



# SUSTAINABILITY AT CGD

—  
GHG EMISSIONS OFFSETTING REPORT  
CGD S.A. 2015





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## EMISSIONS OFFSETTING

In 2010, Caixa Geral de Depósitos (CGD) established the Low Carbon Programme, a pioneer in the sector of the Portuguese banking sector, in order to realize its strategic combat related with the climate change. Following the program, CGD S.A. carries out, annually, the quantification of its carbon footprint and has been implementing several measures, as well best environmental practices in order to improve its environmental performance. So, CGD S.A. keeps investing in the use of renewable energy, in changing equipment and lighting for a greater energy efficiency in buildings, and in raising awareness among its employees on the importance of minimizing resource consumption and enhancing energy efficiency in their day-to-day activities and providing the market with financial solutions focused on a low carbon economy.

Considering that emissions offsetting is one of the vectors of the Low Carbon Program, CGD S. A. offsets part of its GHG emissions. The offsetting is done through purchased carbon credits, that are associated with projects that reduce emissions outside the national borders and that contribute to the sustainable development of the communities where they are implemented.

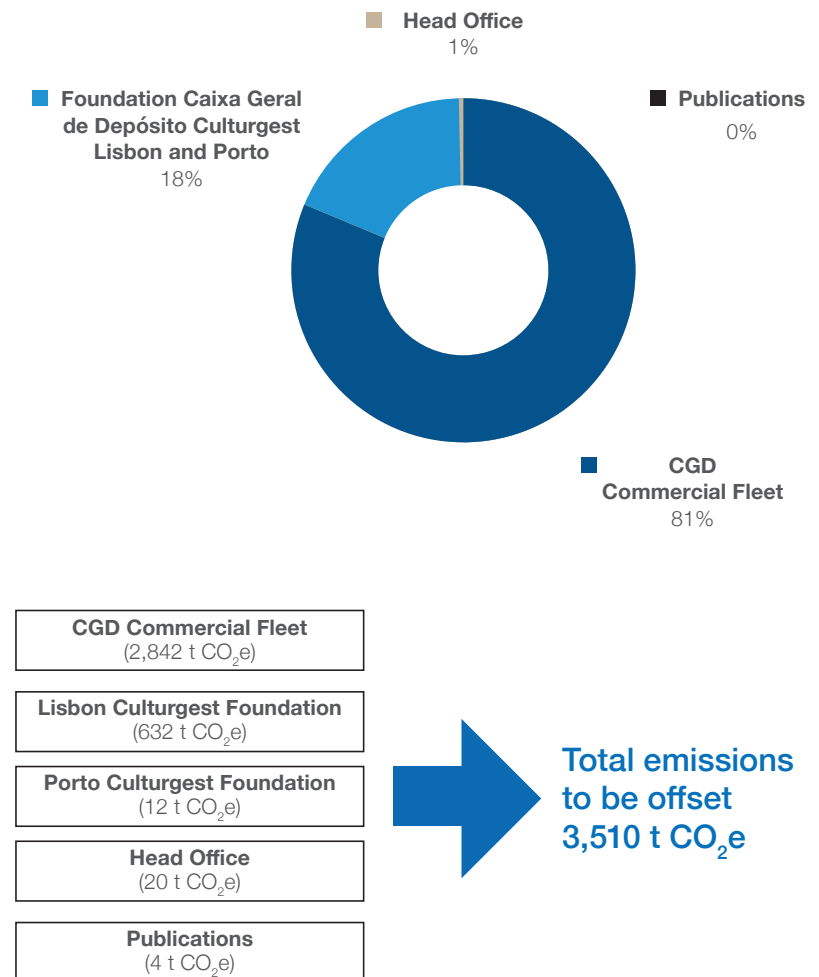
The annual publication of the emissions offsetting report aims at providing information on the offset emissions to its stakeholders, by explaining, in a transparent manner, the quantification methodology that is used, the selection criteria, and the management of selected carbon credits.

Emission offsetting refers to the activity of CGD S.A. in the reporting period of the sustainability report (January 1 to December 31, 2015). The activities included in the scope of the emissions offsetting are identified in the following diagram.



