Climate Strategy Statement of the IBB Group

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IBB Gruppe

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List of abbreviations and notations

Abbreviation	Meaning
AöR	Public-law institute (Anstalt öffentlichen Rechts)
CO_2e	Carbon dioxide equivalents
CRREM	Carbon Risk Real Estate Monitor
ESG	Environmental, Social, Governance
ESRS	European Sustainability Reporting Standards
GHG	Greenhouse Gas
IEA	International Energy Agency
MaRisk	Minimum requirements for risk management
MIS	Management Information System
NGFS	Network for Greening the Financial System
PCAF	Partnership for Carbon Accounting Financials
SDGs	Sustainable development Goals
UV	Unternehmensverwaltung
VfU	Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V.

1. Embedding sustainability in the IBB Group

As part of the IBB Group, Investitionsbank Berlin is the central development bank of the Federal State of Berlin and, as a public institution, promotes the economic and urban development of the region. Together with its sister companies, it plays a special role in guiding the federal state towards a climate-neutral future.

The Federal State of Berlin has committed itself to becoming a climate-neutral city by 2045. As a partner in this transformation process, the IBB Group supports Berlin's efforts to reduce its ecological footprint and adapt to climate change. This commitment is based on the 1.5°C goal of the 2015 Paris Agreement. The IBB Group actively promotes environmental protection within the scope of its funding and lending business and pursues a holistic sustainability and climate strategy that takes ecological, economic and social aspects into account. In doing so, particular importance is attached to resource-efficient processes, climate protection, adaptation to climate change and supporting projects that contribute to achieving local and global environmental goals. The IBB Group recognises climate change as one of the greatest global challenges that has a profound impact on the economy, society and the environment.

Sustainability aspects are integrated at all levels, both in strategic and business policy decisions and in the design of funding instruments and the implementation of individual financing programmes. In addition, all capital market activities are guided by the principles laid down in the **Treasury Sustainability Guideline**.

Further information on key sustainability topics can be found in the **Group Sustainability Statement in ESRS 2**.

2. Climate strategy of the IBB Group

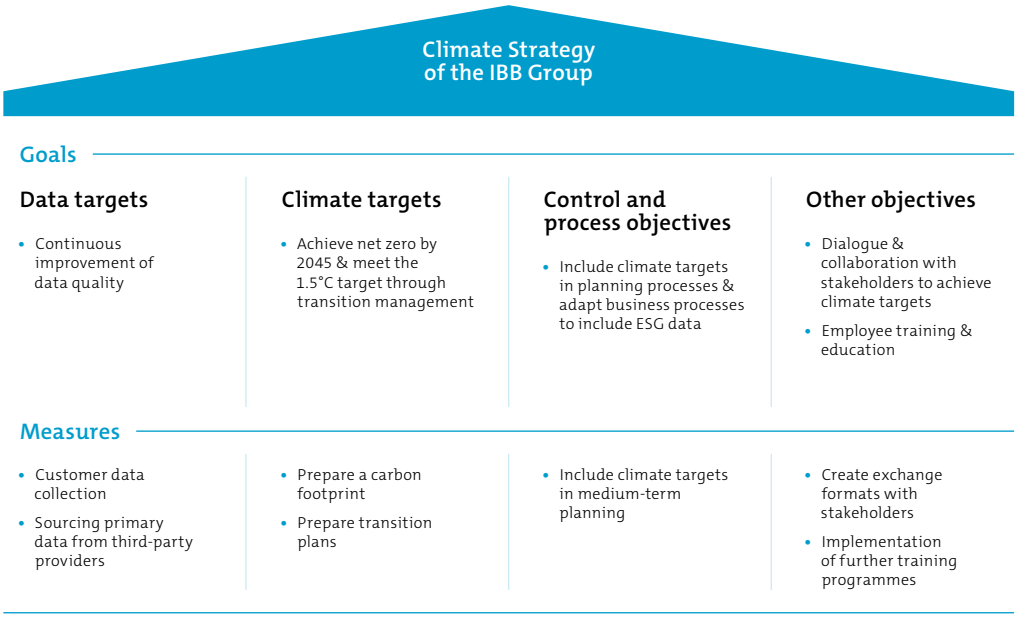
The Executive Board of IBB UV is responsible for sustainability, which includes the consideration of climate and environmental risks in the business and risk strategy, and has firmly embedded the transformation to a sustainable impact group in the Group-wide business strategy.

