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1. Introduction

When bunq was founded in 2012, founder & CEO Ali Niknam had the goal of creating a bank that would enable its users to save time, money and the environment and in turn pave the way to a safer, cleaner and more sustainable future.

We saw a gap in the market for a bank that is not afraid to challenge the antiquated and rigid way that conventional banks have operated for hundreds of years, and instead wanted to create a financial system that is reliable, resilient and truly user-centric, to bring some much needed diversity into the financial sector.

What sets us apart from any other bank is that we follow one simple core belief: everything we do at bunq revolves around our users. By always putting our users first, we have created a product with revolutionary features that our users love to use, and share with others. We don't impose anything upon our users that they do not ask for, nor do we ever take control of what is theirs. This principle is at the very core of our business, we believe that change starts at an individual level and is not something that is inspired by lavish marketing campaigns, extravagant commissions or anything that addresses the many without meeting the needs of the individual. 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 is the change we accomplish in the way we run our company and lead by example, and there is 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 features that save time, money and the environment. This is how we, as a bank, can 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.

At bunq, we believe that human rights are non-negotiable and that every person has the fundamental right to be treated with equality and respect. Sadly, in 2023 when one thinks of human rights, thoughts quickly turn to the war in Ukraine, which unfortunately is still a harsh reality at the time of writing this report. Only four days after the start of the conflict, bunq's founder & CEO Ali Niknam, together with fellow tech entrepreneurs Joris Beckers (Picnic) and Robert Vis (Messagebird), launched the [People for People foundation](#). Its mission is to support people of all nationalities who seek safety and asylum in the Netherlands by taking action to meet essential needs and build humane and dignified living conditions. The organisation works together with large companies in the Netherlands such as Action, Otrium, Lidl, Bever Sport, bol.com and Tony's Chocolonely.

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. In 2022, 25,000 kilograms of winter clothing was donated to those in need, 130,000 meals were delivered to warzones, 490 school bags packed with school supplies were provided for children to start school and begin building their future and 650 traditional meals were distributed to young adults across two reception centres, to bring cultures together. Additionally, a whopping 65,000 items such as hygiene products, food, clothes, electronics and toys have been provided by People for People's partners. As of August 2022, the foundation had helped more than 170 refugees find jobs and had organised 3 job-matching events. Tens of thousands of free bunq accounts were opened by Ukrainians, so they can safely manage Euros, and a number of refugees found employment in bunq. At the end of 2022, bunq proudly committed €100K to the People for People foundation. In 2023, bunq and the People for People foundation will continue to adapt to the changing circumstances and respond to those in need.

These are actions we could not have imagined ourselves having to do a year ago. The current crisis however undeniably shows just how far corporate responsibility can go when it comes to human rights.

As the bank of The Free, bunq strives 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.

In order to exhibit our dedication to align with the aforementioned Universal Declaration of Human Rights, we have outlined the Ten Principles of the UN Global Compact in our sustainable investment policy and our ESG Policy. To our knowledge we do not invest in companies which have breached any of these principles.

bunq's commitment to an egalitarian world has always a profound belief. Global events have since proven it's our duty as much as it is our ideology.

Additionally, our colleagues at Capitalflow took part in a number of socially responsible initiatives throughout the year. In order to support the wonderful efforts made by the Red Cross to provide millions of Ukrainian refugees with vital services, Capitalflow held a charity brunch in order to raise much needed funds for the charity. Together with their community partners GLÁS, the team volunteered in 'Better Ballybun Day', a day dedicated to making Capitalflow's local community a better place for the adults and children who reside there. Together, the volunteers cleared an old basketball court covered in debris and broken glass, and painted stencils with childrens games on the ground, converting it into a safe play area for the local children. In an effort to give back during the holiday season, the Capitalflow team elected three charities to support as a Christmas giving initiative, namely [Ataxtia Ireland](#), [Kevin Bell Repatriation Trust](#) and [St. Francis Hospice](#). For every donation made by an employee, Capitalflow matched that donation, allowing for meaningful contributions to be made to charities close to the team's hearts.

