

## SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

DZ HYP AG

4 December 2024

### VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Green bonds<sup>1</sup>

Relevant standards

- Green Bond Principles, ICMA, June 2021 (with June 2022 Appendix 1)

Scope of verification

- DZ HYP AG's Green Bond Framework (as of Dec. 2, 2024)
- DZ HYP AG's eligibility criteria (as of Dec. 2, 2024)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

<sup>1</sup> DZ HYP intends to issue Green Pfandbrief.

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## SCOPE OF WORK

DZ HYP AG (“the Issuer,” “the Company” or “DZ HYP”) commissioned ISS-Corporate to assist with its green bonds by assessing three core elements to determine the sustainability quality of the instrument:

1. DZ HYP’s Green Bond Framework (as of Dec. 2, 2024), benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP).
2. The eligibility criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against ISS-Corporate’s proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of green bonds with DZ HYP’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

## DZ HYP OVERVIEW

DZ HYP is a provider of real estate finance and Pfandbrief issuer in Germany, as well as a center of competence for public-sector clients within the Cooperative Financial Network. The bank provides clients in the three business areas of corporate clients, retail customers and the public sector, with products and services in real estate finance and local-authority lending. The company was founded in 1921 and is headquartered in Hamburg, Germany.

### *ESG risks associated with the Issuer’s industry*



DZ HYP is classified in the mortgage and public sector finance industry, as per ISS ESG’s sector classification. Key sustainability issues faced by companies<sup>2</sup> in this industry are sustainability impacts of lending and other financial services/products, sustainable investment criteria, customer and product responsibility, statutory ESG standards linked to the geographical allocation of the lending portfolio, and employee relations and work environment.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer’s overall sustainability strategy.

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<sup>2</sup> Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within this industry.

## ASSESSMENT SUMMARY

| SPO SECTION  | SUMMARY   | EVALUATION <sup>3</sup>  |
|--|---|--------------------------|
| <p><b>Part I:</b></p> <p><b>Alignment with GBP</b></p>   | <p>The Issuer has defined a formal concept for its green bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting. This concept is in line with the GBP.</p>  | <p><b>Aligned</b></p>    |
| <p><b>Part II:</b></p> <p><b>Sustainability quality of the eligibility criteria</b></p>                | <p>The green bonds will (re)finance the following eligible asset category: Green Buildings.</p> <p>The product and/or service-related use of proceeds category<sup>4</sup> individually contributes to one or more of the following SDGs:</p> <div data-bbox="632 927 983 1043" style="text-align: center;">  </div> <p>The use of proceeds category improves the operational impacts of DZ HYP’s borrower(s) and mitigates potential negative externalities of its sector on one or more of the following SDGs:</p> <div data-bbox="691 1272 924 1388" style="text-align: center;">  </div> <p>The environmental and social risks associated with the use of proceeds category and the financial institution are managed.</p> | <p><b>Positive</b></p>   |
| <p><b>Part III:</b></p> <p><b>Consistency of green bonds with DZ HYP’s sustainability strategy</b></p> | <p>The key sustainability objectives and the rationale for issuing green bonds are clearly described by the Issuer. All the project categories considered are in line with the Issuer’s sustainability objectives.</p>  | <p><b>Consistent</b></p> |

<sup>3</sup> The evaluation is based on DZ HYP’s Green Bond Framework (Dec. 2, 2024, version), on the analyzed eligibility criteria as received on Dec. 2, 2024.

<sup>4</sup> Green Buildings: new construction, acquisition and ownership, and renovation of commercial and residential buildings.

## SPO ASSESSMENT

### PART I: ALIGNMENT WITH THE GREEN BOND PRINCIPLES

This section evaluates the alignment of DZ HYP’s Green Bond Framework (as of Dec. 2, 2024) with the Green Bond Principles.