In addition to integrating the climate and sustainability strategy into the Group-wide business strategy, ESG goals, along with economic goals, are also defined in the target agreement between the Executive Board of IBB UV and the Board of Directors. These goals are also included in target agreements between the Executive Board of IBB and the heads of the relevant departments, and are then transferred to the specific areas of responsibility. This approach ensures that ESG goals and risks are not viewed in isolation, but are embedded in every aspect of business operations, so that the impact can be measured in the long term and target achievement monitored.

Further information on the embedding of sustainability and the committees involved can be found in the **sustainability guidelines**.

As part of the overarching sustainability strategy, the IBB Group's climate strategy includes climate targets for CO_2e-intensive sectors within the IBB portfolio, as well as objectives related to data, steering and processes.

Fig. 1: Overview of climate strategy goals and measures



The preparation of the carbon footprint is a central part of the climate strategy. It delivers a comprehensive analysis of the emissions generated by financing activities and identifies those sectors with the greatest impact. Based on this, climate scenarios, reduction targets and reduction pathways have been defined which are based on scientifically sound market standards and geared towards the 1.5°C target of the Paris Agreement. These reduction pathways are the basis for our sector-specific transition plans which define concrete climate targets and decarbonisation measures.

Responsibility for and management of the IBB Group's climate-damaging emissions includes both direct and indirect emissions in accordance with the GHG Protocol (Scope 1, 2 and 3). In particular, considerable importance is attached to recording and reducing Scope 3 emissions from financing and promotional activities (Scope 3.15 financed emissions), as they account for over 99% of emissions.

3. Integrating ESG risks into the risk strategy

IBB's risk controlling department monitors and communicates material risks, paying particular attention to ESG factors. Risk drivers are identified and assessed in the risk inventory and incorporated into the risk analysis. Material risks are regularly reviewed using stress tests, including climate and environmental risks. Sustainability risks are also incorporated into the risk strategy. The instruments for recognising and managing these risks are being continuously developed. IBB assesses and prioritises risks in accordance with MaRisk requirements through a comprehensive risk inventory that focuses on materiality.

The following climate and environment-related risk factors were identified in the 2025 risk inventory which, if developments are unfavourable, could result in material transition and physical risks to the business operations of the IBB Group (primarily from an "outside-in" perspective):

- **Greenhouse gas emissions and energy consumption/efficiency:** Transition risks may arise due to changes in political and legal conditions, technological transformation or shifting consumer preferences.
- **Heat stress and heat waves, water shortages and droughts and heavy rainfall:** Physical risks may emerge as temperature and water-related extremes intensify, along with the need for adaptation to prevent or mitigate these climate-related impacts.

To better explain and evaluate the potential impact of these climate and environmental factors, a climate-related scenario analysis is carried out annually using the climate scenarios of the Network for Greening the Financial System (NGFS). The aim is to derive deviations for various risk parameters from the scenarios. These deviations can then be incorporated into the relevant risk measurement procedures in order to quantitatively determine the vulnerabilities of specific asset positions and risks of the IBB Group to the physical and transition risks of climate change. Once the climate scenario analysis has been completed, the impacts of these deviations will also be regularly quantified at intervals during the year. This is carried out by conducting a stress test featuring narratives and a configuration that are derived directly from the climate scenario analysis. The results of this test are then used to define an ESG buffer in the IBB Group's economic risk-bearing capacity.

The outcomes of the risk inventory are fed into management-relevant processes and internal controls. Through the Group-wide strategy process, the results of the risk inventory are integrated into the sustainability strategy, including the development of strategic ESG objectives, the due diligence process and the risk strategy development process. In accordance with MaRisk, this is also an integral part of the materiality analysis. If new material risks are identified, corresponding implementation measures are initiated, such as the definition of ESG targets for specific business areas, which are then incorporated into the sustainability statement. Relevant stakeholders, such as the Staff Council, Executive Board, Board of Directors as well as the Risk and Audit Committee are informed of the corresponding results.