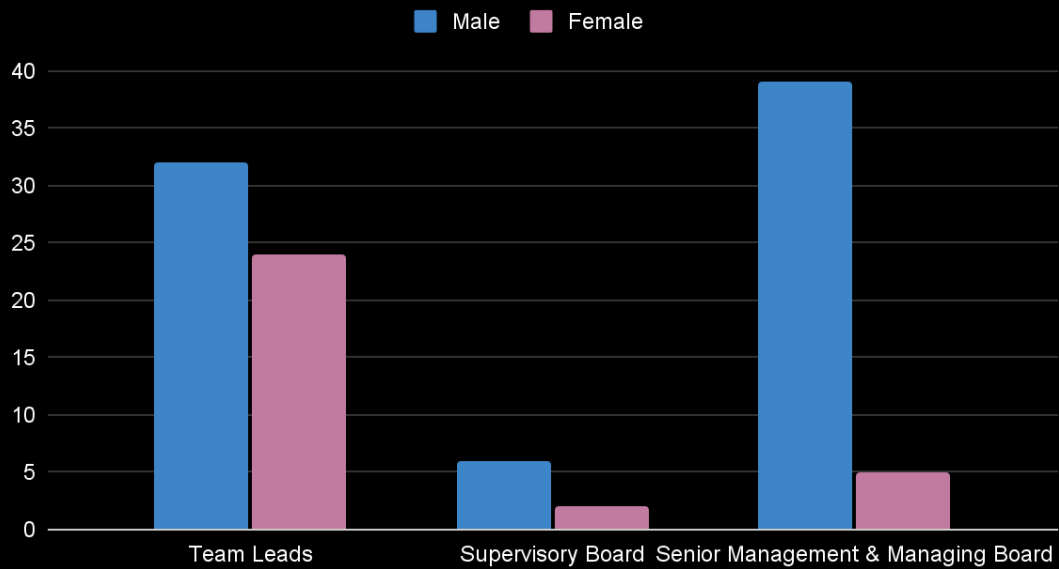
2.1 bunq and diversity

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

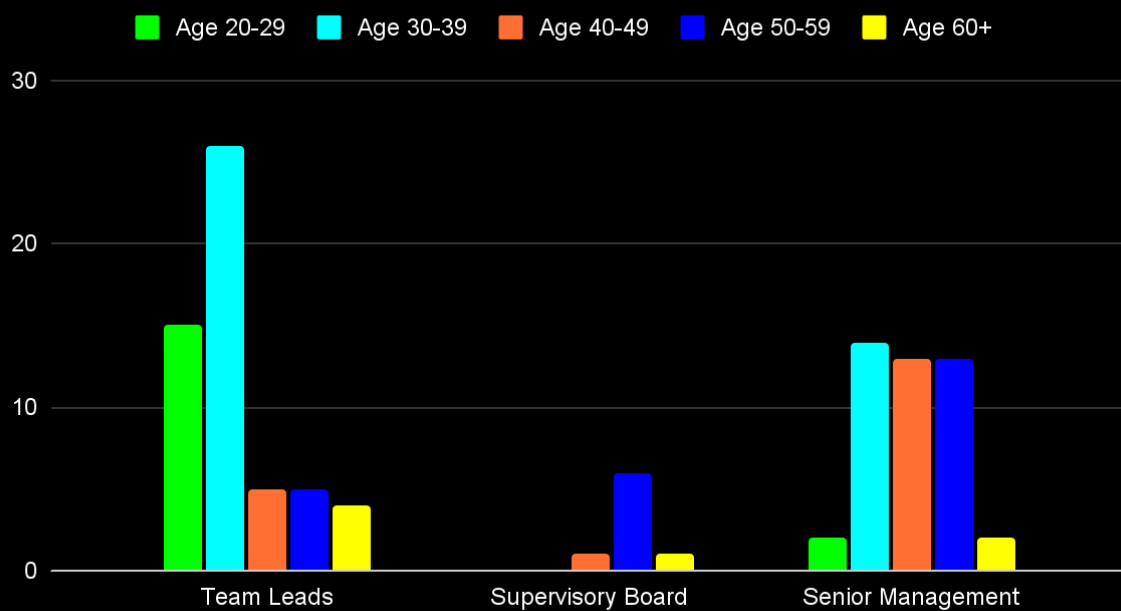
Interestingly, at bunq we don't adopt a specific policy or set of rules to ensure we meet our own standards in terms of gender equality, nor do we make a conscious effort to materialise gender equality, for one very simple reason: diversity comes naturally if you let it. All we do at bunq, is let it.

