

Second-Party Opinion

Insel Gruppe Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Insel Gruppe Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 9.



PROJECT EVALUATION AND SELECTION Insel Gruppe intends to issue green bonds exclusively to finance the Anna-Seiler-Haus building project which is expected to comply with the Framework's eligibility criteria. Insel Gruppe has processes in place to identify and manage common environmental risks associated with the eligible projects and apply to all allocation decisions made under the Framework. Sustainalytics considers these environmental risk management systems to be adequate and aligned with market expectation.



MANAGEMENT OF PROCEEDS Insel Gruppe's Finance Department will oversee the management of proceeds and track and monitor the proceeds using an internal tracking system. Insel Gruppe intends to fully allocate the net proceeds within 24 months of issuance. Pending allocation, unallocated proceeds will be managed in accordance with the Insel Gruppe's cash management policies. Sustainalytics considers this process to be in line with market practice.



REPORTING Insel Gruppe commits to report on the allocation of proceeds and corresponding impact metrics in its allocation and impact report on an annual basis until full allocation. Allocation reporting will include the amount of net proceeds, the balance of unallocated net proceeds on each reporting day, details of related expenses and the share of financing versus refinancing. In addition, Insel Gruppe commits to report on relevant impact metrics where feasible. Sustainalytics views Insel Gruppe's allocation and impact reporting to be aligned with market practice.



Evaluation Date September 1, 2023

Issuer Location Bern, Switzerland

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Introduction

Insel Gruppe AG (“Insel” or the “Group”) is a Switzerland-based medical care company, majority owned by the Inselepital Foundation with a 99.1% stake, followed by the Canton of Bern with 0.9% ownership. The Group operates six hospitals in Switzerland, conducts research and offers training and education at each of its hospital locations. As of 2022, the Group employed more than 10,000 people and treats nearly 860,000 patients each year.¹

Insel has developed the Insel Gruppe Green Bond Framework (the “Framework”), under which it intends to issue green bonds and use the proceeds to finance or refinance Anna-Seiler-Haus building in Switzerland and is expected to create a positive environmental impact in the buildings sector in Switzerland. The Framework defines eligibility criteria in one green category:

1. Green Buildings

Insel engaged Sustainalytics to review the Inselepital / Insel Gruppe Green Bond Framework, dated September 2023, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).² The Framework has been published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.13, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Insel’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Insel representatives have confirmed (1) they understand it is the sole responsibility of Insel to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Insel.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Insel is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

¹ Insel Gruppe, “Die Insel Gruppe”, at: <https://www.inselgruppe.ch/de/die-insel-gruppe>

² The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

³ The Insel Gruppe Green Bond Framework is available on Insel Gruppe’s website at: <https://www.inselgruppe.ch/de/die-insel-gruppe/organisation/direktion-insel-gruppe/stabsbereiche/kommunikation/publikationen/green-bond>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Insel has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Insel Gruppe Green Bond Framework

Sustainalytics is of the opinion that the Insel Gruppe Green Bond Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Insel Gruppe Green Bond Framework:

- Use of Proceeds:
 - The eligible category – Green Buildings – is aligned with those recognized by the GBP.
 - Insel has established a 24-month look-back period for its refinancing activities, which Sustainalytics considers to be in line with market practice.
 - Under the Green Buildings category, Insel may finance or refinance the construction and development of a new commercial building and associated expenditures expected to achieve Minergie-P and -ECO certification levels. Sustainalytics views the certification scheme and associated levels specified under the Framework to be credible and aligned with market practice.
- Project Evaluation and Selection:
 - Sustainalytics notes that Insel intends to issue green bonds exclusively to finance the Anna-Seiler-Haus building project already identified by the Group and expected to comply with the Framework's eligibility criteria.
 - Insel has processes in place to identify and manage common environmental risks associated with the eligible project, which are applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental risk management systems to be adequate and aligned with market expectation. For additional detail, see Section 2.
 - Based on the above, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Insel's Finance Department will oversee the management of proceeds and will track and monitor the proceeds using an internal tracking system.
 - Insel intends to fully allocate the net proceeds within 24 months of issuance. Pending allocation, unallocated proceeds will be managed in accordance with the Group's cash management policies.
 - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Insel commits to report on the allocation of proceeds and corresponding impact, where feasible, on an annual basis until full allocation. The allocation and impact report will be published on the Group's website.
 - Allocation reporting will include information on the amount of net proceeds, the balance of unallocated net proceeds on each reporting day, details of related expenses related to capital and operating expenditures, and the share of financing versus refinancing.
 - Insel intends to report on the qualitative impacts of the proceeds for its Anna-Seiler-Haus building project and the associated social co-benefits⁵ where feasible. Sustainalytics encourages Insel to define the expected impact indicators for full transparency.
 - Based on the commitments to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

