

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

Federal State of Hessen
17 May 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Bonds
Relevant standards	<ul style="list-style-type: none">• Green Bond Principles (GBPs) administered by the International Capital Market Associated (ICMA).
Scope of verification	<ul style="list-style-type: none">• Hessen's Green Bond Framework• Eligible project categories' selection criteria
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as no new project category is added to the framework

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Scope of work

The Federal State of Hessen (“Hessen”, or “the Issuer”) commissioned ISS ESG to assist with its Green Bond Framework by assessing three core elements to determine the sustainability quality of the instrument:

1. The Framework’s link to Hessen’s sustainability strategy – drawing on Hessen’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. Hessen’s Green Bond Framework (April 2021 version) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBPs).
3. The eligible project categories – whether the projects finance by eligible green expenditures contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 1).

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
<p>Part 1:</p> <p>Green Bond Framework's link to the issuer's sustainability strategy</p>	<p>According to the ISS ESG Corporate Rating published on 19.02.2021, Germany, the country in which the state of Hessen is located, shows a good sustainability performance against its peer group on key ESG issues faced by the sovereigns. Germany is rated 11th out of 121 countries rated by ISS ESG.</p> <p>The Use of Proceeds categories (re)financed under the Green Bond Framework of Hessen are consistent with the issuer's sustainability strategy and material ESG topics for sovereign and sub-sovereign issuers. The rationale for issuing green bonds is clearly described by the issuer.</p>	<p>Consistent with issuer's sustainability strategy</p>
<p>Part 2:</p> <p>Alignment with GBPs</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 ICMA GBPs.</p>	<p>Positive</p>
<p>Part 3:</p> <p>Sustainability quality of the Selection Criteria</p>	<p>The overall sustainability quality of the Green Bond Framework in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG assessment. The Green Bonds will (re-)finance eligible asset categories which include Eco-friendly Public Transport, Measures for the forest, Energy efficiency of public buildings, Climate protection plan, Sustainable water management, Organic farming and nature conservation, and Further climate and environmental protection measures in Hessen.</p> <p>These use of proceeds categories have a positive contribution to SDG 3 'Good health and well-being', SDG 6 'Clean water and sanitation', SDG 7 'Affordable and clean energy', SGD 10 'Reduced Inequalities', SGD 11 'Sustainable Cities and Communities', SDG 13 'Climate action' and SGD 15 'Life on land'. The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	<p>Positive</p> <p>Status: Prime</p> <p>Rating: B</p> <p>Decile Ranking: 1</p>

¹ ISS ESG's evaluation is based on the Hessen's Green Bond Framework (April 2021 version), eligible project categories selection criteria and on the ISS ESG Country Rating lastly updated on the 06.05.2021.

ISS ESG SPO ASSESSMENT

PART I: FRAMEWORK'S LINK TO THE ISSUER'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF GERMANY'S ESG PERFORMANCE

The ISS ESG Country Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments. For the purpose of assessing Hessen's ESG performance, ISS ESG used Germany Country Rating as a basis for this assessment.

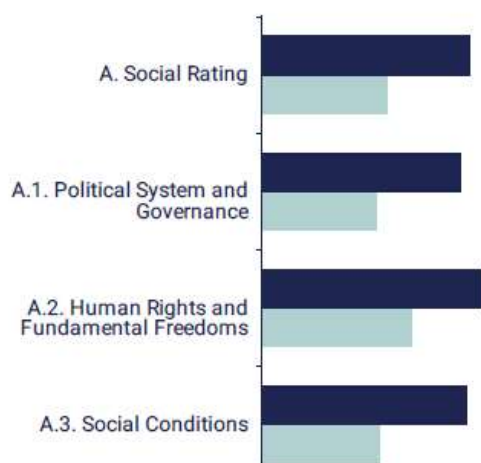
COUNTRY	RATING	STATUS	DECILE RANK
GERMANY	B	PRIME	1

