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1. Introduction

From our very inception, our mission has been to create a safer, cleaner and more stable future, by offering people an easy means to save time, money and the environment.

We came into being as an alternative to a uniform and antiquated banking industry, to bring much needed diversity to the financial sector and thus create a financial system that's stable, resilient and truly user-centric.

However, being a bank gives us the opportunity to create an impact that reaches much further than the scope of our own industry. In fact, it allows us to ignite changes that touch upon every aspect of our lives.

What sets us apart from any other bank in that respect is that we follow one simple core belief: everything we do revolves around our users. This is attested to by the way we build features they love to use and share with others, but putting our users first applies just as much when it comes to having a global impact. We don't impose anything they don't ask for, nor do we ever take control of what's theirs. While this at first may seem like a small detail with regards to how we as a bank can change the world for the better, the consequence this has for our overall impact is immense: change starts at the individual level. It's not something that's ignited by fancy commissions, sleek marketing campaigns or anything that addresses the many without meeting the needs of the individual.

Put simply, bunq is the bank of The Free, built by and created for independent thinkers, people who want every tomorrow to be better than today, for themselves, their loved ones, and for the world as a whole.

The change we aspire therefore is twofold: there's the change we accomplish in the way we run our company and lead by example, and there's the change we empower our users to make.

In other words, as a bank we have a direct impact on the lives of our users, but more importantly, we give each and every one of our users the freedom to make their world a better place, on their terms.

Our goal is as simple as it is ambitious: to make life easy by creating benefits that save time, money and the environment. Only this way can we light the spark of true change where it matters most, at the heart of each and every one of our users.

2. Human rights - leading the way

While the Universal Declaration of Human Rights lays the responsibility for upholding human rights on governments, we believe companies share a responsibility to ensure that their employees, users, and third-party partners all respect and enjoy their human rights.

Our human rights policy is based on the aforementioned universal declaration of human rights and the Guiding Principles on Business & Human Rights as formulated by the UN Human Rights Council in 2011.

In the context of human rights one's thoughts these days quickly turn to the war in Ukraine, which unfortunately still is a grim reality at the time of this writing. Almost immediately after the start of the conflict, bunq's CEO and founder Ali Niknam, together with fellow tech entrepreneurs Joris Beckers (Picnic) and Robert Vis (Messagebird), launched the [People for People foundation](#). Its mission is to get as many people to safety as possible, using whatever means we have at our disposal, from providing shelter to facilitating those in need with free bank accounts.

In its first few weeks alone, People for People aided in finding shelter for 25.000 refugees by partnering up with Takecarebnb, instrumental in finding refugees a new home. The foundation also created job positions to help employ refugees. Over 10,000 free bunq accounts were opened for Ukrainians, so they can safely manage euros. And dozens of pallets of goods and supplies found their way to those left behind in Ukraine.

It's an exercise we couldn't have imagined ourselves doing a year ago. The current crisis however undeniably shows just how far reaching corporate responsibility goes when it comes to human rights.

At bunq, we believe that human rights are non-negotiable - they apply to everyone in all circumstances. As the bank of The Free, we strive to empower people by offering them the ability to easily express their political, social, and economic freedoms. Our efforts toward helping out refugees by whatever means we have at our disposal is a striking example, but the importance of human rights obviously applies equally to any context.

For instance, our commitment to empowering The Free can also be seen through recent initiatives such as True Name, allowing users to embrace who they really are by choosing the name they love to be shown on their bunq card - whether it is the name they were born with or the name they chose. As distant from Ukraine's humanitarian crisis this ostensibly lighter-hearted matter may seem, both stem from our commitment to human rights for all.

This commitment has always been at the core of everything we do. Global events have since proven it's our ideology as much as it is our duty.

2.1 bunq and diversity

Equality for all is not just a human right, it's also a requirement for a healthy and sustainable society.

