



METHODOLOGICAL NOTES

CGD | 2015



METHODOLOGICAL NOTES 2015

G4-10

BCA considered active employees on 31/12/2015, including the 3 executive directors. At BCA, employees whose work hours were reduced by the Medical Board while earning the full salary, i.e., 100% of their monthly retribution, were considered to be part-time workers.

G4-18 A G4-21

The 2015 sustainability report, including the Sustainability Report 2015 and the sustainability information contained in the Annual Report 2015 have been prepared in accordance with the guidelines of the Global Reporting Initiative (GRI), in its latest version, GRI 4.0 including the financial supplement. To meet the new guidelines, CGD developed a materiality matrix based on the results of the consultation process to internal and external stakeholders, held in 2015, with a view to identifying the material topics to be addressed in these reports (see the Materiality Analysis on both reports). This matrix illustrates the importance attached to the various topics in the economic, environmental and social pillars, by the various stakeholders, given the level of impact of such topics for CGD, as identified by several CGD Divisions.

As a result of this exercise, we highlight the following material topics and respective correspondence with GRI indicators:

TOPICS	ASPECT BOUNDARIES	GRI INDICATORS
Security of customers and their financial assets	Internal/External	G4-PR1 and G4-PR2
Risk management	Internal	G4-2 and DMA FS - Product Portfolio and Auditing
Governance Model	Internal	(G4-34 to G4-55)
Economic performance	Internal	G4-EC1 to G4-EC4
Service quality and customer satisfaction	Internal/External	G4-PR5
Practices against corruption and money laundering	Internal/External	G4-SO3 a G4-SO5 See Annual Report 2015 pages 590-591.
Talent attraction and retention	Internal	G4-LA1 a G4-LA3, G4-LA12

Products aimed at supporting SMEs and institutional customers and responding to society's emerging challenges	Internal/External	G4-FS6 to G4-FS8, G4-FS11, G4- FS13 and G4-FS14
Products/services that promote environmental businesses	Internal/External	G4-FS8 and G4-FS11
Career, remuneration and incentive management	Internal	G4-LA2, G4-LA9 to G4-LA11, G4-LA13
Clarity of the information provided to customers on products and services	Internal/External	G4-PR3 to G4-PR9 DMA FS Product and service labelling
Environmental training and awareness	Internal/External	DMA FS Product Portfolio
Customer financial inclusion practices	Internal/External	G4-FS7, G4- FS13, G4 - FS14
Brand and reputation management	Internal/External	G4-PR3, G4-PR5, DMA Product and service labelling See Annual Report 2015 pages 20-22
Code of Conduct	Internal/External	G4-56 to G4-58
Combating climate change, energy efficiency, CO2 emissions and alternative energy sources	Internal/External	G4-EN3-G4-EN7; G4-EN15-G4-EN21
Sustainability Strategy	Internal/External	G4-1 to G4-2
Dialogue with Stakeholders	Internal/External	G4-24 to G4-27
Human capital development	Internal	G4-LA9 to G4-LA11
Innovation and research	-	-
Monitoring and prevention of non-compliance risks over responsibilities	Internal/External	DMA FS - Product Portfolio
Adapting to regulatory trends	-	-
Financial literacy practices	Internal/External	DMA FS Product and service labelling; G4- EC7



