

## SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

Bausparkasse Schwäbisch Hall AG

23 July 2025

### VERIFICATION PARAMETERS

Type of instruments contemplated	<ul style="list-style-type: none"><li>Green bonds</li></ul>
Relevant standard	<ul style="list-style-type: none"><li>Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2025)</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>Bausparkasse Schwäbisch Hall's Green Bond Framework (as of June 30, 2025)</li><li>Bausparkasse Schwäbisch Hall's eligibility criteria (as of June 30, 2025)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>Valid as long as the cited Framework remains unchanged</li></ul>

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## SCOPE OF WORK

Bausparkasse Schwäbisch Hall AG – Bausparkasse der Volksbanken und Raiffeisenbanken (“the Issuer,” “the Bank” or “BSH”) commissioned ISS-Corporate to assist with its green bonds by assessing three core elements to determine the sustainability quality of the instruments:

1. BSH’s Green Bond Framework (as of June 30, 2025), benchmarked against ICMA’s 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 BSH’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

## BSH OVERVIEW

Bausparkasse Schwäbisch Hall AG operates mainly in Germany and provides various specialized financial services. As a building society (Bausparkasse) it offers mortgage finance, private construction finance, services related to credit, and promotional loans. The company was founded in 1931 and is headquartered in Schwäbisch Hall, Germany.

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





BSH is classified in the public and regional banks industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies<sup>1</sup> in this industry are customer and product responsibility, sustainability impacts of lending and other financial services/products, sustainable investment criteria, business ethics, and labour standards and working conditions.

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>1</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>2</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>Product and/or service-related use of proceeds categories<sup>3</sup> individually contribute to one or more of the following SDGs:</p> <div style="display: flex; justify-content: center; gap: 10px;">   </div> <p>Process-related use of proceeds categories<sup>4</sup> individually (i) improve the Issuer’s operational impacts and (ii) mitigate potential negative externalities of the Issuer’s sector on one or more of the following SDGs:</p> <div style="display: flex; justify-content: center; gap: 10px;">   </div> <p>The environmental and social risks associated with the use of proceeds categories 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 BSH’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 with Issuer’s sustainability strategy</b></p>

<sup>2</sup> The evaluation is based on BSH’s Green Bond Framework (June 30, 2025, version), on the analyzed eligibility criteria as received on June 30, 2025.

<sup>3</sup> Green Buildings

<sup>4</sup> Green Buildings

# SPO ASSESSMENT

## PART I: ALIGNMENT WITH THE GBP

This section evaluates the alignment of BSH’s Green Bond Framework (as of June 30, 2025) with the GBP.

GBP	ALIGNMENT	OPINION
<p><b>1. Use of proceeds</b></p>	<p>✓</p>	<p>The use of proceeds description provided by BSH’s Green Bond Framework is <b>aligned</b> with the GBP.</p> <p>The Issuer’s green category aligns with the project categories as proposed by the GBP. Criteria are defined clearly and transparently. Disclosure of the distribution of proceeds by project category is provided<sup>5</sup>, and environmental benefits are described and quantified.</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 BSH’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. BSH’s statutory business model focuses on private residential property finance in Germany, therefore harmful project categories are excluded by definition.</p> <p>The Issuer identifies the alignment of their Green Bond Framework and their green projects with official or market-wide taxonomies, in line with best market practice.</p>
<p><b>3. Management of proceeds</b></p>	<p>✓</p>	<p>The management of proceeds provided by BSH’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 moved to a subportfolio. The net proceeds</p>

<sup>5</sup> BSH, <https://www.schwaebisch-hall.de/investor-relations/deckungsmasse.html>

