Caixa Geral de Depósitos - Climate Change 2020

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Mission and values

Founded in 1876, Caixa Geral de Depósitos (CGD) is an exclusively public limited liability company whose shares belong to the Portuguese state. CGD's mission consists of making a decisive contribution to the development of the national economy in a framework of balanced evolution between profitability, growth and financial strength, accompanied by prudent risk management, to enhance the stability of the Portuguese financial system.

CGD aims to create 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 that clients have access to a diversified array of quality financial products and services, with special emphasis on saving and medium and long term credit solutions, based on an efficient corporate governance model and respect for the highest ethical standards.

CGD's activity and its employees' conduct are governed by the following fundamental values: Trust, Profitability, Transparency, Integrity, Professionalism, Proximity, Responsibility, Risk Culture and Rigor and Innovation.

Sustainability Strategy

CGD generates value for its stakeholders by promoting sustainable management of its resources, based on ethical principles and economic, social and environmental responsibility.

CGD has a Sustainability Strategy for the 2018-2020 triennium, aligned with the Bank's Strategic Plan, which establishes six (6) areas of structural intervention - Responsible Business, Social Responsibility, Environmental Footprint, Ethics and Compliance, Risk Management and Stakeholder Engagement - as reflected in annual activity plans that continue the commitment and contribution to sustainable development , respecting the 10 Principles of the United Nations Global Compact and that contributes to the Sustainable Development Goals that are most relevant to its activity.

In 2019, CGD made several commitments regarding Sustainable Development, including the following:

· **Principles of Responsible Banking (PRB)**: CGD's commitment to the PRBs defines the role and duty of the financial sector in building a sustainable future, but also its alignment with the sustainable development objectives set by the UN and the Paris 2015 Climate Agreement;

· **Principles of Responsible Investment (PRI):** CGD's asset management company, Caixa Gestão de Ativos, became a signatory to the United Nations Principles for Responsible Investment in 2019. The adherence to the PRI represents a natural step, reinforcing the importance of the incorporation of ESG factors in the investment process of the funds under management. This philosophy will constitute a pillar in the activity of CGD's fund management company and an integral part of the CGD Group's broad strategy to support a more sustainable future;

· **Climate Action - Business Ambition 1.5ºC:** This is a commitment signed by the CGD and published by leading companies, with the aim of encouraging organizations worldwide to define measures to combat climate change, focusing on the urgent reduction of greenhouse gas emissions and the urgent transition to a low carbon economy.

To find out more about these and other CGD commitments, please refer to the 2019 Sustainability Report, which is presented in the 4th chapter of the 2019 CGD Annual Report.

CGD Group Structure

Through the implementation of the CGD 2017-2020 Strategic Plan, based on 5 pillars (focus on economy; competitiveness; international coverage; Trust and client service) agreed with the Directorate-General for Competition of the European Commission (DG Comp), CGD Group continued to restructure its international presence in line with its strategic plan, focusing on geographies having strong relationships with Portugal.

Most of the information reported in this questionnaire is related to CGD's activity in Portugal given its relevance and dimension. However, it is very important to highlight that in 2019 and with a perspective of continuous improvement, CGD extended for the first time the reporting of scope 1 and 2 emissions to the CGD group banks of BNU Macau and Banco Comercial e de Investimentos. It was also possible for the first time to include scope 2 emissions for the activities of CGD in Timor (Timor Branch). Therefore, it is reported data (e.g. GHG emissions), related to the activity of CGD Group in: Portugal (CGD S.A.), Macau (BNU Macau), Mozambique (Banco Comercial e de Investimentos), Cape Verde (Banco Comercial do Atlântico and Banco Interatlântico) and Timor (Sucursal de Timor).

According to the abovementioned Strategic Plan, some of the overseas banks should be sold in the short term. After the conclusion of the Strategic Plan, an analysis of CGD's remaining operations will identify the GHG emissions that must be reported.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2019	December 31 2019	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Cabo Verde
China, Macao Special Administrative Region
Mozambique
Portugal
Timor-Leste

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

EUR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which organizational activities does your organization undertake?

Bank lending (Bank)
Investing (Asset manager)