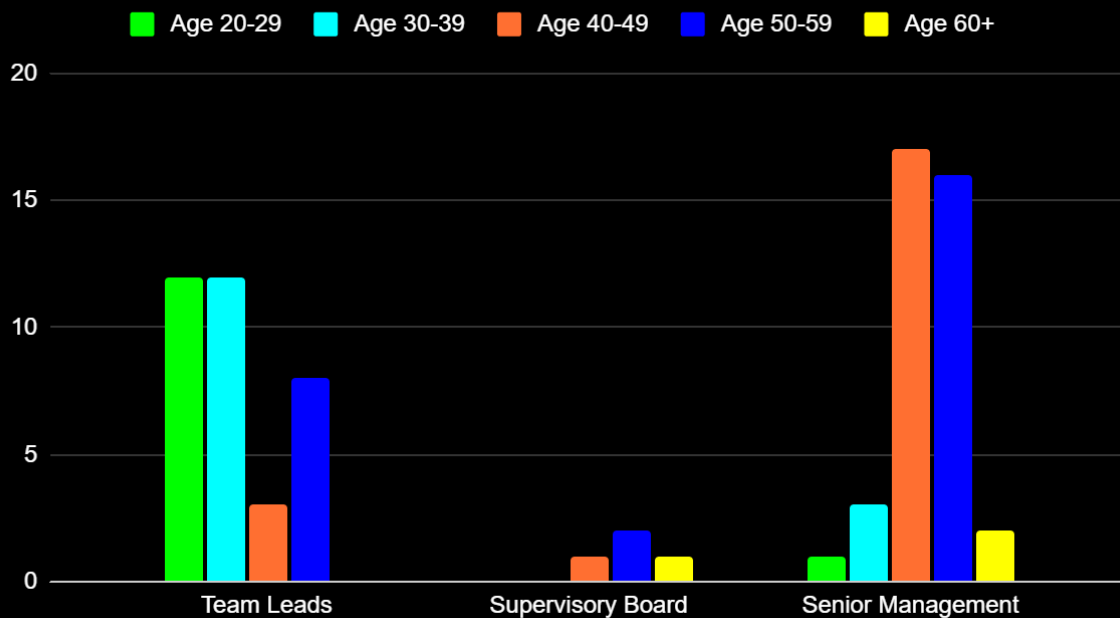
Interestingly, we don't adopt a specific policy or set of rules to ensure we meet our own standards in terms of gender equality, nor do we make a conscious effort to materialize gender equality, for one very simple reason: diversity comes naturally if you let it. All we do at bunq is to let it. If you let diversity run its course, equality will follow.

By cutting away subjective interpretation we've reached a status where people's performance matters, instead of age, race or sexual orientation. This is reflected in the makeup of the company. By the end of 2021, bunq had 358 full-time equivalent employees (FTEs). Collectively, we are a kaleidoscope of more than 50 different nationalities, spread across the sexual and gender orientation spectrums.

Management Team Composition



Management Team Composition



When hiring and promoting candidates, we focus exclusively on finding people with highly specific profiles and with an unique set of skills, which we determine objectively. Because we only take into account someone's merit in light of the role they fulfill, we prevent any biases related to someone's gender, sexual orientation, religion, race, age, nationality, or any other aspect that is not related to the work performed at bunq, also preventing an "old boys network". By doing so, equality and diversity follow naturally and are arguably the most recognizable aspects of our workforce.

Furthermore, because everyone is hired to do a job regardless of gender or any other aspects not related to their job, we can ensure that everyone at bunq is compensated for the job they're hired for. Pay inequity among male and female employees therefore doesn't exist at bunq, nor has it ever been an issue, as illustrated under bunq and pay equity

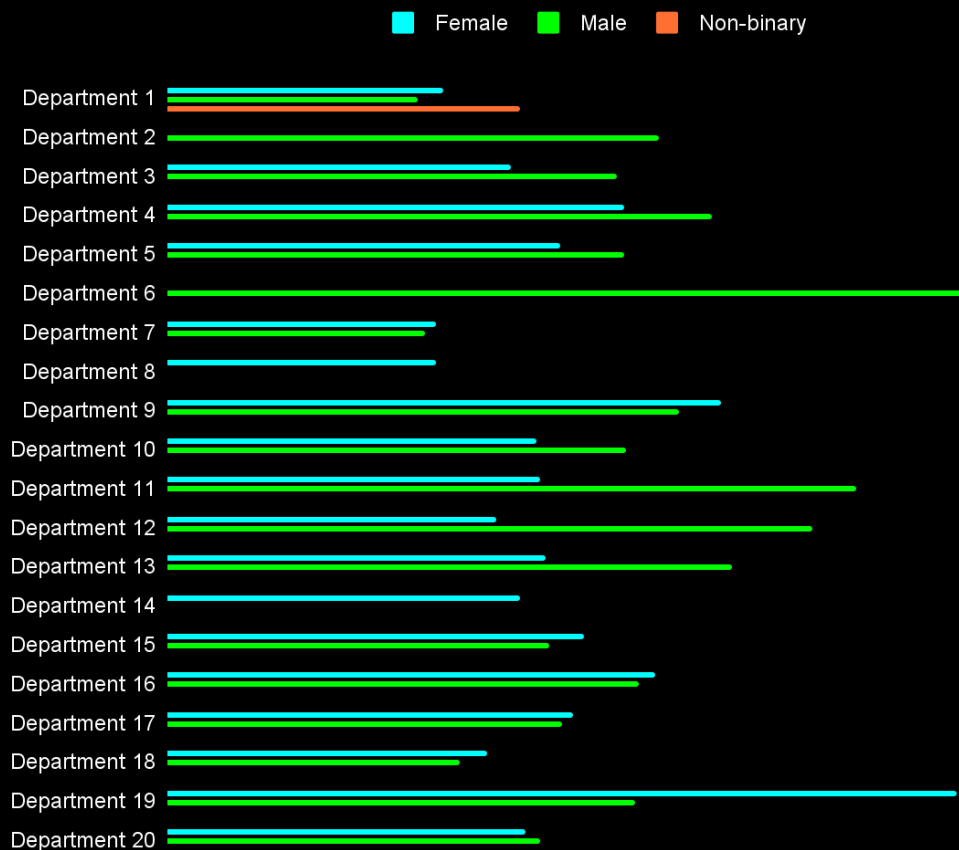
To further warrant the wellbeing, rights and protection of our employees we adhere to the ILO Declaration on Fundamental Principles and Rights at Work. This commits us to respect and promote principles and rights in the four categories outlined in the ILO Declaration: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation.

