



PRINCIPLES FOR RESPONSIBLE BANKING REPORTING AND SELF-ASSESSMENT

3rd status report - 2022

Caixa Geral de Depósitos adhered on 22 September 2019 to the UNEP-FI Principles for Responsible Banking, together with 132 founding banks. In the third year of implementing the principles, CGD developed the third self-assessment report on the response to the six Principles: 1) Alignment, 2) Impact and Target Setting, 3) Clients and Customers, 4) Stakeholders, 5) Governance & Culture, 6) Transparency & Accountability.

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Caixa Geral de Depósitos' (Caixa or CGD S.A.) mission consists of creating value for the Portuguese society, by providing quality banking services to individuals and companies, thus contributing for the well-being of Portuguese families and for the development of the corporate sector, while generating and adequate return to the shareholder. CGD's ensures clients have access to diversified array of quality financial products and services, with special emphasis on savings and medium and long term credit solutions, based on an efficient corporate governance model and respect for the highest ethical standards.

Although Caixa has direct and indirect equity stakes in a series of companies in Portugal and abroad, operating in diverse sectors such as commercial banking, investment banking and venture capital, asset management, specialized credit and real estate, the information throughout the report (namely impact and target setting) only concerns Portugal's activity, taking into account its representativity in Caixa's Group credit portfolio (86% in 2022).

Annual Report 2022:

- Chapter 1.2 – Highlights in 2022 (page 8)
- Chapter 1.3 – Caixa Geral de Depósitos today (page 12)
- Chapter 1.4.4 – Consolidated activities (page 57)

Products and Services | www.cgd.pt

- https://www.cgd.pt/Particulares/Pages/Particulares_v2.aspx

The bank reached the 3 million mark for debit card customers and 2.2 million active digital customers in Portugal in 2022, with a total of 4.2 million individual customers, companies, the public administrative sector and financial institutions.

➤ https://www.cgd.pt/Empresas/Pages/Empresas_v2.aspx

Caixa achieved a domestic credit market share of 18% in December 2022 (15% for corporate and 24% for mortgage loans) maintaining the leadership position in total loans, in individuals and in mortgage loans.

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

UN Guiding Principles on Business and Human Rights

International Labour Organization fundamental conventions

UN Global Compact

UN Declaration on the Rights of Indigenous Peoples

Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones:

EU Non-Financial Reporting Directive (NFRD), EBA Pillar III ESG Risk, TCFD and Net Zero Banking Alliance

Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones:

EU Non-Financial Reporting Directive (NFRD), EBA Pillar III ESG Risk

None of the above

Organizational alignment

The Strategic Plan 2021-2024 was formally approved, endeavoring to continue to strengthen financial strength, effective risk management and governance and internal control mechanisms. Caixa's ambition for 2024, embodied in the new Plan, is based on 6 transformation pillars, namely "Sustainability and Social Impact" with the objective of developing initiatives with an impact on key areas for society, continuing to contribute towards its sustained development on an environmental, social and governance (ESG) level.

Caixa's strategic approach to sustainability is supported by a series of internal ESG policies and alignment with the main national and international benchmarks and commitments on sustainability issues - namely the Sustainable Development Goals (SDGs) - and is materialized in the form of its Sustainability Strategy 2021-2024. The Sustainability Strategy 2021-2024 is composed of five strategic pillars that are supported through a comprehensive, dynamic action plan which ensures an approach focused on a set of key action areas and alignment with the needs and expectations of its stakeholders:

- Sustainable and Inclusive Finance;
- Climate Risk Management;
- Equity, Digital and Financial Inclusion;
- Transparent Governance Models;
- Disclosure of Sustainability Information;

Sustainability Materiality Assessment

Caixa has performed a Sustainability Materiality Assessment based on comprehensive and holistic approach. The methodology is based on a global, sectoral, and organizational perspective, namely:

- Benchmark analysis to the best in class financial institutions; alignment to international standards: Ten Principles of the United Nations Global Compact; World Economic Forum; TCFD; CDP; and Human Development Reports.

Annual Report 2022:

- Chapter 1.4.2 – Activity: Strategic plan (page 44);
- Chapter 4.4 – Caixa Geral de Depósitos (page 474);
- Chapter 4.5 – Policies, commitments and working groups (page 475);
- Chapter 4.6 – Sustainable Development Goals (page 481);
- Chapter 4.7 – 2021-2024 Sustainability Strategy (page 484).

Sustainable Finance Framework

Allocation&Impact Report 2022

Allocation&Impact Report 2023

Transition Plan For Carbon Neutrality

- Development of a specific questionnaire to stakeholders regarding the determination of the priority SDGs. The analysis identified SDG 1, SDG 5, SDG 8, SDG 10, SDG 11, SDG 13, SDG 16 and SDG 17, for which Caixa has established objectives and annually assesses the main types of impacts and respective stages of the value chain where these impacts mainly occur.

Sustainable Finance

Caixa's ambition is to become a benchmark reference in sustainable finance in the Portuguese financial sector. The bank developed its Sustainable Finance Framework, a document enabling the issue of green, social and sustainable financing instruments which sets out the areas of operation, eligibility criteria and respective SDGs impacted by financing activities eligible under the framework - SDG1, SDG2, SDG3, SDG6, SDG7, SDG8, SDG9 and SDG11.