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	The Chief Executive Officer chairs the CGD Sustainability Committee, which covers all the ESG topics. The CGD Sustainability Committee integrates the representation of the key functional areas (e.g. Risk Management, Marketing, Financial, Procurement and other divisions) and organizational entities, national and abroad, associated with the implementation of sustainability policies, strategy and projects. Therefore, CGD´s CEO has a very relevant role in assessing and monitoring the strategy, policies and practices on related environmental, social and governance issues that are significant to the Bank. As an example of a decision taken in 2019, we highlight the approval of the CGD's adherence to the Principles of Responsible Banking (PRB) which provide the much-needed framework for the sustainable banking system of the future – and enable the banking industry to demonstrate how it makes a positive contribution to society. CGD is currently the only Portuguese bank to make this commitment. The testimony of the CGD´s CEO regarding the importance of the signature of the PRB for the Bank, is available on UNEP FI website. We also highlight the decision to support the Climate Action - Business Ambition 1.5ºC. This commitment was signed and published by leaders of leading companies, aiming to encourage organizations worldwide to draw up measures to combat climate change, focusing on the urgent need for reducing greenhouse gas emissions and transitioning to a low carbon economy.
Other, please specify (Sustainability Committee)	The Sustainability Committee has a strong responsibility for climate change related issues within the company. This committee has been meeting quarterly (or whenever deemed necessary) and reports directly to the Executive Board. The committee is responsible – among other issues – for supervising the progress and status of CGD's Low Carbon Programme, as well as analyzing and deciding upon new proposals regarding the company's climate change programme and its environment footprint. The committee's responsibilities also includes the submission of proposals and budgets related with these initiatives to the Executive Board. In 2019, the Risk Management Department created a non-financial risk area to identify, assess, measure, monitor, control and report non-financial risks (including climate change risks). The Risk Management Department participates in the Sustainability Committee, which ensures a stronger governance regarding climate change topics.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our other products and services we provide to our clients The impact of our own operations on the climate The impact of other products and services on the climate	The Board has oversight of climate related risks and opportunities mainly through the Sustainability Committee. The Sustainability Committee, which is chaired by the CGD´s CEO, requires two members of the Executive Committee, senior managers and responsible/representatives of the main sustainability projects in course. In 2019, the Risk Management Department created a non-financial risk area to identify, assess, measure, monitor, control and report non-financial risks (including climate change risks). The Risk Management Department participates in the Sustainability Committee, which ensures a stronger governance regarding climate change topics. Sustainability topics are normally included in other internal key forums/meetings, such as the Executive Committee or the Governance Committee, depending on the urgency of the topic and the absence of a near sustainability committee on the agenda. This allows sustainability issues to be discussed, addressed and subject to regular review/evaluation. The committee is also responsible for monitoring the CGD Low Carbon Programme. The low carbon program materializes CGD's strategy aiming to contribute to the reduction of the environmental impacts of its activities, promoting sustainable development and aiming to simultaneously encourage its stakeholders to comply with the best practices. The low carbon programme comprises four operating areas: 1) Financing of the low carbon economy. This involves the provision of financial solutions to promote a low carbon economy; 2) Reduction of greenhouse gas emissions. The application of measures designed to reduce energy consumption and its respective emissions; 3) Mitigation of environmental risk. The implementation of measures designed to reduce environmental risks with the capacity to affect CGD's activities; 4) Transparency and awareness-raising. Transparency in reporting information and raising stakeholders' awareness of the need to adopt good environmental practice. The financial sector, as one of the main drivers of economic development, plays a structural and potentially structuring role in leveraging a low carbon economy.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Sustainability committee	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	Quarterly
Chief Executive Officer (CEO)	Corporate Sustainability/CSR reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	Quarterly
Other, please specify (Non-financial risks department)	Corporate Sustainability/CSR reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Sustainability Committee

Where in the organizational structure that/those position(s) and/or committee(s) lies: The Sustainability Committee is organized by the Sustainability Area, which integrates the Corporate Support Department (DSC) a top-level body of CGD's organic structure. This committee is chaired by the CEO with direct responsibility to approve, track and evaluate CGD's sustainability Strategy. The Sustainability Committee includes several top managers and responsible / representatives of the main sustainability projects in course. A minimum frequency of two Sustainability Committees was defined per year although it has met in a quarterly basis. Nevertheless, the Committee can be scheduled whenever necessary.

In 2019, the Risk Management Department created a non-financial risk area to identify, assess, measure, monitor, control and report non-financial risks (including climate change risks). The Risk Management Department is one of the areas that is present in the Sustainability Committee, which ensures more robust governance regarding climate change topics.

What the associated responsibilities are: Contribute to the definition of CGD's vision and mission for Sustainability and subsequent strategic guidelines and activity plans for the performance to be ensured through the Corporate Sustainability Program, which includes, at an environmental level, evaluating the activity and performance of the Environmental Management System, namely on the implementation of the Environmental Management Plan - compliance with objectives and targets, implementation of planned initiatives, monitoring the performance of environmental indicators and identification of environmental risks and opportunities.

This committee is also responsible for defining and monitoring the Low Carbon Programme, CGD's strategy for climate change, which includes, for example, setting GHG emission reduction targets for CGD.

The definition of commitments relevant to the sustainability strategy, such as the Principles of Responsible Banking or the Climate Action - Business Ambition 1.5ºC are also addressed in the Sustainability Committee.

Why responsibility lies that/those positions and/or committes(s): The scope of environmental issues, in particular the management of risks and opportunities, requires the collaboration of multidisciplinary teams. The sustainability committee includes top managers of key divisions such as Marketing, Brand and Communication, Human Resources Management and Development, Compliance, Risk, among others, depending on the agenda of each meeting. The Sustainability Committee serves as an integration point for various internal working groups and projects regarding ESG issues. This guarantees a robust, comprehensive and integrated platform for governing, executing and monitoring climate change and other sustainability-related strategies.