GBP	ALIGNMENT	OPINION
		<p>are managed on an aggregated basis for multiple green bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds. The risk of double counting is addressed by BSH and the Issuer is transparent on the nature of the instruments and its impacts.</p>
<p><b>4. Reporting</b></p>	<p>✓</p>	<p>The allocation and impact reporting provided by BSH’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. BSH 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 until the bond matures.</p> <p>The Issuer is transparent on the level of impact reporting and the information reported and further defines the frequency of the impact reporting, in line with best market practice. The Issuer discloses the location and link of the report.</p>

## PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

### A. CONTRIBUTION OF THE GREEN BONDS TO THE U.N. SDGs<sup>6</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 a responsible actor, working to minimize negative externalities in its operations along the entire value chain. This section assesses the SDG impact of the use of proceeds (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 ISS ESG's SDG Solutions Assessment, 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:



<sup>6</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.



Each of the green bonds’s use of proceeds categories 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<sup>7</sup></b></p> <p><i>Top 15% of building stock<sup>8</sup></i></p> <p><i>The residential building is in the top 15% of the national residential building stock of Germany in terms of energy consumption or demand, by meeting the following criteria:</i></p> <p><i>a. Energy efficiency class A or better: The building can be assigned to energy efficiency class A or better.</i></p> <p><i>b. German energy efficiency standards: Residential buildings in Germany in compliance with the Building Energy Standard of EnEV 2009<sup>9</sup> or newer</i></p> <p><i>c. Energy consumption: Residential buildings in Germany with a Primary Energy Demand (PED) or final energy use/demand of 50 kWh/m<sup>2</sup>a or less</i></p>	<p><b>Contribution</b></p>	
<p><b>Green Buildings</b></p> <p><i>NZEB - 10%</i></p> <p><i>Buildings constructed from 2021 onwards must also meet the following criterion: The property must have a primary energy demand that is at least 10% below the national standard for nearly zero energy buildings (NZEB).</i></p>	<p><b>Contribution</b></p>	

<sup>7</sup> Eligibility criteria for construction and acquisition of energy-efficient residential buildings

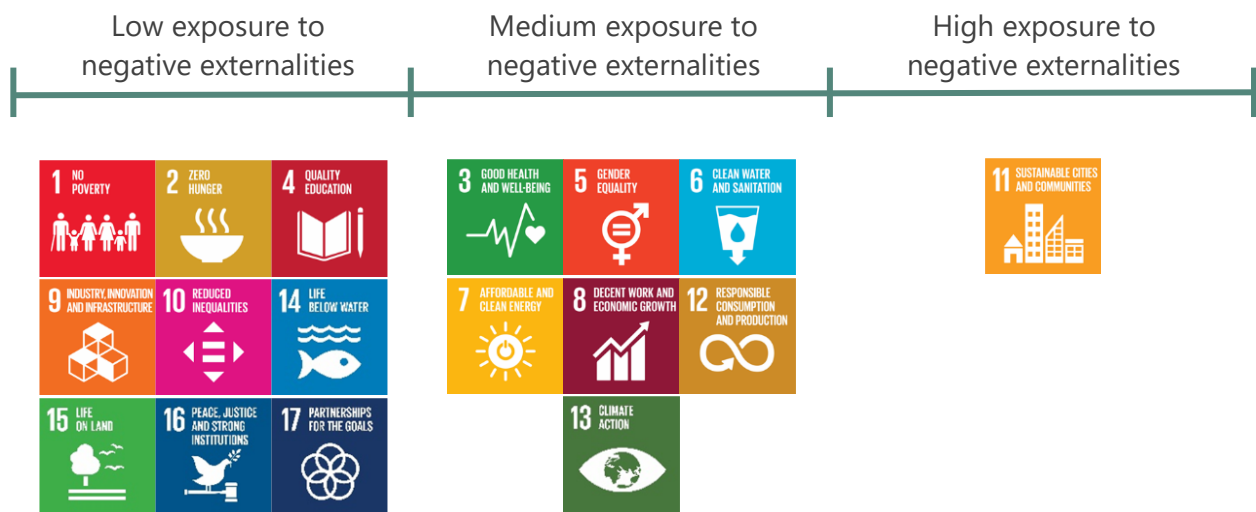
<sup>8</sup> The Issuer bases its eligibility criteria on a study of the best 15% of the German real estate portfolio in terms of energy efficiency by Drees & Sommer for member institutions of the Association of German Pfandbrief Banks (2022; updated 2025).

