



CGD REPORTS

2010 CARBON NEUTRALITY

CAIXA CARBONO ZERO PROGRAMME

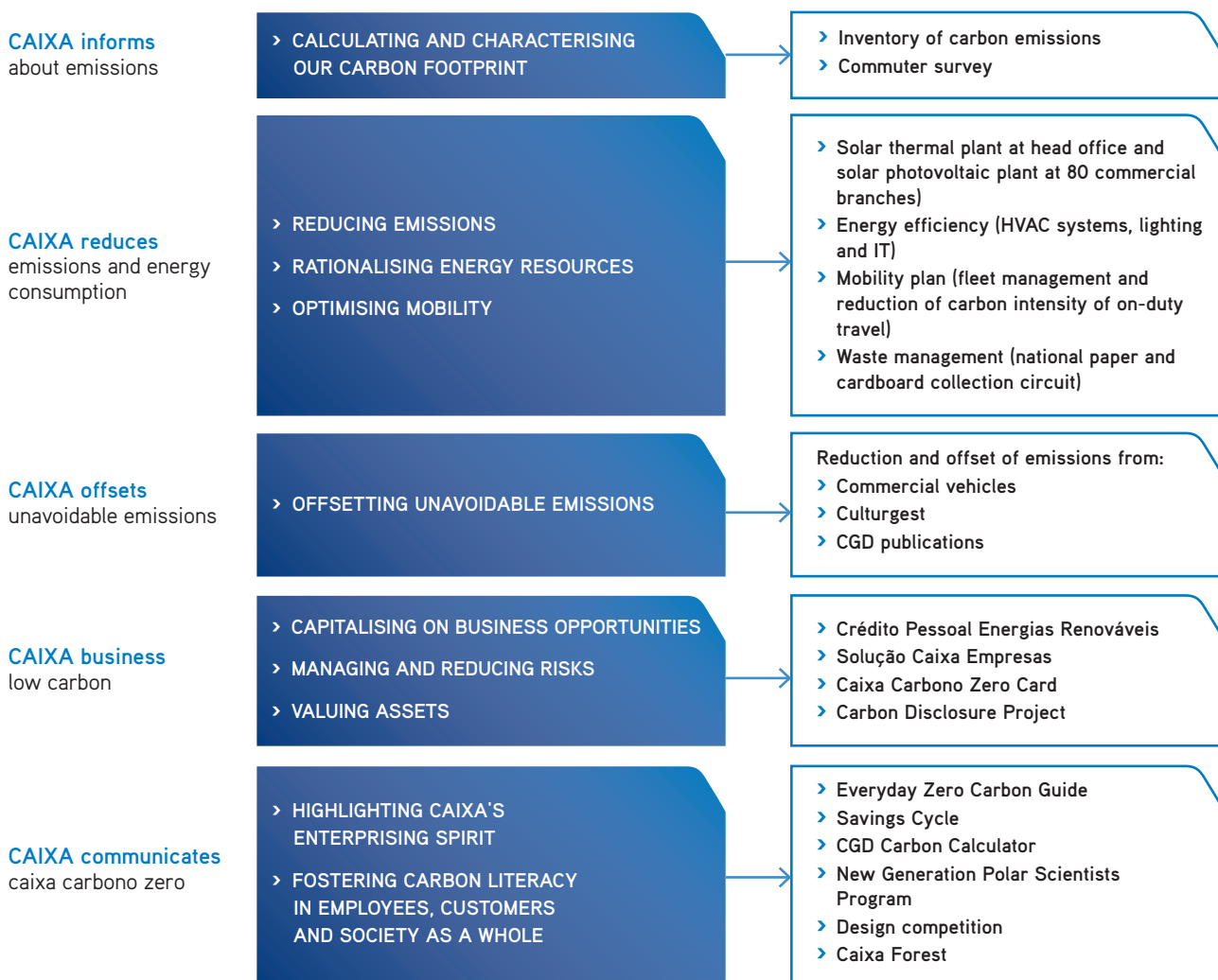
www.cgd.pt

1. OFFSETTING EMISSIONS IN THE CAIXA CARBONO ZERO PROGRAMME

Offsetting unavoidable emissions arising from CGD's activity is one of the components of the Caixa Carbono Zero Programme and constitutes the Bank's commitment to carbon neutrality. Thanks to its Caixa Carbono Zero target, CGD takes its pledge to manage its own emissions one step further by offsetting unavoidable emissions, i.e. those that it is unable to reduce.