It is also in the Sustainability Committee that the degree of compliance with the CGD's sustainability strategy for the 2018/2020 triennium is assessed, given that the overwhelming majority of initiatives are multidisciplinary, requiring the involvement of various internal structures.

The 2018/2020 Sustainability Strategy addresses six areas of structural intervention - Responsible Business, Social Responsibility, Environmental Footprint, Ethics and Compliance, Risk Management and Stakeholder Engagement. In 2019 the overall average for the implementation of the Sustainability Strategy was 91%. The environmental dimension attained a 99% rate of achievement.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Employees whose duties are directly related to sustainability (e.g. sustainability department) have KPI's that assess the achievement of certain objectives and that are also related to the CGD's Sustainability Strategy. The achievement of these objectives has a positive impact on performance evaluation and on the performance bonuses/incentives.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Business unit manager	Monetary reward	Emissions reduction target	The Corporate Support Division (DSC) includes the Sustainability area, responsible for the CGD's Sustainability Strategy. Therefore, the general manager of DSC is the main responsible for the sustainability department. The third vector of the Sustainability Strategy, "Environmental Footprint" represents a commitment to reduce the impact of CGD's activities on the environment. In this context, a set of KPIs has been developed, such as the definition of a new goal of greenhouse gas reduction (with methodologies aligned with climate science).These KPI's are regularly monitored in the sustainability committee and reported in the CGD Sustainability Report. The DSC´s Balance Scorecard also includes KPI's associated with the sustainability area. This document is a relevant part of the DSC employee performance evaluation process, at the level of the objectives component. Therefore, the annual performance evaluation of the General Manager of DSC and any reward/performance prizes, also reflects the performance of all areas of the Corporate Support Division (DSC Balance Scorecard), and CGD's Corporate Sustainability Program performance.
All employees	Monetary reward	Efficiency project	All CGD employees can participate in the INOVE, an internal program that drives innovation, creativity, and entrepreneurship, and which awards cash prizes for the winning ideas. The INOVE Program challenges the participation and contribution to the construction of CGD's future, stimulating the creation and presentation of original ideas innovative areas in areas of strategic interest. After the implementation of the selected initiatives, and taking into account the impact obtained on the quality indicators, a financial prize is expected to be distributed, with a minimum of 1,500 euros and a maximum of 10,000 euros, which varies according to the number of employees that each application submits. Some of the environmental projects approached the pendular mobility practices, namely the incorporation of electric vehicles in the CGD fleet and the dynamization of internal Carpooling platforms.
Other, please specify (Sustainability Department)	Monetary reward	Efficiency project	As part of its Environmental Policy, the CGD Low Carbon Program responds to the challenges and opportunities arising from climate change and the need to adapt to their impacts to ensure the sustainability of CGD in the medium and long term. More stringent climate targets and alignment with major international trends have been set, with a commitment to, among other things, reduce 43% of their GHG emissions (1 and 2) by 2021, compared to 2015 and in line with decarbonisation methodologies that contribute to the objectives of the Paris Agreement. The results achieved through the Low Carbon Program are taken into account in the annual evaluation process of the environmental sustainability team members. The achievement of these objectives has a positive impact on the performance bonuses.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	No	

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	2	e.g. CGD Environmental Management System (evaluated yearly)
Medium-term	2	5	e.g. CGD Sustainability Strategy 2018-2020
Long-term	5	15	e.g. CGD Low Carbon Program (Emission reduction target of scope 1 and 2: 43% until 2021, by 2015)

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

The Paris Agreement signed in 2015 marks a turning point in the economic and financial model, which did not consider the future impacts that climate change would have on future generations and the speed with which long-term risks became short-term risks. An internal analysis exercise was carried out for the risks and opportunities previously identified based on an assessment of their materiality. CGD has been collecting qualitative and quantitative information on international and national documentation such as the European Commission's Plan to Finance Sustainable Growth, as well as other documents endorsed by the Portuguese Government (such as for example the Roadmap for Carbon Neutrality 2050) in order to anticipate some of the implications and opportunities for the financial sector in a short-term (0-2 years), medium (2-5 years) and long-term (5- 15 years).

Strategic Impact

In order to support the assessment of the possible impacts on CGD's businesses, it is important to note that Portugal has committed to achieving 100% reduction of emissions, so that an additional € 86 billion of investment will be needed by 2050, which represents an investment of 2.8 billion per year. This is an opportunity for CGD and might impact positively the revenues from green products and services. In addition, a high growth in the market dynamics supported by various public policies is expected in order to ensure the objective of carbon neutrality in 2050 for Portugal. Based on this analysis a work plan was outlined, whose scope is included in the performance drivers of the CGD Sustainability Strategy 2018/2020 (Responsible Business) and the Low Carbon Program (Low Carbon Economy Funding). While the CGD 2018/2020 Sustainability Strategy considers a medium-term (3 years) horizon, the Low Carbon Program seeks a long-term perspective. Of the necessary amount needed to achieve carbon neutrality, 47% will take place in the buildings sector and 39% in the transport sector.

