

SECOND PARTY OPINION (SPO)

Sustainability Quality of the issuer and Green Bond Framework

DZ HYP AG
9 February 2022

VERIFICATION PARAMETERS

| | |
|-------------------------------------|---|
| Type(s) of instruments contemplated | <ul style="list-style-type: none">Green Bond/ Green Pfandbriefe |
| Relevant standards | <ul style="list-style-type: none">International Capital Market Association (ICMA) Green Bond Principles (GBP), updated as of June 2021 |
| Scope of verification | <ul style="list-style-type: none">DZ HYP AG Green Bond Framework (as of January 19, 2022)DZ HYP AG Green Mortgage Portfolio (as of January 19, 2022) |
| Lifecycle | <ul style="list-style-type: none">Pre-issuance verification |
| Validity | <ul style="list-style-type: none">As long as the Framework remains unchanged. |

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Scope of work

DZ HYP AG (“DZ HYP” or “the issuer”) commissioned ISS ESG to assist with its Green Bond by assessing three core elements to determine the sustainability quality of the instrument:

1. Green Bond’s link to DZ HYP’s sustainability strategy – drawing on DZ HYP’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. DZ HYP’s Green Bond Framework (January 19, 2022 version) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP).
3. The Green Mortgage Portfolio – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).

DZ HYP AG BUSINESS OVERVIEW

DZ HYP is a real estate bank and specialized lender to corporate clients and retail customers, as well as a centre of competence for public-sector clients. DZ HYP focuses its business activities on the German market. In addition, it supports German clients in selective foreign markets. In its business activities, DZ HYP targets direct clients and acts as a partner to cooperative banks in Germany, offering a solution-oriented range of products and services.

ISS ESG ASSESSMENT SUMMARY

| SPO SECTION | SUMMARY | EVALUATION ¹ |
|--|---|--|
| <p>Part 1:</p> <p>Green Bond link to issuer's sustainability strategy</p> | <p>According to the ISS ESG Corporate Rating published on January 21, 2021, the issuer shows a High sustainability performance against the industry peer group on key ESG issues faced by the Mortgage & Public Sector Finance sector. The issuer is rated 17th out of 129 companies within its sector.</p> <p>The Use of Proceeds financed through this Green Bond is consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green Bond is clearly described by the issuer.</p> | <p>Consistent with issuer's sustainability strategy</p> |
| <p>Part 2:</p> <p>Alignment with GBP</p> | <p>The issuer has defined a formal concept for its Green Bond regarding the use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP.</p> | <p>Aligned</p> |
| <p>Part 3:</p> <p>Sustainability quality of the Green Mortgage Portfolio</p> | <p>The overall sustainability quality of the Green Mortgage Portfolio in terms of sustainability benefits, risk avoidance, and minimisation is good based upon the ISS ESG assessment. The Green Bond will (re-) finance the following asset category: Green Buildings.</p> <p>This use of proceeds category has a significant contribution to SDGs 11 "Sustainable Cities and Communities" and limited contribution to SDGs 7 "Affordable and Clean Energy" and SDGs 13 "Climate Action". The environmental and social risks associated with those use of proceeds categories have been partially managed.</p> | <p>Positive</p> |

¹ ISS ESG's evaluation is based on DZ HYP's Green Bond Framework (as of January 19, 2022), on the analysed Asset Pool as received on the December 3, 2021, and on the ISS ESG Corporate Rating updated on the January 27, 2021 and applicable at the SPO delivery date.

ISS ESG SPO ASSESSMENT

PART I: GREEN BOND LINK TO DZ HYP'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF DZ HYP'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

| COMPANY | INDUSTRY | DECILE RANK | TRANSPARENCY LEVEL |
|---------------|---|-------------|--------------------|
| DZ HYP | MORTGAGE & PUBLIC SECTOR FINANCE | 2 | VERY HIGH |

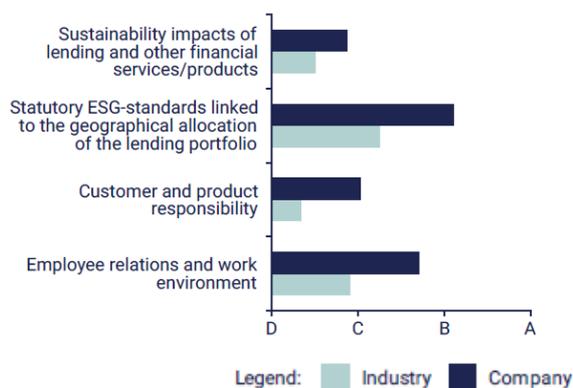
This means that the company currently shows a high sustainability performance against peers on key ESG issues faced by the Mortgage & Public Sector Finance industry as it obtains a Decile Rank relative to the industry group of 2, given that a decile rank of 1 indicates the highest relative ESG performance out of 10.