Information Security	-	-
Environmental and social criteria in the analysis of credit risk	Internal/External	DMA FS - Product Portfolio
Environmental Management System	Internal/External	G4-14, G4 -EN1 –G4-EN10, G4-EN15-G4-EN19, G4-EN21-G4-EN24, G4-EN26, G4-EN29, G4-EN31-G4-EN34
Occupational health and safety	Internal	G4- LA5 to G4-LA8
Balancing personal and professional life	Internal	G4 - LA2
Social-oriented activities for the benefit of the community	Internal/External	G4-EC7 G4-FS16
Responsible supplier management	Internal/External	G4-12, G4-EC9, G4-EN32-EN33, G4-HR4-HR6, G4-SO9-SO10, G4-LA14-G4-LA15
Accessibility	Internal/External	G4 - FS14
Communication and partnerships with NGOs/Charitable Institutions	Internal/External	G4-EC7
Diversity and equal opportunities	Internal	G4-LA3, G4-LA12, G4-LA13, G4-HR3
Sectoral financing policies	Internal/External	DMA FS Product Portfolio
Participation in public policies	-	-
Human rights	Internal/External	G4-HR1 - G4-HR12
Eco-efficiency	Internal/External	G4-EN1-G4-EN3, G4-EN5, G4-EN7, G4-EN8,G4-EN15-EN19, G4-EN23, G4-EN27

G4-25

In order to identify and prioritise the stakeholders to be consulted, the various Divisions with direct relationships with the various groups of stakeholders have identified the various entities that will be asked to complete the sustainability questionnaire – a core instrument for stakeholder consultation in the field of sustainability.

EC1

In order to calculate the indicator, at CGD, S.A., the distribution of income under ‘Employee salaries and benefits’ considers the remunerations of management and supervisory bodies, employee remunerations, provision of supply agreements, other charges with remuneration, other mandatory social security contributions and other staff costs, whose figures are reported as part of an income statement. Additionally, it includes amounts spent on seniority bonuses, CGD’s healthcare and CGD’s pension fund, whose results are reported as part of a cash flow statement.

The heading “Donations and other investments in the community” considers only the amount spent by CGD and Affiliate Banks on “Patronage” in 2015. In 2015, costs with income tax paid locally by the Branches were included in the heading ‘Levies.’

EC5

The lowest wage on BI’s wage grid is 31,110 CVE, which corresponds to level A1I. On 31/12/2015, there were no BI employees in this level, as the lowest employee level was A1III (corresponding to the amount of 40,110 CVE). Considering this level, the ratio of the lowest salary relative to the national minimum wage, for both genders, is 365%.

EC6

For CGD, S.A., Top Management is understood as the Board of Directors (which is elected by appointment).

EC9

The calculation of the indicator considered all supplies of goods and services with an annual turnover equal to or above € 2,500 (with non-deductible VAT). It considered local suppliers with a taxpayer number in the country where the bank is present (e.g. CGD, S.A. - Portuguese Taxpayer no.; BCA and BI - Cape Verdean Taxpayer no.).

EN1

At CGD, SA, the per-unit weight of reported materials was given by directly weighing the materials or via material specifications (basis weight and dimensions). The value of 2014 and 2015 related to white photocopy paper includes the category “Pre printed paper (letters and extracts),” The 2014 value was recalculated.

BI Cape Verde and BCA considered the specifications of the materials used during the reporting period. BCA Cape Verde was unable to obtain the specifications of envelopes used, so BI’s specifications were considered.



In the case of BCG Brasil, the reported use of paper is obtained via an estimate in accordance with the stock inventory since given the small size does not justify a precise stock inventory.

The bank shows the total amount of the most relevant materials by type, without giving the segmentation between the total quantity of direct and non-renewable materials, as such segmentation is unsuited to the services sector.

EN3

The figures shown for electricity consumption in CGD, S.A.'s central buildings concern the following buildings: Av. João XXI - Lisbon (Head Office); Av. 5 de Outubro, 175 – Lisbon; Av. Aliados - Porto (Pç. D. João I); Av. França- Porto; Pç. Da Liberdade – Porto; Camões – Porto; R. 31 Janeiro – Porto; Sapadores – Lisbon; Cabo Ruivo – Lisbon; Arquivo Alves Redol (Archive) – Lisbon. This does not include consumption associated with CGD, S.A.'s facilities on the islands of the Azores and Madeira.

BCG Brasil: In the case of consumption associated with the vehicle fleet, the figure is estimated based on the average monthly consumption of vehicles in use (in 2015, the bank had three vehicles). The 2014 electricity consumption of BCG has been fixed.