⁵ Insel has communicated with Sustainalytics that social co-benefit may include reporting on the improvement in the patient comfort as well as supplementary impact on the biodiversity due to its building project (such as number of trees planted and birds protected)

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Insel Gruppe Green Bond Framework aligns with the four core components of the GBP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Insel

Contribution of framework to Insel's sustainability strategy

Sustainalytics is of the opinion that Insel demonstrates a commitment to sustainability with a focus on key environmental areas: i) climate and energy; ii) resources; iii) mobility; and iv) infrastructure and area.⁶

Under climate and energy, Insel announced its climate strategy in 2021 and adopted two-tiered emissions reduction targets to mitigate the Group's climate change impacts.⁷ These climate targets include: i) by 2035, reach its net zero target for GHG emissions that are under Insel's direct influence (emissions from electricity and heat, fuel, anesthetic gases, waste and wastewater, and business travel); and ii) by 2050, reach its net zero target for GHG emissions that are under Insel's indirect influence (emissions from the procurement of medical and non-medical goods, infrastructure and commuter mobility).⁸ The Group intends to achieve its emissions reduction goals by switching to renewable energy, constructing energy-efficient green buildings certified to the Minergie-P and -ECO standards and through energy-efficient renovation activities.⁹ Furthermore, the Group provides its employees with charging points for electric cars and a subscription-based bicycle and e-bike rental system to reduce the Group's indirectly influenced emissions.¹⁰

In 2016, all of Insel's hospitals signed an agreement with the Energy Agency for Industry to improve their energy and resource efficiency.¹¹ The Group has also joined the Energy Saving Alliance to support the Swiss government's energy saving efforts¹² and it is a member of the Bern's Business Climate Platform (Klimaplattform der Wirtschaft) and the Swiss Association for Sustainable Management (öbu, der Verband für nachhaltiges Wirtschaften), which require a commitment to environmentally and socially responsible business practices. Lastly, the Group also takes part in the green hospital study on resource efficiency in Swiss hospitals.¹³

Sustainalytics is of the opinion that the Insel Gruppe Green Bond Framework is aligned with the Group's overall sustainability strategy and initiatives and will further the Group's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the green bonds issued under the Framework will be directed exclusively to finance a commercial green building project identified by Insel and is expected to have a positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible project may include issues related to occupational health and safety; land use and biodiversity issues associated with large-scale infrastructure development; and emissions, effluents and waste generated in construction activity.

Sustainalytics is of the opinion that Insel is able to manage or mitigate potential risks through the implementation of the following:

- Regarding occupational health and safety, the Group conducts regular safety checks, prevents unauthorized entry of outsiders on its construction sites, conducts regular walk-throughs with representatives of all parties, including trade unions, to improve the safety of its construction sites. The Swiss Labour Law regulates working hours, health protection, building standards in the workplace and the protection of individual integrity. In addition, Switzerland's Accident Insurance Law sets obligation on the prevention of occupational accidents and diseases.¹⁴
- To mitigate the risks related to land use and biodiversity protection, the Group has placed limitations on land use on construction sites to ensure that there is no additional land expansion. The Group removes temporary equipment used for construction after project completion and

⁶ Insel Gruppe, "Nachhaltige Insel Gruppe", at: <https://www.inselgruppe.ch/de/die-insel-gruppe/nachhaltigkeit>

⁷ Insel Gruppe, "Nachhaltigkeit im Bereich Klima und Energie", at: <https://www.inselgruppe.ch/de/die-insel-gruppe/nachhaltigkeit/klima-und-energie>

⁸ Ibid.

⁹ Ibid.

¹⁰ Insel Gruppe, "Nachhaltigkeit im Bereich Mobilität", at: <https://www.inselgruppe.ch/de/die-insel-gruppe/nachhaltigkeit/mobilitaet>

¹¹ Insel Gruppe, "Nachhaltigkeit im Bereich Klima und Energie", at: <https://www.inselgruppe.ch/de/die-insel-gruppe/nachhaltigkeit/klima-und-energie>

¹² Insel Gruppe, "Nachhaltige Insel Gruppe Fakten 2022", at:

https://www.inselgruppe.ch/fileadmin/Insel_Gruppe/Bilder/Nachhaltigkeit/Nachhaltige_Insel_Gruppe_Fakten_2022.pdf

¹³ Insel Gruppe, "Nachhaltiges Netzwerk", at: <https://www.inselgruppe.ch/de/die-insel-gruppe/nachhaltigkeit/netzwerk>