ESG performance

As of December 6, 2021, this Rating places DZ HYP 17th out of 129 companies rated by ISS ESG in the Mortgage & Public Sector Finance industry.

Key challenges faced by companies in terms of sustainability management in this industry are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

Key Issue Performance



Sustainability Opportunities²

DZ HYP focuses on financing the housing industry, commercial real estate, and the public sector on the level of municipalities. Besides some funding for daycare facilities and schools in public-private partnership projects as well as affordable housing finance, the company does not tap its potential of contributing to the solution of social challenges. In the area of commercial real estate projects, DZ HYP increasingly aims at financing buildings certified to an international sustainability standard. However, products eligible for tackling global sustainability issues are still negligible vis-à-vis the overall business volume.

² This part refers to the DZ HYP AG's ISS ESG Corporate Rating report which was updated on January 27, 2021.

Sustainability Risks³

Negative environmental and social impacts from its lending activities, as well as client-related downsides constitute the main sustainability risks to a financial company like DZ HYP. According to the distribution of its covered pool claims, objects and public entities financed are overwhelmingly located in countries with fairly good environmental and social minimum standards, thereby limiting the bank's business-induced risk exposure to a certain degree. In addition, DZ HYP and its parent company DZ BANK have implemented some additional safeguards, covering social and environmental aspects in the lending decisions. Apart from a couple of firm exclusions, these aspects have more the nature of recommendations than warranted stipulations. Although the bank's exposure to customer and product responsibility risks is rather limited, DZ HYP's efforts regarding responsible procedures with respect to clients facing over-indebtedness are on a solid basis, while sales practices are not yet covered by a strategy including, for instance, ethical sales conduct. Risks concerning its own employees appear to be adequately addressed. A health and safety system is established and also covers aspects of psychological well-being. In addition, the company offers various options and support for facilitating the work-life balance of its staff. Via its parent, DZ BANK Group, the company adheres to the United Nations Global Compact and also applies a group-wide code of conduct. Therefore, all business ethics-related risks are addressed, and the commitments are complemented with suitable measures.

Governance opinion⁴

With regard to DZ HYP's governance structure, the chair's independence is limited as he serves also on the executive level of DZ HYP's parent DZ BANK Group (as of June 30, 2020). The majority of the bank's supervisory board members, however, can be classified as independent. While committees charged with audit, remuneration and nomination affairs are in place, there is limited transparency about their composition. Compensation of executives is disclosed but only as a lump figure for the entire executive management team and not sub-divided in fixed and variable components. It remains unclear whether important elements for sustainable value creation such as long-term incentive components are integrated into the remuneration of the company's executive management team.

Regarding governance of sustainability matters, a sustainability committee has been established which consists of all Heads of DZ HYP's divisions. Yet, this committee seems not to be located at supervisory board level. It remains unclear whether ESG targets are integrated into the remuneration of the company's executive management team. With regard to its management of business ethics, the company relies on its parent's code of conduct. It addresses all important topics, including conflicts of interest, insider dealings and money laundering. Through its adherence to the United Nations Global Compact, DZ HYP also endorses anti-corruption efforts. The policies are supplemented with reasonable measures for compliance, such as employee training, risk assessments and audits, and a whistleblower mechanism.

³ This part refers to the DZ HYP AG's ISS ESG Corporate Rating report which was updated on January 27, 2021.

⁴ Same as an above footnote.