It is, thus, evident that much of this investment, at least 80%, will be assured by the private sector: by companies through investments in technologies and processes and by the families in the acquisition of more efficient equipment. As such, access to finance by the financial sector is fundamental. Based on the results and as a response in the short term, CGD has been present in several working groups that stimulate the integration of the Sustainable Finance theme in the Economy (such as the European Banking Federation's Sustainable Finance Group, the Sustainable Financing of the Portuguese Banking Association and Sustainable finance of BCSD Portugal) and has been investing in the development of new green products and services (CGD product portfolio).

The European Union has taken Sustainable Financing as one of the goals to ensure the competitiveness of member states and achieve the goal of being the first carbon neutral continent by 2050. For this reason, it has developed an action plan for sustainable financing, where it addresses 10 priority actions that promote cooperation among the entire financial system, in a transition articulated among all, with common taxonomy, using community funds, such as the Green Deal, and under the assumption of disclosure of transparent information available for decision-making by different financial agents.

Within this context, in the course of 2019 CGD made several commitments at a strategic level, which guide the future strategy of investment in the transition to a low carbon economy, in particular:

a) Signing of the Letter of Commitment for sustainable financing in Portugal;

b) Adherence to the Principles of Responsible Banking (PRB)

c) Signature of the Principles for Responsible Investment (PRI)

d) Signature of the Business Ambition for 1.5 °C

Indicators used to measure strategic impact

CGD monitors a series of indicators that allow it to assess the impact of climate opportunities and risks.

With regard to climate opportunities, it is important to highlight the monitoring of the amount associated with environmental products and services. For example, the Caixa Socially Responsible Investment Fund (a multi-asset fund for investing in stock and bonds, by picking assets included in indexes that measure ESG / ISR indicators STOXX® Europe Sustainability for stock and Bloomberg Barclays SRI + ESG for bonds) managed a total amount of 128.7 million euros by the end of 2019.

Regarding risks and as an example, CGD monitors the lending portfolio in regions highly exposed to climate change risk (Percentage of exposure in the top 10 industrial countries that worst performed under the Climate Change Performance Index over total exposure - corporate segment only).

Therefore, it is possible to have a more clear and quantified vision of the climate risks and opportunities strategic impact for CGD.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term

Long-term

Description of process

Regarding direct operations, CGD permanently oversees the publication of new legal and regulatory obligations, in addition to the issuance of recommendations and definition of good practice by the regulators and supervisors, to adjust its activity in conformity to these behavioral standards. In this sense CGD systematically analyses its practices and internal standards on such issues, identifying opportunities for improvement to prepare for the expected legal and regulatory amendments or new frameworks. CGD also monitors various indicators and environmental information in order to assess the effectiveness of the measures implemented, as well as the environmental impact associated with its direct activities. These results are regularly monitored by the multidisciplinary team of the Environmental Management System (certified by ISO 14001) and regularly communicated to management through the Sustainability Committee. In this way it is possible to guarantee the existence and operation of a robust process, involving several areas of the bank, and allowing to respond to opportunities and risks in the short, medium and long term. Providing some practical examples of how this process has responded to the management of physical and transition risks/opportunities at CGD: In terms of technology risks, technological improvements, or innovations that support the transition to a lower-carbon, energy efficient economic system can have a significant impact on organizations. In 2019, CGD implemented the electronic invoicing project, which aims at the adhesion of all its partners and suppliers. This measure integrates CGD's transformation and digitalization strategy and comes within the scope of the adoption of a set of more environmentally responsible practices, with significant reinforcement of brand and Sustainability values. CGD is also aware of its resource efficiency, understanding the potential of the related opportunities and the financial impact. In 2019 the internal campaign Papel Zero (Zero Paper) began, which aims to promote a reduction in paper consumption. Paper printing has a negative, quite significant impact on CGD routines. It impacts the environment, hinders the internal procedural operation, has high costs and has serious implications in terms of information security. Just three months after the launch of the "Zero Paper" campaign, which began in July, there was a positive evolution in the reduction of paper consumption (3%) in the Head Office Building. CGD has also been implementing several energy efficiency measures, which will allow reductions in energy consumption in the medium and long term. For example, there has been a 53% decrease in total fuel consumption over the last 5 years. Global warming and climate change have created changes in the frequency and intensity of natural phenomena such as tsunamis'. For this reason and because many of CGD's agencies are located in areas very close to the coast, resulting in physical risks, a study on tsunamis and their impact on CGD facilities has been prepared. The CGD protection office prepared a study, with technical supervision of the Faculty of Sciences of the University of Lisbon, which determined the facilities of CGD that could be reached in the event of an earthquake followed by a tsunami similar to that recorded in 1755. Measures of Self-protection for these facilities have been developed to mitigate any kind of extreme phenomenon (tsunami). In 2019, the Risk Management Department created a non-financial risk area to identify, assess, measure, monitor, control and report non-financial risks (including climate change risks). The Risk Management Department is one of the areas that is present in the Sustainability Committee, which promotes the development of internal initiatives and policies regarding climate change topics on a short, medium and long term.

