

City of Munich

Review of the project portfolio – June 2024

The City of Munich (“Landeshauptstadt München”) has commissioned imug rating to conduct an external review of the sustainability quality of its project portfolio. The scope of the assignment includes the preparation of an independent expert opinion on this matter. The following results are based on the review of the project portfolio in accordance with

the Green Bond Principles (GBP) of the ICMA and the Green Loan Principles (GLP) of the LMA, APLMA, and LSTA. With a potential expansion of the project portfolio, there is an opportunity to review further market standards. The reviewed project portfolio represents an exemplary project list of the City of Munich.



imug rating confirms that the project portfolio related to sustainable financing instruments of the City of Munich complies with the Green Bond Principles (GBP) 2021, including Annex 1 dated June 2022, and the Green Loan Principles (GLP) 2023.

COMPLIANCE WITH MARKET STANDARDS



- ✓ Green Bond Principles (GBP) 2021, including Annex 1 dated June 2022 of the ICMA
- ✓ Green Loan Principles (GLP) 2023 of the LMA, APLMA, and LSTA

OPINION



The following report on the review of the project portfolio refers to the Sustainable Finance Framework of City of Munich as of June 2024. The (re)financed projects within this Framework, covering Renewable Energy, Clean Transportation, Green Buildings, Affordable Housing, and Access to Essential Services, contribute to mitigating climate change and ensuring the availability of affordable housing and social infrastructure. These projects are expected to make a positive sustainability contribution to five United Nations Sustainable Development Goals (UN SDGs): Goal 1 “No poverty”, Goal 4 “Quality education”, Goal 7 “Affordable and clean energy”, Goal 9 “Industry, innovation and infrastructure” and Goal 11 “Sustainable cities and communities”.

The project portfolio fulfils the requirements of the Green Bond Principles (GBP) 2021, including Annex 1 dated June 2022, and the Green Loan Principles (GLP) 2023 of the Loan Market Association, Asia Pacific Loan Market Association, and Loan Syndications & Trading Association. This review only considered projects falling in the categories of Renewable Energy, Clean Transportation, and Green Buildings. The audited project portfolio represents an exemplary list of projects, which may change in the future. The actual allocation of funds to corresponding projects will be disclosed in the reporting. Further project categories and market standards outlined in the Sustainable Finance Framework (June 2024) are not part of this review (as of June 2024) but may be added in the future.

1. REVIEW: PROJECT PORTFOLIO

The review of the project portfolio includes only the following project categories¹ from the Sustainable Finance Framework (as of June 2024):

- ▶ Renewable Energy: Expenditures for the construction and promotion of renewable energy installations
- ▶ Clean Transportation: Expenditures on improving and promoting sustainable and environmentally friendly transportation systems and reducing CO₂ intensity/emissions of vehicles
- ▶ Green Buildings: Expenditures for buildings (e.g., administrative buildings, schools, day-care centres, and other accommodation facilities; funding programs for buildings)

As these are exclusively green project categories, the project portfolio is reviewed against the basis of the requirements of the Green Bond Principles (GBP) 2021, including Annex 1 of June 2022 of the ICMA, and the Green Loan Principles (GLP) 2023 of the LMA, APLMA, and LSTA² :

CATEGORY	EXPENDITURES / SUPPORT PROGRAMME ³	DEGREE OF FULFILMENT
Renewable Energy and Green Buildings	▶ Climate-neutral buildings (“Klimaneutrale Gebäude (FKG)”) funding programme and Energy saving (“Energieeinsparung (FES)”) funding programme ⁴	▶ Fulfilled
Renewable Energy	▶ Expenditures for photovoltaic systems on municipal buildings, among other things	▶ Fulfilled
Clean Transportation	▶ Expenditures for the conversion of the municipal vehicle fleet to climate-neutral drives	▶ Fulfilled
	▶ Expenditures for the expansion, modernisation, and maintenance of local public transportation (underground line 5 from Laim to Pasing)	▶ Fulfilled
	▶ Expenditures on the electrification of bus services	▶ Fulfilled

¹ The project categories Affordable Housing and Access to Essential Services included in the Sustainable Finance Framework (June 2024) are not part of the current review.

² The other market standards in the Sustainable Finance Framework (June 2024) are excluded from the current review.

³ The expenditures and funding programmes shown represent the current project list of the City of Munich. This may change in the future in line with the Issuer’s strategic focus. The actual allocation of funds to the projects is disclosed in the reporting.

⁴ The Climate-neutral buildings (“FKG”) funding programme is a successor to the Energy saving (“FES”) funding programme.