Sustainability impact of products and services portfolio⁵

Using a proprietary methodology, ISS ESG assessed the contribution of DZ HYP's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along DZ HYP's production process.

| PRODUCT/SERVICES PORTFOLIO | ASSOCIATED PERCENTAGE OF REVENUE | DIRECTION OF IMPACT | UN SDGS |
|---|----------------------------------|---------------------|---|
| Financing of Sustainable Buildings | 2% | CONTRIBUTION |  |
| Others | N/A | NO NET IMPACT | N/A |

Breaches of international norms and ESG controversies

The issuer is not facing any severe/very severe controversy.

⁵ This part refers to the DZ HYP AG's ISS ESG Corporate Rating report which was updated on January 27, 2021.

B. CONSISTENCY OF GREEN BOND WITH DZ HYP'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

Since the real estate sector is responsible for almost 40% of global energy-related CO2 emissions which closely linked to DZ HYP business target sector. The bank states that they will support the sector transition towards a lower-carbon economy. The bank has integrated the elements of ecological, economic and social responsibility into their corporate culture and reflected in their sustainability strategy which is also lined with their strategic framework. Besides that, for transparency purposes, the bank publishes their Sustainability Report on an annual basis.

The bank is a member of the United Nations Global Compact; they are committed to implementing, disclosing and promoting the Ten Principles of the UN Global Compact, which supports the United Nations Sustainable Development Goals (SDGs), the Paris Climate Agreement. The bank supports the German Climate Action Plan 2050 adopted in November 2016.

The bank also aims to make its day-to-day operations as resource-friendly as possible. The goal of the bank is to be completely carbon neutral by no later than 2045, with 65% of greenhouse gases all ready to be cut by 2030.

Rationale for issuance

In order to meet the outlined objectives in its core business, DZ HYP finances energy-efficient real estate and enables cooperative, church and social housebuilding to create affordable housing in Germany. In the future, DZ HYP intends to generate the necessary funding for financing energy-efficient buildings by issuing Green Pfandbriefe.

In addition to creating transparency about the ecological quality of the Bank's loan portfolio, this issuance of Green Pfandbriefe enables DZ HYP to invest in the transformation of the real estate sector and thereby contribute to a lower-carbon economy.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green Bond with the sustainability objectives defined by the issuer and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Mortgage & Public Sector Finance industry. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds category.

| USE OF PROCEEDS CATEGORY | SUSTAINABILITY OBJECTIVES FOR THE ISSUER | KEY ESG INDUSTRY CHALLENGES | CONTRIBUTION |
|--------------------------|--|-----------------------------|--------------------------------------|
| Green Buildings | ✓ | ✓ | Contribution to a material objective |

Opinion: *ISS ESG finds that the Use of Proceeds financed through this bond is consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green Bonds is clearly described by the issuer.*

PART II: ALIGNMENT WITH GBP

1. Use of Proceeds

FROM ISSUER'S FRAMEWORK

The proceeds generated by DZ HYP through the issuance of Green Pfandbriefe are used exclusively to finance and refinance assets that have a clear environmental benefit.

These eligible assets are loans for the construction, acquisition or refurbishment of energy-efficient residential and commercial real estate, in accordance with the GBP category "Green Buildings".

DZ HYP orients itself upon national and international standards for the consistent definition of eligible assets. It applies the following criteria for classification, of which at least one must be met:

Energy performance certificates (EPCs)⁶

EPCs with a maximum final energy consumption or demand per square metre and year:

- | | |
|---------------------------------|--|
| ▪ Residential | 65 kWh/m ² heating |
| ▪ Office | 90 kWh/m ² heating and 70 kWh/m ² electricity |
| ▪ Retail | 60 kWh/m ² heating and 75 kWh/m ² electricity |
| ▪ Hotels | 95 kWh/m ² heating and 60 kWh/m ² electricity |
| ▪ Logistics buildings (storage) | 30 kWh/m ² heating and 35 kWh/m ² electricity |
| ▪ Light industrial (production) | 105 kWh/m ² heating and 65 kWh/m ² electricity |

Certificates

A property that has been certified by an established certification company can also be classified as an eligible asset. In addition to energy performance characteristics, qualitative elements are also taken into account in the assessment methods. The following certificates are accepted:

- | | |
|----------|---------------------|
| ▪ DGNB | Gold and platinum |
| ▪ LEED | Gold and platinum |
| ▪ BREEAM | Very good or better |

Energy efficiency standard.

