

**GHG EMISSIONS OFFSETTING REPORT**  
**CGD S.A. 2014**



# GHG Emissions Offsetting Report - CGD S.A. 2014

## 1.1 Introduction

The Low-Carbon Program, a pioneering initiative in the Portuguese banking sector, allows CGD to quantify and reduce its greenhouse gas (GHG) emissions, to offer low-carbon financial solutions to the market, and to raise awareness among stakeholders and society towards the topic of climate change.

Following the above-mentioned program, CGD S.A. has implemented various reduction measures, and communicated best environmental practices in order to improve its environmental performance. Thus, CGD S.A. keeps investing in the use of renewable energy, in changing equipment and lighting for greater energy efficiency in buildings, and in raising awareness among staff towards the importance of minimizing resources and enhancing energy efficiency in their day-to-day.

Despite the efforts made, and despite the improved environmental performance of CGD S.A., some emissions are unavoidable. Since 2010, CGD S.A. has offset some of those emissions from its activity in Portugal, through the acquisition of carbon credits associated with projects that reduce emissions beyond Portuguese borders, and that contribute to the sustainable development of the communities where they are deployed.

The annual publication of the emissions offsetting report aims to communicate offset emissions to its stakeholders, by explaining, in a transparent manner, the quantification methodology used, the selection criteria, and the management of selected carbon credits.

## 1.2 Emission Offsetting

### SCOPE

Emission offsetting refers to the activity of CGD S.A. in the reporting period of the sustainability report (January 1 to December 31, 2014).

GHG emissions associated with activities that fall under emission offsetting were determined during the annual inventory conducted at CGD S.A. GHG emissions are those that result from the following activities:

	Activity
CGD Commercial Fleet	Fuel Consumption
Caixa Geral de Depósitos	Electricity Consumption
Culturgest Foundation Lisbon and Porto	Waste Treatment
Head Office Building	Waste Treatment
Publications	Production of Publications (Cx, Nós Caixa, Caixa Empresa)

## METHODOLOGY

The annual inventory of greenhouse gas emissions of CGD SA is carried out in accordance with the guidelines of the Greenhouse Gas Protocol (GHG Protocol), developed by the World Business Council on Sustainable Development, and by the World Resources Institute. The following gases are included: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O).

The calculation of emissions is based on the application of emission factors to the consumption recorded during the activity of CGD, S.A., which were obtained from the National Emissions Inventory (NIR)<sup>1</sup> of Portugal, published annually. The NIR is based on the methodology proposed by the Intergovernmental Panel on Climate Change (IPCC), a document adapted annually to the Portuguese situation by the Portuguese Environmental Agency (APA). For GHG emissions associated with electricity consumption, the emission factor published by the energy supplier has been considered. In addition, and in situations of absence of emission factors in the above-mentioned information sources, the emission factors published by Defra<sup>2</sup> have been considered.

According to the above, the emissions to be offset took into account the following information.

	Information
CGD Commercial Fleet	Commercial fleet diesel and petrol consumption data, collected through the fuel-supply records.
Caixa Geral de Depósitos Culturgest Foundation Lisbon and Porto	Calculation of the electricity consumption of the various spaces in Lisbon and Porto, based on estimates. For such calculation, the global consumption of the two central buildings in Lisbon and Porto was considered, followed by the application of a percentage area the various spaces occupy in the respective central buildings.
	Calculation of the amount produced in the spaces of Caixa Geral de Depósitos Culturgest Foundation Lisbon and Porto, based on SIRAPA data and estimates.
Head Office Building	Calculation of the amount produced at the Head Office Building, based on SIRAPA data.
Publications	Printed publications in 2014 by the Communications and Brand Division, taking into account the technical features of such publications (weight, width, length, number of copies, number of pages).