| GBP   | ALIGNMENT | OPINION   |
|---|-----------|---|
| <p><b>1. Use of proceeds</b></p>                              | <p>✓</p>  | <p>The use of proceeds description provided by DZ HYP’s Green Bond Framework is <b>aligned</b> with the GBP.</p> <p>The Issuer’s green categories align with the project categories as proposed by the GBP. Criteria are defined clearly and transparently. DZ HYP issues Green Pfandbriefe and ensures that all collateral meet the eligibility criteria. DZ HYP commits to allocate all proceeds immediately and ensures that there is no risk of double counting. According to DZ HYP’s internal processes, green assets are always originated before the issuance of a new Green Pfandbrief. Commitment to report by project category has been provided and environmental benefits are described.</p> |
| <p><b>2. Process for project evaluation and selection</b></p> | <p>✓</p>  | <p>The process for project evaluation and selection description provided by DZ HYP’s Green Bond Framework is <b>aligned</b> with the GBP.</p> <p>The project selection process is defined. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer’s sustainability strategy. The Issuer defines exclusion criteria for harmful project categories.</p> <p>The Issuer involves various stakeholders in this process and references the EU Taxonomy, in line with best market practice.</p>  |

|   |          |   |
|---|----------|---|
| <p><b>3. Management of proceeds</b></p> | <p>✓</p> | <p>The management of proceeds provided by DZ HYP’s Green Bond Framework is <b>aligned</b> with the GBP.</p> <p>The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately and are managed on an aggregated basis for multiple green bonds (portfolio approach).</p>  |
| <p><b>4. Reporting</b></p>              | <p>✓</p> | <p>The allocation and impact reporting provided by DZ HYP’s Green Bond Framework is <b>aligned</b> with the GBP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and report with appropriate frequency. The reporting will be publicly available on the Issuer’s website. DZ HYP has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the portfolio level. Moreover, the Issuer commits to report annually as long as there are outstanding green bonds.</p> <p>The Issuer is transparent on the level of impact reporting and the information reported and further defines the duration, scope and frequency of the impact reporting, in line with best market practice. Moreover, the Issuer discloses the location and link of the report and commits to get the allocation audited by an external party.</p> |

## PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

### A. CONTRIBUTION OF THE GREEN BOND TO THE U.N. SDGs<sup>5</sup>

The Issuer can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being responsible actors, working to minimize negative externalities in their operations along the entire value chain. This section assesses the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- Specific products/services
- Improvements of operational performance


#### 1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).




The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:



The green bonds' use of proceeds category has been assessed for its contribution to, or obstruction of, the SDGs:

| USE OF PROCEEDS (PRODUCTS/SERVICES)   | CONTRIBUTION OR OBSTRUCTION | SUSTAINABLE DEVELOPMENT GOALS   |
|---|-----------------------------|---|
| <p><b>Green Buildings</b></p> <p><i>For new construction of commercial and residential buildings, or acquisition and ownership of those that were constructed after Dec. 31, 2020:</i></p> <p><i>The building's primary energy demand is at least 10% below the threshold values set in the</i></p> | <p><b>Contribution</b></p>  |  |

<sup>5</sup> The impact of the UoP categories on U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.

| USE OF PROCEEDS (PRODUCTS/SERVICES)   | CONTRIBUTION OR OBSTRUCTION | SUSTAINABLE DEVELOPMENT GOALS   |   |
|---|-----------------------------|---|---|
| <p><i>national measures for implementing Directive 2010/31/EU for nearly-zero energy buildings.<sup>6</sup> This is verified by an energy performance certificate.</i></p> <p><b>Green Buildings</b><br/><i>For acquisition and ownership of commercial and residential buildings that were constructed before Dec. 31, 2020:</i></p> <p><i>The building has energy certificate that corresponds to at least energy efficiency Class A.</i></p> | <p><b>Contribution</b></p>  |  |   |
| <p><b>Green Buildings</b><br/><i>For acquisition and ownership of commercial and residential buildings that were constructed before Dec. 31, 2020:</i></p> <p><i>The building is among the top 15%<sup>7</sup> of the national or regional building stock in terms of primary energy demand or consumption.</i></p>   |                             | <p><b>Contribution</b></p>  |   |
| <p><b>Green Buildings</b><br/><i>For acquisition and ownership of commercial and residential buildings that were constructed before Dec. 31, 2020:</i></p> <p><i>The building has been certified Gold or Platinum by the German Sustainable Building Council.</i></p>   |                             | <p><b>Contribution</b></p>  |  |

**2. Improvements of operational performance (processes)**

The below assessment qualifies the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP category, as well as related SDGs impacted. The assessment displays how the UoP category mitigates the exposure to the negative externalities relevant to the Issuer’s business model and sector.