Real estate that meets the minimum requirements of the German Energy Saving Ordinance of 2016 (EnEV 2016)⁷ is also considered an eligible asset. The year of construction stated by the valuer is taken as verification.

Furthermore, co-financing through KfW funding programmes with an underlying energy-efficient house standard of 55 or better is suitable.

⁶ German energy performance certificates for commercial buildings do not provide EPC-Levels.

⁷ On November 1, 2020, the Energy Conservation Act (EnEG), the Energy Conservation Ordinance (EnEV) and the Renewable Energies Heat Act (EEWärmeG) were replaced by the Building Energy Act (GEG).

http://www.bgbl.de/xaver/bgbl/start.xav?startbk=Bundesanzeiger_BGBl&jumpTo=bgbl120s1728.pdf

In addition, the eligible assets financed through this framework make a significant contribution towards achieving the EU's environmental goals⁸ concerning climate change mitigation.

Over the course of time, DZ HYP additionally plans to integrate the technical screening criteria set out in Annex 1 of the Delegated Regulation on the EU Taxonomy for Sustainable Activities⁹ into its use of proceeds and selection processes.

Opinion: ISS ESG considers the Use of Proceeds description provided by DZ HYP's Green Bond Framework as aligned with the GBP. Environmental benefits are described and quantified.

2. Process for Project Evaluation and Selection

FROM ISSUER'S FRAMEWORK

Due to the high significance of sustainability, the overall responsibility lies within DZ HYP's Management Board. The Sustainability Committee, which is formed by the Board of Directors and the divisional managers, creates the optimal framework for the Bank's sustainable approach.

The evaluation and selection process of eligible assets in accordance with the criteria defined in section II.I. "Use of Proceeds", is carried out by the Sustainable Products Committee (NHP Committee). The committee consists of the relevant decision-makers from the Credit, Treasury, Sustainability and Back Office divisions, and meets monthly. Next to monitoring the green mortgage portfolio, the tasks of the NHP committee are to define the Use of Proceeds for eligible assets in accordance with the relevant standards as well as the future development of sustainable products.

DZ HYP is aware that the standards and requirements on the Green Bond market, and therefore for Green Pfandbriefe, will evolve. The NHP Panel will take these developments into account when applying the selection criteria and make adjustments if necessary.

As part of the loan process and the regular review of loans, borrowers are requested to submit the latest EPC and certificates for the financed real estate. The EPC data is entered in the Bank's IT system and systematically assessed for compliance with the currently valid Use of Proceeds eligibility criteria. If the assessment is positive, the building is classified as an eligible asset. The corresponding loan then becomes part of DZ HYP's green mortgage portfolio. In the event of adjustments to the use of proceeds, suitable assets that have already been classified will maintain their initial status.

Loans in the Green Mortgage Portfolio are subject to the standards set out in DZ HYP's current credit risk strategy, as well as internal review processes with regards to money laundering. The DZ BANK Group has also defined binding exclusion criteria for lending that apply throughout the Group. The exclusion criteria apply to all types of financing. Therefore, real estate with high contamination risks and dangerous goods as well as the controversial business activities of arms trading, weapons manufacturing (mines/anti-personnel mines, nuclear/biological/chemical weapons, uranium-

⁸ https://ec.europa.eu/commission/presscorner/detail/de/ip_21_1804

⁹ https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

containing ammunition/scatter bombs), the pornography and prostitution scene and controversial gambling are all excluded from lending. Furthermore, controversial business practices, which may include significant human rights abuses and significant environmental violations, are excluded from lending.

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by DZ HYP's Green Bond Framework as aligned with the GBP, and the projects selected show alignment with the sustainability strategy of the issuer. Besides that, good practice includes the exclusion criteria of the harmful project, the transparency and clear definition of the responsibilities and relevant internal expertise from different divisions are available in the framework.

3. Management of Proceeds

FROM ISSUER'S FRAMEWORK

Eligible assets are identified and classified in accordance with the criteria and processes described above. The Green Mortgage Portfolio represents a sub-portfolio of the mortgage cover pool.

DZ HYP manages the proceeds raised by the issuance of Green Pfandbriefe on a portfolio basis.

Green Pfandbriefe can only be issued if there are sufficient eligible assets in the mortgage cover pool. It is to be ensured that the amount of eligible assets in the cover pool always exceed the outstanding amount of Green Pfandbriefe by regularly monitoring the development of the Green Mortgage portfolio. This process is monitored by the Treasury department.