<sup>9</sup> EnEV 2009 was enforced in 2009. A time lag between implementation of a new EnEV 2009 energy efficiency standard and the buildings built under that standard is taken into consideration, hence residential buildings constructed in 2012 (year determined in the credit approval process) and later are classified as eligible.


**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 categories, as well as related SDGs impacted. The assessment displays how the UoP categories mitigate 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 BSH finances) are the following:



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>10</sup>	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Green Buildings</b></p> <p>30% Reduction</p> <p>The renovation leads to a reduction of energy consumption/demand of at least 30%. In addition, the energy efficiency measures must lead to energy consumption/demand reaching levels consistent with EU climate objectives</p>	<p>✓</p>	

<sup>10</sup> Only the direction of change is displayed. The scale of improvement is not assessed.

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

The table below evaluates the financial institution and the eligibility criteria against issuance-specific KPIs. The entirety of the assets are and will be located in Germany.

### ASSESSMENT AGAINST KPIs

#### ESG guidelines into lending process

BSH covers ESG risks in its risk strategy and its policy on technical sustainability risk management documentation<sup>11</sup>. The individual risk strategies describe how ESG risks are addressed in the context of the relevant category of risk. Credit risk and operational risk are particularly affected by potentially material ESG risk factors. The policy on technical sustainability risk management documentation describes the applicable regulatory frameworks, sustainability governance, methods for assessing ESG aspects, the management of ESG risks in the main categories of risk, and how ESG risks are addressed in risk appetite, ICAAP, stress tests and reporting. The risk management cycle includes the identification, measurement/assessment, control, monitoring and communication of sustainability risks and the associated processes. The Issuer aims to identify severe risks as early as possible and implements measures to actively manage the risks. BSH withdraws from projects that do not comply with the requirements of BSH’s credit risk policy.

The Issuer uses a classification tool based on the SDGs to assess the sustainability of its lending business. Additionally, a top-down method based on statistical averages was established to identify physical risks in the customer lending business. To identify transition risks, energy certificates for certain purposes must be obtained from borrowers when new loans are granted. Energy data is collected on existing properties and the energy efficiency of the property is also incorporated into the credit process.

#### Labor, health and safety



All assets financed are and will be located in Germany, where high labor, health and safety standards are ensured by relevant national legislation. Germany has ratified 89 ILO conventions and two protocols to date, 62 of which are still in force<sup>12</sup>. BSH’s borrowers must comply with the ILO core conventions ratified by Germany.

#### Biodiversity and community dialogue



Eligible assets are located in Germany exclusively. Germany is an Equator Principles Designated Country, as such high standards with regard to

<sup>11</sup> BSH, [https://www.schwaebisch-hall.de/content/dam/dambsh/unternehmen/investor-relations/BSH\\_FinancialReport2024.pdf](https://www.schwaebisch-hall.de/content/dam/dambsh/unternehmen/investor-relations/BSH_FinancialReport2024.pdf)

<sup>12</sup> International Labour Organization, [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200\\_COUNTRY\\_ID:102643](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102643)

environmental impacts and impacts on the communities are considered to be ensured by national legislation and European Union legislation. The Federal Nature Conservation Act<sup>13</sup> ensures the protection of German nature and biodiversity, including nature reserves, wild animals, plant species, their habitats and biotopes. It is specified by federal regulations on species' protection such as the Federal Species Protection Ordinance (BArtSchV)<sup>14</sup>. Further to that, neighbours, for example, have their own right of appeal against the granting of building permits (Section 42 (2) VwGO<sup>15</sup>). Recognised nature conservation associations (e.g. BUND, NABU) have established a right of appeal within the framework of public participation in building planning procedures (Section 64 BNatSchG<sup>16</sup>, Section 2 UmwRG<sup>17</sup>).