Net-Zero

The Paris Agreement aims to achieve the decarbonization of economies and sets the objective of limiting the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C. In this context, it is necessary to promote a transformation of systemic economic models, supported by public policy commitments, laws and corporate action.

In line with the commitment made under the Net Zero Banking Alliance, Caixa has defined a Transition Plan for Carbon Neutrality in which it discloses the financed emissions reduction targets for 2030, with the aim of promoting the transition to a low carbon economy. The Transition Plan defines Caixa's strategy and ambition in its response to the risks and opportunities deriving from climate change mitigation and adaptation, contributing towards the global ambition to reduce greenhouse gas emissions and limit the increase in the global average temperature to 1.5°C above pre-industrial levels.

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Under the commitment of the PRBs, Caixa used UNEP FI's Impact Analysis Tool to consider the specific context and challenges of Portugal considering the business developed. The analysis was performed for the Consumer and Private Banking, Business Banking and Corporate Banking segments with 2021 data and was consistent with the issues identified in Caixa's strategy and in the materiality assessment performed.

CGD recognizes different levels of maturity of its international group structures in terms of ESG developments, and therefore it was reinforced the governance model, namely the development of policies at corporate level, such as: Sustainability Policy, Sustainable Finance and Energy Transition Policy and Climate and Environmental Risk Management Policy. We expect to expand the scope of this self-assessment to other international group structures in a near future.

The asset management business segment was excluded from the impact analysis, since it follows the Principles for Responsible Investment of UNEP-FI.

[Annual Report 2022:](#)

- Chapter 4.7 – 2021-2024 Sustainability Strategy (page 486)

<p>b) <u>Portfolio composition:</u> Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <p>i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products & services and by types of customers for consumer and retail banking portfolios.</p> <p>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.</p>	
<p>In 2021 CGD's operations with the highest net operating income were Consumer and Private banking (23%), Business Banking (6%) and Corporate Banking (13%).</p> <ul style="list-style-type: none"> ➤ Consumer and private banking comprises banking activities for personal customers, the self-employed and micro enterprises. This segment also includes consumer finance, mortgage lending, credit cards and deposit-taking from personal customers. ➤ Business Banking includes lending activities and resource-taking from major enterprises and SMEs. The segment includes loans, current accounts, investment project finance, bills discounting operations, venture capital, factoring, equipment and property leasing and syndicated loans underwriting in addition to lending to the public sector. ➤ Corporate Banking includes activities related to acquisitions, mergers, restructuring operations, privatizations, subscriptions for and sales of securities (primary market), securitizations, preparation and organization of syndicated loans (merchant banking – loan sales), investment management, market and corporate financial analyses and advisory services. 	<p>Annual Report 2021:</p> <ul style="list-style-type: none"> ➤ Segment reporting (page 227). <p>Annual Report 2022:</p> <ul style="list-style-type: none"> ➤ Chapter 4.8 – Sustainable and inclusive financing (page 490).
<p>c) <u>Context:</u> What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p> <p><i>This step aims to put your bank's portfolio impacts into the context of society's needs.</i></p>	
<p>National context:</p> <p>Based on PRB's Impact Analysis Tool Caixa identified the seven main country needs (score of 3 and 4 - high and very high need level):</p> <ul style="list-style-type: none"> ➤ Climate (SDG 13); ➤ Housing (SDG 3, 11); 	<p>Annual Report 2022:</p> <ul style="list-style-type: none"> ➤ Chapter 4.7 – 2021-2024 Sustainability Strategy (page 487)

<ul style="list-style-type: none"> ➤ Resources efficiency/security (SDG 6, 12, 13, 14 and 15); ➤ Strong Institutions, peace & stability (SDG 16 and 17); ➤ Water (SDG 6), ➤ Food (SDG 2); ➤ Waste (SDG 6, 12, 14 and 15). <p>Organizational context:</p> <p>In the materiality assessment described in principle 1, CGD performed a stakeholder consultation to more than 3000 individuals of 15 stakeholder groups, namely: costumers, investors, regulators, financial peers, among others (please see details in principle 4.1).</p> <p>The process allowed the identification of the material issues for Caixa's activity according to an internal (business) and external (stakeholders) perspective:</p> <ul style="list-style-type: none"> ➤ Financing the low-carbon economy; ➤ ESG governance practices and ethical business conduct; ➤ Sustainable management of operations in the value chain; ➤ Accessibility and financial inclusion; ➤ Equity, development and well-being of employees; ➤ Investment in the community; ➤ Environmental risks and climate action; ➤ Job creation and development of the business fabric; ➤ Cybersecurity and data protection; 	
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose.</p>	
<p>The Impact Analysis Tool identified the impacts caused by Caixa's different business segments:</p> <ul style="list-style-type: none"> ➤ At the consumer banking level, the (potential) most significant positive impacts are related to Employment (SDG 8), Healthy and Inclusive Economies (11 and 8), access to credit for housing (SDG 11) and education (SDG 1 and 10). Issues that may have negative impact are resources efficiency/security related to potential energy intensive production and climate (SDG 13) due to associated emissions especially associated with housing and vehicle loans. 	

- At the **business banking**, level the main aspects where CGD has the potential to have a positive impact are i) employment by creating jobs and livelihoods (SDG 8), ii) inclusive and healthy economies (SDG 8 and 9) by supporting the various segments of the economy, namely retail, iii) strong institutions, peace & stability (SDG 16 and 17). Regarding potential negative impacts, these are related to: i) Working conditions (SDG 8 and 5) that certain sectors may entail; ii) climate and resources efficiency/security (ODS 13) related to greenhouse gas emissions associated with certain activities and iii) waste (SDG 6, 12, 14 and 15) as an indirect impact of the work developed by each of the sectors.