At bunq, we prioritise employee's performance and potential regardless of their age, race, gender or sexual orientation. This is reflected in the composition of the company. As of December 2022, bunq had 432 full-time equivalent employees (FTEs). Collectively, we are a kaleidoscope of 45 different nationalities, spread across the sexual and gender orientation spectrums.

Management Team Composition



Management Team Composition



Graph:

When recruiting and hiring candidates, we never let someone's gender, sexual orientation, religion, race, age or nationality influence our decision on whether or not we will hire them. Instead, we focus exclusively on the candidate's skill-set, capability and

what value they can add to bunq. By hiring people based on merit as opposed to any other aspect not related to their role within bunq, we have seen that equality and diversity follow naturally and are arguably some of the most recognisable aspects of our eclectic workforce. This is yet another feature that sets us apart from conventional banks as we do not follow the same prejudice system of an 'old boy's network' which has been the norm in the banking industry for hundreds of years.

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, female and non-binary employees therefore simply does not exist at bunq, nor has it ever been an issue, as illustrated under section 2.2: bunq and pay equity.

To further cultivate the wellbeing, rights and protection of our employees we adhere to the ILO Declaration on Fundamental Principles and Rights at Work, as outlined in our [ESG Policy](#). 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 labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation. In keeping with our commitment to support and promote diversity, bunq has donated €100K to [Next Level](#), a foundation that promotes diversity in the tech industry.

2.2 bunq and pay equity

When working at bunq, employees are in control of their own destiny. By measuring and rewarding employees purely based on their performance each quarter, we prevent pay inequity. If we analyse the data, we see that only seniority and department correlate with pay, and no correlation is found between gender 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 seniority, and experience.

Pay by Gender and Department - Excluding 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. As of Q4 2022, annual remuneration of bunq's Managing Board, which consists of 3 persons, is €545K. This is an average annual salary per board member of less than €181.7K.

Additionally, our wage ratio, defined as the CEO's salary divided by the median salary of all other employees of the company, sits at 3.55x¹. This number pales in comparison to the wage ratio in the old guard of banking, where it usually sits in the triple digits².

¹ Figure as of December 31st 2022

² [S&P Global](#)

3. Human rights - empowering our users

Few banks can claim that their logo makes a statement on equality and human-rights, bunq can. Having a rainbow at the forefront of our business model enables us to wordlessly advocate for a world in which everyone is accepted and respected for who they are. Being a bank that is centred around the customer experience, simply having a bunq account and bank card offers people an easy way of vocalising their cries for freedom, diversity and human rights for all.

bunq is a bank built for as well as by our users. Our users inspire or in some cases simply ask us to design features that, although housed in a banking application, enable them to take a stand. For example, together.bunq.com provides our users with a platform in which they can make their voices heard by sharing their experiences, ideas and suggestions with the community. A diverse gathering of people from all around the world utilise this platform, and it has proved itself a powerful tool with which we break down barriers and borders, both literally and figuratively.

Illustrative of the power of a forum such as together.bunq.com is the inception of features that empower people to have a banking experience entirely tailored to their wants and needs. For instance, in order to accommodate people for whom receiving interest doesn't align with their religious beliefs, we created a simple toggle in our app with which they could simply opt out of receiving interest.

Additionally, being the bank of The Free has yielded extraordinary 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 refugees, 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.