In addition, the Issuer confirms to exclude financing in certain protected areas through compliance with above mentioned legislation (e.g., Federal Nature Conservation Act (BNatSchG)) such as the List of Wetlands of International Importance - the Ramsar List, the UNESCO World Heritage List within the context of the UNESCO Convention Concerning the Protection of the World Cultural and Natural Heritage, and the UNESCO Biosphere Reserves List within the context of the UNESCO programme "Man and the Biosphere (MAB)".

**Inclusion**



The Issuer has policies<sup>18</sup> in place aiming to ensure that borrowers are not discriminated on the basis of race, sexual orientation, gender, and other relevant categories. In its internal processes, BSH aims to reduce the possibility of discrimination by separating the credit approval process and the data collection and processing. BSH does not restrict any interested party in making use of the counselling service offered.

**Data protection and information security**



The Issuer has policies and measures<sup>19</sup> in place systematically ensuring that data collection processes on borrowers meet minimum requirements for data and information security, and data security in outsourced data processing. The Issuer confirms to comply with the GDPR<sup>20</sup>. Risk assessments, trainings and awareness raising, physical and technical safeguards, information security

<sup>13</sup> Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety, <https://www.bmuv.de/en/law/federal-nature-conservation-act-bnatschg>

<sup>14</sup> Federal Ministry of Justice and Consumer Protection, [https://www.gesetze-im-internet.de/bartschv\\_2005/](https://www.gesetze-im-internet.de/bartschv_2005/)

<sup>15</sup> Federal Ministry of Justice and Consumer Protection, <https://www.gesetze-im-internet.de/vwgo/>

<sup>16</sup> Federal Ministry of Justice and Consumer Protection, [https://www.gesetze-im-internet.de/bnatschg\\_2009/](https://www.gesetze-im-internet.de/bnatschg_2009/)

<sup>17</sup> Federal Ministry of Justice and Consumer Protection, <https://www.gesetze-im-internet.de/umwrg/>

<sup>18</sup> DZ BANK Group, [https://www.dzbank.de/content/dam/dzbank/dokumente/en/dz-bank/profile/corporate-governance/compliance/Code\\_of\\_Conduct\\_for\\_DZ\\_BANK\\_Group\\_Oct\\_2024.pdf](https://www.dzbank.de/content/dam/dzbank/dokumente/en/dz-bank/profile/corporate-governance/compliance/Code_of_Conduct_for_DZ_BANK_Group_Oct_2024.pdf)

<sup>19</sup> BSH, <https://www.schwaebisch-hall.de/sicherheit-und-datenschutz.html>

<sup>20</sup> European Union, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0679>

incident management measures and regular IT audits are confirmed to be in place. Outsourced data service providers are required to be certified for ISO 27001 Information Security Management System.

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



The Issuer has measures in place for responsible treatment of customers with debt repayment problems. In terms of pre-emptive actions, BSH uses responsible lending performance indicators and targets to reduce the number of clients with debt repayment problems e.g. responsible income sufficiency tests, fixed interest rate mortgages to limit the risk of rising rates for the borrowers, and conservative loan collateralisation by residential real estate with adequate loan-to-value-ratios. Furthermore, the Issuer offers internal debt counselling. Restructuring typically starts with reducing the monthly payment or payment deferral. BSH performs debt restructuring under non-detrimental conditions. The Issuer examines all alternative options before undertaking foreclosure as a last resort.

BSH confirms to comply with the customer protection laws in Germany (see for example §498 BGB<sup>21</sup>).