ESG performance

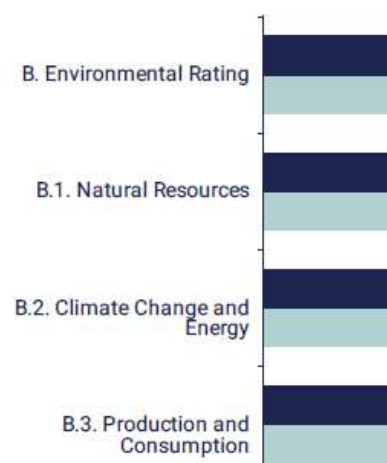
As of 07.05.2021, this Rating places Germany 11th out of 121 countries rated by ISS ESG.

Key challenges faced by sovereign issuers in terms of sustainability management are displayed in the charts below, as well as Germany's performance against those key challenges in comparison to the other countries' average performance.

Governance and Social Performance



Environment Performance



Legend: ■ Universe ■ Country

Governance opinion

Germany is a federal republic and a constitutional parliamentary democracy with a bicameral parliament. The last federal elections were held in September 2017, resulting in a coalition of the conservative Christ Democratic Union/Christ Social Union (CDU/CSU) and the Social Democratic Party (SPD). The Bundestag elected Angela Merkel, then leader of the CDU, again as chancellor.

Germany is a stable democracy with intact checks and balances, well-functioning institutions and a

constitution, which protects important civil and political rights. While the level of corruption is perceived to be relatively low by the German public, the country's financial system exhibits a very high level of financial secrecy and thus fosters money laundering and tax evasion.

Basic human rights and fundamental civil and political freedoms, such as equality before the law, freedom of the press and the right to asylum are respected by the government and generally considered non-negotiable by society. However, some politicians and parts of the public reacted to the large influx of migrants to Europe in recent years with right wing-rhetoric and xenophobic sentiments, leading to increasing discrimination against minorities. In addition, women are underrepresented in the national parliament and still face significant disadvantages in the labor market.

Regarding foreign affairs, Germany is a member of the European Union and as such is involved in a non-violent crisis with Russia over international power and ideological differences in the Ukraine. Moreover, while the military expenditure is on a lower-medium level, the country is one of the world's largest exporters of conventional weapons.

Social opinion

Germany is a welfare state with a well-functioning healthcare system, resulting in a relatively high life expectancy and low private expenditure on health. The country's social security system comprises a comprehensive scope of branches but is only partially effective in reducing the population's vulnerability to poverty. In addition, private wealth remains very unevenly distributed and increasing inequality is perceived a major challenge by large parts of the society. Basic labor rights are protected by law and working conditions are generally good. While a stable economy results in low unemployment rates, the relatively high level of long-term unemployment remains a problem. Migrants are to some extent excluded from receiving high-quality education, from participating in the labor market and from enjoying the benefits of the welfare state.

Environmental opinion

As an industrialised country, Germany's per capita energy consumption and greenhouse gas emissions are comparatively high. In 2019, Germany adopted a climate protection programme and introduced the federal climate change act, fixing sector goals and establishing mechanisms for controlling. It's yet unclear whether targets can be achieved (55% reduction until 2030, base year 1990) under the given mix of policies, especially with regard to the transport and building sectors.

The area under sustainable forestry and under organic agriculture, as well as the area of protected land is high. Genetically modified crops are not used in Germany. Despite this, a large number of plants, animal and fish species in Germany are threatened by extinction.

While Germany's industry has a very high resource productivity, general consumption patterns of industry and households regarding material, food and energy, as well as the country's transport system, are environmentally unsustainable.

Sustainability summary

Germany is a well-functioning democracy with effective political institutions and a stable economy. Civil and political rights are respected and generally effectively protected, but the European migrant crisis led to an increase of xenophobic sentiments in society and the rise of right-wing political forces.

Germany's industrialized economy and the society's unsustainable consumption patterns have significant negative impacts on the local and global environment. Whether a policy framework adopted in 2019 does effectively counter climate change in line with the Paris Agreement goals has yet to be seen.