2.2 bunq and pay equity

By measuring and rewarding employees purely based on performance we prevent pay inequity. If we look at the data we notice that only seniority and department correlate with pay, and no correlation is found between sex and pay.

The graph below shows the average monthly pay in euros by gender identity and department for all bunq employees, not including senior management. Senior management is defined as heads of department and members of the management board. The outliers we see are the team leads in each department. From the graph, we can see that there is no correlation between gender and pay when you account for departments, seniority, and experience.

Pay by Gender and Department - Ex. Management



The 'Wet op Financieel Toezicht' requires us to report staff who earn more than 1 million euro. Although we value and reward good performance at bunq, employees nor board members come close to such amounts. The 2021 annual remuneration of bunq's

Managing Board, which consists of 3 persons, is €335,162. This is an average annual salary per board member of less than €111,721.

Additionally, our wage ratio, defined as the CEO's salary divided by the median salary of all other employees of the company, sits at 3.8x¹. This number pales in comparison to the wage ratio in the old guard of banking, where it usually sits in the triple digits².

3. Human rights - empowering our users

As a bank that's commonly associated with a rainbow, we support and stand up for human rights for everyone. Being a bank that's centred on the user experience, we offer people an easy way of vocalising their cries for freedom, diversity and human rights for all. Few banks can claim that the simple act of holding up their bank card and taking a selfie is a statement in support of freedom as is the case with bunq. No doubt this can in part be attributed to the rainbow design that is prevalent in all our visual outings, but as with everything at bunq, the true magic happens with our users.

From our very inception, we've been a bank built for as well as by our users, as they inspire or in some cases simply ask us to make features that, although housed in a banking app, enable them to take a stand.

As said before, true and lasting change starts at the individual level and bunq is in fact a bank where each and every one of its users has a voice. All these voices come together on together.bunq.com, where users can share experiences, ideas and offer suggestions. It's an eclectic gathering of people from all over the world (much like all bunq employees), and as such an important instrument with which we break down barriers and borders, both literal and figurative ones.

Illustrative of the power of a forum such as together.bunq.com is the inception of features that empower people to have a money experience 100% tailored to their wants and needs, as well as features that bring people closer together. This can be something small: for instance people for whom receiving interest doesn't align with their religious beliefs, we created a simple toggle in our app with which they could opt out of receiving interest.

By the same token, being the bank of The Free has yielded impressive results from our user base, rooted in the basic human right to be free and to have full control over your money. Through bunq Common Goals, we empower our users to easily contribute to the causes they care about. Whether it's supporting gay rights, children in need or a housing project dear to one's heart, bunq users can easily create a Common Goal in their app, share it with their friends and family, and start collecting donations. Through the Common Goal platform, our users have donated close to €25,000 in aid to people affected by the Ukraine-Russia war.

¹ Figure as of February 2022

² [S&P Global](https://www.spglobal.com)

4. Climate - leading the way

Climate change is one of today's biggest challenges. To truly build a sustainable future, greater emission reduction efforts by financial institutions are a must. At bunq, we care about the planet and we fight for a greener world. We want to set an example in the climate change revolution, for both our users as well as our peers in the financial sector.