Value chain stage(s) covered

Upstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Description of process

CGD considers that risks at upstream level are related to its suppliers and the policies applied in the granting of credit. CGD assumes itself as an agent of change along the value chain, promoting sustainability principles upstream, as a way to mitigate environmental and social risks, namely through ethical principles and good business practices, aligned with the 10 principles of the Global Compact, and the obligations contained in the environment, safety and health practice manual annexed to the contracts, where applicable taking into account the scope, industry and nature of the service provided. Also, CGD has a Manual of Environmental, Safety and Health Good Practices that integrates into new contracts with resident suppliers in order to sensitize them to environmental issues and promote behaviour in line with CGD's environmental policy. CGD also protects Human Rights regarding its chain of suppliers and service providers, by contractually commitments, in order to promote, respect and protect human rights and not, in any way, to derive any benefit from child labour, non-voluntary work or any work performed in conditions and subject to remuneration which are prejudicial to human rights. Within the scope of the Environmental Management System, CGD identifies transactional risks that suppliers can cause, namely reputational. Thus, CGD Sustainability Report disclosures the suppliers with environmental and social clauses in their contracts, which minimizes the risk of bad practices and reputational risks. In addition, in the scope of Environmental Management System the bank promotes audits to its resident suppliers. In 2019 and as part of Social Responsibility Week, CGD promoted a set of partnership initiatives that promote dialogue and capacity building for the transition to a low carbon economy. In this context, 5 free master classes were held for the various stakeholders, such as clients and suppliers, on topics considered relevant to sustainable development. As examples: Masterclass I on Circular Economy, which allowed participants to learn about concepts, strategies and examples of implementation of Circular Economy models; Masterclass II on the challenges of Agenda 2030 for Sustainable Development, which allowed participants to learn: the fundamentals of the United Nations decision; Agenda 2030 for Sustainable Development and the main challenges of Sustainability for companies and businesses through ODS; Masterclass IV on Sustainable Financing for New Businesses, with the support of APMEI, I.P. - Agency for Competitiveness and Innovation, which allowed participants to get to know the incentives and solutions for financing the development companies in a new low-carbon economic context. CGD Group also recognizes that there are industries of activity that may contribute in a negative way to sustainable development and therefore has established principles for exclusion or restriction activities and projects under certain conditions from its credit policy – Principles of Exclusion and Limitation . In 2019 CGD set up a non-financial risks department whose scope of action encompasses climate change risk.

Value chain stage(s) covered

Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Description of process

CGD considers that risks at downstream level are related to the products/services provided to its customers. The transition to a Low Carbon Economy meets CGD's agenda and efforts in order to meet the expectations of a new paradigm and mainstream consumers (e.g. millennials). Therefore, CGD integrates several working groups aligned with national and international policies that help the financial sector to adapt to the expectations of its stakeholders. The CGD Environmental Policy seeks to promote financial products and services with a positive impact on the environment. Through the life cycle approach, CGD step forward in the process of identifying risks and opportunities related to climate change. A concrete example of the application of these measures in the downstream context is the programme of bank cards recycling. CGD developed a recycling circuit for expired or damaged cards, based on the circular economy concept. Thanks to this project, bank cards (expired or at the end of their service lives) and non-bank cards (e.g. loyalty cards made of plastic) can be valued through plastic recycling. This waste reprocessing programme enabled the delivery of urban furniture to four “social solidarity” institutions (i.e. charities), the adoption of a proactive attitude to prevent pollution while, at the same time, making a contribution to collective citizenship. Further, the programme ensure that confidential personal data is destroyed in the process. Therefore, CGD assures as being a more secure and less environmental impact the deliver of bank cards in its branches to redirect for recycling. The development of this type of initiative minimizes reputational risks as it improves customer or community perceptions of CGD contribution to the transition to a lower-carbon economy. When CGD sends communication to its clients when the ATM cards are replaced, a message is displayed inviting clients to deliver their obsolescent cards to any CGD agency, raising awareness of the adoption of good environmental practices and demonstrating that CGD has procedures aimed at reducing the environmental impact of its downstream activities. This project was highlighted as good practice in the European Circular Economy Stakeholder Platform (https://circulareconomy.europa.eu/platform/en/good-practices/expired-bank-cards-urban-furniture).