The Caixa Carbono Zero Programme fulfils CGD's climate strategy resulting from reflection on the risks and opportunities of

climate change in its activity. Thanks to this programme, Caixa is the first bank in Portugal to have an integrated action plan that includes quantifying and reducing emissions, offering financial solutions aimed at a low-carbon economy and raising awareness of the issue among its customers and in society as a whole. In order to complement the results achieved by the promotion of energy efficiency and sustainable mobility, Caixa also recognises offsetting emissions as a cost effective way of reducing them. It sponsors projects that reduce emissions outside its frontiers and contribute to the sustainable development of the communities to which they belong.



This report defines the terms on which CGD meets the Caixa Carbono Zero targets and describes the scope of emissions offset, quantification methods, recalculation policy and the procedures for selecting and managing carbon credits.

2. EMISSIONS

> SCOPE OF EMISSIONS OFFSET IN 2010

2010 was the first period for meeting the Caixa Carbono Zero target, which covered emissions associated with CGD's banking activity in Portugal (i.e. Caixa Geral de Depósitos, S.A. and support activities).

For this first year, emissions from the following sources were offset:

- > CGD commercial vehicles;
- > Culturgest⁽¹⁾;
- > Publications⁽²⁾.

This means offsetting:

- i) direct emissions from the combustion of petrol and diesel in its commercial vehicles;
- ii) indirect emissions from electricity consumption and treatment of waste from Culturgest facilities at CGD's head office building;
- iii) direct emissions from combustion and process and indirect emissions from the generation of electricity purchased from the grid used in the production of paper pulp and paper and by printing and binding equipment used in selected publications.

The compliance period considers emissions from these activities between 1 January and 31 December 2010.

> ACCOUNTING METHODS

The quantification of emissions to be offset is the result of an inventory of CGD banking emissions in Portugal⁽³⁾. It is subject to external assurance conducted for Caixa's 2010 Sustainability Report.

The method used is the Greenhouse Gas Protocol, a standard developed by the World Business Council for Sustainable Development in collaboration with the World Resources Institute. The calculation criteria are those defined under the CarbonoZero^{®(4)} brand, which is subject to annual external assurance, the results of which are published.

The six greenhouse gases covered by the Kyoto Protocol⁽⁵⁾, expressed in equivalent carbon dioxide (CO₂e) are considered using the global-warming potential (GWP) values published by the Intergovernmental Panel on Climate Change (IPCC) in the version currently used by Agência Portuguesa do Ambiente (APA - Portuguese Environment Agency) for conducting its Inventário Nacional de Emissões de Gases com Efeito de Estufa (National Inventory of Greenhouse Gas Emissions). Emission

factors are based on the IPCC values adjusted whenever necessary to the situation in Portugal on the basis of data published by Portuguese authorities or CGD's electricity suppliers.

The accounting is based on the following information on levels of activity associated with each emission source considered:

- > Amount of fuel used by CGD's fleet of service vehicles, collected from fuel cards;
- > Electricity consumption at Culturgest facilities at the CGD head office building calculated on the basis of a representativity factor obtained in the energy audit during the building's energy certification, in which overall electricity consumption is calculated from the supplier's invoices;
- > Amount of waste produced at Culturgest (own circuit and general head office building circuit) based on SIRAPA data, complemented by the use of ratios per work station and estimates of specific areas;
- > Energy required to produce publications, based on their characteristics (grammage of front and back cover and pages, format, number of pages and copies) and ratios from the specific sector.