According to ISS ESG’s SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities in the real estate sector (which DZ HYP finances) are the following:




<sup>6</sup> The Issuer defines nearly-zero energy buildings in accordance with the Gebäudeenergiegesetz (Building Energy Act, GEG) of Germany, which is a transposition of the European Energy Performance of Buildings Directive. According to GEG 2023 §10, NZEB = 0.55 × (primary energy demand of the reference building according to EnEV 2014).

<sup>7</sup> The Issuer references Drees & Sommer’s study on the top 15% of the German real estate portfolio for the assessment.





The table below displays the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

| USE OF PROCEEDS (PROCESSES)  | OPERATIONAL IMPACT IMPROVEMENT <sup>8</sup>   | SUSTAINABLE DEVELOPMENT GOALS   |
|--|---|---|
| <p><b>Green Buildings</b></p> <p><i>For the renovation of commercial and residential buildings, the renovation/refurbishment will reduce energy demand or consumption by at least 30%.<sup>9</sup></i></p> <p><i>The energy demand or consumption after the work must reach a level that is in line with the EU's climate targets.</i></p> |  |   |

<sup>8</sup> Only the direction of change is displayed and the scale of improvement is not assessed.

<sup>9</sup> The reduction must be demonstrated either by an energy performance certificated issued in accordance with the GEG before and after the renovation/refurbishment work or by comparable calculations.

## B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA

The table below evaluates the eligibility criteria against issuance-specific KPIs. The entirety of the assets<sup>10</sup> are and will be located in Germany.

### ASSESSMENT AGAINST KPIs

#### ESG guidelines into financing process

DZ HYP has implemented several approaches to integrate ESG factors into its lending and risk management practices, particularly for its role as a Pfandbrief issuer. The ESG integration spans across both new and existing business processes, focusing on evaluation, monitoring and mitigation of ESG risks.

In new lending and portfolio activities, the Issuer assesses clients and projects for specific exclusion criteria, reputational risks and sustainability metrics. Energy performance certificates are collected for financed properties. Additionally, an ESG credit risk score is calculated, and physical risks (e.g., natural hazards) are evaluated based on the geographic coordinates of the property. DZ HYP has embedded specific exclusion policies in its credit risk strategy to prevent lending where ESG criteria are not met. Additionally, a risk management system is in place for the Pfandbrief business to identify, assess, manage and monitor all associated risks.

For existing loans, the Issuer reassesses physical risks as part of the collateral review process. This includes validating the current sustainability data of properties and renewing energy performance certificates if they are expired.

In private customer lending within the small loan limit,<sup>11</sup> ESG factors are indirectly accounted for within collateral valuations, considering the location, condition and features of the property. This approach also applies when an intermediary conducts the collateral valuation within the small loan limit. For loans that exceed a small loan threshold, including those involving an intermediary, additional ESG risk assessments are included in the collateral valuation via the ESG appendix of the VR WERT<sup>12</sup> report. Building insurance coverage is required for all financed properties to address ESG-related risks. The client is subject to BTO 1.2 from MaRisk, a list of requirements regarding credit business processes, and considers physical risks as part of private customer lending.

For all clients in the corporate lending business, DZ HYP assesses physical risks during the loan decision process, using an internal climate and environmental risk assessment tool. If the resulting individual risk for environmental hazards is rated as 4 (high, on a scale of 1 to 4) and the customer liability is at least EUR 1 million, a note is added to the VR WERT report to

<sup>10</sup> While the Issuer's operation covers corporate clients outside of Germany (i.e., in France, the Netherlands, Austria, the U.K. and Northern Ireland), the Issuer confirms that all assets to be refinanced through the green bonds will be located in Germany.

<sup>11</sup> Threshold of EUR 600,000 applies.

<sup>12</sup> VR Wert prepares building assessments for banks, companies, investors and housing associations.

supplement the property report or update it with information from the environmental and climate risk portal (internally referred to as K.A.R.L.) In cases where significant physical risks<sup>13</sup> are identified, structural solutions are evaluated. If the ESG assessment reveals a poor energy efficiency for a financed non-residential building,<sup>14</sup> clients are required to submit a renovation plan.<sup>15</sup> Additional reputational risks are individually assessed to ensure acceptability.