Breaches of international norms and ESG controversies

The country is not involved in severe controversies.

B. CONSISTENCY OF THE GREEN BOND FRAMEWORK WITH HESSEN'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

The Hessian state government has been pursuing a sustainability strategy since 2008, bringing together people from business, science, administration and society to find innovative solutions. Hessen set itself the goal of being climate-neutral in its administration by 2030 as a long-term climate protection goal. As part of the Hessian sustainability strategy, it was decided in 2015 to include climate protection and climate change adaptation as a priority topic. The Integrated Climate Protection Plan Hessen 2025, adopted by the cabinet in March 2017, contains 140 measures for climate protection and adaptation to the consequences of climate change. This makes it the central instrument for achieving Hessen's climate protection goals. In 2019, Hessen committed to reduce greenhouse gas emissions by 55 percent by 2030 compared to 1990 levels, and by at least 90 percent by 2050.

Rationale for issuance

With the issuance of the Green Bond, Hessen is attempting to meet its policy goal of reducing global warming. The Green Bond Framework provides the basis for issuing the Green Bond in compliance with international climate standards. By issuing the Green Bond, Hessen aims to meet the growing need of investors to invest financial resources in an ecologically sustainable manner. Investors have increasingly recognised the risks resulting from environmental pollution and climate change - including severe fines for issuers as well as reputational damage - and are increasingly taking this into account in their investment decisions. The Green Bond Framework is intended to provide investors with the desired and necessary transparency for this type of product.

Based on this framework, Hessen will issue its first Green Bond. The Green Bond will finance use of proceeds categories that are in line with internationally recognised climate standards and address environmental issues.

Hessen has committed itself to become climate-neutral by 2050. In 2017, the cabinet adopted the Integrated Climate Protection Plan Hessen 2025, including 140 measures for climate protection and adaptation to the consequences of climate change. With the issuance of the Green Bond, Hessen aims to meet its objective of reducing global warming.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green Bond Framework with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Country Rating methodology. Key ESG industry challenges are key issues that are highly relevant for sovereign or sub-sovereign issuers when it comes to sustainability. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY ²	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG CHALLENGES FOR LOCAL AUTHORITIES AND SOVEREIGN ISSUERS	CONTRIBUTION
Eco-friendly Public Transport	✓	✓	Contribution to a material objective
Measures for the forest	✓	✓	Contribution to a material objective
CO2-neutral state administration / energy efficiency of public buildings	✓	✓	Contribution to a material objective
Climate protection plan	✓	✓	Contribution to a material objective
Sustainable water management	✓	✓	Contribution to a material objective
Organic farming and nature conservation	✓	✓	Contribution to a material objective
Further climate and environmental protection measures	✓	✓	Contribution to a material objective

Opinion: ISS ESG finds that the Use of Proceeds financed through this framework are consistent with Hessen’s sustainability strategy and material ESG topics for sovereign and sub-sovereign issuers. The rationale for issuing green bonds is clearly described by the issuer.

² A detailed description of the Green eligible activities can be found in the next page of this report

PART II: FRAMEWORK ALIGNMENT WITH THE GBPs

1. Use of Proceeds

Eligible Green Expenditures are expenditures of Hessen that are defined as ecologically sustainable ("green") due to their environmental or climate relevance in seven fields of action. Spending on armaments, oil and coal as fossil resources, shale gas / fracking, nuclear energy (e.g. production, transport, storage and power generation) or tobacco were not and are not considered appropriate.