BI: In 2015, the consumption of the management vehicle fleet was included. Consumption figures are estimated based on the specific consumption of each vehicle, considering the kilometres travelled.

BCA: The fleet's consumption figures are estimated based on the specific consumption of each vehicle, considering the kilometres travelled. The 2014 electricity consumption of BCA has been fixed (commercial network).

Energy consumption within the organisation was converted to energy units (GJ) using conversion factors. The following table reports the factors used for CGD S.A, BI Cape Verde, BCA Cape Verde and BCG Brasil.

		GENERAL		
Conversion factors		Unit	Amount	Source
Electricity		kWh/GJ	0.0036	International Energy Agency
CGD, S.A				
DIESEL	PCI	GJ/ton	43.07	Portuguese Environmental Agency (http://www.apambiente.pt/_zdata/DPAAC/CELE/tab_val_PCI_FE_FO.pdf).
	Density	kg/l	0.83	Repsol - Fuel specifications (Diesel)
GASOLINE	PCI	GJ/ton	44.00	Portuguese Environmental Agency (http://www.apambiente.pt/_zdata/DPAAC/CELE/tab_val_PCI_FE_FO.pdf).
	Density	kg/l	0.75	Repsol - Fuel specifications (EFITEC 95)
NATURAL GAS	PCI	GJ/((N)m ³ x 10 ³)	38.44	Portuguese Environmental Agency (http://www.apambiente.pt/_zdata/DPAAC/CELE/tab_val_PCI_FE_FO.pdf).
BI CAPE VERDE AND BCA CAPE VERDE				
DIESEL	PCI	GJ/t	43.0	GHG Protocol (August 2012) http://www.ghgprotocol.org/calculation-tools/all-tools
	Density	kg/l	0.84	
GASOLINE	PCI	GJ/t	44.3	
	Density	kg/l	0.74	
BCG BRASIL				
DIESEL	PCI	GJ/t	43	GHG Protocol Brazilian Programme - IPCC 2006
	Density	kg/l	0.84	
GASOLINE A	PCI	GJ/t	44.3	
	Density	kg/l	0.74	

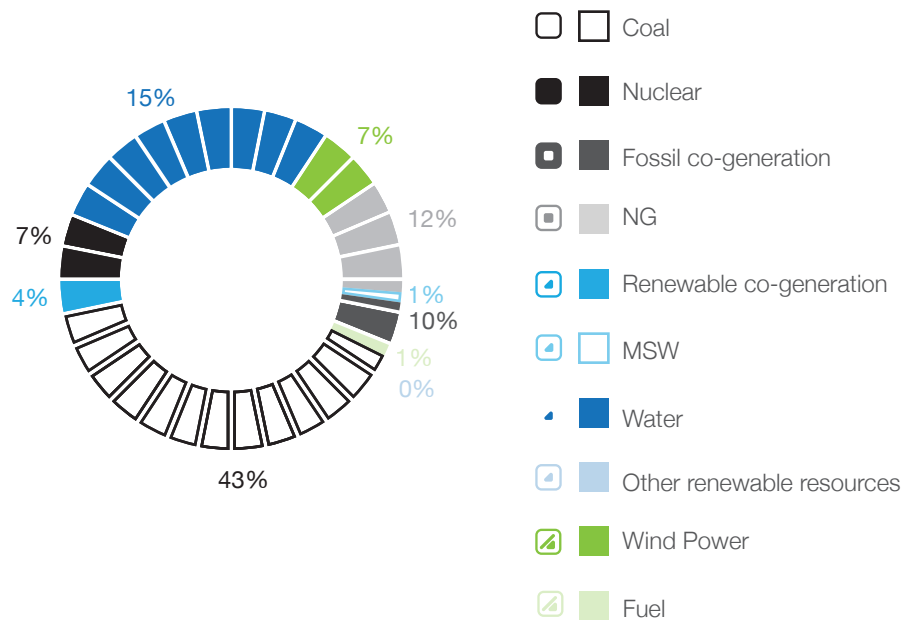


In 2015, ENDESA supplied the electricity for CGD, S.A.. On the date when the report was prepared, the energy mix data for 2015 was not available at ERSE (Portuguese Energy Services Regulator), which is why only data published by the company for 2014 were considered.

