

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

Kreissparkasse Köln

20 December 2024

VERIFICATION PARAMETERS

Type(s) of
instruments
contemplated

- Green bonds

Relevant standards

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)

Scope of verification

- Kreissparkasse Köln's Green Bond Framework (as of Dec. 20, 2024)
- Kreissparkasse Köln's eligibility criteria (as of Dec. 20, 2024)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

CONTENTS

SCOPE OF WORK.....	3
KREISSPARKASSE KÖLN OVERVIEW	4
ASSESSMENT SUMMARY	5
SPO ASSESSMENT.....	7
PART I: ALIGNMENT WITH THE GREEN BOND PRINCIPLES.....	7
PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA.....	9
A. CONTRIBUTION OF THE GREEN BONDS TO THE U.N. SDGs.....	9
B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA.....	12
PART III: CONSISTENCY OF GREEN BONDS WITH KREISSPARKASSE KÖLN'S SUSTAINABILITY STRATEGY.....	17
ANNEX 1: METHODOLOGY	22
ANNEX 2: QUALITY MANAGEMENT PROCESSES.....	23
About this SPO.....	24

SCOPE OF WORK

Kreissparkasse Köln (“the Issuer”, “the Company” or “the Bank”) commissioned ISS-Corporate to assist with its green bonds by assessing three core elements to determine the sustainability quality of the instruments:

1. Kreissparkasse Köln’s Green Bond Framework (as of Dec 20, 2024), 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 proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of green bonds with Kreissparkasse Köln’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

KREISSPARKASSE KÖLN OVERVIEW

Kreissparkasse Köln engages in the provision of banking and financial services for private and business clients. It offers traditional banking services, such as student and business debit accounts, credit cards, mortgage, car and private loans, pension schemes, and insurances. Furthermore, the firm also offers savings and home building savings accounts and schemes, time deposits, and managed and unmanaged securities accounts. The company was founded in 1853 and is headquartered in Cologne, Germany.





ESG risks associated with the Issuer Industry

Kreissparkasse Köln is classified in the public and regional banks industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies¹ in this industry are sustainability impacts of lending and other financial services/products, customer and product responsibility, sustainable investment criteria, labor standards and working conditions, and business ethics.

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.

¹ 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 ²
<p>Part I:</p> <p>Alignment with GBP</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>Aligned</p>
<p>Part II:</p> <p>Sustainability quality of the eligibility criteria</p>	<p>The green bonds will (re)finance the following eligible asset categories:</p> <p>Green categories: green buildings.</p> <p>Product and/or service-related use of proceeds categories³ individually contribute to one or more of the following SDGs:</p> <div data-bbox="691 1005 924 1122" style="text-align: center;">   </div> <p>Other use of proceed categories⁴ improve the operational impacts of Kreissparkasse Köln’s borrowers and mitigate potential negative externalities of its sector on one or more of the following SDGs:</p> <div data-bbox="691 1462 924 1579" style="text-align: center;">   </div> <p>The environmental and social risks associated with those use of proceeds categories and the financial institution are managed.</p>	<p>Positive</p>

² The evaluation is based on Kreissparkasse Köln’s Green Bond Framework (Dec. 20, 2024 version), on the analysed selection criteria as received on Dec. 20, 2024.

³ Green buildings: new properties, and existing residential properties in Germany

⁴ Green buildings: renovation or refurbishment of existing properties in Germany

<p>Part III:</p> <p>Consistency of green bonds with Kreissparkasse Köln's sustainability strategy</p>	<p>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 sustainability objectives of the Issuer.</p>	<p>Consistent with Issuer's sustainability strategy</p>
---	--	--

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE GREEN BOND PRINCIPLES

This section evaluates the alignment of the Kreissparkasse Köln’s Green Bond Framework (as of Dec. 20, 2024) with the GBP.