<sup>1</sup> Portuguese National Inventory Report on Greenhouse Gases, Portuguese Environment Agency

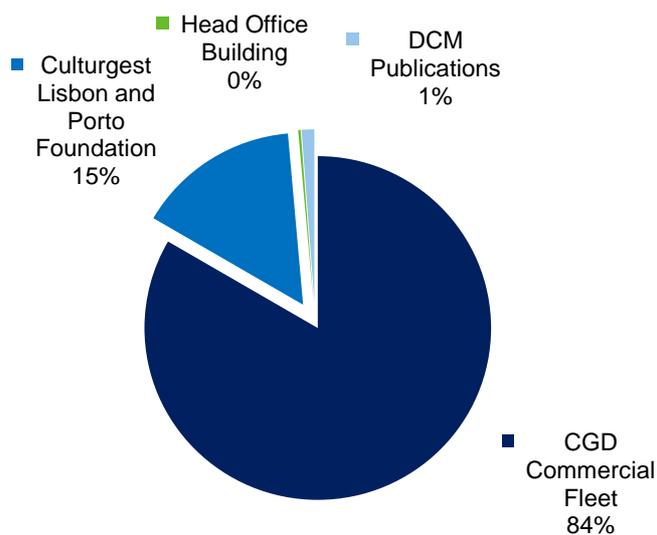
<sup>2</sup> 2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting

## EMISSIONS TO BE OFFSET

Following the annual inventory of the activity of CGD S.A., and according to the above-mentioned activities, 3531 t CO<sub>2</sub>e were offset in 2014. These emissions were offset in full through credits acquired from the Hydro Brazil project, described in section 1.3.

### GREENHOUSE GAS EMISSIONS, IN 2014, TO BE OFFSET (in tons of CO<sub>2</sub>e)

		2014
CGD Commercial Fleet	Fuel Consumption	2 945
Caixa Geral de Depósitos Culturgest Foundation Lisbon and Porto	Electricity Consumption	537
	Waste Treatment	0.18
Head Office Building	Waste Treatment	8
DCM Publications	Production	41
Total emissions to be offset (t CO <sub>2</sub> e)		3 531



## RECALCULATION

The recalculation policy covers changes to the emissions calculation methodology or increased data accuracy, in case these are material compared to the total volume of emissions calculated.

Where this recalculation affects the activities under the commitment of GHG emissions to be offset, the following procedure shall apply:

1. In the event of an increase in the emissions volume to be offset, CGD S.A. undertakes to allocate the required amount of carbon credits to cover the additional volume;
2. In the event that the amount of emissions is less than the offset volume, CGD S.A. will release the credits that follow from this adjustment, which may be used to offset other activities.

In 2014 there were no changes to the GHG emissions calculation methodology, and thus the methodology applied in 2013 and 2012 was maintained.

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## 1.3 Carbon Credits

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### SELECTION

The carbon credits used by CGD S.A. to offset emissions follow a set of criteria that ensure eligibility, and that enhance environmental and social benefits:

- Guarantee of effectiveness, measurability, permanence and external verification;
- Preference for renewable energy and energy efficiency projects.

### CREDIT GENERATING PROJECTS

#### HYDRO BRAZIL PROJECT

The goal of the project is the production of electricity from renewable sources, by building small hydroelectric dams located in the municipalities of Júlio de Castilhos and Salto de Jacuí, in the Rio Grande do Sul area, replacing the consumption of fossil fuels in the region.

The project has been accredited under the specifications of the Voluntary Carbon Standard (VCS) program, such as:

- Use of clean and efficient technology that allows for a reduction of fossil fuels;
- Contributing towards the development of the local economy through job creation and through the reduction of costs associated with the purchase of fossil fuels.

The project is periodically monitored, and the monitoring results can be consulted at: <http://www.vcsprojectdatabase.org/> (ID: 708).

#### MAFRA NATIONAL RESERVE

The Mafra National Reserve was one of the projects previously used to offset emissions of greenhouse gases. The intervention, funded by CGD, covers an area of 50 hectares affected by the 2003 forest fires<sup>3</sup>. The Mafra National Reserve is a unique natural, historical and cultural heritage in Portugal, with some of the most representative species of national flora. The project includes a carbon management plan, and a biodiversity conservation action plan, as well as the monitoring of these two forest components over a 30-year period. CGD S.A., together with the management bodies of the Reserve, every year monitors the intervened forest area, ensuring that the planted forest remains present.