### **Sales practices**



The Issuer has implemented systematic measures to ensure responsible sales practices for assets financed under the Framework. This includes the establishment of adequate reward systems, responsible sales targets and commissions, clear responsibilities, and evaluation of agents' competencies and sales practices. The Issuer includes ethical considerations in the calculation of bonus payments. BSH has implemented additional measures such as implementing customer- and value-oriented incentive systems, defining qualification levels for sales advisors, and considering credit risk scores and customer complaints in the advisory process. BSH's trainings and qualification programs include components for responsible sales practices. The Credit and Risk Controlling Divisions are separate from Market Divisions.

### **Responsible marketing**



The Issuer confirms to have policies and measures in place for responsible marketing, e.g., transparency regarding product risks, non-use of small print and a commitment to inform customers about the reasons leading to rejection. Furthermore, BSH follows the German marketing standards and complies with the provisions of the Unfair Competition Act (G UW)<sup>22</sup>.

<sup>21</sup> Federal Ministry of Justice and Consumer Protection, [https://www.gesetze-im-internet.de/bgb/\\_498.html](https://www.gesetze-im-internet.de/bgb/_498.html)

<sup>22</sup> Federal Ministry of Justice and Consumer Protection, [https://www.gesetze-im-internet.de/uwg\\_2004/](https://www.gesetze-im-internet.de/uwg_2004/)

**Exclusion criteria**

Exclusion criteria cover e.g. thermal coal, controversial and conventional weapons, significant environmental hazards, pornography, controversial gambling and human/labour rights violations. Furthermore, BSH follows the Bausparkassengesetz<sup>23</sup> and is thus specialized in providing its customers (particularly, private clients) with loans for residential real estate. Regarding the identification and treatment of entities associated with fraud, terrorism or money laundering, BSH follows the law in force as defined in §25h KWG<sup>24</sup>. BSH confirms having risk management and internal safety measures in place to counter criminal activities and fraud. BSH has installed business and customer-related security systems and controls, for example, tools and processes used for Know Your Customer related activities.

<sup>23</sup> Federal Ministry of Justice and Consumer Protection, <https://www.gesetze-im-internet.de/bausparkg/>

<sup>24</sup> Federal Ministry of Justice and Consumer Protection, [https://www.gesetze-im-internet.de/kredwg/\\_25h.html](https://www.gesetze-im-internet.de/kredwg/_25h.html)

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

*Key sustainability objectives and priorities defined by the Issuer*

TOPIC	ISSUER APPROACH
<p><b>Strategic ESG topics</b></p>	<p>The Issuer focuses on the following topics: climate change, biodiversity and ecosystems, own workforce, workers in the value chain, consumers and end-users, and business conduct. These strategic ESG topics have been defined through a materiality assessment.</p>
<p><b>ESG goals/targets</b></p>	<p>To achieve its strategic ESG topics, the Issuer has set quantitative and qualitative goals for some of its ESG topics.</p> <p>For example, BSH set the following goals to adapt to and mitigate climate change:</p> <ul style="list-style-type: none"> <li>▪ 41% relative reduction in physical emissions intensity compared with baseline year by 2030</li> <li>▪ 75% relative reduction in physical emissions intensity compared with baseline year by 2040</li> <li>▪ 100% relative reduction in physical emissions intensity compared with baseline year by 2050</li> </ul> <p>The Issuer aims to encourage diversity by increasing the proportion of women in management positions. By Dec. 31, 2027, a target level for the proportion of women at F1 level of 15%, at F2 level of 20% and at F3 level of 35% will be set.</p> <p>To engage with customers at the right time, through the right channel and with the right message along the entire customer journey, BSH uses metrics from overarching dashboards like brand awareness and brand preference, perception of communication measures/messages and reactions to Schwäbisch Hall measures.</p> <p>For some of its ESG topics, BSH has not set targets (biodiversity and ecosystems, workers in the value chain and business conduct).</p>