NOTES:

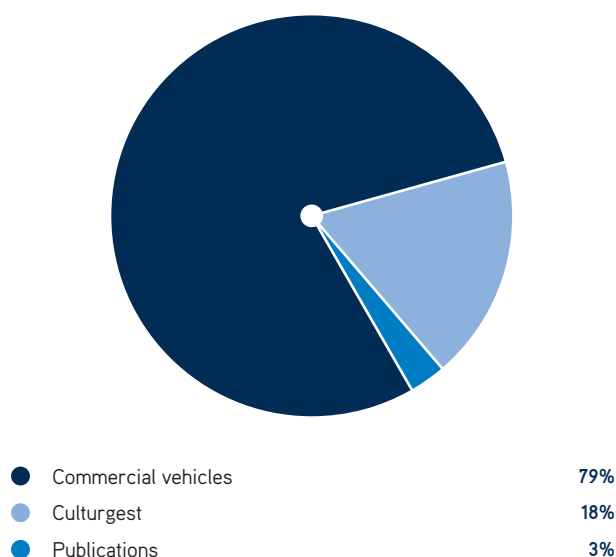
- (1) Fundação Caixa Geral de Depósitos – Culturgest is a CGD Group unit that manages cultural facilities and their assets and organises cultural, artistic and scientific activities. Although it does not formally belong to Caixa Geral de Depósitos, S.A. its main work takes place in the company's head office building and so it is included in CGD's carbon emission inventory.
- (2) The publications included are Cx, Caixa Activa, Caixa Woman and Caixa no Mundo magazines, the Caixa Azul and Nós Caixa booklets and the Christmas Book.
- (3) The exception is GHG emissions from CGD publications with independent counts.
- (4) CarbonoZero[®] is a registered trademark of E.Value, S.A. All information, including the results of the external assurance, are available on www.carbono-zero.com.
- (5) Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and f-gases (HFCs, PFCs and SF₆)

> EMISSIONS IN 2010

Emissions from activities offset in 2010 totalled 4.021 t CO₂e, as shown in the figure below.

META CAIXA CARBONO ZERO 2010 (ZERO CARBON TARGET) – EMISSIONS OFFSET

Total emissions: 4 021 t CO₂e



3. CARBON CREDITS

> SELECTION CRITERIA

The carbon credits used by CGD to offset emissions abide by criteria that guarantee high levels of integrity and foster social and environmental benefits:

- > Guarantee of effectiveness, measurability, additionality, permanence, absence of double counts and external assurance;
- > Preferential use of credits generated by projects undertaken in the voluntary carbon market (VERs - verified emission reductions);
- > Preference for credits with Voluntary Carbon Standard (VCS) and Voluntary Gold Standard (VGS) certification and, in the case of forestry projects, Climate Community and Biodiversity Alliance (CCB) and Plan Vivo certification;

- > Preference for renewable energy and energy efficiency projects, with consideration going to forestry projects that meet the CarbonoZero® eligibility criteria, make a high contribution to sustainable development and guarantee appropriate reversibility risk management mechanisms.

> PROJECTS

Credits generated by a technological project to replace fossil fuel by biomass located in Brazil (Voluntary Carbon Standard certification) were used to offset emissions in 2010, in addition to credits generated by the Floresta Caixa Carbono Zero project in Tapada Nacional de Mafra in Portugal.

BIOMASS PROJECT IN BRAZIL

The project consisted of the installation of a co-generation system using biomass as fuel at Nobrecel Celulose e Papel, S.A. in Pindamonhangaba, Brazil. This system made it possible to replace the fuel oil boilers and reduce grid electricity consumption, thereby cutting CO₂ emissions from the plant.

The project contributes to local environmental sustainability by substituting fossil fuels with a renewable energy source and also ensures that wood waste and trimmings are used instead of releasing methane during decomposition.

TAPADA NACIONAL DE MAFRA PROJECT (PORTUGAL)

The Tapada Nacional de Mafra hunting park was set up in 1747 and is a unique natural, historical and cultural heritage where some of the most representative species of Portuguese flora can be found. It is also used for visits by schools, organisations and the public to raise the community's environmental awareness.