Based on its materiality assessment, the bank's market share of corporate and mortgage loans and areas considered critical in accordance with the Impact Analysis Tool, Caixa has identified two priority areas and the respective SDGs impacted, for the purpose of alignment with Principle 2 - Impact and Target Setting:

- 1) Climate change mitigation (SDG 13);
- 2) Housing (SDG 11)

Caixa recognizes the potential positive/negative impact of its activity in the identified areas as it has exposure to carbon-intensive sectors and aims to align its business model with the 1.5°C scenario and it has the largest market share in mortgage lending and plays an active part in promoting sustainable development.

As a crucial player in the Portuguese financial system and a driver of economic growth, employment and innovation, Caixa recognizes “decent employment” as a priority area to be addressed in future reports.

d) For these (min. two prioritized impact areas): *Performance measurement.* Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank’s current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Climate change mitigation:

The monitoring and quantification of scope 1, 2 and 3 greenhouse gas emissions (GHG) is essential for the implementation of measures to mitigate the effects associated with Caixa's business activity through all value chain. For a financial institution the financed emissions (scope 3 - category 15) represents the most significant part of its GHG inventory and their accounting is therefore crucial for the assessment of risks and opportunities associated with climate change and also for the definition of emission reduction targets and business strategy. The exercise was performed for the first time in 2021 in accordance with the Partnership for Carbon Accounting Financials (PCAF) guidelines.

Regarding 2022, the calculation of emissions associated to Caixa's loan portfolio (corporate loans) enables the identification of the sectors of activity with the most significant carbon emissions, totalling 3,718,382 tCO₂e, with a total exposure of €15.1 billions financed (on-balance):

Section	Activity	Emissions (tCO ₂)	Amount on-balance (€)
C	Manufacturing	1,730,134	3,826,218,680
D	Electricity, gas, steam, hot and cold water and cold air	331,161	741,560,326
E	Water collection, treatment and distribution; sanitation, waste management and remediation	326,974	188,589,258
H	Transport and storage	319,936	1,284,612,429
A	Agriculture, livestock, hunting, forestry and fishing	302,452	346,425,442

With regard to mortgage lending (€24.2 billion), total emissions were 352,729 tCO₂e.

Regarding qualitative and quantitative indicators monitoring Caixa has developed an ESG Rating Model (further detailed in principle 5.3), that evaluates the counterparties on several environmental components, namely: regional physical climate risk, activity risk, country risk, company risk, variation of carbon intensities (scope 1, scope 2 and scope 3), energy expenses and investment in research and development, among others.

For more information on the bank's approach to climate change mitigation please refer to Caixa's Transition Plan and its comprehensive approach to the baseline recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

[Annual Report 2022:](#)

- 4.9 – Climate Risk Management (Low Carbon Programme – page 512)
- 4.9 – Climate Risk Management (ESG Rating Model – page 505)
- Annex D – Response to the recommendations of the TCFD (page 628)

[Transition Plan For Carbon Neutrality](#)

[Sustainable Finance Framework](#)

[Allocation&Impact Report 2022](#)

[Allocation&Impact Report 2023](#)

Housing:

The incorporation of ESG factors in financing related to investments in the construction of buildings and application of processes that are environmentally responsible and resource efficient throughout a building's life-cycle is one of Caixa's top priority goals. Through the advice we provide to our customers and the development of products and services we aim of encouraging the acquisition of more energy-efficient properties in the Portuguese market.

We have defined in our Sustainable Finance Framework (SFF) the criteria for identifying financing eligible as green buildings:

- Financing buildings (including public service, commercial, residential and recreational) that meet a minimum green building certification for e.g. "BREEAM Very Good" or "LEED Gold" or equivalent;
- New loans for residential real estate with energy performance in the top 15% of national energy performance baseline which includes EPC Class A+,A and B.

In light of Caixa's objective of achieving leadership in sustainable finance in Portugal, we've been developing products that are aligned and contribute to our SFF environmental and social objectives and objectively demonstrating the added value for customers. Caixa has been issuing sustainable debt, to date totaling an amount of €1.3 billion:

- ESG bond issued in 2021 (500M€) with the purpose of financing/refinancing environmental/social projects eligible under the Sustainable Finance Framework. In the Allocation and Impact Report we estimate the impact derived from this financial instrument, namely through the indicators "companies supported", "jobs impacted", "estimated emissions" and "energy production";
- Two green bonds issued in 2022 (500M€ and 300M€), with the objective of financing/refinancing mortgage loans for the acquisition of more energy efficient houses, namely with energy classes A+, A and B.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

- | | | | |
|------------------------|---|--------------------------------------|-----------------------------|
| Scope: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Portfolio composition: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |

Context: Yes In progress No

Performance measurement: Yes In progress No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: housing

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

- a) Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.
You can build upon the context items under 2.1.

Caixa has subscribed national and international ESG commitments considered relevant to the achievement of its strategic vision in terms of sustainability and with which it endeavors to align its practices.