4. Climate - leading the way

Climate change is unfortunately one of the biggest challenges the world faces today. In order to build a truly sustainable future, greater emission reduction efforts by financial institutions are a must. At bunq, we recognize climate change as a significant issue and we are committed to fighting 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. As a bank, our users are the heartbeat of our business, and everything we do, we do for them. If something is important to bunq users, it is important to Adam, and according to a survey of our users conducted in 2022, almost 70% of our users see climate change as a significant issue, with 60% indicating that being a member of a bank committed to sustainability is important to them. In this section, we will demonstrate our unadulterated commitment to fighting for a greener and more sustainable world. 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 outlined by the Paris Agreement in 2015, 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 compatible 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. Since our last ESG report was published, bunq has fully committed to setting targets with the Science-Based Targets Initiative to ensure that we are contributing 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. 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, a bunq ESG representative actively attends and provides 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 minimise 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 for our mortgage portfolio, through offering 106% of a property's value so borrowers can boost their new home's energy efficiency.
- Through our acquisition of Capitalflow Group, bunq finances a variety of companies engaged in climate change mitigation and CO₂ reduction projects. Additionally, during 2022, Green Finance was an area of focus for the Capitalflow team, as they aimed to encourage their customers to make more sustainable

choices for their businesses. To this end they provided funding to their customers under the SBCI (Strategic Banking Corporation of Ireland) Energy Efficiency Loan Scheme which enables SMEs to invest in the energy efficiency of their businesses. Capitalflow have a number of deals paid out, and in their pipeline for solar panels and energy efficient heating systems.

- Mix of investment portfolio. We have an investment policy that excludes a number of industries with a high CO₂ impact which are outlined in our [Socially Responsible Investment Policy](#). By excluding or shifting away from investments in companies with a high CO₂ impact, the overall CO₂ impact of the portfolio reduces.

Second, one of bunq's most revolutionary features is enabling our users to become CO₂-neutral in just two years. bunq offers a variety of products to make carbon offset more accessible to our users, among which is our EasyGreen product. With a subscription to the EasyGreen plan, users plant one tree for every €100 spent with their bunq card, enabling our users to effortlessly make the world a greener place. Non-EasyGreen users now also have the opportunity to have trees planted on their behalf, through the use of the 'Green Teams' feature with which the teammate assigned by an EasyGreen user will also have one tree planted in their name for every €100 spent with their bunq card. Additionally, EasyGreen and non-EasyGreen users alike can avail of the 'Wheel of Fortune' feature, in which users can win up to 100 trees per spin. 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 opportunities to reduce our CO₂ impact, bunq can remain the best in class.

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 centres, but extend to more tangible policies such as reimbursing travel expenses regardless of transportation mode or dedicated lunch and dinner options for our vegetarian and vegan employees, as well as a company-wide *Meatless Monday*. Additionally, if a bunq employee refers someone for a job and they are hired, 1000 trees are planted in the referees name. 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.

Finally, our wonderful colleagues at Capitalflow participated in a number of green initiatives in 2023. The team participated in a recycling awareness workshop given by a representative from Voice Ireland, an environmental charity that empowers individuals and local communities to take positive action to conserve Ireland's natural resources. The team were given a presentation on recycling and waste infrastructure in Ireland. Capitalflow partnered with GreenIT to recycle their old company laptops, which will be wiped, reset and then donated to the EPIC organisation, a global foundation that exists to protect children, youth, and our planet. Capitalflow also partnered with a local community group, Global Action Plan Ireland, to help in their GLÁS Community Garden. The team got together to help with maintenance and planting outdoor space. The garden, which

promotes sustainability, organic food production and well-being is a huge asset to the Ballymun community. The team are currently working on a number of initiatives to improve their energy efficiency across their offices, for example; lighting is to be upgraded to reduce energy usage and costs, protective film will be installed on all windows to reduce both UV light and heat, resulting in a reduction in energy consumption, and new environmentally friendly photocopiers have been installed.

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
- Asbestos mining
- Uranium mining
- Mountaintop mining
- The development of new coal mines
- Gambling
- Armament
- The genetic modification of animals
- The use of wild animals for entertainment
- 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.

Since our last ESG Report was published, we have developed and published an [ESG Policy](#). The purpose of this policy is to provide information about ESG and to enable bunq stakeholders to better understand how bunq is dealing with ESG. By engaging about ESG with stakeholders such as employees and users, we improve our understanding of some relevant ESG-issues and opportunities that can strengthen the business and the environment. This policy ensures that we hold ourselves to the same standards that we expect from our associates in the finance sector. This policy can be found on the transparency section of our website. Additionally, this year Capitalflow have published their very own [Socially Responsible Investing and Lending Policy](#), detailing their ESG-related exclusion criteria. bunq acts in full accordance with this policy.