In total, CGD S.A. will offset 3,510 t CO<sub>2</sub>e related to 2015. These emissions were fully offset by credits acquired in the Hydro Brazil project, described in the “Carbon Credits” section.

## Representation of activities by the total offsetting, 2015





## METHODOLOGY

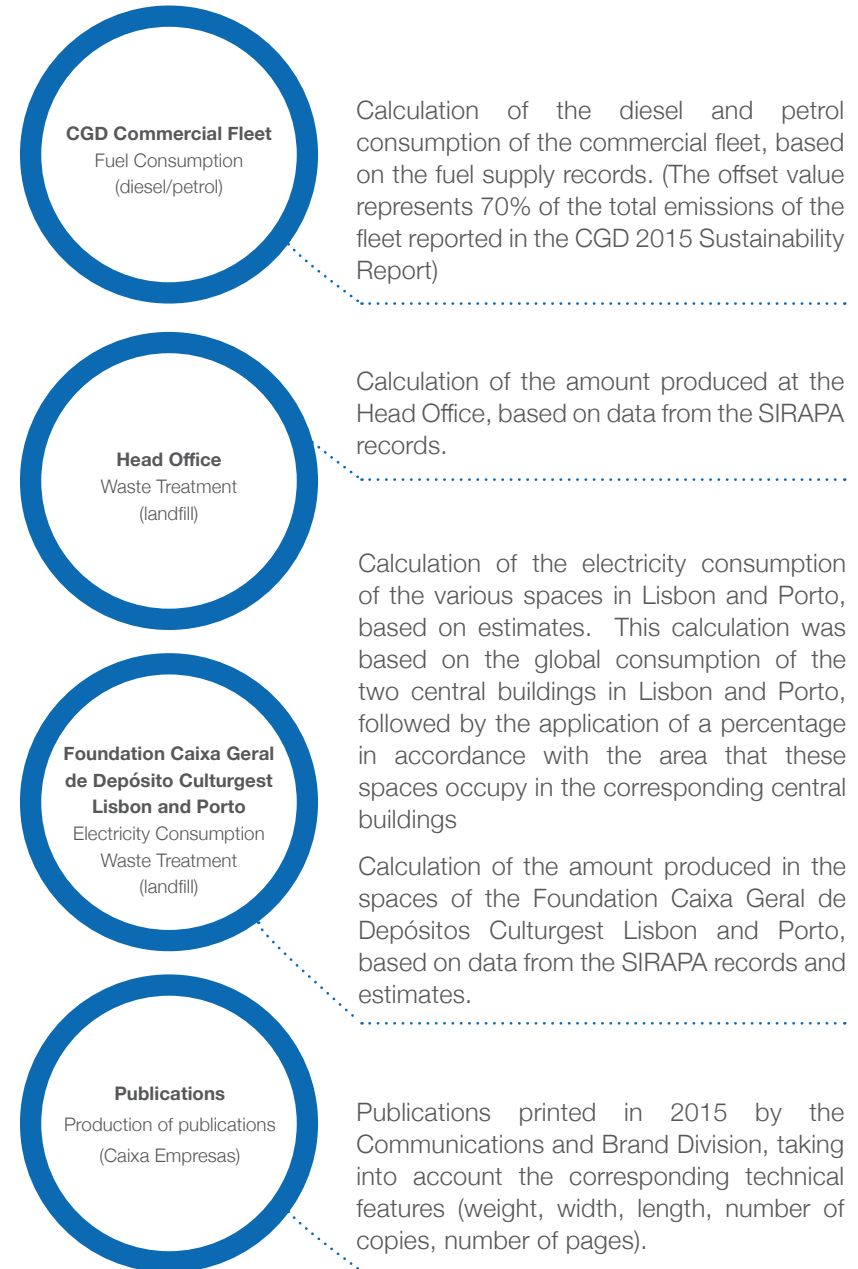
The annual inventory of greenhouse gas emissions of CGD S.A. is prepared in accordance with the guidelines of the Greenhouse Gas Protocol (GHG Protocol), developed by the World Business Council on Sustainable Development, and by the World Resources Institute. It considers gases like carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O).