Climate Change

Caixa recognizes the existence of sectors of activity or projects which may make a negative contribution to sustainable development. The bank establishes, in its Sectoral Limitation and Exclusion Principles, activities and projects which are excluded, or restricted under certain conditions, from its credit policy and has been monitoring the most recent practices and recommendations in national and international frameworks, notably the Taskforce on Climate-related Financial Disclosures (TCFD).

Caixa signed the Business Ambition for 1.5°C commitment letter, an initiative led by the Science Based Targets initiative (SBTi) which encourages companies to make a strong commitment to combating climate change, by setting concrete targets for the reduction of greenhouse gas emissions. In this scope, we calculated Scope 3 emissions according to the Partnership for Carbon Accounting Financials (PCAF), and then developed analysis of financing scenarios aligned with science in order to establish guidelines, actions and processes needed to minimize risks and maximize climate-related opportunities in the short term (2030) and long term (2050) for the most critical carbon-intensive sectors identified by the Net Zero Banking Alliance. In line with this commitment absolute and intensity emissions (tCO₂ and tCO₂/M€) reduction targets were set for cement, commercial real estate and electricity generation sectors for the year 2030.

[Annual Report 2022:](#)

- Annex D – Response to the recommendations of the TCFD (page 628)

[CGD Principles of Sectorial Exclusion and Limitation](#)

[Transition Plan For Carbon Neutrality](#)

[Sustainable Finance Framework](#)

Housing

Caixa has defined in its Sustainable Finance Framework - in line with the International Capital Market Association's (ICMA) Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines - the criteria for identifying energy efficient mortgages (A+, A and B energy certified properties).

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change mitigation</i>	...	
	...	
	...	

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Financial health & inclusion</i>	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Climate change mitigation:

We defined 2022 as the baseline in alignment with Caixa's Transition Plan. Caixa will monitor and report its performance against the defined targets on an annual basis.

<p>Housing: Caixa has been strengthening its process of collecting and monitoring energy certificates when granting mortgages. The baseline was set for 2022, thus we will monitor and report its performance against the defined targets on an annual basis.</p>	
<p>c) <u>SMART targets</u> (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>	
<p>➤ Climate change (ODS 13): Achievement of emission reduction goals by 2030, in alignment with the methodology of the Science Based Target Initiative (SBTi).</p> <p>Financed emissions:</p> <ul style="list-style-type: none"> ○ Electricity generation (corporate): By 2030 reduce emissions (tonsCO_{2eq} /MWh) by 71% compared to 2022; ○ Electricity generation (project finance): By 2030 reduce emissions (tonsCO_{2eq} /MWh) by 71% compared to 2022; ○ Cement Manufacturing: By 2030 reduce emissions (tonsCO_{2eq} /cement tons) by 21% compared to 2022; ○ Commercial Real Estate (residential segment): By 2030 reduce emissions (tonsCO_{2eq} /m²) by 53% compared to 2022; ○ Commercial Real Estate (service segment): By 2030 reduce emissions (tonsCO_{2eq} /m²) by 64% compared to 2022; <p>Own operations: By 2030 reduce emissions (tonsCO_{2eq}) by 42% compared to 2021;</p> <p>For more information please refer to Caixa's Transition Plan</p> <p>➤ Housing (ODS 11): Finance the low-carbon economy by offering products and services that promote the purchase of energy-efficient housing.</p> <ul style="list-style-type: none"> ○ Target: Finance 5,900 M€ in housing credit, of which 841 M€ in housing credit for properties with A+, A and B energy certificates (2023 - 2024); 	<p>Transition Plan for Carbon Neutrality</p>

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

The pursuit of the targets mentioned in 2.2.c) are based on a holistic support plan:

- Establishing the implementation strategy by analyzing business approaches, product and service design, and necessary adaptations to internal risk policies;
- Engagement strategy with customers, proactively seeking to learn about their sustainability strategies and/or transition plans and structuring solutions that provide appropriate incentives for their transition, with goals aligned with those of Caixa;
- Definition of the metrics for monitoring the targets, allowing to ensure their proper execution.
- Designing the internal organizational framework, which supports the management and monitoring of the proposed targets.

[Transition Plan for Carbon Neutrality](#)

Caixa is currently developing its Sustainable Finance Policy and Climate Risk Management Policy, which will greatly contribute to the pursuit of the defined targets.

For more detail on the action plan and associated milestones refer to Caixa's Transition Plan.

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... <i>Climate change</i>	... second area of most significant impact: ... <i>Housing</i>	<i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)</i>
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress	<input type="checkbox"/> Yes <input type="checkbox"/> In progress

	<input type="checkbox"/> No	<input type="checkbox"/> No	<input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

CLIMATE CHANGE:

Caixa established a climate and environmental related data taskforce with project members from the relevant areas that have work streams and reporting where climate and environmental related data is used. The task force is responsible, among other things, for the assessment of data needs, analysis of data sources, analysis of data gaps and definition of action plans in case of gaps, harmonization of data collection procedures and use of proxies and estimation methodologies.

[Annual Report 2022:](#)

- Annex C – Methodological Notes (page 625)

As mentioned in section 2.1, Caixa calculates, among other types of emissions, financed emissions (scope 3 - category 15). In 2022, the bank endeavored to improve the reliability and granularity of the information required to calculate financed emissions, from a standpoint of continuous improvement. In comparison to 2021, whose methodological approach was mostly focused on PCAF's quality scores 4 and 5 (based on sector averages), in 2022, values closer to reality - quality scores 1, 2 and 3 - were used, whenever available, namely for issues associated with the "business loans" category. For more information see the methodological notes available in Annex C of the 2022 Sustainability Report.