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	As a Financial Institution, regulation is a key factor. In the scope of the Environmental Management System, implemented and certified according to ISO 14001:2015, CGD annually performs the Legal Compliance Assessment through the external service of the Institute of Welding and Quality that indicates which Environmental legislation is applicable to CGD and verifies its fulfilment. This information is evaluated by the coordination team of the Environmental Management System, and if any type of action is to be delineated it can be reported to the Sustainability Committee. CGD also has an Environmental Policy available to its stakeholders in physical support (head office) and digital (website) that assumes three fundamental drivers: i) compliance with environmental legislation, ii) adoption of a proactive attitude and measures to prevent pollution, and iii) continuous improvement of environmental performance. In addition, CGD is part of several associations that allow the bank to access a set of relevant information related to regulation/legislation at environmental level, such as BCSD Portugal working groups: (1) Carbon neutrality – that aims to apply the Roadmap for Carbon Neutrality to specific measures in addition to the Portuguese Government's diligences, including the sharing of best practices, results and implementation challenges, and (2) Sustainable finance: that aims to monitoring of the policies being launched by the European Commission, particularly the ones pertaining to taxonomy, benchmarking and review of the non-financial reporting directive. CGD's Risk Management applies environmental and social requirements in the assessment of customer credit and also have Principles of Exclusion or Sectorial Limitation that determine CGD doesn't finance companies that may be linked to the production/trade of products or activities considered to be illegal, such as child labor, forced labor or prostitution, xenophobic entities, companies related to unlicensed wildlife trade or endangered species. If CGD does not keep up-to-date current and/or emerging regulation, this could lead to transactional risks, such as Legal (for example, fines) and Reputational (if the organization does not comply with current regulations, this may lead to a negative perception by clients).
Emerging regulation	Relevant, always included	In order to be prepared for emerging legislation and applicable to the financial sector, CGD is represented in several national and international groups that aim to anticipate these regulatory tendencies and to contribute to its wording and amendments. It is important to highlight CGD's participated in the European Banking Federation, namely in the Sustainable Finance Group. The Sustainable Finance Working Group of the European Banking Federation regards the EU Action Plan as a significant next step in developing an international regulatory system in which banks can play a concrete role in financing the global energy transition, the decarbonization of the economy and achieving the objectives of the Paris Agreement on climate change and the Sustainable Development Goals (SDGs) of the United Nations. In this way, CGD is able to anticipate regulatory and incorporation trends in its analysis of risks and opportunities related to climate change. In addition, and in order to go further and based only on the legislation that applies to it, CGD uses the services of an external entity - ISQ Institute of Welding and Quality - for sending and explaining the environmental regulation/legislation (including the emerging one. This information is evaluated by the team that coordinates the Environmental Management System, and if any type of action is to be delineated it can be taken to the Sustainability Committee. In order to anticipate the existence of emerging legislation applicable to the financial sector, CGD actively participates in the Sustainable Financing working group of the Portuguese Banking Association and has also participated in the Sustainable Finance Working Group (SFWG) of the European Banking Association (EBF). If CGD does not keep up-to-date current and/or emerging regulation this may lead to transactional risks, such as Legal (for example, fines) and Reputational (if the organization does not comply with current regulations, this may lead to a negative perception by clients).
Technology	Relevant, sometimes included	In order to adapt to the risks and challenges associated with technological improvements or innovations that support the transition to lower-carbon, energy-efficient economic system; In 2017, a new strategic pillar was designed to address the challenges of digitization and customer service. This pillar aims to implement CGD's digital transformation strategy and redesign the customer experience, optimizing customer service levels. CGD implemented the "Caixa In Motion", CGD's Digital Transformation Program. In 2019, CGD invest in digital means and resources, enhancing the value proposal offered to customers which is consistent across all channels and contact points, with the concern of providing local, high-quality services to populations in regions far from large urban centers. CGD combines the availability of its services portfolio with the technological and multichannel innovation – branch network, travelling agencies, digital passbook, Caixadireta, APPs (mobile) – and the socio-financial inclusion of people with special needs and/or levels of disability dependent on the availability of exclusive means of contact and/or mobility. The Caixadirecta app has developed new features, such as opening accounts at a distance, voice search command that allows, for example, to make bank transfers, payment of invoices by reading pdf (automatic filling of fields), inclusion of transfers by contact telephone (MB way partnership), cash withdrawal without card and payments in the app via NFC and QR code. In addition to these features, CGD launched Caixa Intelligent Virtual Assistant – voice recognition technology that allows customers execute the main financial transactions on Caixadirecta. The commitment and investment in the digital inclusion of clients is permanent, in order to facilitate the adoption of the technology for a better and more accessible use of the financial services provided. The relationship with the academic population was based on fully digital banking procedures. In 2019, the CGD Group had more than 2 million digital customers, including individuals and companies, in the domestic and foreign markets, an increase of 173 thousand customers compared to 2018. If CGD does not keep up-to-date on technology, transactional risks may arise, such as loss of revenues and reputational risks, as new generations of customers (Millennials) see technological innovation as a differentiating factor and something that they require.
Legal	Relevant, always included	CGD continuously monitors the publication of new legal and regulatory obligations, as well as the issuance of recommendations and the outlining of best practices by supervisors and regulators, with the aim of adjusting its activities to its target audiences. In order to align its performance in line with these duties of conduct, CGD systematically analyzes its internal procedures and standards relating to these matters, identifying improvement opportunities and incorporating legal and regulatory changes. At the Environmental level, in 2018 CGD reinforced its procedures for a more comprehensive risk management aware of market changes and regulatory trends, integrating social and environmental criteria in the process of risk assessment and the decision to grant credit. The risk analyst, in the scope of the qualitative rating, analyzes the environmental, social, labour and anti-corruption issues. Sustainability and the socio-environmental impact - Environmental, Social and Governance (ESG) - constitutes a qualitative risk factor taken into account in the rating evaluation, within the scope of the political-legal framework in which the proposing company and/or the project is inserted. Under its EMS and in accordance with paragraph 6.1.3 of the international standard ISO14001:2015, CGD must ensure the fulfillment of compliance obligations, which include requirements that any organization has to comply with by law, commonly designated by legal criteria, as well as other relevant requirements that has decided or must comply with. As a complement, CGD uses the service of an external entity - ISQ - for analyse the regulation/environmental legislation applicable to CGD. This information is evaluated by the team that manages the EMS, and any related action to be delineated can be presented to the Sustainability Committee which includes representatives from CGD's various departments (taking into account the nature of the agenda), such as compliance and legal. If CGD does not keep up-to-date in terms of legal regulation, transactional risks are identified, namely Legal (for example, fines) and Reputational (if the organization does not comply with current regulations, loses the certification of its environmental management system and consequently this may lead to a negative perception by stakeholders).
Market	Relevant, sometimes included	The financial sector, one of the main drivers of economic and social development, plays a structural and potentially structuring role in leveraging a low carbon economy market. As part of its environmental policy, CGD assumes "To make available and promote financial products and services with a positive impact on the environment". Through this policy, there is an alignment between the sustainability, marketing and communication team in order to improve and increase the market with products and services that can potentially contribute to reduce its customers potencial GHG Emissions. CGD follow trends and opportunities by new markets and marketing agents change, integrating aspects of this evolution in its portfolio and developing a financial offer that facilitates the acess to environmentally and socially responsible products. Within the scope of products and services with environmental benefits we highlight: • Caixa Socially Responsible Investment Fund, a multi-asset fund for investing in stock and bonds, by picking assets included in indexes that measure ESG / ISR indicators (STOXX® Europe Sustainability for stock and Bloomberg Barclays SRI + ESG for bonds). The stock component cannot exceed 40% of the fund's total investment. By the end of 2019 it managed a total amount of 128.7 million euros; • Alternative Investment Fund (FIA) Caixagest Energias Renováveis, an alternative investment fund that invests in shares from funds with assets directly and indirectly associated with Renewable Energies, Environment Quality and "Carbon" Assets. By the end of 2019 it managed a total amount of 7.8 million euros; • Leasing Hybrid and Electric Vehicles, a credit facility to support investment in hybrid and electric vehicles, financing companies with environmental concerns. In 2019, 10.9 million euros were granted; • Caixa European Shares Socially Responsible Fund, investment fund for socially responsible investment in European shares through the selection of assets from a pool with ESG certification (STOXX® Europe Sustainability). By the end of 2019, it managed a total amount of 25.9 million euros. If CGD does failure to keep pace with market developments and new consumer needs could run the risk of loss of revenue.
Reputation	Relevant, always included	CGD brand reputation continued to evolve positively, measured by attributes considered essential to the Bank´s sustainability positioning (such as: trust; financial strength, governance, ethics and transparency). In 2019, according to the prestigious The Banker magazine. CGD's brand ranking improved from AA to AA+ and was considered to be a "Very Strong+" brand. CGD was the leading Portuguese bank in the best 500 global banking brands ranking in 2019, rising 32 places in a single year and coming in 215th position worldwide. Through the 4th vector of the Low Carbon Program - Transparency and Sensitization - CGD, as a conscious institution of the challenges that climate change represent, takes an active role in transparency in reporting of climate-related information and raising awareness next to its stakeholders for the environmental theme, thus contributing to the increase of its reputation. In order to manage its reputational risks, CGD has been promoting Sustainability principles within the supply chain, through the implementation of environmental and social clauses applied to contracts with suppliers (ethical principles and good business practices); promote periodic assessment of CGD brand image and communication, including the assessment of environmental liability attributes; answer to sustainability raters such as the Carbon Disclosure Project and audit its sustainability report by an external entity. If CGD's reputation is affected, it may result in the loss of clients and consequently in revenue losses.