(https://www.endesaonline.com/pt/lares/teguia/informacionutil/rotulagem_da_energia/index.asp)

The figures given do not reflect the losses associated with the distribution and transport of electricity in the grid, or the losses inherent to limitations of efficiency associated with production processes that are behind the electricity consumed, as we were unable to obtain from public sources updated figures that would comprise all of these aspects.

ENERGY MIX CGD, S.A.
2015



EN5 AND EN18

The energy intensity and carbon are calculated considering the FTE and operating income. The value of FTE only considers the activity of Portugal while operating income considers the value of the activity in Portugal and Branches

EN8

The figures shown for water consumption in CGD, S.A.'s central buildings concern the following buildings: Av. João XXI - Lisbon (Head Office); Av. 5 de Outubro, 175 – Lisbon; Av. Aliados - Porto (Pç. D. João I); Av. França- Porto; Pç. Da Liberdade – Porto; Camões – Porto; R. 31 Janeiro – Porto; Sapadores – Lisbon; Cabo Ruivo – Lisbon; Arquivo Alves Redol (Archive) – Lisbon.

In Portugal, because of the large number of facilities, their geographic dispersion, corresponding diversity of suppliers and the fact that their information was provided in a format that does not allow for computer processing, CGD S.A. cannot, under such conditions, control the commercial network's water consumption.

All of the water used by BI and BCA comes from the municipal water supply and from pump trucks. Pump trucks are used for two main reasons. The first is when there is a lack of public water supply (supply entrusted to the company ELECTRA) and there is the need to turn to a third-party supply. On the other hand, in the case of BI, there are two branches for which public water cannot be provided, which is why the Bank supplies these two branches via pump trucks.

In the case of BI, the water consumption of the Headquarters Agency is included in the central buildings. In this case is not possible to get water consumption of some central services (SGE, Management and GAL).

The values regarding 2013 and 2014 have been recalculated in order to consider water consumption from Assomada, Mindelo and Sal Rei branches.

The water consumption of BCA respect to the central buildings and several branches in Santiago, Fogo, Brava, Maio, São Vincente, Santo Antão, Sal, São Nicolau, Boavista and Praia branches.

The value of 2014 was recalculated considering water consumption Brava branch was reviewed.



The entire volume of water consumed at BCG Brasil is supplied by municipal water services. Water consumption is calculated using the per-capita consumption estimate, according to the building's occupation (BCG Brasil takes up 22% of the building where it is located), given that the offices are part of a condominium. At the end of 2015, BCG Brasil moved to new premises, so the water consumption on November and December were estimated. The figures in previous years until October 2015 did not include the consumption of water in bank facilities located in Rio de Janeiro as it was considered little material. These same facilities were closed in June 2015.

EN15

To calculate CGD's direct emissions (scope 1), the energy consumption reported under indicator EN3 was considered. CGD does not upgrade the factors issued considering the 2015 goal that CGD took over.

The following table shows the emission factors considered for CGD S.A, BI Cape Verde, BCA Cape Verde and BCG Brasil.