GBP	ALIGNMENT	OPINION
<p>1. Use of proceeds</p>	<p>✓</p>	<p>The use of proceeds description provided by Kreissparkasse Köln’s Green Bond Framework is aligned 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. Disclosure of distribution of proceeds by project category will be provided to investors during investor presentation at pre-issuance and environmental benefits are described.</p> <p>The Issuer provides a quantitative analysis of the environmental benefits of the project categories, in line with best market practice.</p>
<p>2. Process for project evaluation and selection</p>	<p>✓</p>	<p>The process for project evaluation and selection description provided by Kreissparkasse Köln’s Green Bond Framework is aligned 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, in line with best market practice.</p>
<p>3. Management of proceeds</p>	<p>✓</p>	<p>The management of proceeds provided by Kreissparkasse Köln’s Green Bond Framework is aligned with the GBP.</p> <p>The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are credited to an abstract sub-portfolio that is</p>

		<p>appropriately tracked. The net proceeds are managed on an aggregated basis for multiple green bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>Kreissparkasse Köln also discloses ESG criteria for temporary investments, in line with best market practice.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting provided by Kreissparkasse Köln’s Green Bond Framework is aligned 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 website⁵. Kreissparkasse Köln 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>Kreissparkasse Köln is transparent about the level of impact reporting and the information reported and further defines the duration and frequency of the impact reporting. Additionally, Kreissparkasse Köln commits to have the allocation report audited by an external party, in line with best market practices.</p>

⁵ Under the section “Investor Relations”: <https://www.ksk-koeln.de/de/home/ihre-sparkasse/ueberuns/investor-relations.html?n=true&stref=hnav>

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE GREEN BONDS TO THE U.N. SDGs⁶

The Issuer can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess 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 GBP and/or SBP 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:



⁶ The impact of the UoP categories on the U.N. SDGs is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

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 (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p><i>For new construction financing⁷ in Germany, the property must have a primary energy requirement that is at least 10% below the national standard for low-energy buildings (NZEB)⁸</i></p>	<p>Contribution</p>	 
<p>Green Buildings</p> <p><i>For financing existing residential properties, the residential building can be assigned to at least energy efficiency class A.</i></p>		 
<p>Green Buildings</p> <p><i>For existing residential properties, the building is among the top 15% of the national or regional residential building stock in terms of energy consumption/ demand.⁹</i></p>		 

⁷ New buildings constructed from January 1, 2021

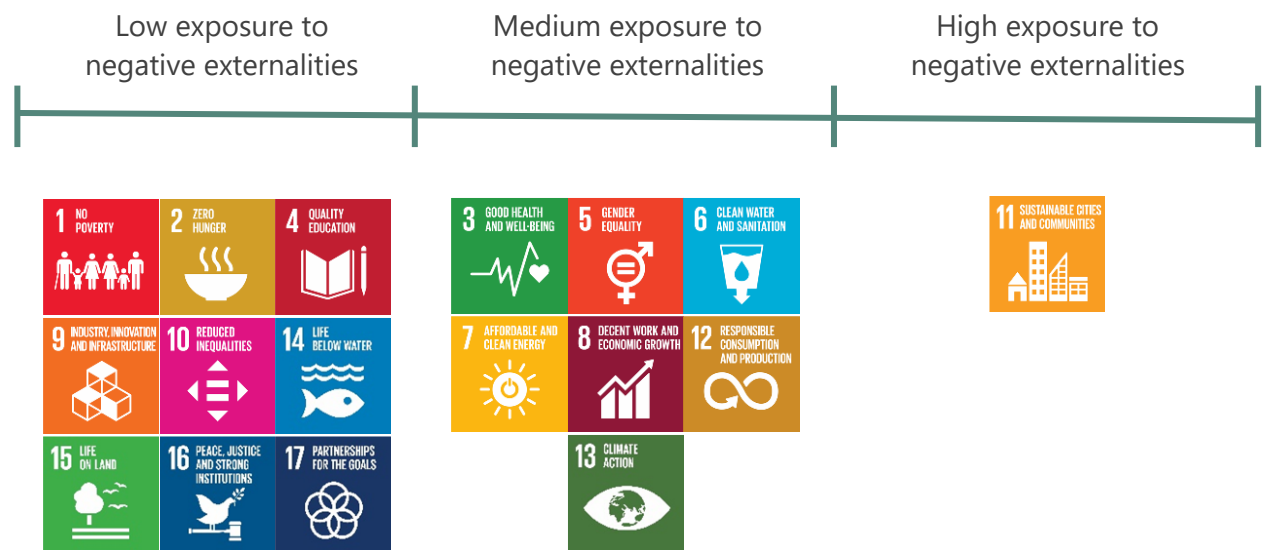
⁸ The German Buildings Energy Act (GEG) is the primary law that implements the European Union's (EU) Energy Performance of Buildings Directive (EPBD) in Germany, including its nearly zero-energy building (NZEB) criteria.