In this section, we show how we are committing to the good, green fight. Below you can find the risks and opportunities of our current position in regard to the climate, as well as targets and future commitments.

4.1 Our climate targets

To decarbonize the global economy in alignment with the goals established by the Paris Agreement, everyone must take action. This means ensuring that the global average temperature remains well below 2°C above pre-industrial levels, and limiting the temperature increase to 1.5 °C.

As a bank at the forefront of making the financial system sustainable, bunq is an emphatic supporter of making financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient developments, contributing to a well-below 2.0-degree scenario. This is in line with article 2.1(c) and the wider goals of the Paris Climate Agreement. bunq is currently in the process of setting science-based targets to ensure that we contribute to limiting the global average temperature increase to 1.5 °C. However, we must be realistic: there are signs that the 1.5 °C target is not feasible anymore. We expect that these targets will be set and ready for validation by the Science-Based Targets initiative by the end of 2023.

To maximise our impact and align our measurable objectives with the maximum global temperature increase of 1.5° C, we have committed to a number of objectives in our 2020 Climate Report. These objectives are as follows:

1. bunq is committed to offering its users a climate neutral service, and hence be a truly climate neutral bank
2. bunq is committed to finance projects that have a direct positive impact on the reduction of CO₂. bunq will continue to optimise its investment portfolio by excluding projects that play a detrimental role in climate change mitigation.
3. bunq is committed to measuring and publishing its climate footprint. To further intensify the positive effect of such on the financial sector, bunq will actively attend and provide input to Partnership for Carbon Accounting Financials (PCAF) project groups.

4.2 Action plan

We plan to achieve our commitments above through a combination of actions:

First, we need to minimize the CO₂ impact of our own investments. The impact through investments has three levels:

- Finance projects or activities that have a direct positive impact on climate change mitigation. For example, through green bonds and through financing housing improvements that save energy. We are currently doing this for our a.s.r. portfolio of mortgages. Furthermore, through our acquisition of Capitalflow Group, bunq finances a variety of companies engaged in climate change mitigation and CO₂ reduction projects such as:
 - Developers of a 100% recyclable and environmentally-friendly mattress
 - Providers of combined heat and power systems thereby delivering an efficient and environmentally-friendly source of energy
 - Developers of sustainable lighting technologies
- Mix of investment portfolio. We have an investment policy that excludes a number of industries with a high CO₂ impact. By excluding or shifting away from investments in companies with a high CO₂ impact, the overall CO₂ impact of the portfolio reduces.
- Supporting climate-friendly changes in society that positively affect the CO₂ impact of our investments. For example, using cleaner sources of energy in houses reduces the CO₂, and thus reduces the CO₂ impact of residential mortgages.

Second, bunq enables its users to become CO₂-neutral. bunq is offering a variety of products to make carbon offset more accessible on the consumer level, amongst which the planting of trees for every 100 euros spent, empowering users to effortlessly make the world a greener place.

Furthermore, some of the tools in the bunq app, such as the budgeting tool, may assist users to direct their spending in a climate friendly way.

Third, bunq measures, and will continue to measure, the CO₂ footprint of its activities and investments. By identifying current and future reduction opportunities bunq can remain best in class.

Finally, bunq employees, in addition to all the tools at their disposal through their own bunq accounts, will continue to receive the means required to equate a bunq tenure to a positive environmental impact. This includes measures happening in the background, such as the bunq app running on climate neutral data centers, but extend to more tangible policies such as reimbursing travel expenses regardless of transportation mode or dedicated lunch and dinner options for vegetarian and vegan employees, as well as a company-wide *Meatless Monday*. Overall, bunq's culture is one where individual performance and accountability hold great value. By making environmental awareness an integral part of what we do, so too is our impact.

4.3 Our socially responsible investment policy

We take pride in offering the best banking experience by building features that our users actually want and need. Many of our users indicated that we should invest responsibly and safely, which led to the introduction of Freedom of Choice in 2019. Freedom of Choice lets users decide if and how their money is invested. Since its introduction, we have continued to align our investment portfolio with the desires of the bunq community. To help achieve this, all investments are assessed against the following strict socially responsible investing criteria.

bunq does not finance, or invest in, companies that directly use:

- Coal-fired power
- Fossil fuel-fired power

Furthermore, bunq does not finance, or invest in, companies which are active in:

- Fossil fuel-fired power generation and/or extraction of oil and gas for any part of their business activities
- Coal-fired power generation and/or coal mining for any part of their business activities
- The production of tobacco and/or tobacco-based products
- Nuclear energy
- Mining activities
- Gambling
- Armament
- Controversial behaviour determined by frequent and severe breaches of The Ten Principles of the United Nations Global Compact:

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;

- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

bunq holds several derivative contracts used for hedging interest rate risk. The management of these contracts, including posted collateral, are outsourced to Nationale Nederlanden Investment Partners. The counterparties are typically large banks and the collateral are typically claims on large financial institutions and corporations. These parties may be involved in financing one or more of the above activities. As bunq is obliged to manage its risks through derivatives, the scope of bunq's socially responsible investment practices excludes these contracts.