¹⁴ European Agency for Safety and Health at Work, "Switzerland", at: <https://osha.europa.eu/en/about-eu-osha/national-focal-points/switzerland>

confirms that there is no permanent impact on the surrounding areas of land. Insel has confirmed with Sustainalytics that the Anna-Seiler-Haus building is constructed on an existing plot which has a permit to demolish the old tower and a requirement to develop green area to compensate for the land-use risk associated with the building construction. Further, to promote biodiversity, the Company confirmed that the outside areas of the Anna-Seiler-Haus building are certified according Natur und Wirtschaft label.¹⁵

- To address waste generated through construction activities, Insel supervises and co-ordinates the collection, segregation and disposal of waste in accordance with the Group's policies to improve waste management at its construction sites. Regarding wastewater, Insel ensures that wastewater from drilled pits pass through a sewage treatment process in consultation with local authorities.
- Sustainalytics notes that financing under the Framework will take place in Switzerland, which is listed as Designated Country under the Equator Principles, indicating the presence of environmental and social governance legislation systems and institutional capacity to ensure the mitigation of common environmental and social risks.¹⁶

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Insel has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the project in the eligible category.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics has focused on where the impact is specifically relevant in the local context.

Importance of financing green buildings in Switzerland

According to the 2022 Global Status Report for Buildings and Construction, the buildings sector accounted for more than 34% of energy demand and approximately 37% of energy and process-related CO₂ emissions globally in 2021.¹⁷ The buildings sector in Switzerland accounted for 26% of all GHG emissions in 2021, making it the second largest source of emissions after transportation in the country.¹⁸ These emissions were a result of dependency on fossil fuels for heating in the majority of buildings in the country.¹⁹ It was estimated that 58% of buildings were heated by fossil fuels (heating oil and gas), while 17% were equipped with heat pumps as of 2021.²⁰

In 2021, Switzerland had committed to reducing its GHG emissions by at least 50% by 2030 compared to 1990 and achieving net zero by 2050.²¹ In the buildings sector, it is estimated that the pace of emissions reductions should increase by 50% to achieve the country's 2030 GHG emissions target.²² To achieve the 2050 emissions target, renovation of the existing building stock, such as replacing fossil fuel-based heating systems and improving insulation, will be necessary for the country.²³ Overall, the average annual reductions in emissions from the buildings sector must reach 6% to align with the country's long-term emissions reduction goals.²⁴ To meet its national climate target, the Swiss government has introduced a range of climate policies and instruments to reduce buildings sector emissions, such as imposing a CO₂ levy on thermal fuels, including heating oil and natural gas.²⁵ The government has also introduced a federal and cantonal buildings programme to promote energy-efficient building renovations, use of renewable energy, waste heat recovery and optimization of building services technology,²⁶ which is partially financed by revenue from the CO₂ levy on fuels.²⁷ As of 2020, the programme had provided more

¹⁵ Natur&Wirtschaft, at: <https://www.naturundwirtschaft.ch/de/>

¹⁶ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

¹⁷ UNEP, "CO₂ emissions from buildings and construction hit new high, leaving sector off track to decarbonize by 2050: UN", (2022), at: <https://www.unep.org/news-and-stories/press-release/co2-emissions-buildings-and-construction-hit-new-high-leaving-sector>

¹⁸ International Monetary Fund, "Climate Change Mitigation in Switzerland", (2023), at: <https://www.elibrary.imf.org/view/journals/002/2023/197/article-A004-en.xml>

¹⁹ Federal Office for the Environment, "Buildings", (2020), at: <https://www.bafu.admin.ch/bafu/en/home/topics/climate/info-specialists/reduction-measures/buildings.html>

²⁰ International Monetary Fund, "Climate Change Mitigation in Switzerland", (2023), at: <https://www.elibrary.imf.org/view/journals/002/2023/197/article-A004-en.xml>

²¹ The Federal Council, "Switzerland's Long-Term Climate Strategy", (2021), at: <https://www.bafu.admin.ch/dam/bafu/en/dokumente/klima/fachinfo-daten/langfristige-klimastrategie-der-schweiz.pdf.download.pdf/Switzerland's%20Long-Term%20Climate%20Strategy.pdf>

²² International Monetary Fund, "Climate Change Mitigation in Switzerland", (2023), at: <https://www.elibrary.imf.org/view/journals/002/2023/197/article-A004-en.xml>

²³ Ibid.

²⁴ Ibid.

²⁵ Federal Office for the Environment, "Buildings", at: <https://www.bafu.admin.ch/bafu/en/home/topics/climate/info-specialists/reduction-measures/buildings.html>

²⁶ Ibid.