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 we calculate scope one and two emissions as well.

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 the main CO₂ suppliers of our investment portfolio such as Capitalflow, our mortgage service providers, Mastercard and other payment processors.

As of December 31st 2022, bunq's organic 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 acquisition of Capitalflow Group, 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 (excluding Capitalflow Group)

The breakdown of our organic impact can be seen in the following table.

Scope	GHG emissions sources	2021 CO ₂ impact (tCO ₂ a year)	2022 CO ₂ impact (tCO ₂ a year)
One	Natural gas consumption	19	27
Two	Electricity consumption	51	65
	Staff Travel - bike	5	1
	Staff Travel - train	77	176
	Staff Travel - car	84	212
	Flights	15	23
Three	Main Supplier's CO ₂ footprint		
Total	Investments	11,376	10,959
	Mastercard & Payment Processors	123	194
	Data Servers	105	155
	Google	0	0
	ASR	0	0
Total		11,751	11,811
Scope 1 & 2 emissions per FTE		0.88 tCO ₂ per FTE	1.16 tCO ₂ per FTE

Carbon offset	2021	2022
Trees required to offset bunq's carbon footprint	955,354	960,243
Trees planted by bunq	5,477,101	9,765,890
tCO ₂ offset by planted trees	67,368	120,120

On an organic basis, we see that bunq's impact on the climate has improved. As demonstrated in the Carbon offset table, around 960K trees are required to offset our carbon emissions in 2022. On behalf of our users, bunq has increased the number of trees planted to around 9.8 million. These trees absorb on average per tree 12.3 kg of CO₂ per year on a continuous basis. The average carbon footprint of a European is 7000 kg of CO₂ emissions per year³, meaning that once a user has planted 576 trees or more, they have recouped for their produced emissions.⁴

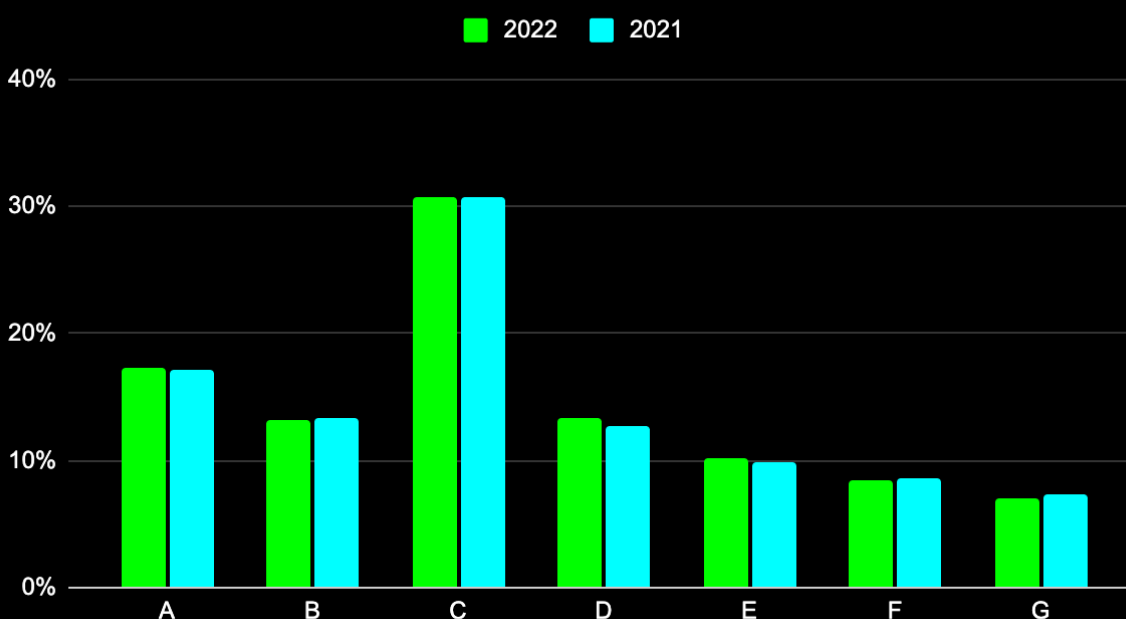
Asset Class	2022 Portfolio Size (€m)	2021 Portfolio Size (€m)	2022 Total (tonCO ₂)	2021 Total (tonCO ₂)	2022 tonCO ₂ per Invested million	2021 tonCO ₂ per Invested million
Residential Mortgages - Netherlands	547	524	8,268	8,249	15	16
Residential Mortgages - International	-	-	-	-	-	-
ECB cash	722	358	247	123	0.3	0.3
Investments in oil, gas and energy production	-	-	-	-	-	-
Commercial Real Estate	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-
Heavy Industry	-	-	-	-	-	-
General Mining and Quarrying	-	-	-	-	-	-
Transport	-	-	-	-	-	-
Fossil fuel trading	-	-	-	-	-	-
Other Industries	-	-	-	-	-	-
Loans and Investments	80	-	160	-	2	-
Green Bonds	5	5	N/A	N/A	-	-
Government Bonds	4	-	N/A	-	-	-
Swap Collateral	44	28	4,141	2,588	94	94
PIK Loan	6	5	473	417	79	79
Total	1,408	920	13,289	11,376	9	12