5. Climate - assessing our impact

To calculate our carbon footprint we apply all three scopes recommended by the Global GHG Accounting and Reporting Standards:

Scope 1: the direct use of fuel

Scope 2: the indirect use of fuel due to energy consumption (electricity)

Scope 3: our use of energy through suppliers, inputs, and investments

Being a financial institution, most of our carbon footprint is a result of our investments (summarised in the tables below). However, we want to improve our direct emissions as well, hence the need to calculate scope one and two emissions.

Scope three emissions also cover carbon emissions from suppliers and outsourcing partners. The breadth of this can be endless. We aim to publish a minimum of 95% of our scope three footprint, focusing on main suppliers like Mastercard and other payment processors, Google, NNIP and a.s.r.

As of 31 December 2020, our investment portfolio consisted of cash, Dutch residential mortgages, and a basket of green bonds. Up to 26 November 2021, the date at which the acquisition of Capitalflow was completed, the portfolio composition was largely unchanged, with the exception of a payment-in-kind (PIK) loan to team.blue. With the acquisition of CFG, an Irish lender with strong ties to the Irish community, bunq's investment portfolio expanded to include commercial real estate, asset financing, and asset-based lending.

5.1 Assessing the impact of our organic portfolio

On an organic, pre-acquisition basis, bunq's impact on the environment strictly improved. The breakdown of our organic impact can be seen in the following table.

Scope	GHG emissions sources	2020 CO ₂ impact (tCO ₂ a year)	2021 CO ₂ impact (tCO ₂ a year)
One	Natural gas consumption	21	19
Two	Electricity consumption	41	51
	Staff Travel - bike	4	5
	Staff Travel - train	62	77
	Staff Travel - car	68	84
	Flights	22	15
Three	Investments	7,805	11,377
	Mastercard & Payment Processors	95	123
	Google	0	0
	NNIP	0	0
	ASR	0	0
Total		8,118	11,751
Scope 1 & 2 emissions per FTE		0.96 tCO ₂ per FTE	0.88 tCO ₂ per FTE

Carbon offset	2020	2021
Trees required to offset bunq's carbon footprint	658,500	955,354
Trees planted by bunq	2,089,301	5,477,101
tCO ₂ offset by planted trees	25,698	67,368
Net tCO ₂ Impact	-17,545	-55,617

In the tables above, we see that bunq employees (excluding staff employed through acquisitions) are becoming more environmentally friendly, as the emissions per FTE figure is declining. This is due to a young and environmentally-conscious staff, with 35% of our workforce cycling to work and 50% taking public transport. Furthermore, paper use is minimal, with emphasis on maximising the use of reusable utensils such as mugs in favour of single-use paper cups.