⁹ 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 2023).

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 U.N. 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 SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities in the real estate sector (which Kreissparkasse Köln 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 ¹⁰	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p><i>For renovated or refurbished properties, a reduction in energy consumption or demand of at least 30% is achieved.</i></p> <p><i>In addition, the energy refurbishment must result in energy consumption/demand reaching a level that is in line with the EU's climate targets.</i></p>		

¹⁰ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

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 are and will be located in Germany.

ASSESSMENT AGAINST KPIs

ESG guidelines into financing process

Kreissparkasse Köln established a number of guidelines to assess ESG performance.

Sustainability standards applying to corporate banking¹¹: the guideline refers to general, cross-industry standards such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the U.N. Global Compact and the ILO core conventions. Furthermore, the Issuer defined industry-specific exclusion criteria which are described in detail below. The sustainability standards were implemented in the first quarter of 2022 and reviewed in 2024. Non-compliance with the sustainability standards lead to the rejection of the financing.

Sustainability standards applying to the Bank's own investments¹²: the guideline refers to general, cross-industry standards such as the U.N. Global Compact as well as policies developed within the Sparkassen-Finanzgruppe (e.g. voluntary commitment to climate protection for Sparkassen), associations ("Verbändekonzept") and regular internal strategy processes. Furthermore, Kreissparkasse Köln implemented a sustainability filter and defined industry- and country specific exclusion criteria which are described in detail below.

Assessment of the ES(G) risks of corporate (real estate) customers using the S-ESG score: ESG risks of commercial (real estate) customers are assessed using the S-ESG score of Sparkassen Rating- und Risikosysteme GmbH. The requirements depend on the size of the company. ESG risks of microenterprises and small companies are assessed and analyzed through a portfolio approach whereas ESG risks of medium and large companies are assessed and analyzed individually at the borrower level. In addition to the assessment by the financial advisor, the client has to complete a sustainability questionnaire¹³. If the client is subject to increased ESG risks (ESG score greater than 60), a detailed examination of the business model is required. The in-depth analysis of the business model explores whether the company is undergoing a transformation process and whether the requested financing contributes to the transformation of the company. Additionally, ESG risks of the financed real estate portfolio

¹¹ Kreissparkasse Köln, <https://www.ksk-koeln.de/content/dam/myif/kskkoeln/work/dokumente/pdf/allgemein/2022.02.24-nachhaltigkeitsstandards-ksk-koeln.pdf?n=true>

¹² Kreissparkasse Köln, <https://www.ksk-koeln.de/content/dam/myif/kskkoeln/work/dokumente/pdf/allgemein/information-zur-nachhaltigkeit-eigenanlagen.pdf?stref=iconbox>

¹³ Kreissparkasse Köln, https://www.ksk-koeln.de/content/dam/myif/kskkoeln/work/dokumente/pdf/allgemein/1553%20fragebogen_nachhaltigkeit.pdf?n=true

are assessed using the S-ESG score developed by the Sparkassen-Finanzgruppe. The result is included in the overall ESG assessment.