³ <https://ourworldindata.org/co2/country/germany?country=DEU~NLD~FRA>

⁴ <https://together.bunq.com/d/26986-the-math-behind-bunq-easy-green>

In the above table, we see a breakdown of the carbon impact of bunq's organic investment portfolio by asset class. We see that the largest contributor to bunq's carbon footprint is simply the growth of its investment portfolio, along with a higher allocation to ECB cash. The reduction of tCO₂ per million invested is due to high growth in CO₂ efficient investments.

Energy Label Distribution (Including Indicative Labels)



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)	2022 CO ₂ impact (tCO ₂ a year)
One	Natural gas consumption	30	27
Two	Electricity consumption	61	65
	Staff Travel - bike	4	1
	Staff Travel - train	87	176
	Staff Travel - car	105	212
	Flights	21	23
Three	Main Supplier's CO ₂		

	footprint		
	Investments	123,333	134,533
	Mastercard & Payment Processors	123	194
	Data Servers	105	155
	Google	0	0
	ASR	0	0
Total		123,868	135,386
Scope 1 & 2 emissions per FTE		1.08 tCO₂ per FTE	1.16 tCO₂ per FTE

Carbon offset	2021	2022
Trees required to offset bunq's carbon footprint	10,070,583	11,006,991
Trees planted by bunq in 2022	5,477,101	9,765,890
tCO ₂ offset by planted trees in 2022	67,368	120,120

As can be seen in the table above, in 2022 there was an increase in the tonnes of carbon emitted per full-time employee per year. In late 2022, our employees were surveyed on how they travel to work each day, leading to more accurate data collection and thus a more precise measure of the scope 1 and 2 emissions produced per full-time employee. The 2022 distribution of modes of transport was applied to the 2021 data in order to give a more accurate comparison. Despite travel by car having the highest scope 2 emissions, only 17% of our employees opt to take their car to work, with the majority (60%) favouring public transport. bunq actively promotes environmentally-responsible travel within our company and encourages employees to walk or cycle to work whenever possible, afterall the Netherlands has one of the best cycling infrastructures in the world!

As you can see, our partnerships with Google, NNIP and ASR produce zero emissions. In Google's case, this is because Google's operations have been climate neutral since 2007⁵. ASR currently manages our bond portfolio and a significant percentage of our mortgage portfolio. When excluding mortgages, the emissions that arise from our work with ASR comes to zero, due to the fact that we only invest in green bonds, which are carbon neutral. Additionally, there was an increase in our emissions produced from our data servers. This increase is consistent with the growth of our business and data server needs. The emissions from investments are broken down in the following table.