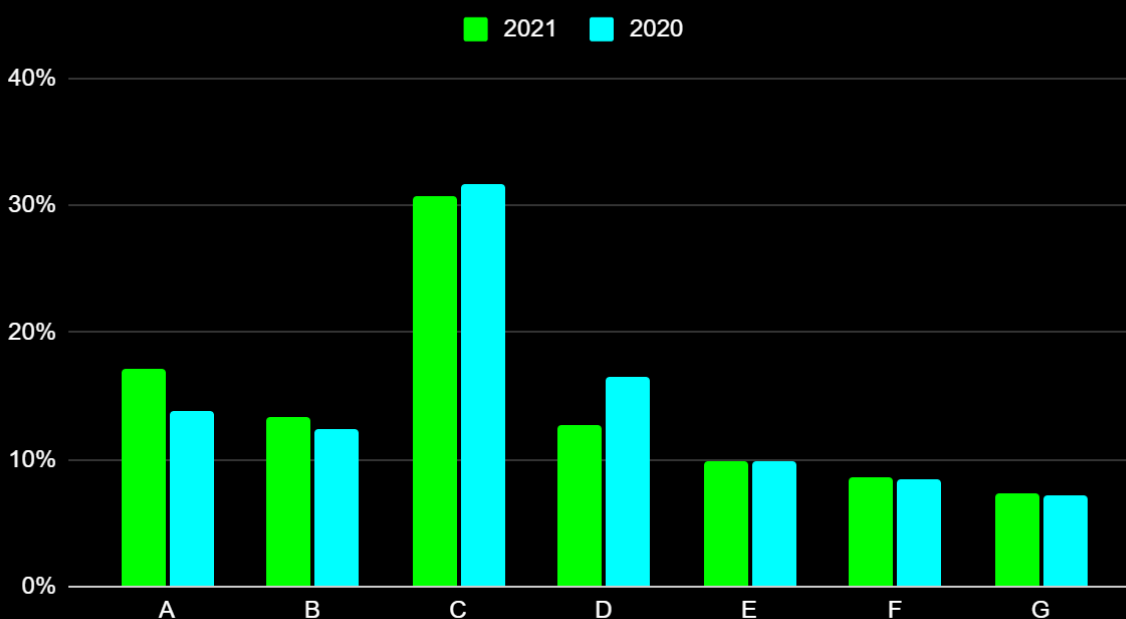
Furthermore, on an organic basis, we see that bunq's impact on the climate has improved. As demonstrated in the Carbon offset table, around ~955k trees are required to offset our carbon emissions in 2021. On behalf of our users, bunq has increased the number of trees planted by a factor of almost 3 to around 5.5 million. These trees absorb on average 12.3kg of CO₂ per year on a continuous basis. Considering that the number of trees planted by bunq outweighs the number necessary to compensate for our 2021 emissions by a factor of 6, bunq's organic impact on the environment is a net positive and is essentially carbon-neutral. As more and more trees are planted by bunq on behalf of our users, we are working towards making them carbon neutral too.

Asset Class	2021 Portfolio Size (€m)	2020 Portfolio Size (€m)	2021 Total (tonCO ₂)	2020 Total (tonCO ₂)	2021 tonCO ₂ per Invested million	2020 tonCO ₂ per Invested million
Residential Mortgages - Netherlands	524	402	8,249	6,056	15.7	15.1
ECB cash	358	433	123	148	0.3	0.3
Investments in oil, gas and energy production	0	0	0	0	0	0
Commercial Real Estate	0	0	0	0	0	0
Agriculture	0	0	0	0	0	0
Heavy Industry	0	0	0	0	0	0
Mining	0	0	0	0	0	0
Quarrying	0	0	0	0	0	0
Transport	0	0	0	0	0	0
Fossil fuel trading	0	0	0	0	0	0
Other Industries	5	0	417	0	79	0
Green Bonds	5	5	N/A	N/A	N/A	N/A

Swap Collateral	28	17	2,588	1,601	94	94
Total	920	857	11,377	7,805	12	9

In the above table, we see a breakdown of the carbon impact of bunq's pre-acquisition investment portfolio by asset class. We see that the largest contributor to bunq's increasing carbon footprint is simply the growth of its investment portfolio, along with a lower allocation to ECB cash. Furthermore, while the portion of energy-efficient houses in bunq's mortgages portfolio is increasing as shown in the graph below, the carbon intensity of the mortgage portfolio has increased from 15.1 tCO₂ to 15.7 tCO₂. This is due to an increase in the carbon intensity of gas. From well-to-wheel, a cubic metre of gas would emit 1.884 kgs of CO₂ in 2020, compared to a figure of 2.085 kg per cubic metre in 2021.³ This increase in the carbon-intensity of gas is largely due to an increase in the well-to-tank emissions, increasing from 0.01 kgCO₂/m³ in 2020 to 0.29 kgCO₂/m³ in 2021. This highlights the sensitivity of the carbon footprint of residential mortgages to nation-wide developments in the energy grid.

Energy Label Distribution (Including Indicative Labels)



³ [CO2 Emissie Factoren](#)

5.2 Our tCO₂ impact including CFG

bunq's recent acquisition of Capitalflow expanded the breadths of our investment portfolio to include lending to Irish SMEs. The lending products offered include commercial real estate loans, asset finance loans, and asset-based loans. The carbon impact of the combined entity is shown in the following tables.

Scope	GHG emissions sources	2021 CO ₂ impact (tCO ₂ a year)
One	Natural gas consumption	30
Two	Electricity consumption	61
	Staff Travel - bike	5
	Staff Travel - train	77
	Staff Travel - car	114
	Flights	21
Three	Main Supplier's CO ₂ footprint	
	Investments	123,333
	Mastercard & Payment Processors	123
	Google	0
	NNIP	0
	ASR	0
Total		123,764
Scope 1 & 2 emissions per FTE		0.86 tCO ₂ per FTE

The acquisition slightly increases our scope 1 and 2 emissions, due to the emissions arising from Capitalflow's offices in Ireland. The most significant impact the acquisition has is the tCO₂ emissions from investments, increasing from 11,377 on an organic basis to 123,333 on

a combined basis. The emissions from investments are broken down in the following table.