ELIGIBLE CATEGORY	ELIGIBILITY CRITERIA
Eco-friendly Public Transport	<p>Expenditure to promote and improve sustainable and greener transport systems</p> <p>Examples of Eligible Green Expenditure:</p> <ul style="list-style-type: none"> • Means of promoting and using more climate-friendly means of transport • Investments in the development of cycling infrastructure and in the promotion of cycling
Measures for the forest	<p>Expenditure to promote afforestation and to repair forest damage to strengthen the climate resilience of Hessian forests</p> <p>Examples of Eligible Green Expenditure:</p> <ul style="list-style-type: none"> • Expenditure to finance the 12-point plan for the afforestation of Hessen forests and the elimination of forest damage • Expenditure on forestry measures with the services "Near-natural forest management, wood conservation facilities, first afforestation as well as forest mergers"
CO2-neutral state administration / energy efficiency of public buildings	<p>Expenditure to minimise energy needs and emissions from public buildings</p> <p>Examples of Eligible Green Expenditure:</p> <ul style="list-style-type: none"> • Expenditures to increase energy efficiency and promote the use of renewable energy, as well as to promote the energy refurbishment of public buildings • Expenditure under the "Green Campus at Universities" investment programme
Climate protection plan	<p>Expenditure to finance the Integrated Climate Protection Plan of Hessen to achieve the climate goals as well as adaptations to consequences of climate change</p>

	<p>Examples of Eligible Green Expenditure:</p> <ul style="list-style-type: none"> • Expenditure on the financing of the National Energy Agency, which develops and offers targeted advice and information on the topics of energy efficiency, renewable energies and climate protection
Sustainable water management	<p>Expenditure on the conservation and restoration of natural waters, improvement of water quality and development of flood protection</p> <p>Examples of Eligible Green Expenditure:</p> <ul style="list-style-type: none"> • Expenditure on the development of flood risk management plans and the construction of appropriate protection facilities • Expenditure on the conservation and improvement of water quality
Organic farming and nature conservation	<p>Expenditure to promote organically managed land</p> <p>Examples of Eligible Green Expenditure:</p> <ul style="list-style-type: none"> • Expenditure to promote low-emission agriculture and climate-friendly and biological practices • Expenditure to finance advice and information events for low-emission agriculture and horticultural holdings
Further climate and environmental protection measures	<p>Expenditure to support, among other things, energy refurbishment and European innovation partnerships</p> <p>Examples of Eligible Green Expenditure:</p> <ul style="list-style-type: none"> • Promoting European Innovation Partnerships • Support programme "Energy efficiency in rental housing"

Opinion: ISS ESG finds that the Use of Proceeds aligns with the requirements outlined in the ICMA principles regarding use of proceeds. The project categories are aligned with the GBP categories and the environmental benefits expected are clearly defined. Furthermore, harmful categories are explicitly excluded from financing/refinancing. Hessen also discloses the expenditures per project category, in line with best market practices.

2. Process for Project Evaluation and Selection

In connection with Hessen's Green Bond, a so-called Interministerial Working Group (IMWG) was set up. The IMWG combines interministerial expertise, as it is composed - under the leadership of the Hessian Ministry of Finance (HMoF) - of representatives of the credit department as well as appointed representatives of the departments responsible according to the budget titles (Economy/Energy/Transport/Housing, Environment/Climate Protection/Agriculture/Consumer Protection, Interior/Sport, Science/Arts, Building Construction or Finance).

The IMWG makes the relevant decisions, including by validating the Green Bond Framework, assessing the suitability as well as selection of Eligible Green Expenditures and validating the corresponding Allocation and Impact Reports. The IMWG examines the Eligible Green Expenditures in principle on an annual basis.

The staff working in the credit unit collect all required data communicated by the respective departments and examine the expenditures made for their suitability for the Green Bond portfolio in coordination with the IMWG. On this basis, the staff working in the credit unit prepare an initial list of potentially Eligible Green Expenditures. This list of potentially Eligible Green Expenditures is assessed by the IMWG and selected based on the suitability criteria for the use of funds defined in the Green Bond Framework. It should also be emphasised that within the framework of the administration's legal obligation (Art. 20 of the Federal Constitution of Germany), Hessen is bound to comply with national legislation as well as international principles and conventions that require a minimum standard of environmental protection as well as social norms. These principles are considered in the execution of budgetary expenditure.

The qualification of the use of funds as Eligible Green Expenditures as well as the allocation to the respective sustainability field are recorded and managed in an Excel file by the administration. For the rest, reference is made to the budget plan.