As part of quarterly risk reporting by the risk controlling, the Executive Board and the Board of Directors/Risk and Audit Committee are informed about risks classified as material, taking into account the impact of ESG risks, for instance, in the form of an ESG buffer in the Group's economic risk-bearing capacity and geographic risk concentrations.

Further information on the consideration and management of ESG risks can be found in the **Consolidated Management Report** under ESRS 2, section 1.4.1.1 to 1.4.1.6.

4. Carbon footprint of the IBB Group

4.1 Background

To achieve the 1.5°C target by 2045, a transition plan has been drawn up for the IBB Group that describes the measures and decarbonisation levers that are needed to reach this goal.

These include:

- Incentivising climate-friendly financing and the development and introduction of new products
- Dialogue and support in implementing customer transition plans
- Actively approaching existing customers and jointly developing possible financing models for transformation

The carbon footprint of the IBB Group provides the basis for this transition plan. It was prepared for the first time 2023, taking into account Scope 3.15 emissions, i.e. financed emissions.

4.2 Methodology for determining the carbon footprint

The IBB Group uses the standard industry tool from VfU (Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V.) to determine Scope 1, Scope 2 and Scope 3 (categories 1 to 14) emissions, i.e. emissions from its own operations.

The VfU KPI tool calculates emissions using the “EcoInvent” database. Full process chains, as modelled in EcoInvent, are used as system boundaries. The EcoInvent database has a recursive structure so that processes can influence each other. The greenhouse gas conversion factors are provided by Greendelta. The selection of EcoInvent processes and GHG factors by Greendelta was revised by Öko-Institut.

Greenhouse gas emissions for Scope 3.15, i.e. financed emissions, were calculated in accordance with the guidelines of the **Partnership for Carbon Accounting Financials (PCAF)**. A standardised PCAF framework was used here, which is based on scientifically sound methods and specific emission factors. The emission data determined as part of the carbon footprint comes from primary customer data or was derived using average values. The PCAF methodology represents the industry standard used by financial institutions to calculate financed emissions.

The IBB Group does not participate in regulated emissions trading systems.

4.3 Data quality

The PCAF methodology requires the disclosure of the so-called PCAF score, which assesses data quality.

The PCAF score is a metric that reflects the quality and accuracy of the data used to calculate financed emissions. It is based on a five-point scale (score 1 to 5), where score 1 is based on fully verified emissions data provided by a company and score 5 on purely estimated or model-based values. The purpose of the methodology is to boost the transparency of climate accounting and to show how reliable the underlying data is. High-quality data is also crucial for accurate planning and specification of climate targets.

For the 2024 financial year, the IBB Group's PCAF score totalled 4.3. The aim is to improve this figure over the coming years. A target value of 4 has been set for the 2025 financial year.

4.4 Carbon footprint of the IBB Group

The following CO_2e emissions of the IBB Group were calculated for the 2023 financial year:

Emissions	Emissions in tCO_2e
Scope 1	2.9
Scope 2	300.37
Scope 3	5,144,874.76
Total GHG emissions	5,145,178.03

A detailed breakdown of the emissions and a comparison with the 2024 financial year can be found in Appendix 1.

The majority of emissions can be attributed to indirect emissions in Scope 3 at IBB. Only a small share can be attributed to the sister companies; a precise breakdown of emissions to the individual companies of the IBB Group for the 2024 financial year can be found in Appendix 2.

The carbon footprint identified two key sectors that account for a large proportion of the IBB Group's total emissions. These are the "real estate" and "energy supply" sectors.