Asset Class	Portfolio Size (€m)	Scope 1 emissions (tonCO ₂)	Scope 2 emissions (tonCO ₂)	Total (tonCO ₂)	tonCO ₂ per Invested million
Residential Mortgages - Netherlands	524	5,762	2,487	8,249	16
ECB cash	358	82	41	123	0
Investments in oil, gas and energy production	0	0	0	0	0
Commercial Real Estate	249	0	0	17,514	70
Agriculture	18	15,776	0	15,776	853
Heavy Industry	45	21,953	65	22,019	489
Mining	0	0	0	0	0
Quarrying	6	2,173	0	2,173	368
Transport	50	29,627	0	29,627	598
Fossil fuel trading	0	0	0	0	0
Other Industries	60	25,181	82	25,263	421
Green Bonds	5	N/A	N/A	N/A	N/A
Swap Collateral	28	2,218	370	2,588	94
Total	1,343	102,772	3,045	123,332	92

In the table above, we see that Capitalflow supports the wider Irish SME community through a variety of industries. Supporting SMEs in their growth plans has a higher carbon-footprint compared to bunq's primarily residential mortgage lending portfolio. Consequently, the tCO₂ per million invested increased. However, following PCAF guidelines, the above calculations do not take into consideration the effect of Capitalflow's loans that contribute to climate change mitigation activities. One example of such loans is the loan made to a family-owned farming, forestry and renewable energy business that operates several biogas plants that convert food and animal waste into renewable gas, capture CO₂ and create a rich organic fertiliser. While PCAF acknowledges that emission removals are integral in combating climate change, the Standard does not currently

provide guidance on how to measure these emission removals. Additionally, Capitalflow have obtained government-backed schemes that fund and support reduced carbon emissions, and energy efficiency projects and are committed to positively discriminating in order to reduce CO2. Finally, now that the carbon emission of Capitalflow's activities has been measured for the first time the company will seek how it can reduce the average emissions per million invested.

6. Looking ahead - 2022

bunq remains committed to the cause of sustainability, and we look forward to building features that allow our users to become more sustainable. Furthermore, we will continue to spread our green mentality across the financial industry

In the early months of 2022, we already announced several initiatives and features that continue to empower our users to make green decisions. Through our announced partnership with Tulp, we are coming close to offering our users the opportunity to apply for energy-efficient mortgages through the bunq app. Furthermore, through the Easy Investments offering, our users now have the ability to grow their wealth in a sustainable manner by investing in sustainable companies.

Moreover, as more and more users sign up to our EasyGreen plan, we look forward to them planting more trees on our behalf, thereby working towards making bunq and our users carbon-neutral.

Annex - tCO₂ calculation and further details on bunq's portfolio

Bond portfolio

Our bond portfolio is outsourced to a.s.r Asset Management. In addition to our own socially responsible investment criteria, this portfolio also has to meet a.s.r 's criteria. When investing in corporate and sovereign bonds, we only invest in:

- Bonds that are *green* rated, meaning they support specific climate related or environmental projects. By investing in this asset class, we're directly funding projects that help solve environmental challenges.
- Bonds with a good credit standing. All bond investments have been rated by external agencies. AAA is the very best credit rating, one step lower is AA, then A, followed by BBB. BBB is still considered to be of good credit worthiness ('investment grade'). We don't have investments in bonds with lower credit ratings.

An overview of the projects funded by our bond portfolio can be seen in the following table.

ISIN	Issuer	Projects Funded by the Green Bond
ES0200002022	ADIF ALTA VELOCIDAD	To create new electric rail lines and extensions, and investments related to maintenance, upgrades and energy efficiency improvements.
XS1979491559	INSTITUT CREDITO OFICIAL	Projects contributing to the achievement of UN Sustainable Development Goals. One such loan has helped Spain develop solar and wind plants.
XS1107718279	EUROPEAN INVESTMENT BANK	The European Investment Bank allocates the proceeds of this bond to fund projects and initiatives aimed at climate change mitigation.
XS1536786939	REPUBLIC OF POLAND	The Treasury of the Republic of Poland uses these funds to help transition to a low-emission economy, including both climate mitigation and adaptation.
XS2113121904	JAPAN FINANCE ORGANISATION	Improving water management, specifically related to sewage projects.