Labor, health and safety



As 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 also ratified 87 ILO conventions and two protocols to date, 61 of which are still in force. Therefore, Kreissparkasse Köln's borrowers must comply with the ILO core conventions ratified by Germany.

Biodiversity



All assets financed are and will be located in Germany. Thus, the Issuer ensures that the assets' environmental impacts have been mitigated and reduced as it aligns with European Union's standards for environmental and social impact assessment. Furthermore, Germany is an Equator Principles Designated Country, meaning it is deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect its people and the natural environment. Accordingly, the Issuer's borrowers are obligated to obtain necessary licenses and permits to mitigate the negative environmental impacts on biodiversity.

Community dialogue



All assets financed are and will be located in Germany. Thus, it is ensured by law that impacts on the communities have been mitigated and reduced as it aligns with the European Union's standards for environmental and social impact assessment. Further to that, neighbours, for example, have their own right of appeal against the granting of building permits (Section 42 (2) VwGO). 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, Section 2 UmwRG).

Inclusion



The Issuer states in their code of conduct¹⁴ that borrowers are not discriminated based on age, disability, ethnic origin, family status, race, religion, gender, sexual orientation, nationality and social origin in the access to credit. The code of conduct¹⁵ is complemented by internal guidelines including the "Code of Conduct for the employees of the Kreissparkasse Köln" or the "Ethics and

¹⁴ Kreissparkasse Köln, <https://www.ksk-koeln.de/content/dam/myif/kskkoeln/work/dokumente/pdf/allgemein/code-of-conduct-20240227.pdf?stref=textbox>

¹⁵ Kreissparkasse Köln, <https://www.ksk-koeln.de/content/dam/myif/kskkoeln/work/dokumente/pdf/allgemein/code-of-conduct-20240227.pdf?stref=textbox>

Conduct Guidelines,” which specify rules for all employees and members of governing bodies.

Data protection and information security



Kreissparkasse Köln is subject to EU Regulation 2022/2554 on digital operational resilience for the financial sector (DORA)¹⁶. The Issuer has information security guidelines in place, which were defined by the board and cover the tasks, competencies, responsibilities, due diligence and communication channels associated with the management of information risks. The information security management system (ISMS) is based on the ISO/IEC 270xx series and ensures compliance with the requirements of the standards. Information risks are fed into the OpRisk system. The ISMS consists of three lines of defense and associated processes. Responsibility for information security lies with the board of Kreissparkasse Köln and is exercised by the board member responsible for information security. The employees of Kreissparkasse Köln must complete training courses on data protection and information security on a regular basis. Kreissparkasse Köln has established processes to deal with the identification, classification and handling of security incidents, which is carried out by its IT service providers. The Issuer’s ICT third-party risk strategy defines the principles for the use of third-party services to ensure identification, management and mitigation of third-party risks. The requirements of MaRisk¹⁷ and DORA for ICT third-party services are implemented. In cases of “high” or “very high” protection requirements for processed data, third-party service providers must comply with different measures regulated by DORA. These measures are agreed contractually. Outsourcing is monitored and reviewed centrally at regular service meetings that review evaluations of reporting from service providers.

Responsible treatment of customers with debt repayment problems



The Issuer has implemented various measures to responsibly deal with borrowers having debt repayment problems. The client has a process in place to proactively approach potentially at-risk customers. Kreissparkasse Köln promotes the financial literacy of people of all ages and offers suitable information, services and advice for all stages of life. Examples include supporting private households in their budget and financial planning, of which a key goal is to prevent indebtedness. For this educational program the principles of neutrality, freedom from advertising and transparency apply. Covenants limiting indebtedness can be agreed for corporate customers. Kreissparkasse Köln has a separate department to responsibly handle

¹⁶ European Union, <https://eur-lex.europa.eu/eli/reg/2022/2554/oj>

¹⁷ Bundesanstalt für Finanzdienstleistungsaufsicht,

https://www.bafin.de/SharedDocs/Downloads/DE/Rundschreiben/dl_rs_06_2024_MaRisk_pdf_BA.html?nn=19659504

customers with debt repayment problems. Employees of the department have expertise, as well as processes and special systems in place to support customers and approach them personally and as early and appropriately as possible. Measures for debt restructuring, implemented by the separate department, include but are not limited to interest and/or repayment holidays, adjustment of conditions or debt waiver. Further to that, the Issuer financially supports external debt counselling and proactively provides information to clients. Regarding mortgage sales, the Issuer guarantees that all alternative options are examined before undertaking foreclosure as a last resort.