HOUSING:

IT developments have taken place in order to further develop the ability to monitor the evolution the mortgage lending green portfolio and that allowed to assess Caixa's average monthly production for 2022.

This evolution has proven to be extremely important in defining commercial targets and GHG emission reduction targets, simultaneously enabling and facilitating the identification and allocation of eligible assets for the two green bonds issued in the current year.

A Sustainable Finance Policy and a Climate Risk Management Policy are currently under development, which will define measures and actions that will greatly contribute to the pursuit of the defined targets.

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

In terms of public engagement with customers, we highlight the Fora Da Caixa Meetings. These events are Caixa's meeting point with civil society, contributing to a collective vision of the country and strengthening the institution's ties with the business sector.

In its daily business Caixa has a close collaboration/articulation between the units responsible for product development, support units and operations continued across the year, in addition to internal control units in order to continue to ensure the incorporation of the rectifications/improvements identified through complaints, satisfaction surveys and monitoring of service levels in such units. The 10,748 complaints and 75 suggestions registered in 2022, totaling 10,823 instances were down 11% in volume over 2021. The annual distribution pattern across the year was heterogeneous, with a higher concentration of the volume of complaints received in the second half year

[Annual Report 2022:](#)

- Chapter 3.6 – Internal organization (customer experience – page 402);
- Chapter 4.9 – Climate Risk Management (ESG Rating Model – page 505);

<p>(55% of the total compared to 45% in the first half year). The main topics were face-to-face services, means of payment/cash movements, deposits and credit with 24%, 21%, 20% and 19% of the total, respectively. There was an 11% reduction in the number of complaints regarding face-to-face customer service, a 10% reduction in means of payment/cash movements, an increase of 7% in deposits and 4% in credit-related complaints in comparison to 2021. Under its Environmental Management System, Caixa also monitors clients' environmental suggestions and complaints which totaled 3 in 2022.</p> <p>Reference should also be made to the ESG Rating Model, which aims to complement financial rating information, considering non-financial aspects, although equally important in terms of risk impact and viability, contributing towards a prospective vision of the economic and financial situation of companies and consequently a more holistic and robust risk management. With the aim of ensuring the maximization of value for the various stakeholders, the objective of the ESG Rating Model is to strengthen the client-centered vision, creating opportunities for dialogue and awareness between commercial areas and companies, promoting advice and anticipation of needs, in order to better support companies in the process of transition to a greener and more inclusive economy.</p>	
<p>3.2 Business opportunities</p> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services , information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</p>	
<p>The European Green Deal sets out a new growth strategy to transform the European Union into a fair and prosperous society with a modern resource-efficient economy. With Portugal's goal of achieving carbon neutrality by 2050, Caixa recognizes an opportunity to help finance the transition to a low carbon economy with financial instruments such as Sustainable/Green Bonds to help mobilize the capital markets for a green economy.</p> <p>According to the Letter of Commitment for Sustainable Finance in Portugal in order for the country to reduce at least 85% of its GHG emissions an estimated additional investment of between 2.1 and 2.5 billion euros per year is necessary, and it is expected that the vast majority of investments will be made by banks.</p> <p>This factor constitutes an excellent opportunity for Caixa since it had a share of 18% of the credit granted in Portugal. The bank has therefore been developing measures and projects in response to the opportunity identified:</p> <ul style="list-style-type: none"> ➤ Sustainable debt issue of €500M (impact on SDG 7, SDG 8, SDG 9 and SDG 11); 	<p>Annual Report 2022:</p> <ul style="list-style-type: none"> ➤ Chapter 4.8 – Sustainable and inclusive financing (page 491).

- Two green debt issues totaling 800M€ (impact on SDG 9);
- CASA +EFICIENTE: offer aimed at customers who wish to finance the acquisition of a property with a valid Energy Certificate with a classification: A+, A or B. In 2022, 1,502 operations were financed for a total amount of 270.4 million euros;
- Leasing for hybrid and electric vehicles: Financing line that aims to support the investment in hybrid and electric vehicles, financing the transition to a more sustainable mobility model. 51.4 million were financed in 2022 which represents an increase of 43% over 2021.
- Caixa Invest Green Land: debt service solution, comprising credit and leasing, with price advantages in terms of commissions and interest rates, deriving from Caixa's agreement for the distribution of Guarantees associated with the EGF - European Guaranty Fund Programme. 11.7 million were financed in 2022 under this line.
- Solução solar Caixa | EDP: Offer aimed at small and medium-sized enterprises and large companies from all sectors and focuses on financing solar panels, appropriate to the characteristics and needs of customers. In 2022, around 20,000 solar panels were installed, contributing to an estimated annual reduction of around 2,000 t CO₂/year.
- Crediformação Caixa: A solution aimed at supporting students who wish to attend private schools or colleges, in Portugal and abroad, which are subject to tuition fees. 4.3 million were financed in 2022.
- Credit for people with disabilities: A solution that allows private customers with disabilities and with a degree of disability equal to or greater than 60%, to purchase, build or renovate their permanent home, with financing at a reduced interest rate. In 2022, 25.2 million euros were financed under this program.