PCAF has not yet developed methods for measuring the carbon impact of green bonds, so we currently don't have a reliable, standardised method to quantify the carbon footprint of these investments. However, by definition, they should have a small or beneficial CO₂ impact. We are committed to measuring the carbon impact of green bonds as soon as a PCAF methodology has been developed.

Dutch Residential Mortgages Portfolio

bunq sources its Dutch residential mortgages portfolio from Venn Hypotheken and a.s.r Asset Management. In April 2022 bunq launched its own label mortgage product in cooperation with Tulp. Dutch mortgages are traditionally very safe investments. In recent years, credit losses have been <0.01%⁴.

To measure and disclose the environmental impact of the mortgage portfolio we use methodologies introduced by PCAF. We use energy labels of homes (if the energy label isn't available, it's estimated using national averages) to calculate the average electricity and gas consumption of each property.

The average electricity and gas consumption per energy label is converted into CO₂e emissions. This conversion is achieved with scope one and two emission factors⁵. The attribution to bunq is determined by the loan-to-value (LTV) ratio of the mortgage. In other words, if bunq funds half of a house, then we take responsibility for half the emissions of that household.

We use well-to-wheel (WTW) emission factors in our analysis. They account for GHG emitted during the supply chain of the energy. For example, oil needs to be drilled, transported, refined and then transported again. Each of these steps creates GHG's. WTW emission factors incorporate the GHG from each of these production steps. Other emission factors are less comprehensive, and cover only a part of the supply chain.

ECB Cash

Our deposits with the ECB make up around 27% of our investment portfolio. ECB cash has a small impact on the environment. The PCAF standard does not provide guidance for this asset class, but we have made our calculation by applying PCAF principles. To calculate this impact we use PCAF emission factors to convert the cash into expected GHG emissions.

Commercial Real Estate (CRE) Portfolio

CFG have a CRE Portfolio of €249.1m as of year end 2021, making up around 18% of bunq's investment portfolio. Financed properties in the CRE portfolio include hotels, retail shops, warehouses, and sport facilities, among other properties. Properties in the portfolio are

⁴ <https://www.asrvermogensbeheer.nl/beleggingsfondsen/fondsinfo/mortgage-fund>

⁵ Found on www.CO2emissiefactoren.nl

mapped by type, and emission factors are sourced from the PCAF European Building Emissions database. Emission factors are mapped by property type and energy rating, providing a tCO₂ emissions factor by m². For properties with no energy rating assessment on hand, an average emission factor is applied. Similar to the Dutch Residential Mortgages Portfolio, emissions are attributed to bunq on the basis of loan-to-value ratio.

Asset Finance (AF) Portfolio

CFG has an AF Portfolio of €143.6m at 23 December 2021; split into the following sub-categories for the calculation of financed emissions:

1. Vehicle Loans - €115.8m
2. Other Business Loans (non-vehicle lending) - €16.5m
3. Trailers - €11.3m

Vehicle emissions have been calculated based on vehicle fuel efficiency by average vehicle type (e.g passenger car, light commercial truck) and estimated vehicle distance travelled, derived from the PCAF's web-based emission factor database for Ireland. Emissions are attributed to bunq on the basis of the loan-to-value ratio for this segment of the portfolio as well.

The other business loans segment of the portfolio finances equipment such as computer equipment, engineering equipment, and other non-vehicle assets. Emissions for this segment of the portfolio were calculated by mapping the exposure by NACE industry and multiplying the exposure by the average scope 1 emissions factor per euro of assets for the industry. Scope 1 emissions factors were used in accordance with the GHG principles, which state that scope 1 emissions are direct GHG emissions occurring from sources that are owned and controlled by the company. Therefore, emissions from non-vehicle equipment fall under that category.

Since the motor vehicles section of the PCAF database did not include trailers as a classification, the emissions of the trailers segment of the portfolio were calculated based on the emission factors of trailer producers. Similar to the motor vehicles segment of the portfolio, emissions were attributed to bunq on the basis of the loan-to-value ratio.

Asset-Based Lending (ABL) Portfolio

CFG have an ABL Portfolio (invoice lending) of €27.5m (€30.1m excluding credit balances) at 31 December 2021, around 2.5% of bunq's investment portfolio. To calculate the CO₂ emissions of the ABL portfolio, the exposures were mapped by NACE industry and multiplied by the average scope 1 and scope 2 emissions factors per euro of assets for the industry. These emission factors were sourced from the PCAF emissions database.