CGD, S.A			
Emissão factors	Unit	Amount	Source
NATURAL GAS	kg CO ₂ /GJ	56.1	Agência Portuguesa do Ambiente (Portuguese Environmental Agency) - Portuguese National Inventory Report on Greenhouse Gases 1990-2010, 2012
	kg CH ₄ /GJ	0.0012	
	kg N ₂ O/GJ	0.0014	
DIESEL	kg CO ₂ /GJ	74.1	
	kg CH ₄ /GJ	0.0006	
	kg N ₂ O/GJ	0.0006	
GASOLINE	kg CO ₂ /GJ	73	

BI CAPE VERDE AND BCA CAPE VERDE			
DIESEL	kg CO ₂ /TJ	74.1	GHG Protocol (August 2012) http://www.ghgprotocol.org/calculation-tools/all-tools
	kg CH ₄ /TJ	10	
	kg N ₂ O/TJ	1	
GASOLINE	kg CO ₂ /TJ	69.3	
	kg CH ₄ /TJ	10	
	kg N ₂ O/TJ	1	
BCG BRAZIL			
DIESEL	kg CO ₂ /litros	2.7	GHG Protocol Brazilian Programme - IPCC 2006
	kg CH ₄ /litros	0.00036	
	kg N ₂ O/litros	0.00002	
GASOLINE	kg CO ₂ /litros	2.27	
	kg CH ₄ /litros	0.00033	
	kg N ₂ O/litros	0.00002	

The Global Warming Potential (GWP) of the gas used was used to determine the emissions associated with gas leaks in refrigeration/AC equipment.

In the case of CGD S.A., it was only considered leakage of air conditioning systems and about 50% of network branches (about 420).

Leaks are calculated based on information on the equipment and on the type of f-gases covered by the Kyoto Protocol (HFCs, PFCs e SF6) and assuming an annual loss of 3% (figure published in NIR – Portuguese Environmental Agency).

In the case of BCA is recorded the amount of gas purchased during 2015 in Chã de Areia Building, South and North branches.



CGD			
Emission factors		Amount	Source
GAS	R134 A	1.300	Figures set by IPCC and the Portuguese Environmental Agency
	R402 A	2.500	
	R404 A	3.784	
	R407 C	1.653	
	R410 A	1.428	
	R410 C	3.300	
	R417 A	2.235	
	R422 A	3.043	
	R422 D	2.623	
	R502	4.657	

EN17

Indirect emissions of scope 3 consider the following activities: Work-related trips in third-party vehicles and waste treatment. The following table shows the emission factors used. The same methodology was used in the reporting years 2013 and 2014.

CGD, S.A., BI CAPE VERDE AND BCA CAPE VERDE, BCG BRAZIL			
Emission factors	Unit	Amount	Source
AEROPLANE - DOMESTIC FLIGHTS (<463 KM)	kg CO ₂ /pkm	0.165	2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting
	CH4 kg CO ₂ e/pkm	0.00010	
	N ₂ O kg CO ₂ e/pkm	0.00163	
AEROPLANE SHORT HAUL (> 463KM E < 3700 KM)	kg CO ₂ /pkm	0.094	
	CH4 kg CO ₂ e/pkm	0.00001	
	N ₂ O kg CO ₂ e/pkm	0.00093	
AEROPLANE LONG HAUL (≥3700 KM)	kg CO ₂ /pkm	0.108	
	CH4 kg CO ₂ e/pkm	0.00001	
	N ₂ O kg CO ₂ e/pkm	0.00106	
TRAIN	kg CO ₂ /pkm	0.043	CP - Comboios de Portugal – Sustainability Report 2007/2008
TAXI	kg CO ₂ /vkm	0.205	2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting
	CH4 kg CO ₂ e/vkm	0.00005	
	N ₂ O kg CO ₂ e/vkm	0.00177	

EN16

To calculate scope 2 indirect emissions, the consumption reported under indicator EN3 was considered. The following table shows the emission factors used.