### Labor, health and safety



All financed assets are located in Germany, a country with rigorous labor, health and safety standards upheld by national legislation. Germany is also classified as an Equator Principles Designated Country, indicating its strong environmental and social governance frameworks, legal systems and institutional capacity aimed at safeguarding both people and the natural environment. Additionally, Germany has ratified 89 ILO Conventions and two protocols, with 62 of these still in effect. Consequently, DZ HYP's borrowers are required to comply with the ILO Core Conventions ratified by Germany.

### Biodiversity



All financed assets are located in Germany, where environmental impacts of the financed activities are minimized in alignment with European Union standards for environmental and social impact assessment. Germany's status as an Equator Principles Designated Country underscores its strong environmental and social governance frameworks, legislative systems and institutional capacity aimed at protecting both its people and natural resources. Additionally, the Issuer requires the following documentation as part of the financing process:

- A building permit or, alternatively, the relevant partial building permit along with annexes, plus a written statement from the city confirming that there are no barriers to granting the final building permit
- Construction plans and the construction description that form the basis for the building permit of the mortgaged property

### Community dialogue



All financed assets are located in Germany, where legal requirements ensure that impacts on communities are minimized in accordance with European

<sup>13</sup> Environmental hazard level of "noticeable to very high" (noticeable refers to proportion of the total value that is statistically destroyed per year by the corresponding hazard 0.1% p.a.).

<sup>14</sup> Equivalent to energy efficiency classes G or H of residential buildings.

<sup>15</sup> From Jan. 1, 2025, this requirement will be integrated into the disbursement conditions. Failure by the borrower to meet its renovation goal will trigger an early risk warning, prompting a case-by-case evaluation primarily based on individual risks within the commitment. When DZ HYP finances property renovation, a renovation plan is required as a prerequisite for disbursement under the loan agreement and must be obtained before the loan decision.

Union standards for environmental and social impact assessment. German law allows stakeholders, such as neighboring communities, the right to appeal building permits (per Section 42 of the [Code of Administrative Court Procedure](#)). Additionally, recognized environmental conservation organizations have established rights to appeal within public participation frameworks in building planning (as outlined in Article 64 of the [Federal Nature Conservation Act](#) and Article 2 of the [Environmental Appeals Act](#)).

Furthermore, DZ HYP has implemented a dedicated complaints management system to address customer concerns. Going forward, a complaints process will also be available to non-customers and other stakeholders based on the requirements of the DZ BANK Group.

### Inclusion



As outlined in its [Code of Conduct](#), the Issuer has a zero-tolerance policy for discrimination and is committed to providing equal treatment to all third parties, including customers and business partners, regardless of age, gender, ethnicity, nationality, religion, political beliefs, ideology, race, disability or sexual identity.<sup>16</sup>

### Data protection and information security



The Issuer adheres to an information security management system (ISMS) structured around ISO 27001 and ISO 27002 standards and the requirements of the DZ BANK Group, ensuring consistent compliance through regular IT risk assessments.

DZ HYP's Management Board holds overall responsibility for information security and emergency management. The information security officer, situated within the compliance division, is tasked with addressing all information security concerns within DZ HYP and toward third parties, reporting directly to the Management Board.

The ISMS is subject to regular internal audits, and information security requirements are also reinforced through the contractual frameworks for outsourced IT services. The outsourcing contracts with external data processing service providers include provisions requiring these providers to ensure that all contractual requirements are upheld by any subservice providers in the event of further outsourcing. Risk analysis is conducted prior to contract conclusion and reviewed through periodic reassessments at regular intervals.

<sup>16</sup> With the only exception of customers or customer groups that are subject to sanctions.

DZ HYP's ISMS is built on the supervisory requirements for IT in banking (Bankaufsichtliche Anforderungen an die IT, BAIT). Additionally, DZ HYP operates in alignment with the EU General Data Protection Regulation, with relevant guidelines outlined in policies and procedures that apply to all employees. A standard procedure for information security incident management is in place to address data breaches. New employees are required to complete mandatory information security training, which is repeated regularly to enhance awareness across the organization.