### CREDIT MANAGEMENT

CGD ensures that the selected credits are purchased, recorded, and controlled. Through credit management, it is possible to calculate the amount of credits available, and check the allocation of carbon credits, by project.

Credit management also ensures that carbon credits, once allocated to carbon offsetting of a given activity, are not used again by CGD S.A. for carbon-offsetting purposes.

These procedures are subject to an annual external verification, for accuracy and transparency purposes of the carbon-offsetting process.

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<sup>3</sup> CGD has a number of credits still available for use (about 55% of the total credits earned under the Mafra National Reserve project). CGD may still allocate these credits to future emission offsetting projects associated with its activities.

## REVIEW REPORT

Translation of a report originally issued in Portuguese.  
In the event of discrepancies, the Portuguese language version prevails.

To the Executive Committee of  
Caixa Geral de Depósitos, S.A.

### Introduction

1. We have performed a review of the GHG emission offsetting report – CGD S.A. 2014 (“Report”) that covered the reliability of its contents related to the functioning of the offset process of greenhouse gas emissions (GHG) carried out by Caixa Geral de Depósitos, S.A. (“CGD”) during the year of 2014, as well as if it is coherent, in general terms and taking into account the circumstances, the presentation of that information in accordance with the concept, criteria and relevant methods for its functioning, identified by CGD in the Report.

### Responsibilities

2. The Board of Directors of CGD is responsible for preparing the GHG emissions offsetting report – CGD 2014, as well as defining, implementing and carrying out adequate processes, procedures and criteria for collecting, processing, presenting and validating the information contained therein. Our responsibility is to issue a report, based on the procedures described below, on the information referred to above.

### Scope

3. We conducted our review in accordance with the International Standard on Assurance Engagements 3000 – ISAE 3000, issued by the International Auditing and Assurance Standards Board, for assurance engagements other than audit or limited reviews of historical financial information, for a limited level of assurance.
4. This standard requires that we plan and perform procedures and apply audit skills and techniques, in order to obtain an adequate understanding of the subject matter and, considering the circumstances, to obtain sufficient and appropriate evidence on which to base our opinion. In a limited assurance engagement, the procedures performed consist primarily of making inquiries to CGD management and applying analytical procedures, including tests on a sample basis, and therefore, less assurance is obtained than in an engagement aimed at obtaining reasonable assurance.

5. The main procedures performed were:

- Interview of those responsible in CGD for the management of the greenhouse gas offsets, for the preparation of the Report and for the data reported therein;
- Review of the processes, criteria and systems in place to:
  - Quantify the GHG emissions associated to the offset processes;
  - Assess and select the credits generated by reduction projects used to compensate those emissions; and
  - Obtain and allocate credits in sufficient amount to ensure the compensation of the above referred emissions;
- Analysis of the consistency of processes, criteria and systems described in the Report and confirmation that they were actually performed; and
- Analytical data review, and tests on a sample basis of the calculations made by CGD related to the quantitative data subject to our review, as well as tests to verify the quantitative and qualitative information included in the scope of our work, by obtaining evidence.

**Opinion**

6. Based on the work performed, as described in paragraph 5 above, which was executed to obtain a moderate level of assurance, nothing has come to our attention that causes us to believe that in all material aspects, the information referred in paragraph 1 above has not been reliable and consistently prepared and that it does not conform with the concept, criteria and relevant methods of the offset process of greenhouse gas emissions, identified by CGD in the GHG emission offsetting report – CGD S.A. 2014.

**Independence of the team**

7. We complied with the independence policies of Deloitte, which are in all respects similar to the Code of Ethics of the International Ethics Standards Board for Accountants, set by the International Federation of Accountants.

Lisbon, 24 July 2015

**Deloitte & Associados, SROC S.A.**

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Deloitte & Associados, SROC S.A.  
Represented by João Carlos Frade