CGD, S.A			
Emission	Unit	Amount	Source
ELETRICITY (ENDESA)	kg CO ₂ /kWh	0.4895	https://www.endesaonline.com/pt/lares/teguia/informacionutil/rotulagem_da_energia/index.asp
BI CABO VERDE E BCA CABO VERDE			
OTHER AFRICA	kg CO ₂ /kWh	0.527	CO ₂ EMISSIONS FROM FUEL COMBUSTION International Energy Agency
BCG BRASIL			
BRAZILIAN NATIONAL INTERCONNECTED SYSTEM	kg CO ₂ /kWh	0.124	Ministry of Science, Technology and Innovation (MCTI) http://www.mct.gov.br/index.php/content/view/321144.html#ancora



CAR (FUEL UNKNOWN)	kg CO ₂ /km	0.194	2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting
	CH4 kg CO ₂ e/km	0.00011	
	N ₂ O kg CO ₂ e/km	0.00108	
BOAT	kg CO ₂ /km	0.019	
	CH4 kg CO ₂ e/km	0.00001	
	N ₂ O kg CO ₂ e/km	0.00015	

CGD produces waste intended for recycling (R) and energy recovery/depositing in the ground (D). Emissions associated with recycling and energy recovery are considered null, as they are allocated to sectors of production. In this regard, the emissions associated with landfill deposits (destination D) were determined, using the emission factor published in Defra (emission factor for municipal waste).

CGD, S.A			
Emissions factors	Unit	Amount	Source
LANDFILL – MUNICIPAL SOLID WASTE	kg CO ₂ /t RSU	290	2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting

EN21

To calculate SO_x and NO_x atmospheric emissions, the consumptions reported under indicator EN3 were considered for emergency generators and vehicle fleet. The following table shows the emission factors used.

CGD, S.A			
Emissions factor	Unit	Amount	Source
DIESEL	kg NO _x /GJ	0.8	IPCC 2006
	kg SO ₂ /GJ	0.21	
GASOLINE	kg NO _x /GJ	0,6	
	kg SO ₂ /GJ	0.075	

EN23

The given amounts of waste produced refer to monitored waste, that is, the total produced at the Head Office Building and to waste produced at other facilities and gathered via the Waste Monitoring Guide (WMG). The amounts associated with the waste production of plastic, paper and cardboard packages and other municipal and equivalent waste of the Porto Culturgest Foundation are obtained via an estimate (based on the 2015 exhibitions in Porto and on the specific waste production of the same) of the amount of waste taken to the central building's garbage plant).

In 2015, a change was introduced in the methodology used to calculate the waste treated by the city of Lisbon at the Head Office, considering the number of containers affectively collected by each waste type, multiplied by the frequency and density, considered by CML for purposes of collecting the provision of service waste collection to the Great Waste Producers.

For banks in Cape Verde – BCA and BI - we were unable to ascertain this type of information, as this was not yet processed.

BCG Brasil monitors this indicator and promotes the selective collection of waste produced at the facilities. Given that the bank's head office is part of a condominium, the waste produced is recorded globally, in volume units and based on an estimate: However, it is not presented the waste produced in tons, because there are no conversion factors that allow obtain reliable values and that represent the activity of the Bank.

EN29 – SO8 – PR7 – PR9

CGD considers significant fines amount above €15,000

EN31

The figures reported in 2015 for costs and investments with environmental protection include Pro-rata VAT.

EN32 – LA14 - SO9 - HR10

Suppliers considered in this indicator have a billing equal to or greater 2,500 € (with non-deductible VAT);

In all new / selected suppliers are considered from the two areas of negotiation SCS - So-grupo Purchasing and Shared Services (ANC1 and ANC2) and management areas (AGI1 and AGM1), which hired suppliers directly.

The SCS independent selection processes are not being considered.

In some contracts with suppliers the following annexes are also included:

Ethical Principles and Good Business Practices Manual; Good Environmental Practices; Security and Health.



LA1

The formulas used to calculate turnover rate and new hirings for CGD and affiliate banks were:

- Turnover rate = (No. employees leaving during the reporting period / total no. of employees at the end of the reporting period) x 100, by age group and gender
- Rate of new hirings = (No. of new hirings / total no. of workers) x 100, by age group and gender

As concerns CGD, S.A., the figures given refer only to new hirings and exits recorded in Portugal.