⁵ <https://sustainability.google/>

Asset Class	2022 Portfolio Size (€m)	2021 Portfolio Size (€m)	2022 Total (tonCO ₂)	2021 Total (tonCO ₂)	2022 tonCO ₂ per Invested million	2021 tonCO ₂ per Invested million	2022 tonCO ₂ per €M of revenue	2021 tonCO ₂ per €M of revenue
Residential Mortgages - Netherlands	547	524	8,268	8,249	16	16	97	197
Residential Mortgages - International	-	-	-	-	-	-	-	-
ECB cash	722	358	247	123	0	0	2.90	2.93
Investments in oil, gas and energy production	-	-	-	-	-	-	-	-
Commercial Real Estate	328	249	12,365	17,514	38	70	145	419
Agriculture	25	18	22,514	15,776	886	876	264	377
Heavy Industry	55	45	25,460	22,019	466	489	299	526
General Mining and Quarrying	8	6	2,624	2,173	312	362	31	52
Transport	59	50	28,104	29,627	473	593	330	708
Fossil fuel trading	-	-	-	-	-	-	-	-
Other Industries	68	60	30,178	25,263	443	421	354	604
Loans and Investments	80	-	160	-	2	-	2	-
Green Bonds	5	5	N/A	N/A	-	-	-	-
Swap Collateral	44	28	4,141	2,588	94	94	49	62
PIK Loan	6	5	473	417	79	79	6	10
Total	1,948	1,348	134,533	123,748	69	92	1,578	2,958

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 the residential mortgage lending portfolio. However, as can be seen in the table above, the consolidated portfolio shows a significant decrease in tCO₂ per million invested, reducing from 92 tCO₂ per million in 2021, to 69 tCO₂ per million in 2022. This decrease arises from the relative growth between the size of our portfolio and the total tonnes of CO₂ emitted through our investments. Despite the increase of 600M in the size of our portfolio this year, our emissions have only increased by 11,000 tCO₂, leading to the significant decrease in the tCO₂ per million invested. Additionally, as illustrated in the above graph, there was a decrease in the tCO₂ per million invested across all asset classes bar two, namely 'Agriculture' and 'Other Industries'.

Green finance has been a recent area of focus for our colleagues at Capitalflow, as they aim to encourage and support their customers in making more sustainable choices for their businesses. They are currently providing funding to their customers under the SBCI (Strategic Banking Corporation of Ireland) Energy Efficient Loan Scheme, which enables SMEs to invest in the energy efficiency of their businesses. Capitalflow have a number of these deals paid out and in their pipeline. Through initiatives like these, and adherence to our strict socially responsible investment policy, we aim to see a decrease in tCO₂ per million invested across all asset classes in the following years.

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 has 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.

As mentioned above, green financing has been a prominent area of focus for the Capitalflow team in order to encourage their customers to make more sustainable choices for their business. One such example of a sustainable business that Capitalflow finances is a company that produces 100% recyclable and environmentally friendly mattresses. Unlike traditional mattresses which cannot be recycled easily and are commonly discarded in a non-sustainable fashion, this company's mattresses are made from polyester elastomer which can be melted and recycled in an environmentally friendly manner. It is also suitable for recycling fuel, with a conversion rate to Bunker A fuel of over 90%. Another example is that of a heat and power supply company that Capitalflow finances. This engineering firm produces both heat and electricity from one fuel source, generally a natural gas. This system utilises the heat produced in electricity generation rather than releasing it wastefully into the atmosphere, delivering remarkable efficiency, significant cost savings and most importantly, environmental benefits.

6. Looking ahead - 2023

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

We are committed to several initiatives and features that empower our users to make green decisions. 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 managed by 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 design, they should have a 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%⁶.

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 CO₂ emissions. This conversion is achieved with scope one and two emission factors⁷. The attribution to bunq is determined by the loan-to-value (LTV) ratio of the mortgage. To put it in layman's terms, 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 38% of our consolidated investment portfolio. ECB cash has a small impact on the environment. The PCAF standard does not provide guidance for this asset class. Instead 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 €328M as of December 31st 2022, 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

⁶ <https://www.asrvermogensbeheer.nl/beleggingsfondsen/fondsinfo/mortgage-fund>

⁷ Found on www.CO2emissiefactoren.nl

are 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 €182M as of December 31st 2022; split into the following sub-categories for the calculation of financed emissions:

1. Vehicle Loans - €148.8M
2. Other Business Loans (non-vehicle lending) - €18.3M
3. Trailers - €14.9m

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 €36.1M as of December 31st 2022, around 1.93% 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.