Opinion: *ISS ESG finds that the Process for Project Evaluation and Selection aligns with the requirements outlined in the ICMA Principles regarding the process for project evaluation and selection. Hessen has set a clear and detailed process. Moreover, Hessen has set up an Interministerial Working Group composed of various stakeholders, reflecting best market practices. The issuer also has a process in place to identify and manage potential ESG risks associated with the projects financed by Eligible Green Expenditures.*

3. Management of Proceeds

The Hessian Ministry of Finance will be responsible for issuing the Green Bond. The allocation and tracking of funds are based on the budget according to the "total coverage" principle. This means that by virtue of legal stipulation for the state, all income always serves to cover all expenses and all payments received serve to cover all disbursements. The ideal allocation of the issue proceeds from the green state treasury bonds to the Eligible Green Expenditures is carried out by IMAG. The equivalent value of the proceeds raised is to be allocated to Eligible Green Expenditures of three preceding financial years.

A full allocation within one year after the issuance of the respective Green Bond is targeted. Until full allocation, unused funds will be managed under the general liquidity policy. Eligible Green Expenditures may be added, amended or replaced to the extent necessary within the allocation.

Opinion: ISS ESG finds that Management of Proceeds proposed by Hessen's Green Bond Framework is well aligned with the requirements outlined in the ICMA Principles regarding the process for management of proceeds. An amount at least equal to the amount of Green Bond Proceeds will be allocated to green projects. The expected allocation period is defined.

4. Reporting

Hessen will publish a Green Bond Reporting on its website (<https://finanzen.hessen.de>), which will be published annually from the following year of the issue until the bond proceeds are fully allocated. The Hessian Ministry of Finance will be responsible for reporting to investors.

Hessen commits to transparent reporting on the allocation of the Eligible Green Expenditure (Allocation Report). The Allocation Report will contain details on the allocation of the issuance proceeds to the Eligible Green Expenditure.

The reporting will also include an independent impact report, in which measurable impacts are assessed and published one year after the emission (so-called impact reporting). The impact report can be valid for several years and can be updated as needed. It contains the presentation of the actual expenditure and key figures (CO₂ savings or other climate-relevant impact figures) on an aggregated basis per expenditure category. Impact reports may include: quantitative information on environmental impacts or relevant performance indicators (e.g. km², funding amount, number of projects), analytical reports on the environmental efficiency and performance of the selected expenditure, and the presentation of expenditure.

Opinion: ISS ESG finds that the reporting proposed by Hessen's Green Bond Framework aligns with the requirements outlined in the ICMA Principles regarding reporting. Use of proceeds reporting is clearly described and in line with the requirements set in the principles. Hessen also defines the scope and magnitude of its impact reporting, in line with the market best practices.

External review

As recommended by the ICMA GBPs, Hessen has appointed the independent review provider to confirm the alignment of the Green Bond Framework with the ICMA GBPs and to provide an external opinion on this Green Bond Framework prior to the issuance of a first Green Bond. This so-called Second Party Opinion (SPO) is published on the website of the State of Hessen (<https://finanzen.hessen.de>).

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE













A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green Bond Framework’s selection criteria and using a proprietary methodology, ISS ESG assessed the contribution of the Hessen’s Sustainability Bonds to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green Bonds’ 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
Eco-friendly Public Transport <i>e.g., promoting public transport and investing in the development of cycling infrastructure</i>	Significant Contribution	 
	Limited Contribution	  
Measures for the forest <i>e.g., financing afforestation</i>	Significant Contribution	
CO2-neutral state administration / energy efficiency of public buildings <i>e.g., insulating materials and technical equipment to improve energy efficiency</i>	Significant Contribution	 
Climate change plan <i>e.g., promoting energy efficiency and renewable energy</i>	Significant Contribution	 
Sustainable water management <i>e.g., improving water quality</i>	Significant Contribution	
Organic farming and nature conservation <i>e.g., promoting low-emission agriculture</i>	Significant Contribution	