	<ul style="list-style-type: none"> ▶ Climate-neutral drives (“Klimaneutrale Antriebe”) funding programme and Munich emobil (“München emobil”) funding programme⁵ 	▶ Fulfilled
	<ul style="list-style-type: none"> ▶ “E-Taxis” funding programme 	▶ Fulfilled
Green Buildings	<ul style="list-style-type: none"> ▶ Expenditures for the “Prinz-Eugen-Park” ecological model housing estate grant programme 	▶ Fulfilled
	<ul style="list-style-type: none"> ▶ Expenditures for the subsidy programme for the use of renewable raw materials in timber construction or timber hybrid construction in rental housing 	▶ Fulfilled

imug rating confirms the compliance of the project portfolio of the City of Munich with the requirements of the Green Bond Principles (GBP) 2021, including Annex 1 of June 2022 of the ICMA, and the Green Loan Principles (GLP) 2023 of the LMA, APLMA, and LSTA. At the time this report was prepared (as of June 2024), imug rating was provided with relevant evidence by the Issuer indicating compliance with these market standards.

⁵ The “Climate-neutral drives” funding programme is a successor to the “Munich emobil” funding programme.

The review of the project portfolio also includes expenditures that already have specific project titles:

- ▶ Clean Transportation: Expenditures on expanding and improving infrastructure for cyclists
- ▶ Green Buildings: Expenditures for city-owned buildings constructed after 31 December 2020⁶
- ▶ Green Buildings: Expenditures for city-owned buildings constructed before 31 December 2020⁶

CATEGORY	EXPENDITURES ⁷	DEGREE OF FULFILMENT
Clean Transportation: Expenditures on expanding and improving infrastructure for cyclists	▶ Agnes-Bernauer-Straße between Fürstenrieder Straße and Neuburgerstraße	▶ Fulfilled
	▶ General-Kalb-Weg between Cincinnatistraße and Lincolnstraße	▶ Fulfilled
	▶ Landsberger Straße – Crossing between Philipp-Loewenfeld-Straße and Bergmannstraße	▶ Fulfilled
	▶ Lindwurmstraße – Southbound cycle lane east of Sendlinger Kirche to the junction with Aberlestraße	▶ Fulfilled
	▶ Northern access avenue west of Menzinger Straße between Nördliches Schloßrondell and Menzinger Straße	▶ Fulfilled
	▶ Peter-Auzinger-Straße between Weyarner Straße and Tegernseer Landstraße	▶ Fulfilled
	▶ Munich North Cycle Superhighway – Section 1 / Altstadtring – Part A / Lenbachplatz, Maximiliansplatz, Platz der Opfer des Nationalsozialismus	▶ Fulfilled
	▶ Stadelheimer Straße between Schwarzenbergerstraße and Traunsteiner Straße	▶ Fulfilled
	▶ St.-Magnus-Straße between Grünwalder Straße and Naupliastraße	▶ Fulfilled

⁶ The date of the building application is decisive for the delimitation.

⁷ The expenditures shown is an exemplary project list of the City of Munich. This list may change in the future in line with the Issuer’s strategic focus. The actual allocation of funds to the projects will be disclosed in the reporting.

	▶ Schwere-Reiter-Straße between Leonrodplatz including Emma-Ihrer-Straße	▶ Fulfilled
	▶ Wolfratshauer Straße between Josephinenstraße and Siemensallee	▶ Fulfilled
Green Buildings: Expenditures for city-owned buildings constructed after 31 December 2020	▶ Albert-Camus-Straße / Freiham WA11 (house for children)	▶ Fulfilled
	▶ Annemarie-Renger-Straße / Freiham WA15 (house for children)	▶ Fulfilled
	▶ Am Stoppelfeld 1 (crèche)	▶ Fulfilled
	▶ Eduard-Spranger-Straße 17, 1 st BA (secondary/primary school / special needs centre / sports hall)	▶ Fulfilled
	▶ Frundsbergstraße 43 (house for children)	▶ Fulfilled
	▶ Friedrich-Creuzer-Straße/Alexisweg (house for children)	▶ Fulfilled
	▶ Fehwiesenstraße 118, 1 st BA (secondary school)	▶ Fulfilled
	▶ Kreuzerweg 28 (after-school care centre)	▶ Fulfilled
	▶ Bayernkaserne Nord school site (primary school / special needs centre)	▶ Fulfilled
	▶ Limesstraße 38 (primary school)	▶ Fulfilled
	▶ Quiddestraße 1-3 (house for children)	▶ Fulfilled

	▶ Reichenaustraße 5 (house for children)	▶ Fulfilled
	▶ Unnützstraße 28 (house for children)	▶ Fulfilled
	▶ Josef-Wirth-Weg 9-11 (house for children)	▶ Fulfilled
	▶ Theodor-Fischer-Straße (house for children)	▶ Fulfilled
Green Buildings: Expenditures on city-owned buildings constructed before 31 December 2020	▶ Aidenbachstraße/Ratzingerplatz (primary school)	▶ Fulfilled
	▶ Gmunder Straße/Ratzingerplatz (grammar school)	▶ Fulfilled
	▶ Karl-Marx-Ring 63/71 (primary school)	▶ Fulfilled
	▶ Strehleranger 4 (primary/secondary school)	▶ Fulfilled
	▶ Bildungscampus Riem (grammar/secondary school)	▶ Fulfilled

imug rating confirms the compliance of the project portfolio of the City of Munich with the requirements of the Green Bond Principles (GBP) 2021, including Annex 1 of June 2022 of the ICMA, and the Green Loan Principles (GLP) 2023 of the LMA, APLMA, and LSTA. At the time the report was prepared (as of June 2024), imug rating was provided with relevant evidence by the Issuer in the course of a sampling procedure, indicating compliance with⁸ the market standards.