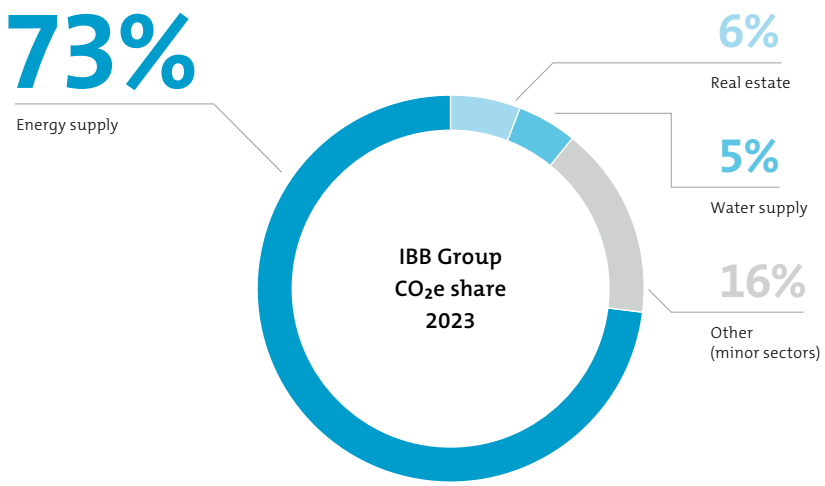
The following emissions are attributable to both sectors:

Sectors with the highest emissions	Financed emissions (tCO_2e)	Share in total emissions of the IBB Group
Energy supply	3,744,168	73%
Real Estate	302,800	6%
Total key sectors	4,046,968	79%

Sector targets as well as measures and decarbonisation levers for these two key sectors have been defined in a transition plan, which must be met in order to achieve the 1.5°C target by 2045.

The remaining financed emissions are distributed to a lesser extent across the “Water supply” sector and other minor sectors, which are summarised under “Other”:

Fig. 2: Breakdown of financed emissions by major sectors



5. Transition

5.1 IBB Group’s reduction pathway

The greatest leverage for decarbonisation lies in the financed emissions in Scope 3.15. No climate-related targets and measures were therefore defined for Scope 1 and 2. The carbon footprint for the IBB Group is recorded on an ongoing basis at regular intervals and monitored in terms of its materiality and development. The core business of promotion and lending covers more than 99% of the IBB Group’s CO_2e emissions.

The carbon footprint as at 31 December 2023 shows the following transition pathways for the IBB Group:

Fig. 3: Reduction pathway of the IBB Group (intensity in $gCO_2e/€$)

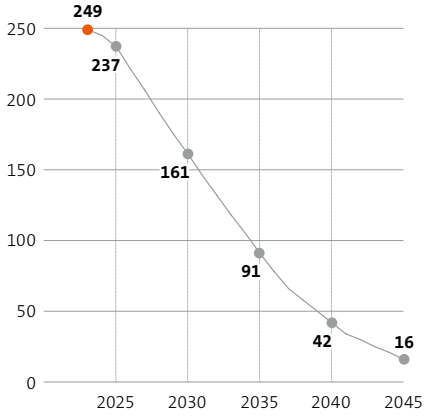
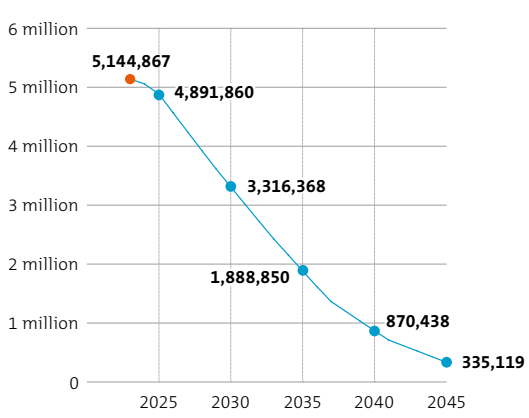


Fig. 4: Reduction pathway of the IBB Group (absolute, in tCO_2e)



5.2 Methodology

The target reduction pathways which were drawn up for the two main sectors “energy supply” and “real estate” are based on scientific climate scenarios for achieving the 1.5°C target. They form the basis for control and thus support the climate-related targets set by the IBB Group. Commercial real estate accounts for only a smaller share of this and, although monitored, it is not part of the control system. Target achievement is continuously measured and reviewed as part of the annual Group Sustainability Statement.