LA3

The formulas used to calculate return to work rate and retention rate for CGD and affiliate banks were:

- Rate of return to work = (Total number of employees returning to work following maternity or paternity leave / Total number of employees in maternity or paternity leave) * 100, by gender
- Retention rate = (Total number of employees retained 12 months after returning to work following maternity or paternity leave / Total number of employees returning from maternity or paternity leave during the preceding reporting period) *100, by gender.

LA6

Rates inherent to such indicator have been calculated using the following formulas:

UNIT	AMOUNT
Rate of occurrence of work accidents	(Number of work accidents entailing leave/AAP)*1,000,000
Degree of seriousness	(Days lost due to work accidents or occupational disease/ AAP)*1,000,000
Rate of occurrence of occupational diseases	(No. of occupational diseases/AAP)*1,000,000
Absenteeism rate	(Total no. of hours lost/AAP)*100
AAP	Total number of employees in the reporting year * No. of daily hours of work * [no. of business days in the year - 25 vacation days]
Number of work-related deaths	No. of deaths

Absences due to work accidents are recorded starting on the very day of such accident or on the day after its occurrence, depending on the time when such accident occurred. For instance, if an employee suffers a work accident on his/her way back home, the absence is recorded on the following day. CGD considers a “work accident” to be that which occurs under sick leave. Lost days only consider business work days. Lost days only consider business work days.

When calculating the absenteeism rate, absences related to maternity/paternity leave, studies, vacations, wedding and bereavement were not considered.

For BI and BCA, the no. of daily work hours to be considered in the calculations performed is 7.5 and 7 hours, respectively. At BI and BCA, lost days do not correspond only to business work days.

BCG Brasil does not have a system in place to ascertain the total number of absentee hours (lost hours) in 2015.

LA9

In 2015, CGD’s training area began a restructuring process, which is not yet completed, and which directly resulted in a reduction in training hours, in relation to 2014.

This indicator was calculated using the following formula:

- Average number of hours of training by professional category = Total number of hours of training by professional category/ Total number of employees in each category.
- Average number of hours of training by gender = Total number of hours of training by gender/ Total number of employees by gender category.

LA11

CGD, S.A.’s Performance Management System considers all staff in its employ during the assessment year, except the members of its Governing Bodies. Regulations outlined in the PMS set forth a minimum of 90 days of service; this not being the case, some employees may be ruled out.

At BI, employees with less than 6 months on the staff are not evaluated, unless the Executive Committee decides otherwise.



LA12

For the purposes of calculating this indicator, 2 Directors were considered, as they have an individual labour agreement with CGD, S.A. The other directors are not considered for this purpose, as they have been appointed.

LA13

The average base salary, by gender and professional category, was calculated, considering the base salaries of employees. The ratio was obtained by dividing the average base salary of women in each professional category by average base salary of men in the corresponding professional categories. The difference between the average base salary and the average remuneration is that the latter considers base salary plus benefits of employees.

HR1

Significant investment contracts for CGD include contracts relating to the Project Finance portfolio.

PR4

Non-compliances concerning regulations and voluntary codes related to information and labelling of products/services included non-compliances that resulted in warnings or fines imposed by supervisory bodies or judicial authorities, relating to the provision of mandatory pre-contractual and contractual information in the marketing of products and services, relating to mandatory information on special arrangements and related to the information made available to the public in the price list.

PR7

Non-compliances with voluntary codes and regulations related to marketing communications, including advertising, promotion and sponsorship, included non-compliances that resulted in warnings or fines imposed by supervisory bodies or judicial authorities, relating to information duties in advertising and marketing communications, as set out in legislation, in regulations issued by supervisory bodies, internal regulations, CGD's Code of Conduct and other voluntary codes of conduct, including those issued by the Portuguese Association of Advertisers and the Civil Institute of Self-Discipline in Commercial Communications.