Further climate and environmental protection measures
e.g., insulating materials and technical equipment to improve energy efficiency

Significant contribution



B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBLE USE OF PROCEEDS CATEGORIES

Eligible categories include Eco-friendly Public Transport, Measures for the forest, Energy efficiency of public buildings, Climate protection plan, Sustainable water management, Organic farming and nature conservation, and Further climate and environmental protection measures. All projects financed are situated in Hessen, Germany. The table below presents the findings of an ISS ESG assessment of the selection criteria against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Environmental and social risks relevant for all green project categories

Biodiversity

- ✓ For any type of expenditure, comprehensive and specific environmental standards (regarding e.g. direct emissions to air, noise mitigation, minimisation of environmental impact during construction work), apply according to European and national legislation and standards. For all projects, the Hessian Procurement and Tariff Compliance Act, the common circular decree (EMA Hessen) and the directive on energy-efficient construction and renovation of the State of Hesse must be observed.
- ✓ An Environmental Impact Assessment (EIA) is carried out for projects that require it in line with national standards.

Labour, Health & Safety

- ✓ For all projects in the country and with financing by the state, the Hessian Procurement and Tariff Compliance Act must be observed, ensuring high labour and health & safety standards.
- ✓ For any type of expenditure, health and safety for employees, contractors, operators, etc. are ensured according to European and national legislation and standards.

Waste Management & Pollution Prevention

- ✓ For 100% of construction of assets, the implementing construction companies and subcontractors have to isolate and remove waste and pollutants (in accordance with national legislation).

Environmental and social risks relevant for specific green project categories

Dialogue with Local Communities – Eco-friendly Public Transport, Energy Efficiency of Public Buildings and Sustainable Water Management

- ✓ 100% of projects comply with the regulations of the German Building Code (Baugesetzbuch/BauGB). The regulations provide for the consideration of local residents' interests during the development of land-use plans and zoning maps (e.g. through public display of development plans, possibility to voice concerns, case-dependent compensation measures).

Biodiversity – Measures for the forest

- ✓ Hessen complies with national and European forest regulation. The Hessian State Forest is certified according to the requirements of the FSC and the PEFC.

Environmental Impact of agriculture – Organic farming and nature conservation

- ✓ Hessen complies the Federal Nature Conservation Act and the Federal Soil Protection Act contain special provisions for the agricultural use of land. Moreover, an EIA for agricultural projects is often required under national law.

Non-discriminatory access to subsidized public transportation

- ✓ For all projects, subsidized public transportation is offered at reduced fees for eligible persons like pupils, students, trainees, seniors and disabled persons.
- ✓ For all projects, non-discrimination policies are in place in accordance with national legislation (e.g., German General Equal Treatment Act).

DISCLAIMER

1. Validity of the SPO: As long as no new project category is added to the framework
2. ISS ESG uses a scientifically based rating concept to analyse 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.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
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ANNEX 1: Methodology

ISS ESG Green and Social KPIs

The ISS ESG Green Bonds KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Hessen’s Green Bonds.

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.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details below) who will send them directly to you.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the selection criteria match the eligible project category and criteria listed in the Green Bonds 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 Bonds KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Hessen (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 Hessen’s Green Bonds contributes to related SDGs.

ANNEX 2: Quality management processes

SCOPE

Hessen commissioned ISS ESG to compile a Green Bond Framework SPO. The Second Party Opinion process includes verifying whether the Green Bond Framework aligns with the ICMA GBPs 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

- ICMA GBPs
- ISS ESG KPI set: - Eco-friendly Public Transport, Measures for the forest, Energy efficiency of public buildings, Climate change plan, Sustainable water management, Organic farming and nature conservation, and Further climate and environmental protection measures.
- Other relevant KPI

ISSUER'S RESPONSIBILITY

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

- Framework
- Selection criteria / 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 Framework be issued by Hessen based on ISS ESG methodology and in line with the ICMA GBPs.

The engagement with Hessen took place in March 2021.

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/>

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