	Relevance & inclusion	Please explain
Acute physical	Relevant, sometimes included	Extreme events such as extreme precipitation or the sea level rise are most of the time unpredictable. CGD as a worldwide bank face the physical risks associated to climate change parameters, concerning its financial group subsidiaries abroad. Furthermore, Portugal could be one of the most affected countries by climate change due to greater coastal exposure and lower adaptive capacity; physical risks may lead to disruption of operations and difficulty in reaching customers due to extreme weather events, especially in facilities located near coastal areas. Helping managing these risks, CGD has Caixa Segura Programme. Under this program training actions are developed to teams of first intervention and to emergency response teams (ERE) in order to enable employees with the knowledge and skills to enable them to operate with maximum effectiveness in case of emergency, such as Emergency drills at central buildings. Completion of evacuation exercises in central buildings, with the purpose of assessing the activation of the Emergency Management Office, testing the Plan of Internal Emergency in its various aspects and to promote at the operational level the articulation with the Operational Command Post within the scope of the Integrated System of Operations of Protection and Relief, made up of civil protection agents. Emergency drills at facilities with risk category 2 as part of the Self-Protection Measures, continuation of training and emergency and evacuation drills in the scope of the implementation of self-protection measures in the 2nd, 3rd and 4th installations Category of risk, in accordance with the legislation in force. Simultaneously, CGD has been conducting annual drills, testing the ability to adapt to environmental catastrophic scenarios such as earthquakes, tsunamis or fire procedures in head office. CGD has also a plan to ensure business continuity in case of serious incidents that might compromise current activity and for that it is implementing a system that reduces the likelihood of incidents and improves response to crisis. The Business Continuity Management System, based on ISO 22301, specifies the requirements to prevent or reduce the probability of occurrence of incidents and to respond effectively under different scenarios.
Chronic physical	Relevant, sometimes included	Change in temperature extremes, e.g. increase of days with very high or very low temperatures, will increase energy demand, both for cooling in the summer and heating in winter in CGD's branches and main buildings (e.g. Headoffice in Lisbon). This is a current risk to operations in Portugal due to the unpredictable changes in weather. Cold and warm air masses affect CGD increasing the energy demand (mainly electricity). For this purpose, CGD has been adapting its systems in order to provide comfort to its employees and customers, maintaining the average temperature of its buildings and facilities at an acceptable temperature and ideal energy consumption. CGD has been investing in the production of renewable energy and introduced several energy efficiency (EE) measures on its corporate buildings and commercial network. Main projects are: 1. Solar thermal plant at the Head Office: collectors installed across the 1,600 m2 roof at headquarters produce energy for heating and cooling the water necessary for the centralized air-conditioning and sanitary facilities (956 MWh produced in 2019). 2. Solar photovoltaic microgeneration in the branch network: installation of solar photovoltaic panels (436 MWh produced in 2019).