For the energy sector, the target pathway was developed by adapting the relative emission reductions of the International Energy Agency’s (IEA) Net Zero Emissions Energy Reduction Pathway. The sources referenced are the **“Net Zero Roadmap: A Global Pathway to Keep the 1.5°C Goal in Reach”** and **“World Energy Outlook 2023”**. In the real estate sector, the relative emissions reduction was adapted in accordance with the **CRREM (Carbon Risk Real Estate Monitor)**. In this case, the CRREM 1.5°C scenario was used for Germany and an average of 50% DE.RMF.CO_2-Int (residential multi-family) and 50% DE.RSF.CO_2-Int (residential single-family) was applied.

The IEA and CRREM scenarios used to define the climate-related targets are designed to ensure compliance with Group’s own contribution to a 1.5°C climate target. Both sources are scientifically validated and in line with the Paris Agreement. In order to comply with the 1.5°C target, existing credit exposures in the sectors were analysed in terms of their remaining term. In addition, future sector-specific new business was taken into account for compliance with the 1.5°C target on the basis of medium-term planning. This formed the basis for the target reduction pathways.

The baseline values correspond to the emissions from the base year as at 31 December 2023. Both target pathways are determined on the basis of emission intensities, in gCO_2e/kWh in the energy supply sector and in $kgCO_2e/m^2$ in the real estate sector. This results in the following reduction pathway for the energy supply sector (see Fig. 5). This also results in a reduction pathway for the real estate sector (see Fig. 6). Since commercial properties only account for an insignificant proportion of the portfolio, they are not included in the analysis.

Fig. 5: Reduction pathway in the energy supply sector (in gCO_2e/kWh)

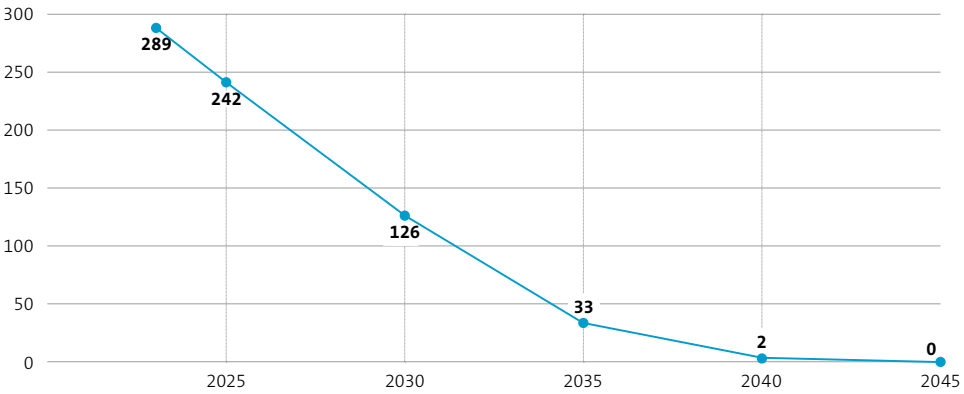
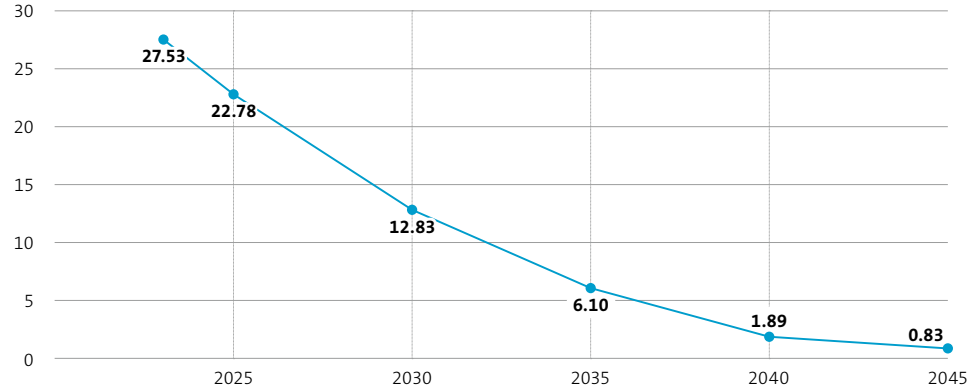


Fig. 6: Reduction pathway in the real estate sector (in $kgCO_2e/m^2$)



6. Measures for the transition of the portfolio

As part of ongoing efforts to reduce greenhouse gas emissions, specific GHG emission reduction targets have been set for the Scope 3.15 category. These targets are expressed both in absolute values (tonnes of CO_2 equivalents) and as intensity values.