Sales practices



Kreissparkasse Köln ensures that responsible sales practices are in place. The Issuer refrains from paying commissions based on the sale of individual products. Further to that, Kreissparkasse Köln took initial steps towards limiting sales targets such as setting team targets instead of individual targets. Ethical considerations are to some extent included in the calculation of bonus payments. Customer satisfaction is considered for the annual calculation of the additional remuneration of employees. Kreissparkasse Köln provides training on responsible sales practice, to ensure implementation of responsible marketing and adequate product offers. Under the advisory approach S-Finanzkonzept¹⁸ the advisor assesses the customer's life and financial situation, personal goals, existing sustainability preferences and, if necessary, their risk appetite as well as their experience and knowledge. This approach is transferred through guidance and support of managers and sales coaches as well as internal trainings. Additional courses are offered by the external Sparkassenakademie NRW.

The Issuer monitors its sales practices by screening clients' risk profiles before every consultation, customer surveys on post-sale understanding of products and services, and monitoring and assessment of complaints received.

Responsible marketing



Kreissparkasse Köln is committed to responsible marketing. Information is delivered in a simple, understandable and consumer-friendly manner. The Issuer avoids misleading information or small print. All briefings to marketing and creative agencies follow the guideline of "no advertising through irritation." The Issuer is also committed to clear and correct pricing. The price list, along with basic information sheets, can be found on the Issuer's website¹⁹. Kreissparkasse Köln follows recommendations and exemplary contracts provided by its associations. The basic information sheets contain details on

¹⁸ Kreissparkasse Köln, <https://www.ksk-koeln.de/de/home/privatkunden/sparkassen-finanzkonzept.html>

¹⁹ Kreissparkasse Köln, <https://www.ksk-koeln.de/de/home/toolbar/preise-und-hinweise.html>

various investment products and their risks. For other product categories, the necessary information is explained to customers during consultation and handed out if needed. Employees of Kreissparkasse Köln are required to inform customers verbally of a loan rejection due to a negative credit check (consumer loan). If current account applications are rejected, customers are informed in writing.

Exclusion criteria

Kreissparkasse Köln has exclusion criteria for corporate banking and its own investments.

For corporate banking, specific criteria are defined for the following industries: energy industry (including coal-fired power plants, nuclear power plants, mining and oil and gas), forestry, pulp and paper industry, armaments, prostitution and pornography, tobacco and international project financing.²⁰ Kreissparkasse Köln reserves the right to review projects of companies operating in critical sectors on the basis of an individual assessment.

For the bank's own investments, the following criteria apply to corporates:

- Complete exclusion of companies that produce or distribute banned weapon systems and WMDs
- Exclusion of companies in which tobacco production accounts for more than 5% of the business volume
- Exclusion of companies in which the extraction, distribution and/or energy production of and with coal exceed 30 percent of the business volume
- Companies with an MSCI ESG rating of "B" or below are completely excluded
- Serious violations of the UN Global Compact

For countries, the following criteria apply:

- Countries classified as not free by the „Freedom House Index“²¹

²⁰ Kreissparkasse Köln, <https://www.ksk-koeln.de/content/dam/myif/kskkoeln/work/dokumente/pdf/allgemein/2022.02.24-nachhaltigkeitsstandards-ksk-koeln.pdf?n=true> More detailed information on sector-specific criteria can be found here.