TOPIC	ISSUER APPROACH
<p><b>Action plan</b></p>	<p>The goals are public and monitored annually. They are not verified by SBTi.</p> <p>The Issuer has a program in place to address its strategic ESG topics and goals.</p> <p>To address its own workforce, BSH engaged the workforce and workers’ representative through employee opinion surveys, anonymous feedback questionnaires, evaluation and publication of the results on the intranet, regular reflection and opinion-sharing through dialogue-based formats. Further actions on recruitment, collective bargaining coverage and social dialogue actions, diversity, adequate wages, training and skills development, health and safety and work-life balance are described in the Financial Report 2024<sup>25</sup>. To achieve its target of increasing the proportion of women in management positions, the HR department internally assesses the metrics with regard to the control actions needed. Actions addressing workers in the value chain focus on sales force. To take action on material impacts on consumers and end-users, the Issuer focuses on customer experience management based on continuous customer feedback and conducting consumer surveys.</p> <p>The Issuer doesn’t disclose its relevant financial budget to achieve its ESG goals.</p>
<p><b>Climate transition strategy</b></p>	<p>BSH recognizes that it plays a key role in the sustainable transformation of the building sector e.g. by using financial resources for energy-efficient new construction and energy-efficient refurbishment.</p> <p>The Issuer wants to achieve climate neutrality by 2050, including relative interim targets as described above. The target applies to the Schwäbisch Hall Group’s loan portfolio. The targets align with the 1.5°C target and CRREM methodology.</p> <p>To address its business portfolio and ecology, BSH’s actions focus on sustainability governance, voluntary commitments, Schwäbisch Hall modernisation advisors,</p>

<sup>25</sup> BSH, [https://www.schwaebisch-hall.de/content/dam/dambsh/unternehmen/investor-relations/BSH\\_FinancialReport2024.pdf](https://www.schwaebisch-hall.de/content/dam/dambsh/unternehmen/investor-relations/BSH_FinancialReport2024.pdf)



TOPIC	ISSUER APPROACH
	pricing, ex post monitoring in the course of climate target management, decarbonisation levers like switching from heating and power generation using fossil fuels (coal, oil and gas) to generation from renewable sources, adapting properties to make effective use of these renewable energy sources and improving the energy efficiency of buildings, in particular through energy-efficient refurbishment.
<b>Sustainability reporting</b>	The Issuer reports on its ESG performance and initiatives annually. The report is prepared according to the European Sustainability Reporting Standards (ESRS).
<b>Industry associations, collective commitments</b>	The Issuer is a member of/signatory to the following organisations: UN Global Compact, Principles for Responsible Banking, German CEO Alliance for Climate and Economy, Association of Private Bausparkassen (VdpB), Association of German Pfandbrief Banks (vdp) and Association for Environmental management and Sustainability in Financial Institutions (VfU).
<b>Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework</b>	Two green bonds were issued in January and April 2024. The issue volume was EUR 500 million each.

*Rationale for issuance*

BSH recognizes that it plays a key role in the sustainable transformation of the building sector, e.g., by using financial resources for energy-efficient new construction and energy-efficient refurbishment. By issuing green bonds to finance or refinance eligible assets, funds are directed towards residential properties that meet high energy-efficiency standards or that are being renovated or modernised. The Issuer therefore considers the issuance of green bonds an important source of funding and an enabler for energy-efficient mortgage lending. Under the Framework, BSH will therefore finance projects in the category 'Green Buildings'.

**Opinion:** *The key sustainability objectives and the rationale for issuing green bonds are clearly described by the Issuer. All of 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.
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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

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

### CRITERIA

Relevant standards for this second-party opinion:

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2025)

### ISSUER'S RESPONSIBILITY

BSH's responsibility was to provide information and documentation on:

- 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 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 BSH has been conducted based on proprietary methodology and in line with ICMA's GBP.

The engagement with BSH took place from May to July 2025.

### 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.

Please visit ISS-Corporate's [website](#) to learn more about our services for bond issuers.

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

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