²⁷ Swiss Federal Office of Energy, "Measures for increasing energy efficiency", (2020), at: <https://www.bfe.admin.ch/bfe/en/home/policy/energy-strategy-2050/initial-package-of-measures/measures-for-increasing-energy-efficiency.html>

than CHF 2.3 billion (EUR 2.4 billion) in subsidies, which is expected to lead to an estimated 16 million tonnes of GHG emissions avoided and 65.5 billion kWh of energy saved over the lifetime of the subsidized measures.²⁸

Based on the above, Sustainalytics is of the opinion that Insel's investment in green buildings is expected to contribute to the decarbonization of the building stock in Switzerland.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The green bonds issued under the Insel Gruppe Green Bond Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Conclusion

Insel has developed the Insel Gruppe Green Bond Framework, under which it may issue green bonds and use the proceeds to finance or refinance Anna-Seiler-Haus building in Switzerland. Sustainalytics considers that the project funded by the green bond proceeds are expected to provide a positive environmental impact in Switzerland.

The Insel Gruppe Green Bond Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Insel Gruppe Green Bond Framework is aligned with the overall sustainability strategy of the Group and that the use of proceeds category will contribute to the advancement of UN Sustainable Development Goal 9. Additionally, Sustainalytics considers that Insel has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Insel is well positioned to issue green bonds and that the Insel Gruppe Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

²⁸ Das Gebäudeprogramm, "Jahresbericht 2020", at: https://www.dasgebaeudeprogramm.ch/media/filer_public/03/a6/03a60b89-4d45-487b-bf88-b1d421521a23/bfe_gebaeudeprogrammjahresbericht_de_210805_final.pdf

Appendix

Appendix 1: Green Bond / Green Bond Programme – External Review Form

Section 1. Basic Information

Issuer name:	Insel Gruppe
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Insel Gruppe Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September 1, 2023
Publication date of review publication: Original publication date	

Section 2. Review overview

SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*).
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
 - Use of Proceeds
 - Process for Project Evaluation and Selection
 - Management of Proceeds
 - Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones:

ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion
- Certification
- Verification
- Scoring/Rating
- Other (please specify):

Does the review include a sustainability quality score?

- Of the issuer
- Of the project
- Of the Framework
- Other (please specify):
- No scoring

ASSESSMENT OF THE PROJECT(S)

Does the review include:

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

ISSUER'S OVERARCHING OBJECTIVES**Does the review include:**

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

CLIMATE TRANSITION STRATEGY**Does the review assess:**

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically?

Overall comment on this section:**Section 3. Detailed review****1. USE OF PROCEEDS****Does the review assess:**

- the environmental/social benefits of the project(s)?
- whether those benefits are quantifiable and meaningful?
- for social projects, whether the target population is properly identified?

Does the review assess if the issuer provides clear information on:

- the estimated proceeds allocation per project category (in case of multiple projects)?
- the estimated share of financing vs. re-financing (and the related lookback period)?

Overall comment on this section:

The eligible category for the use of proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 9.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION**Does the review assess:**

- whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognized international standards? Please specify which ones: *Sustainalytics has a proprietary taxonomy which is influenced by the EU taxonomy, Climate Bonds Initiative taxonomy as well as international standards.*
- whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?
- the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

Overall comment on this section:

Insel Gruppe intends to issue green bonds exclusively to finance the Anna-Seiler-Haus building project which is expected to comply with the Framework's eligibility criteria. Insel Gruppe has processes in place to identify and manage common environmental risks associated with the eligible projects and applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental risk management systems to be adequate and aligned with market expectation.

3. MANAGEMENT OF PROCEEDS**Does the review assess:**

- the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

Overall comment on this section:

Insel Gruppe's Finance Department will oversee the management of proceeds and track and monitor the proceeds using an internal tracking system. Insel Gruppe intends to fully allocate the net proceeds within 24 months of issuance. Pending allocations, unallocated proceeds will be managed in accordance with the Insel Gruppe's cash management policies. Sustainalytics considers this process to be in line with market practice.

4. REPORTING**Does the review assess:**

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

Overall comment on this section:

Insel Gruppe commits to report on the allocation of proceeds and corresponding impact metrics in its allocation and impact report on an annual basis until full allocation. Allocation reporting will include the amount of net proceeds, the balance of unallocated net proceeds on each reporting day, details of related expenses and the share of financing versus refinancing. In addition, Insel Gruppe commits to report on

relevant impact metrics, where feasible. Sustainalytics views Insel Gruppe's allocation and impact reporting to be aligned with market practice.

Section 4. Additional Information

Useful links (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:

Additional assessment in relation to the issuer/bond framework/eligible project(s):

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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