²¹ Kreissparkasse Köln, <https://www.ksk-koeln.de/content/dam/myif/kskkoeln/work/dokumente/pdf/allgemein/information-zur-nachhaltigkeit-eigenanlagen.pdf?stref=iconbox>

PART III: CONSISTENCY OF GREEN BONDS WITH KREISSPARKASSE KÖLN'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
<p>Strategic ESG topics</p>	<p>The Issuer focuses on three topics²²:</p> <ul style="list-style-type: none"> ▪ Further development of the governance structure with regard to strategic responsibility, networking within the company and those responsible for the field of action ▪ Integration of sustainability risks in risk management ▪ Redesign and development of the topic 'ESG Opportunities' <p>These topics have been defined as a result of the Sustainability Compass, a process conducted by the Bank every two years involving external experts.</p>
<p>ESG goals/targets</p>	<p>To achieve its strategic ESG topics, the Issuer has set the following goals:</p> <ul style="list-style-type: none"> ▪ The sustainable impact of Kreissparkasse Köln should be actively and consistently promoted. ▪ The CO₂ footprint of Kreissparkasse Köln is to be reduced. The Issuer aims to reduce it at least 3,0 % annually. ▪ The perception of Kreissparkasse Köln's sustainability should be improved. <p>The goals are public and monitored annually.</p> <p>Kreissparkasse Köln doesn't have any verified Science-based targets.</p>
<p>Action plan</p>	<p>The Issuer established the "ESG 2.0" program, which includes nine modules and 29 fields of actions. The modules cover strategy, customers, risk and credit,</p>

²² Kreissparkasse Köln, <https://www.ksk-koeln.de/de/home/ihre-sparkasse/nachhaltigkeit-ueberblick.html>

	<p>and local social engagement, among other activities. Activities and measures relating to the fields of action as well as milestones have been and are being developed on an ongoing basis. Business strategy and sustainability goals are operationalized through the sustainability map established in the Sparkassen-Finanzgruppe. This includes the following focus areas: "strategy and control", "business operations", "customer business" and "communication". The selection of specific measures is usually made by the sustainability coordination team. The board, along with the sustainability management or the specialist departments, decide on implementation. Implementation is usually carried out by the responsible employees in the specialist departments. Kreissparkasse Köln has set up a multi-level process to identify, compile, check and evaluate the relevant sustainability data.</p> <p>Kreissparkasse Köln has an internal financial budget for the ESG program but does not disclose it publicly.</p>
<p>Climate Transition Strategy</p>	<p>One of Kreissparkasse Köln's ESG goals is to reduce its CO₂ footprint at least 3,0 % annually. The Issuer is actively committed to achieving the goals of the Paris Agreement and has implemented different activities to promote environmental and climate protection in the region:</p> <ul style="list-style-type: none"> ▪ Participation in working groups on climate and energy of the municipalities ▪ Collaboration with the association Moderne Energie Rhein-Erft eV. aiming to inform interested people about energy efficiency ▪ Corporate customer advisors continually approaching customers on the subject of energy and resource efficiency in collaboration with specially trained employees from the specialist financing department ▪ Various individual measures to protect species diversity and biodiversity and to