In the unlikely event that outstanding Green Pfandbriefe exceed the volume of eligible assets, DZ HYP will temporarily invest the liquidity in sustainable bonds and/or hold it in cash.

Opinion: ISS ESG finds that the Management of Proceeds proposed by DZ HYP's Green Bond Framework is well aligned with the GBP. Besides that, good practice includes disclosure of intended types of temporary investment instruments for unallocated proceeds and procedures in case of divestment or postponement are available in the framework.

4. Reporting

FROM ISSUER'S FRAMEWORK

As long as DZ HYP's Green Pfandbriefe are outstanding, the issuer will provide an annual Green Bond Report on its website¹⁰.

This report will be updated as at 31 December and published in the first quarter of the following year.

Green Bond reporting consists of an allocation report and an impact report.

¹⁰ www.dzhyp.de/investor-relations/informationen-fuer-investoren/green-bonds/

The allocation report provides information on the proceeds allocated to the Green Mortgage portfolio, e.g. with regard to the selection criteria, the type of building and the remaining term of the loan. In addition, the report contains information on the development of the portfolio on an aggregated and anonymised basis.

As part of its impact reporting, DZ HYP will report on the calculated CO2 savings. For this purpose, DZ HYP has appointed an external provider for developing methodology and calculation.

DZ HYP aligns its reporting with the recommendations of the "Handbook of Harmonised Framework for Impact Reporting"¹¹.

Opinion: ISS ESG finds that the reporting proposed by DZ HYP's Green Bond Framework is aligned with the GBP. Besides that, DZ HYP adopts the good practice to report the impact and align with the "Handbook of Harmonised Framework for Impact Reporting."

5. External review

FROM ISSUER'S FRAMEWORK

DZ HYP has commissioned ISS ESG to conduct an external review of its Green Bond Framework. ISS ESG has issued a Second Party Opinion (SPO) confirming the framework alignment with the GBP. The SPO is published on DZ HYP's website¹².

¹¹<https://www.dzhyp.de/en/green-bondshttps://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Handbook-Harmonized-Framework-for-Impact-Reporting-December-2020-151220.pdf>

¹² <https://www.dzhyp.de/en/green-bonds>

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN BOND TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green Bond Green Mortgage Portfolio and using a proprietary methodology, ISS ESG assessed the contribution of the DZ HYP's Green Bond to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 2 for methodology):

| | | | | |
|------------------------------------|--------------------------------|--------------------------|---------------------------------|-------------------------------------|
| Significant Obstruction | Limited Obstruction | No Net Impact | Limited Contribution | Significant Contribution |
|------------------------------------|--------------------------------|--------------------------|---------------------------------|-------------------------------------|

Each of the Green Bond's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

| USE OF PROCEEDS | CONTRIBUTION OR OBSTRUCTION | SUSTAINABLE DEVELOPMENT GOALS |
|--|---------------------------------|---|
| Green Buildings Certified with a BREEAM certificate (Very good or better) or DGNB (Gold and platinum) or LEED (Gold and platinum). | Significant contribution |  |
| Green Buildings For Newly Construction and Acquisition¹³ EPCs with a maximum final energy consumption or demand per square metre and year Residential - 65 kWh/m ² heating; Office - 90 kWh/m ² heating and 70 kWh/m ² electricity; -Retail - 60 kWh/m ² heating and 75 kWh/m ² electricity; -Hotels - 95 kWh/m ² heating and 60 kWh/m ² electricity; -Logistics buildings (storage) - 30 kWh/m ² heating and 35 kWh/m ² electricity; -Light industrial (production) -105 kWh/m ² heating and 65 kWh/m ² electricity | Limited Contribution |  |
| Green Buildings For refurbishment¹⁴ <i>With a maximum final energy consumption or demand per square metre and year</i> Residential - 65 kWh/m ² heating; Office - 90 kWh/m ² heating and 70 kWh/m ² electricity; Retail - 60 kWh/m ² heating and 75 kWh/m ² electricity; | Limited Contribution |  |

¹³ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs.

¹⁴ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs.