Regarding the limitation/exclusion of financing to carbon-intensive sectors, the bank has internal guidelines that establish principles to address the climate risk in credit proposals (including for example guidelines to address the physical risk or differentiating conditions for real estate loans). Currently, CGD already establishes in its credit policy the sectoral exclusion and limitation principles by defining the activities and projects that are excluded, or restricted under certain conditions, including threshold for rejection/limitation of a financing, taking into account the financial rating and the ESG rating of the counterparty. Credit risk policies will be aligned with CGD's Transition Plan to support the transition and the CO₂ emissions goals accomplishment for priority carbon intensive sectors (cement; electricity generation and commercial real estate).

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Caixa recognizes that a continuous dialogue with its stakeholders is crucial towards ensuring a joint transition to a low carbon economy.

In our Annual Report we disclose the main relationship channels we maintain with our stakeholders in order to assess their needs and expectations on sustainable development. In the process of defining its 2021-2024 Sustainability Strategy, Caixa consulted more than 3,000 stakeholders (employees, customers, shareholders, investors and analysts, suppliers, community and sectorial associations, regulators and supervisors and the media), collecting inputs which were then incorporated into Caixa's Sustainability Strategy through a sustainability materiality assessment. This methodology has helped us in identifying nine material topics from society's perspective and from the internal perspective of Caixa's business in Portugal.

[Annual Report 2022:](#)

- Chapter 4.7 – Sustainability Strategy 2021-2024 (page 484)
- Chapter 4.9 – Climate risk management (page 507);
- Chapter 4.5 – Policies, commitment and working groups (page 479).

Although suppliers are not a material stakeholder in the financial sector, it is important to highlight the engagement carried out with by Caixa recognizing that their activities can cause positive and negative environmental impacts along the value chain.

- When signing contracts with suppliers, Caixa's Ethical Principles and Good Business Practices are attached, a document that seeks to ensure an operating performance that guarantees the efficient management and use of economic, social and environmental resources;
- In 2022 a sustainability questionnaire (ESG Supplier Rating) was developed to characterize the supplier portfolio in all dimensions of sustainability. The conclusions will be incorporated into the supplier evaluation matrix;
- Under the Environmental Management System implemented at the Head Office Building in accordance with standard 14001:2015, Caixa monitors the performance of its resident suppliers on a quarterly basis to ensure compliance with environmental legislation, the adoption of a proactive attitude and measures to prevent pollution and continuous improvement in environmental performance.

To complement the approach of alignment with the main expectations of our stakeholders, Caixa is a member of several working groups, think tanks and business associations whose mission is to create mechanisms and tools to respond to business challenges in sustainability matters.

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

The existence of a solid, ethical, transparent management model is fundamental for the integration of ESG dimensions in Caixa's activity, to the extent that it enhances risk mitigation and increases short-, medium- and long-term value creation through the initiatives and commitments undertaken.

The sustainability management model is transversal to Caixa, with the most relevant structural bodies being involved in the pursuit of the Sustainability Strategy, in addition to other structures (national and international) depending on the issues under analysis. This guarantees the existence of a robust, transparent management model which promotes the development of cross-cutting ESG projects and the respective continuous monitoring by the board of directors, namely in the implementation of the PRBs.

[Annual Report 2022:](#)

- Chapter 4.9 – Transparent governance models (page 543).

Main Governing Bodies in the implementation of the PRBs:

- **Board of Directors** – CGD Group’s highest decision-making body for sustainability-related policies and strategies;
- **Executive Committee** – Decision-making body that guides and supervises the progress on the implementation of strategic initiatives at the CGD Group, so as to generate value and profitability for the Bank;
- **Governance Committee** – Body that monitors compliance with the principles of governance and strategy assessment, as well as with sustainability policies. It is responsible for submitting, to the Board of Director’s approval, guidelines for the sustainability strategy, social and environmental sustainability. In November 2022 UNEP FI’s Individual Feedback & Support Meeting Letter was discussed in a meeting to address Caixa’s improvement opportunities and future action plan.
- **Sustainability Committee** – Advisory body to the Executive Committee chaired by the Chief Executive Officer and attended by the Chief Risk Officer, Chief Sustainability Officer and a director responsible for the commercial areas (all executive directors). It meets at least quarterly and supervises management and provides guidelines on decisions concerning the implementation of the Sustainability Strategy. In 2022 there were four meetings, with PRBs being addressed in July of that year.
- **Sustainability Area** – Integrated into the Corporate Support Division, it coordinates the plan for strategic sustainability initiatives, programmes and related systems – namely PRB implementation – ensuring internal mechanisms and circuits for pursuing performance indicators, evaluation procedures and reporting processes.

In order to ensure that targets and key milestones are achieved, Caixa has implemented mechanisms for collecting and gathering information in order to monitor annually the KPIs defined. In this regards, CGD is committing to review the reduction targets and transition strategy whenever structural changes occur.

Remuneration practices linked to sustainability targets:

Performance in sustainability matters is weighted in the variable remuneration awarded in Caixa's corporate universe:

- The management bodies' balance scorecard includes ESG aspects. The rating awarded is calculated on the basis of a composite KPI which considers Caixa's performance in different external sustainability ratings;
- Employees whose duties are directly related to sustainability have KPI's that assess the achievement of certain objectives and that are also related to Caixa's Sustainability Strategy. The achievement of these objectives has a positive impact on performance evaluation and therefore on the performance bonuses/incentives

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Caixa recognizes the need to raise employees' awareness and provide them with a comprehensive understanding of a subject which is an integral part of the 2021-2024 Strategic Plan in order to contribute towards greater alignment of culture, business and organizational practices. In this context, and as mentioned above, the implementation of mandatory training is an aspect that conditions the attribution of variable remuneration.