The calculation of the emissions is based on the application of emission factors to the consumptions recorded during the activity of CGD, S.A., which were obtained from the Portuguese National Emissions Inventory (NIR)<sup>1</sup>, published by the Portuguese Environment Agency (APA). For GHG emissions associated with electricity consumption, the emission factor that was used is the one published by the energy supplier. Additionally, and in situations when the above mentioned information sources do not provide emission factors, the emission factors that were used are the ones published by Defra<sup>2</sup>.

The calculation of emissions took into account the following information:

1 Portuguese National Inventory Report on Greenhouse Gases, Portuguese Environment Agency

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





## RECALCULATION

The recalculation policy covers changes to the emission calculation methodology or an increase in data accuracy, if these are material compared to the total volume of emissions that is calculated.

Where this recalculation affects the activities covered by the GHG emissions to be offset, the following procedure shall apply:

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

In 2015 there were no changes to the GHG emissions calculation methodology and, therefore the methodology applied in 2014, 2013 and 2012 remained unchanged.

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## CARBON CREDITS

The carbon credits used in the reporting year are related to loans acquired in previous years. In 2015 there was no carbon credits were purchased.

### CREDIT GENERATING PROJECTS

#### HYDRO BRAZIL PROJECT

The goal of the project is to generate electricity using renewable sources, by building small hydroelectric dam 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:

- Using clean, efficient technology to reduce the consumption of fossil fuels;
- Contributing to the development of the local economy by creating jobs and reducing the costs associated with the purchase of fossil fuels.

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

#### TAPADA NACIONAL DE MAFRA (MAFRA NATIONAL RESERVE)

The Mafra National Reserve was one of the projects that were previously used to offset greenhouse gas emissions. 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 the national flora. The project includes a carbon management plan and an action plan for biodiversity conservation, as well as the monitoring of these two

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<sup>3</sup> CGD still has credits available to use (about 55% of the total of credits purchased under the scope of the Mafra National Reserve project). CGD may also allocate these credits to future emission-offsetting projects associated with its activity



components of the forest for 30 years. CGD, together with the Reserve's management bodies, proceed with an annual inspection of the area of the forest covered by the intervention to ensure that the trees that have been planted are still there.

According to the plan, after approximately 5 years there was an evaluation of the carbon sink compared to the planting carried out in 2009, in accordance with the methodology defined by the IPCC, which describes the methodology for the quantification of carbon associated with trees and shrubs. The results show that the trees and shrubs are growing as planned. This confirms the existence of the expected carbon sink.

### SELECTION

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

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

### CREDIT MANAGEMENT

CGD ensures that the selected credits are purchased, recorded, and controlled. Credit management allows calculating the amount of available credits and monitoring the allocation of carbon credits, by project. Credit management also ensures that carbon credits, once allocated to the 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 in order to provide accuracy and transparency to the carbon-offsetting process.





## APPENDIX: VERIFICATION STATEMENT

**Deloitte.**

Deloitte & Associados, SROC S.A.  
Registo na OROC nº 43  
Registo na CMVM nº 20161389  
Av. Eng. Duarte Pacheco, 7  
1070-100 Lisboa  
Portugal

Tel: +(351) 210 422 500  
Fax: +(351) 210 427 950  
www.deloitte.pt

### REVIEW REPORT

Translation of a report originally issued in Portuguese.

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

#### **Introduction**

1. We have performed a review of the GHG emissions offsetting report – CGD S.A. 2015 ("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 2015, 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 S.A. 2015, defining the scope of greenhouse gas emissions offsetting carried out, 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

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- 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 Caixa Geral de Depósitos, S.A. in the GHG emission offsetting report – CGD S.A. 2015.

#### **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, 22 September 2016

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

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



For further information, please visit <http://sustentabilidade.cgd.pt> or contact [sustentabilidade@cgd.pt](mailto:sustentabilidade@cgd.pt).