⁸ At the time this report was prepared (June 2024), various projects were still in the planning or construction phase and not yet in the operating phase. The documents provided by the Issuer nevertheless allow for a qualified judgement to be made regarding the degree of compliance with the relevant market standards. Additionally, compliance with the threshold values defined in the Framework was checked for the projects within the green buildings category: Buildings constructed before 31 December 2020 (primary energy performance of at least 10% below the statutory requirements defined by EnEV 2016 or GEG 2020); buildings constructed after 31 December 2020 (primary energy demand of at least 10% below the requirement of the nearly zero-energy building standard (NZEB))

2. OPINION

The City of Munich commissioned imug rating to conduct an external review of the sustainable quality of its sustainable financing instruments associated with the June 2024 Framework and their compliance with the Green Bond Principles (GBP) 2021, including Annex 1 dated June 2022 of the ICMA, and the Green Loan Principles (GLP) 2023 of the LMA, APLMA, and LSTA.

imug rating analysed the project portfolio of the City of Munich. Specifically, imug rating analysed compliance with the market standards of the Green Bond Principles (GBP) 2021, including Annex 1 of June 2022 of the ICMA, and the Green Loan Principles (GLP) 2023 of the LMA, APLMA, and LSTA to verify the sustainability quality of the project portfolio. imug rating can conclusively confirm the full compliance of the projects with the defined market standards. At the time the report was prepared (as of June 2024), imug rating was provided the relevant evidence by the City of Munich through a sampling procedure, which allows conclusions to be drawn regarding the fulfilment of the above-mentioned market standards.

The project portfolio of the City of Munich complies with the requirements of the Green Bond Principles (GBP) 2021, including Annex 1 dated June 2022 and the Green Loan Principles (GLP) 2023 of the Loan Market Association, Asia Pacific Loan Market Association, and Loan Syndications & Trading Association.

Only projects in the areas of Renewable Energy, Clean Transportation, and Green Buildings were considered in the review. Further project categories and markets standards outlined in the Sustainable Finance Framework (June 2024) are not part of this review (as of June 2024) but may be added in the future. The actual allocation of funds to the projects will be disclosed in Issuers' allocation report after issuance.

3. METHODOLOGY

This report on the review of the project portfolio was prepared by qualified analysts from imug rating. Our sustainability research is carried out exclusively in accordance with recognised and methodologically sound procedures. We have defined strict quality standards for all research activities and client processes. To align these with recognised standards, imug rating has undergone an external audit in accordance with the ISO 9001:2015 quality management standard since 2019. The certification was confirmed in October 2023.

imug rating verifies compliance with the relevant market standards of ICMA, LMA, APLMA, and LSTA within the project portfolio of the sustainable financing instruments in accordance with the Issuer's obligations in the Framework.

For a positive assessment, the following points must be transparently reported and comprehensibly implemented by the Issuer: (1) the sustainability quality of the issuance(s) concerned and (2) compliance with the market standards of the ICMA, LMA, APLMA, and LSTA. In addition to this report, discussions with relevant employees of the Issuer, publicly available information, and documentation provided by the Issuer form the data basis for this expert opinion on the review of the project portfolio. These sources are only used if the information is comprehensible and documented.

Transparency and legal information

Disclosure of the relationship between imug rating and the Issuer: imug rating prepared a Second Party Opinion in 2020 and subsequently reviewed the reporting in 2021. Additionally, the sustainability concept for the City of Munich's own and third-party investments was assessed in 2022. These activities are not related to this report. There is no financial or other relationship between imug rating and the Issuer.

This independent expert opinion on the review of the project portfolio was prepared in accordance with imug rating's methodology and in strict compliance with imug rating's Code of Conduct to avoid conflicts of interest and to meet the requirements of objectivity, transparency, independence, integrity, and professional behaviour.

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When providing research and rating services, imug rating acts with appropriate qualifications and due care and diligence, making every reasonable effort to ensure the accuracy of the information provided.

Based on the data provided by the Issuer, imug rating prepares an expert opinion on the allocation of suitable green issuances within the project portfolio of sustainable financing instruments. The information contained herein is therefore provided "as is". imug rating makes no warranty, express or implied, as to the accuracy, completeness, timeliness, merchantability, or usefulness of this information.

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