasons will be marked and explained in this list.

Allocation Report:

The State of Berlin commits to a transparent reporting on the allocation of the issue proceeds of each sustainability bond. It is intended to publish the allocation report within one year after the respective bond issue. The allocation report will be published annually at the latest from the year following the issue until the issue proceeds have been fully allocated. The allocation report shall contain details regarding the allocation of the issuance proceeds to eligible green and eligible social expenditure. Content:

- Description of the projects
- Outstanding notional amount of the bonds
- Amount allocated to sustainable projects
- Share of total financing for project expenditure
- Amount outstanding from green, social and sustainability bonds
- If applicable, details of any issue proceeds that have not yet been allocated

Impact report:

The State of Berlin commits to transparent reporting in which measurable sustainability impacts of eligible green and eligible social projects are assessed and published no later than one year after issuance. Potential ESG controversies are also assessed. The report contains relevant impact indicators on an aggregated basis per project category.

Green Bond Principles Project Category	Impact Indicator (Examples)
Renewable energies	<ul style="list-style-type: none"> ▪ Reduction of CO₂ emissions ▪ Number and output of subsidised photovoltaic systems ▪ Number of energy consultations carried out
Energy efficiency	<ul style="list-style-type: none"> ▪ Reduction of CO₂ emissions ▪ Reduction of primary energy consumption in companies and public buildings ▪ Share of renewable energy sources in the gross electricity supply
Pollution prevention and control	<ul style="list-style-type: none"> ▪ Reduction of CO₂ and NO_x emissions ▪ Composition of public and commercial vehicle fleets, differentiated by drive type
Sustainable management of living natural resources	<ul style="list-style-type: none"> ▪ Area of rehabilitated or newly created living and recreational space in m² ▪ Restructured forest area in ha ▪ Forest condition survey (change in the distribution of damage levels compared to the previous year in percentage points)
Clean transportation	<ul style="list-style-type: none"> ▪ Number and share of electric buses in Berlin's public transport system ▪ Reduction of CO₂ and NO_x emissions ▪ Number of subsidised consultations/vehicles/charging infrastructure ▪ Share of environmental transport in the modal split
Climate change adaptation	<ul style="list-style-type: none"> ▪ Created vegetation area on roofs and facades (in m²) ▪ Binding of CO₂ in t/p.a. ▪ Filtering of NO_x and SO_x in kg/p.a.
Green buildings	<ul style="list-style-type: none"> ▪ Reduction of CO₂ emissions in t CO₂ equivalents ▪ Energy savings in MWh / GWh

Social Bond Principles Project Category	Impact Indicator (Examples)
Affordable basic infrastructure	<ul style="list-style-type: none"> ▪ Rate of take-up of the school ticket "Berlin AB" ▪ Number of users ▪ Number of accompanied journeys by people with restricted mobility
Access to essential services	<ul style="list-style-type: none"> ▪ Number of day care centre and playground renovations ▪ Number of family centres ▪ Number of escorts for people with reduced mobility in public transport
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	<ul style="list-style-type: none"> ▪ Number of long-term unemployed successfully integrated into the primary labour market
Food security and sustainable food systems	<ul style="list-style-type: none"> ▪ Number of community kitchens supported by the „Canteen Future“ ▪ Rate of take-up of cost-sharing-free, healthy and sustainably produced school lunches
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> ▪ Number of district mothers ▪ Number of persons advised within the framework of the Integrated Social Program ▪ Degree of organisation of people with disabilities in sport ▪ Number of visitors in district centres ▪ Occupancy rate of refugee accomodation

3.3 External Verification

The State of Berlin commissioned the independent sustainability agency ISS Corporate Solutions to confirm the sustainable character of this framework and to confirm compliance with the Green Bond Principles (GBP) 2021 and Social Bond Principles (SBP) 2021 of the International Capital Market Association (ICMA). The results were documented in a Second Party Opinion and are publicly available on a website of the Senate Department of Finance.

Disclaimer:

This framework of the State of Berlin for the issuance of sustainability bonds is for information purposes only. The information in this framework is based on our own information and carefully selected sources deemed reliable. However, no guarantee can be given for their correctness, completeness and up-to-dateness. The framework is not, and should not be construed as, an offer or solicitation to sell state treasury bonds („Landesschatzanweisungen“) of the State of Berlin or an offer to underwrite, subscribe for or otherwise acquire such bonds. The framework is not an investment recommendation. It does not serve as a basis for investment decisions, as prospective investors must take their own independent investment decisions based on the information current at the time of investment.



Senate Department of Finance
Assets and Holdings
Credit Management Unit
Nachhaltigkeitsanleihe@senfin.berlin.de

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