The project encompasses an area of 50 hectares affected by a fire in 2003. It ensures appropriate management of the entire natural regeneration process and recently planted trees, to a total of over 10,000, in order to increase protection against fires, guarantee sustainable forest management and foster biodiversity.

It includes a carbon management plan, an action plan to preserve biodiversity and monitoring of these two forest components over a 30-year period.

4. RECALCULATION POLICY

The quantity of emissions to be offset may be revised whenever there is a recalculation of emissions determined by the CGD inventory. Our recalculation policy covers changes in emissions calculation methods and more precise data, whenever they are material to the total amount of emissions calculated.

The following procedure is adopted if this recalculation affects activities involved in the Caixa Carbono Zero target:

- i) If there is an increase in emissions to be offset, CGD undertakes to allocate the necessary number of carbon credits to cover the growth;
- ii) If the amount of emissions is lower than those offset, CGD will release the credits resulting from the adjustment and can use them to offset other activities.

› MANAGEMENT SYSTEM

CGD has a system in place to guarantee that selected credits are acquired, registered and controlled in accordance with the requirements of the CarbonoZero® trademark. This system guarantees at all times that it is possible to determine i) the number of credits available and ii) the number of credits allocated per project to the offsetting of emissions and the emission sources to which they correspond. It also guarantees that once carbon credits are allocated to offsetting emissions from an activity, CGD does not use them again for the same purpose.

These processes undergo annual external assurance to ensure that the Caixa Carbono Zero target is met accurately and transparently.

EXTERNAL ASSURANCE STATEMENT



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REVIEW REPORT

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

Introduction

1. We have been requested by the Board of Directors of Caixa Geral de Depósitos, S.A. to perform a review to verify whether the report 2010 Carbon Neutrality – Caixa Carbono Zero Programme adequately describes the process to offset the 2010 greenhouse gas emissions carried out by CGD.
2. The objective of our review was to evaluate the reliability of the contents of the 2010 Carbon Neutrality Report related to the functioning of the above referred process and the result of its application during the year under analysis, taking into account the circumstances, and to assess whether is generally appropriated, the presentation of this information, in accordance with the concept, criteria and relevant methods for its functioning, identified by CGD in the Report.

Responsibilities

3. The Board of Directors of CGD is responsible for preparing the 2010 Carbon Neutrality Report, 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

4. Our review was performed 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.
5. This standard requires that we plan and perform procedures and apply auditing skills and techniques, in order to obtain an adequate understanding of the matters under review and, considering the circumstances, to obtain sufficient appropriate evidence on which to base our conclusions. In a limited assurance engagement, the procedures performed consist primarily of inquiries to CGD personnel and analytical procedures, including tests on a sample basis. Therefore, the procedures performed are more limited than in an engagement aimed at obtaining reasonable assurance and, therefore, less assurance is obtained.

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6. The main procedures performed were:

- Interview of those responsible in CGD for the management of the greenhouse gas offsets, for the preparation of the 2010 Carbon Neutrality Report and for the data reported;
- Review of the processes, criteria and systems in place to:
 - Quantify the greenhouse gas emissions associated to the offset processes;
 - Assess and select the credits generated by reduction projects and/or the forest areas chosen to compensate those emissions;
 - Estimate the offset capacity of those forest areas, and;
 - Obtain and allocate credits in sufficient amount to ensure the compensation of the above referred emissions;
- Analysis of coherence of the processes, criteria and systems described in the Carbon Neutrality Report and confirmation of their effective realization; 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 and reviewing evidence.

Findings

7. Based on the work performed, as described in paragraph 6 above, which was performed with the purpose of obtaining a moderate level of assurance, nothing came to our attention that causes us to believe that the process to offset the 2010 greenhouse gas emissions carried out by Caixa Geral de Depósitos, S.A. is not, in all material respects, fairly described in the 2010 Carbon Neutrality – Caixa Carbono Zero Programme report.

Lisbon, 13 July 2011

Deloitte & Associados, SROC S.A.

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Represented by João Carlos Frade



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



This 2010 Sustainability Report is carbon neutral. The GHG emissions resulting from its production are entirely offset.



**Caixa Geral
de Depósitos**

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