### **Responsible treatment of customers with debt repayment problems**

DZ HYP has implemented a comprehensive approach to responsibly manage borrowers experiencing debt repayment challenges. To prevent financial distress, the Issuer applies conservative risk parameters in new business dealings with private customers. This includes maintaining a low loan-to-value ratio on collateral to ensure sustainable financial commitments.



The Issuer identifies at-risk customers through monthly early detection procedures, enabling timely intervention. Customers at risk identified through monthly early detection procedures are assessed individually by trained credit analysts as part of intensive support measures. If restructuring is needed, the case is escalated to specialists in the restructuring and liquidation department, who work collaboratively with the customer — and, where appropriate, third parties — to develop a tailored restructuring strategy. Potential solutions include temporarily suspending or reducing repayments and loan restructuring. The Issuer confirms that these solutions are offered under conditions that are not detrimental to clients.

DZ HYP handles enforcement actions with prudence, adhering to the European Banking Authority's guidelines<sup>17</sup> to ensure appropriateness. As a result, foreclosure is pursued only as a last resort, with all alternative options examined beforehand.

### **Sales practices**



The initiation of the loan process of private customer loans is carried out exclusively through intermediary banks/cooperative banks. Accordingly, there is no active public advertising of loans. The Issuer has established a master agreement that limits sales targets and facilitates the monitoring of the intermediary banks. Within this agreement, DZ

<sup>17</sup> EBA/GL/2018/06 Guidelines on management of non-performing and forborne exposures and EBA/GL/2015/12 Guidelines on arrears and foreclosure.

HYP outlines the required professional, organizational and technical expertise necessary for designing, offering, brokering and concluding real estate consumer loan agreements. DZ HYP provides the intermediary or cooperative banks with training materials that cover product costs and risks, as well as aggressive sales to vulnerable customers. The intermediary banks/cooperatives are legally obliged<sup>18</sup> to implement a systematic monitoring process for the agents. The Issuer confirms that this is also reflected in the agreements with the intermediary banks/cooperatives.

Any additional costs, such as agent commissions for new transactions, are transparently disclosed to customers in writing and in the European Standardised Information Sheet. Furthermore, the Issuer maintains a complaints management system for evaluating and recording customer complaints.

### Responsible marketing

DZ HYP does not actively market loans directly to private customers. Instead, loan arrangements for private customers are facilitated exclusively through intermediary banks and cooperative banks, which may conduct their own independent marketing activities.



The intermediary banks are regulated by the [Markets in Financial Instruments Directive II](#), which requires financial service providers to thoroughly inform customers about the risks associated with their products, ensuring the information is clear and understandable. Moreover, the [Act Against Unfair Competition](#) mandates that advertisements must be clear, comprehensive and not misleading.

The pricing of the financing is agreed between DZ HYP and the customer in accordance with consumer protection requirements. This information is communicated to customers through the European Standardised Information Sheet, ensuring clear and accurate pricing with no hidden costs. In cases where credit is rejected, the Issuer confirms that customers will receive written explanations from the intermediary banks detailing the reasons for the rejection.

### Exclusion criteria

<sup>18</sup> German Banking Act (KWG) § 18a and § 11 in conjunction with the Regulation on the Competence of Mortgage Lending (ImmoDarSachkV)

The Issuer has exclusion criteria for its lending activity. This is regulated in the Code of Conduct and in the work instructions for the prevention of money laundering and terrorist financing.

Controversial business areas such as arms trading, weapons manufacturing (e.g., mines/anti-personnel mines, nuclear/biological/chemical weapons, uranium-containing ammunition/scatter bombs), pornography and prostitution, and controversial gambling are excluded from lending.

Furthermore, controversial business practices, which may include significant human rights violations and significant environmental violations, are excluded from lending.