In 2023, the reference value in the energy supply sector totals 3,740,903 tCO_2e and in the real estate sector 279,170 tCO_2e, so that the following reduction targets are defined for each sector based on these 2023 reference values:

Sectors	Values	Reduction targets Financed GHG emissions – Scope 3.15 (in tCO_2e/intensities)						
		2023	2025	2030	2035	2040	2045	2050
Real estate (residential property only)	Absolute values (in tCO_2e)	279,170	231,008	130,096	61,815	19,216	8,419	8,419
	Intensities (in $kgCO_2e/m^2$)	27.53	22.78	12.83	6.10	1.89	0.83	0.83
Energy supply	Absolute values (in tCO_2e)	3,740,903	3,139,104	1,634,608	422,840	29,519	0	0
	Intensities (in gCO_2e/kWh)	289	242	126	33	2	0	0

The objectives encompass the main sub-portfolios of the business development as well as housing and real estate development business areas. The baseline and targets for the real estate sector reflect residential property and are consistent with 92% of the financed emissions in the portfolio of the "housing and real estate development" business area. The baseline and targets for the energy supply sector are consistent with 83% of the financed emissions in the portfolio of the "business development" business area.

To achieve these reduction targets for financed emissions, four key decarbonisation levers were identified. As a result, the following reductions be expected:

Decarbonisation lever	Estimated contribution of absolute emissions in % (between 2025 and 2045) – Scope 3.15
Energy supply – focus on new business	28%
Energy supply – focus on existing business	66%
Real estate – existing properties	4%
Real estate – new construction	2%

The reductions are approximate values based on expert estimates. By taking into account the scientifically based scenarios of the IEA and CRREM, climate scenarios are used that are in line with limiting global warming to 1.5°C. The IBB Group plans to offset remaining emissions that persist from 2045 onwards.

The following measures have been identified for each decarbonisation lever:

Decarbonisation lever	No.	Measure	Time horizon	Scope of measures	Expected outcomes/GHG reduction of the measures in tCO_2e
Energy supply – focus on new business	1	Incentivising climate-friendly financing: improved interest rates/loan conditions including commitment to continuous CO_2 reduction	2025 – 2045	New business in the energy supply sector	748,203
	2	Guideline for CO_2 emissions in new business			187,051
	3	Project financing focussed on renewable energy			187,051
Energy supply – focus on existing business	1	Dialogue and support in implementing customer transition plans	2025 – 2045	Existing business in the energy supply sector	2,618,711
Total energy supply					**3,741,015**
Real estate – existing properties	1	Financial incentives via existing business development and promotion programmes for refurbishment of existing properties through improved accessibility and monetary incentives	2025 – 2045	Accessibility of existing funding programmes in existing real estate business	55,834
	2	Development and introduction of new products and offers to further savings		Product expansion in existing business	55,834
	3	Active engagement with existing customers and joint development of financing models and/or grants for refurbishment activities		Existing business in the real estate sector	41,876
Real estate – new construction	1	Promotion of sustainable and energy-efficient new construction	2025 – 2045	New business in the real estate sector	97,710
Total real estate					**251,253**

7. Progress reporting, review and adjustments

In order to effectively plan, manage and monitor its climate and ESG targets, the IBB Group collects a wide range of non-financial data points in accordance with the European Sustainability Reporting Standards (ESRS). The responsible departments within IBB and its affiliated companies record these metrics across all areas and consolidate them in the Group-wide sustainability statement. In addition to this, specific control variables, such as physical intensity, are collected for individual business activities and regularly reported internally to the Executive Board through the Management Information System (MIS). This integrated data basis enables targeted monitoring of goal achievement in line with the sustainability and climate strategy.

The IBB Group's transition plan is designed as a dynamic management tool that is continuously reviewed. The key drivers of adaptation are, in particular, regulatory changes, improved climate data, changing calculation standards and feedback from the field or from relevant stakeholders.