The execution of the 2022 training plan was a fundamental aspect in the development of the teams, reflecting a clear focus on technical, business and regulatory training, namely through the following initiatives:

- Development of the e-learning course "Sustainability: a strategic approach" in July for all employees, with a 86% completion rate in December;
- E-learning course on sustainability in investment funds;
- Continuation of existing e-learning courses on cybersecurity and data protection, ethics and conduct, corruption prevention, and environmental management system;
- Under the Permanent Education Program (PEP), specific sessions on sustainability topics (main concepts; sustainable finance; EU Taxonomy, SFDR and EUGB; business integration of ESG; and ECB expectations) for all members of the Board of Directors, heads of external units (branches and banks) and other employees whose functions are related to the topic;
- Customization of training programs for high-potential employees, coordinators, customer managers, commercial assistants, and bank managers;
- Team-building events.

[Annual Report 2022:](#)

- Chapter 4.10 – Equity, digital and financial inclusion (page 516).

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Caixa has implemented internal policies and regulations that define commitments, procedures and responsibilities for the management and mitigation of environmental and social risks - namely due diligence processes to identify and manage those associated with its portfolio - in particular:

- Credit Risk Policy;
- Corporate Policy on Reputational Risk;
- Money Laundering and Terrorism Financing Prevention Policy;
- CGD's Sectorial Exclusion and Limitation Principles;
- Socially Responsible Investment Policy;
- Sustainability Policy (currently under review);
- Human Rights Declaration of Commitment;
- Sustainable Financing Framework;
- Ethical Principles and Good Business Practices for Suppliers;
- CEO's Guide to Human Rights.

As previously mentioned, Caixa recognizes the existence of activity sectors or projects that may be social or environmentally harmful or contribute negatively to sustainable development. The Credit Risk Policy contains specific rules that ensure that environmental and social risks are duly identified and mitigated, namely through the Sectorial Exclusion and Limitation Principles and the consideration of the ESG Rating in credit decision procedures.

Under the Sectorial Exclusion and Limitation Principles, Caixa restricts its financial support to several companies or projects with social and environmental characteristics.

Under Caixa's ESG Rating non-financial aspects of the counterparty in the environmental (physical and transition risk), social and governance dimension are considered. It should be noted that, in addition to the calculation of the ESG Rating as a whole, each dimension and each component are also calculated independently, with this information available for consultation and inclusion in credit allocation decisions by the commercial and risk areas in respective credit decision platforms. This methodology allows companies to be evaluated and prioritized based on sustainability, according to a 4-level qualitative rating scale: Strong, Good, Satisfactory and Weak. In order to support commercial activity, four sustainable finance strategies were established and implemented in a complementary way ("Ponder", "Capture", "Enhance" and "Divest") using as inputs the correlation between the financial rating and the ESG Rating allowing to identify counterparties with the greatest potential for development and positioning, as well as counterparties at risk, with the main objective of enhancing commercial relationships and meeting the needs of companies.

Throughout 2022, the information resulting from the application of the ESG Rating Model and the methodology regarding the outlining of sustainable finance strategies has been incorporated into processes such as provision of information from the rating systems to the commercial, marketing and other credit origination areas - to serve as

[Annual Report 2022](#)

- Chapter 4.9 – Climate risk management (page 504);
- Annex D – Response to the TCFD recommendations (page 628);

[Pillar 3 Report:](#)

- ESG Risks (page 132, portuguese only)

[Human Rights Declaration of Commitment](#)

[CEO's Guide to Human Rights](#)

[CGD Principles of Sectorial Exclusion and Limitation](#)

[Sustainable Finance Framework](#)

[Sustainability Policy](#)

support for prioritizing and differentiating commercial actions based on the risk level of customers - and provision of inputs for the risk management function, namely the climate stress test and risk appetite..

Within the scope of reputational risk management, operations with customers are analyzed whenever there are controversies related to the principles of social responsibility, compliance with labour legislation or conduct practices that are inconsistent with the ethical principles and good business practices observed by Caixa. Regarding counterparties, there are situations that trigger a prior analysis of reputational risk, namely:

- Non-compliance with labor, environmental or other applicable legal and regulatory provisions;
- Controversies related to the principles of social responsibility, a balanced relationship with the environment and sustainable development;
- Corrupt practices;
- Conduct practices not consistent with the ethical principles and good business practices observed by CGD;
- Harassing or discriminatory practices;
- Conflicts of interest, sanctions and practices in the context of money laundering and combating the financing of terrorism.

The conclusions of the analysis are incorporated into a risk opinion that is integrated into the credit decision processes. The identification of situations that may represent reputational risk can also induce the definition of action plans to mitigate the risk.

For more information please refer to Caixa's Pillar 3 report.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

As established by the UNEP-FI, principle 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring, 5.1 Governance Structure for Implementation of the Principles were subject to limited audit by an external entity according to the guidelines in the document "Guidance for assurance providers - Providing Limited Assurance for Reporting".