Hotels - 95 kWh/m² heating and 60 kWh/m² electricity;
Logistics buildings (storage) - 30 kWh/m² heating and 35 kWh/m² electricity;
Light industrial (production) -105 kWh/m² heating and 65 kWh/m² electricity

Refurbished buildings that achieve meets the minimum requirements of the German Energy Saving Ordinance of 2016 (EnEV 2016)¹⁵ or energy-efficient house standard of 55 or better underlying on through KfW funding programmes

¹⁵ On November 1, 2020, the Energy Conservation Act (EnEG), the Energy Conservation Ordinance (EnEV) and the Renewable Energies Heat Act (EEWärmeG) were replaced by the Building Energy Act (GEG).
http://www.bgbl.de/xaver/bgbl/start.xav?startbk=Bundesanzeiger_BGBl&jumpTo=bgbl120s1728.pdf

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE GREEN MORTGAGE PORTFOLIO

As a Use of Proceeds category, Green Buildings has a significant contribution to the SDGs 11 “Sustainable cities and communities”. The table below presents the findings of an ISS ESG assessment of the Green Mortgage Portfolio against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Site selection

- ✓ 100% of assets are located in Germany; site selection is governed by regulation which must be built on an officially approved area and excluded from protected areas and sites of high environmental value.
- Public Transportation connection is a part of property valuation, which is always taken into account in the rating process by the issuer. However, the processing and consideration of the data are on the qualitative level only. There is limited information about whether all the assets are located close to public transportation (less than one kilometre from the subway, bus stop, etc.).

Construction standards

- ✓ 100% of assets are located in Germany, where high labour and health and safety standards are in place (e.g. ILO core conventions).
- Limited information is available to what extent sustainable procurement measure is in place. Since all assets are located in Germany, the adoption of sustainable building material procurement is governed by regulation.

Water use minimization in buildings

- No information is available to what extent water use minimization measures are integrated with buildings.

Energy Efficiency

- ✓ More than 55% of assets have good energy efficiency standards in place, belonging within the top 15% within the national building stock as defined by the Climate Bond initiative.
- Less than 5% of residential assets received an Energy label equivalent to EPC “A”.

Sustainability Labels

- Less than 10% of assets received a “very good” BREEAM standard label or LEED Certification.

Safety of building users

- ✓ 100% of assets are located in Germany, where high safety standards are in place (e.g. emergency exits, fire sprinklers, fire alarm systems)

DISCLAIMER

1. Validity of the SPO: As long as the Framework remains unchanged.
2. ISS ESG uses a scientifically based rating concept to analyze and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
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ANNEX 1: Methodology

ISS ESG Green KPIs

The ISS ESG Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of DZ HYP's Green Bond.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by DZ HYP (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which DZ HYP's Green Bond contributes to related SDGs.

ANNEX 2: ISS ESG Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.

DZ HYP AG

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
 - Degree of verification of allegations and claims
 - Severity of impact on people and the environment, and systematic or systemic nature of malpractices
- Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

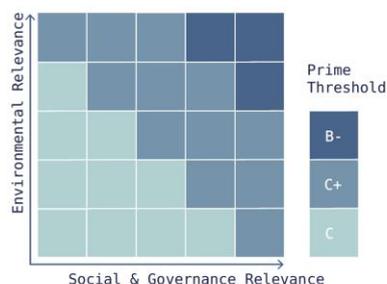
Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

DZ HYP AG

Methodology - Overview

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 3: Quality management processes

SCOPE

DZ HYP commissioned ISS ESG to compile a Green Bond SPO. The Second Party Opinion process includes verifying whether the Green Bond Framework aligns with the GBP and to assess the sustainability credentials of its Green Bond, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA GBP
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the issuer

ISSUER'S RESPONSIBILITY

DZ HYP's responsibility was to provide information and documentation on:

- Framework
- Asset pool / Eligibility criteria
- Documentation of ESG risks management at the asset level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG 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.

ISS ESG has conducted this independent Second Party Opinion of the Green Bond to be issued by DZ HYP based on ISS ESG methodology and in line with the ICMA GBP.

The engagement with DZ HYP took place from December 2021 to February 2022.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour 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 ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information about SPO services, please contact: SPOsales@isscorporatesolutions.com

For Information about this Social Bonds SPO, contact: SPOOperations@iss-esg.com

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