Regular reviews of the transition plan, which take place at least once a year as part of the Group-wide sustainability statement, ensure that it is always up to date and effective. The control measures derived from this have been developed and are currently being implemented. Climate control measures are to be implemented in new business beginning 2026.

The integration of climate targets into the core business of the IBB Group is at the heart of the climate strategy. This goal reflects a responsible and future-orientated funding policy. The carbon footprint prepared on the basis of the PCAF methodology has identified two key transformation levers: the “energy supply” and “real estate” sectors. These sectors are steered along specific transition pathways, with the underlying steering mechanisms being regularly reviewed and adjusted as required. The aim is to intervene at an early stage, thus making an effective contribution to meeting the 1.5°C target of the Paris Agreement.

With the climate strategy described here, the IBB Group has established a structured and integrated framework to actively support the transformation towards a climate-neutral economy. By systematically embedding climate and ESG targets into its core business and regularly reviewing and updating the transition plan, the Group ensures that strategic measures remain effective and future-ready. Focussing on particularly relevant sectors and integration into existing steering and reporting systems enables targeted management and progress monitoring. The IBB Group is thus making a significant contribution to the implementation of climate targets in Berlin.

8. Appendix

8.1 Breakdown of emissions by scopes

Activity	Base year 2023	Comparison	2024	Change in %
Scope 1 GHG emissions (tCO_2e)				
Scope 1 GHG gross emissions (tCO_2e)	2.9	12.1	15	417.24
Scope 2 GHG gross emissions (tCO_2e)				
Location-related Scope 2 GHG gross emissions	300.37	1,430.63	1,731	476.29
Market-related Scope 2 GHG gross emissions	0	308	308	–
Significant Scope 3 GHG emissions (tCO_2e)				
Total indirect (Scope 3) GHG-emissions	5,144,874.76	–110,539.42	5,034,335.34	–2.15
1 Purchased goods and services	–	–	3	–
2 Capital goods	–	–	–	–
3 Activities in conjunction with fuels and energy (not included in Scope 1 or Scope 2)	0.09	654.91	655	727,677.78
4 Upstream transport and distribution	1.58	–1.58	0	–100
5 Waste generation in companies	–	–	55	–
6 Business travel	3.34	11.66	15	349.1
7 Commuting employees	–	–	2,096	–
8 Upstream economic goods	–	–	–	–
9 Downstream transport	–	–	–	–
10 Processing of products sold	–	–	–	–
11 Use of products sold	–	–	–	–
12 Treatment of products at the end of their service life	–	–	–	–
13 Downstream leased assets	–	–	–	–
14 Franchises	–	–	–	–
15 Investments	5,144,869.75	–133,358.41	5,031,511.34	–2.20
Total GHG emissions (tCO_2e)				
Total GHG emissions (location-related)	5,145,178.03	–109,096.69	5,036,081.34	–2.12
Total GHG emissions (market-related)	5,144,877.65	–110,219.32	5,034,658.34	–2.14

8.2 Breakdown of emissions by companies and business areas of the IBB Group for the 2024 financial year

Activity	Outstanding financing amount/ remaining debt (in EUR)	Financed GHG emissions (in tCO_2e)	Emission intensity (in tCO_2e/EUR)	PCAF score
Significant Scope 3 GHG emissions				
15. Investments	22,213,655,467.13	5,031,511.34	0.000227	4.3
Investitionsbank Berlin AöR	21,974,224,129.03	4,997,659.93	0.000227	4.29
Treasury	6,505,537,816.82	338,240.81	0.000052	4.45
Housing and real estate development	9,401,091,173.8	363,643.09	0.0000387	4.39
Business development	6,067,595,138.42	4,295,776.04	0.000708	3.97
IBB Beteiligungsgesellschaft mbH	131,603,040.39	13,866.38	0.000105	5
IBB Capital	107,828,297.71	19,985.04	0.000185	5

IBB Unternehmensverwaltung
Bundesallee 210
10719 Berlin

Phone: +49 (0) 30 / 2125-0

www.ibbgruppe.de/en

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Last updated: December 2025