	<p>expand the range of environmental education courses</p> <ul style="list-style-type: none"> ▪ Participation in various real estate fairs ▪ Membership in the Köln/Bonn Region Association ▪ Promotion of sustainable mobility <p>Kreissparkasse Köln signed the German Sparkassens' voluntary commitment to climate-friendly and sustainable business. Some of the measures include the purchase of green electricity or sustainable mobility, which the Issuer already implemented. Kreissparkasse aims to further optimize it's own operations (e.g. more sustainable office materials). Since 2022, emissions from employee commuting have been determined by a survey following the Greenhouse Gas Protocol's recommendations. Emissions are offset through international climate protection projects.</p>
<p>Sustainability Reporting</p>	<p>The Issuer reports on its ESG performance and initiatives annually. The report is prepared according to the reporting standard of the Sparkassen-Finanzgruppe, which was developed by the Deutsche Sparkassen- und Giroverband e.V. (DSGV). The indicators are compatible with the Global Reporting Initiative (GRI)'s standards and the Deutscher Nachhaltigkeitskodex (DNK).</p>
<p>Industry associations, Collective commitments</p>	<p>The Issuer is a signatory of the Charta der Vielfalt and the German Sparkassens' voluntary commitment to climate-friendly and sustainable business. Further to that, Kreissparkasse Köln is a member of the following associations: DSGV, Rheinischer Sparkassen und Giroverband e.V., Industrie- und Handelskammer Köln und Bonn/Rhein-Sieg, Vdp – Verband deutscher Pfandbriefbanken, Sustainable Finance Beirat der Bundesregierung, and vöb – Bundesverband öffentlicher Banken.</p>

<p>Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework</p>	<p>-</p>
---	----------

Rationale for issuance

Kreissparkasse Köln is a regional and public credit institution in Germany and defines its business model as based on long-term value preservation and not on short-term profit maximization. Part of its public mandate is a focus on the common good and the financial provision of the people and economy in the region, which is outlined in the North Rhine-Westphalia Sparkassen Act.

The Kreissparkasse Köln aims to ensure basic financial services in the region. Sustainability is a company-wide integrated topic on which the Issuer regularly reports. The commitment is integrated in the business strategy, the remuneration strategy, the risk strategy and the non-financial statement of Kreissparkasse Köln. The Issuer has defined three ESG goals, of which one refers to actively and consistently promoting the sustainable impact of Kreissparkasse Köln. The issuance of green bonds is an important source of refinancing and enables granting ecologically sustainable real estate loans to the Issuer’s customers.

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 sustainability objectives of the Issuer.*

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.
3. Second Party Opinion are based on data provided to ISS-Corporate by the contracting party and may change in the future, depending in part on the development of market benchmarks and ISS-Corporate's methodology. ISS-Corporate does not warrant that the information presented in this Second Party Opinion is complete, accurate or up to date. ISS-Corporate will not have any liability in connection with the use of these Second Party Opinion, or any information provided therein. If the Second Party Opinion is provided in English and other languages, in case of conflicts, the English version shall prevail.
4. Statements of opinion and value judgments given by ISS-Corporate are not investment recommendations and do not in any way constitute a recommendation for the purchase or sale of any financial instrument or asset. In particular, the Second Party Opinion is not an assessment of the economic profitability and creditworthiness of a financial instrument, but refers exclusively to social and environmental criteria.
5. This Second Party Opinion, certain images, text, and graphics contained therein, and the layout and company logo of ISS-Corporate, are the property of ISS-Corporate (or its licensors) and are protected under copyright and trademark law. Any use of such ISS-Corporate property requires the express prior written consent of ISS-Corporate. The use shall be deemed to refer in particular to the copying or duplication of the Second Party Opinion wholly or in part, the distribution of the Second Party Opinion, either free of charge or against payment, or the exploitation of this Second Party Opinion in any other conceivable manner.

© 2024 | ISS Corporate Solutions, Inc.

ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labelled transactions against international standards using ISS-Corporate's proprietary methodology. For more information, please visit: <https://www.isscorporatesolutions.com/solutions/esg-solutions/second-party-opinion/>

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Kreissparkasse Köln 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 to assess 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 2021 with June 2022 Appendix 1)

ISSUER'S RESPONSIBILITY

Kreissparkasse Köln's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the framework level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of 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 Kreissparkasse Köln has been conducted based on a proprietary methodology and in line with the ICMA's GBP.

The engagement with Kreissparkasse Köln took place from September 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 review 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

Project team

Project lead

Anika Leufen
Associate
Sustainable Finance Research

Project support

Jessie Choy
Associate
Sustainable Finance Research

Project supervision

Marie-Bénédicte Beaudoin
Associate Director
Head of Sustainable Finance
Research