PRB Self-assessment – Independent Limited Assurance Report issued by EY (page 31)

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other: UN Principles for Responsible Banking; UN Global Compact; PCAF and GHG Protocol (scope 1,2 and 3 emissions); Eligibility according to the EU Taxonomy Regulation; Pillar 3;

<p>The 2022 Sustainability Report reports in accordance with Decree-Law 89/2017, Taxonomy Regulation, GRI benchmark, TCFD recommendations, progress against SDGs and 10 UNGC Principles.</p>	<p>Annual Report 2022:</p> <ul style="list-style-type: none"> ➤ Decree-Law 89/2017 (page 458); ➤ Taxonomy Regulation (page 552); ➤ Annex B – GRI Index (with reference to the 10 UNGC Principles – page 565). ➤ Annex D – Response to the TCFD recommendations (page 628);
<p>6.3 Outlook</p> <p>What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.</p>	
<p>Caixa will continue to work towards a more sustainable and inclusive future, endeavoring to fulfil its ambition in terms of sustainability and governing its activity in accordance with best market practice.</p> <p>In the short term, Caixa expects to develop significant improvements on the two areas of impact, by the accomplishment of the targets defined. For the "Climate Change" impact area, Caixa will promote engagement with its clients and continuously improve the quality of PCAF methodology for the GHG calculation. For the "Housing" impact area, the bank will continue to expand the offer of financial products and services to promote energy efficient buildings.</p> <p>Under the terms of the commitment made with the Net-Zero Banking Alliance, over the next 18 months Caixa will define emission reduction targets for the remaining sectors identified by the initiative.</p> <p>With the review of its Sustainability Policy - which will formalize the definition of Caixa Group's governance model, guiding principles and specific activities and respective responsibilities - Caixa is expected to expand the scope of its self-assessment of its PRBs to include other business segments and international group structures. Complementary to this, corporate policies are being developed which will review and strengthen engagement processes with customers for the adoption of sustainable practices and promotion of economically sustainable activities:</p> <p>1. Sustainable Financing Policy, which will establish a set of principles and general rules to be observed in the sphere of sustainable financing in Caixa and Caixa Group entities and contribute towards achieving the objectives of the Paris Agreement and the United Nations Sustainable Development Goals and in</p>	

response to international commitments to the Principles for Responsible Banking and the Net Zero Banking Alliance;

2. Climate Risk Management Policy which will define the guiding principles, internal organization, processes and respective responsibilities, enabling Caixa to keep its climate and environmental risks at levels compatible with its appetite for risk.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks. What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input checked="" type="checkbox"/> Conducting an impact analysis | <input checked="" type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| | <input type="checkbox"/> Prioritizing actions internally |

Independent Limited Assurance Report

To the Board of Directors of
Caixa Geral de Depósitos, S.A.

Scope

We have been engaged by Caixa Geral de Depósitos, S.A. (“CGD”) to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, to report on the Principles for Responsible Banking Reporting and Self-assessment 3rd status report - 2022 (the “PRB Report 2022”), for the year ended 31 December 2022.

Criteria applied

CGD prepared the PRB Report 2022 in accordance with the “Principles for Responsible Banking” and the “Principle for Responsible Banking – Guidance Document” (together the “Criteria”) issued by the United Nations Environment Programme Finance Initiative.

Responsibilities of the Management

CGD’s management is responsible for selecting the Criteria, and for preparing the PRB Report 2022 in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining an appropriate internal control system, maintaining adequate records, and making estimates that are relevant to the preparation of the PRB Report 2022, such that it is free from material misstatement, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to examine the PRB Report 2022 prepared by CGD and to issue a limited assurance report based on the evidence obtained.

Our engagement was conducted in accordance with the International Standards for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information – ISAE 3000 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and other technical standards and recommendations issued by the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*). These standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the PRB Report 2022 is prepared in accordance with the Criteria.

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. In these circumstances, our independent review procedures comprised the following:

- ▶ Inquiries to management with the objective to understand the business context and the sustainability reporting process;
- ▶ Conducting interviews with personnel responsible for preparing the information in order to understand the processes for collecting, collating, reporting and validating of the PRB Report 2022 for the reporting period;
- ▶ Analyses of the underlying assumptions considered on the impact analysis and target setting principles to understand the reasonableness of the information reported on section “2.1 Impact Analysis” and “2.2. Target Setting” of the PRB Report 2022;
- ▶ Analysis of the consistency of the information reported in each section of the PRB Report 2022 with the relevant disclosures reported in the Annual Report 2022, Annual Report 2021, Transition Plan For Carbon Neutrality and Allocation & Impact Report 2023;
- ▶ Verification of the conformity of the PRB Report 2022 with the results of our work and with the Criteria applied.

We consider that the evidence obtained is sufficient and appropriate to provide the basis for our conclusion.

Quality and independence

We apply the International Standard on Quality Control 1 (ISQC 1), and consequently maintain a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the *Ordem dos Revisores Oficiais de Contas'* Code of ethics and of the International Code of Ethics for Professional Accountants (including international independence standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Conclusion

Based on our work and evidence obtained, nothing has come to our attention that cause us to believe that the PRB Report 2022, for the year ended 31 December 2022, has not been prepared, in all material respects, in accordance with the Criteria.

Lisbon, 31 July 2023

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:



Manuel Ladeiro de Carvalho Coelho da Mota - ROC n° 1410
Registered with the Portuguese Securities Market Commission under license n° 20161020