## PART III: CONSISTENCY OF GREEN BONDS WITH DZ HYP'S SUSTAINABILITY STRATEGY

*Key sustainability objectives and priorities defined by the Issuer*

| TOPIC                              | ISSUER APPROACH   |
|------------------------------------|---|
| <b>Strategic ESG topics</b>        | <p>The Issuer focuses primarily on greening the real estate sector. Other important topics are ecological responsibility, sustainable banking, employee matters and social commitment. These sustainability pillars have been defined based on GRI guidance, considering market trends and regulations.</p>   |
| <b>ESG goals/targets</b>           | <p>As part of its climate strategy, the Issuer aims to become climate-neutral in its own operations by 2045 at the latest, with 65% of greenhouse gases already being saved by 2030, compared to the base year 2009. GHG emissions are calculated based on the VfU indicator system (of the Association for Environmental Management and Sustainability in Financial Institutions).</p> <p>In its latest <a href="#">sustainability report</a>, other ESG targets are disclosed. Due to the changing requirements in the real estate sector, DZ HYP regularly reviews its ESG objectives and revises them if necessary.</p> |
| <b>Action plan</b>                 | <p>There is no information available on the action plan to reach the Issuer's ESG targets.</p>  |
| <b>Climate transition strategy</b> | <p>DZ HYP is committed to reducing GHG emissions in its own operations by at least 65% by 2030 (compared with 2009) and to be climate-neutral by 2045. DZ HYP benchmarked its own decarbonization pathways for its financed emissions against the Paris-aligned decarbonization pathways published by the Carbon Risk Real Estate Monitor.</p> <p>For the corporate client portfolio, the Issuer wants to reduce emissions by 7% between 2023 and 2026 and by 36% by 2030. In the private customer portfolio, the GHG emissions reduction target is 11% by 2026 and 41% by 2030.</p>  |



|   |   |
|---|---|
| <p><b>Sustainability reporting</b></p>  | <p>The Issuer reports on its ESG performance and initiatives annually. The report is prepared according to GRI standards. The latest available is the <a href="#">Sustainability Report 2023</a>. DZ HYP is working to publish its first CSRD-compliant report in 2025.</p>   |
| <p><b>Industry associations, collective commitments</b></p>   | <p>As a participant in the United Nations Global Compact, DZ HYP is committed to implementing, disclosing and promoting the Ten Principles of the U.N. Global Compact.</p>  |
| <p><b>Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework</b></p> | <p>DZ HYP issued the first Green Mortgage Pfandbrief in February 2022. The Framework received a <a href="#">second-party opinion</a> from ISS-Corporate. During the 2023 financial year, the Bank issued further Green Pfandbrief. The total Green Mortgage Pfandbrief outstanding as at year-end 2023 amounted to EUR 3,026 million.</p> |

*Rationale for issuance*

As a real estate bank, DZ HYP aims at contributing to the decarbonization of the real estate sector, supporting the transition to a lower-carbon economy. The Issuer acknowledges that, according to the European Commission, the real estate sector accounts for about 36% of energy-related CO<sub>2</sub> emissions in the EU. With the issuance of green bonds, DZ HYP continues its decarbonization efforts by financing green buildings.

**Opinion:** *The key sustainability objectives and the rationale for issuing green bonds are clearly described by the Issuer. All the project categories financed are in line with the Issuer's sustainability objectives.*

## DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
2. ISS-Corporate, a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues Second Party Opinion, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
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## ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

## ANNEX 2: QUALITY MANAGEMENT PROCESSES

### SCOPE

DZ HYP AG commissioned ISS-Corporate to compile a green bond SPO. The second-party opinion process includes verifying whether the Green Bond Framework aligns with the Green Bond Principles and assessing the sustainability credentials of its green bonds, as well as the Issuer's sustainability strategy.

### CRITERIA

Relevant standard for this second-party-opinion:

- Green Bond Principles, ICMA, June 2021 (with June 2022 Appendix 1)

### ISSUER'S RESPONSIBILITY

DZ HYP AG responsibility was to provide information and documentation on:

- Green Bond Framework
- Eligibility criteria
- Documentation of ESG risk management at the Framework level

### ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is a part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the green bonds to be issued by DZ HYP has been conducted based on proprietary methodology and in line with the Green Bond Principles.

The engagement with DZ HYP took place from November to December 2024.

### ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>.

For more information on SPO services, please contact: [SPOsales@iss-corporate.com](mailto:SPOsales@iss-corporate.com).

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