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	CGD Group defined as a priority of its business strategy the reinforcement of control over non-financial risks. which foresees as main responsibilities the identification, assessment, measurement, monitoring, control and reporting of the Group's non-financial risks which includes the dimensions of emerging risks intrinsically related to sustainability, as well as a specific risk sub-category on the impact of climate change in the context of banking activity. Under EBA guidelines on loan origination and monitoring CGD is planning to adopt a holistic approach, and incorporate ESG considerations in their credit risk policies and procedures by developing specific green lending policies and procedures covering granting and monitoring of such credit facilities. These policies and procedures will also set up qualitative and quantitative targets to support the development and the integrity of CGD green lending activity and assess the extent to which this development is line with or is contributing to CGD´s overall climate-related and environmentally sustainable objectives. In this sense, some of CGD´s short-term objectives are: - To increase the portfolio of sustainable products and projects in the portfolio, having specified specific objectives for the scope and completeness of the offer for 2020; - Incorporate the risks associated with environmental factors and climate changes in credit risk policies and procedures; - Ponder the value of companies with environmental concerns when assessing risk; - Analyse new products/businesses, from the point of view of non-financial risks and with an emphasis on sustainability; Recently, CGD have developed some KPIs in order to control and report non-financial risks, for example: • Lending portfolio (companies only) in regions highly exposed to climate change risk - Percentage of exposure in the top 10 industrial countries that worst performed under the Climate Change Performance Index over total exposure (corporate segment only). • Exposure to specific carbon based sectors - Percentage of exposure in carbon based sectors over total exposure. Considers companies CAEs under Kyoto protocol. • Exposure of lending portfolio to certain activity sectors: Percentage of exposure in certain activity sectors over total exposure (extraction, mining, distribution…).
Investing (Asset manager)	No, but we plan to do so in the next two years	Caixa Gestão de Ativos (CXA) only assesses its exposure to climate-related risks and opportunities indirectly through the incorporation and analysis of ESG ratings in Equity and Fixed Income direct investment. These ratings cover the environmental analysis, the climate-related risks and opportunities of all companies in CXA's investment universe. Nonetheless, it has the objective to directly assess its exposure to climate-related risks and opportunities in the near future.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Please select	

C-FS2.2d

(C-FS2.2d) Do you assess your portfolio’s exposure to water-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	<Not Applicable>	This analysis should be included in the scope of a macro/global analysis of exposure to climate-related risks and opportunities (C-FS2.2b). Nevertheless, we intend to assess in the coming years the feasibility and relevance of evaluating the portfolio’s exposure to water-related risks and opportunities.
Investing (Asset manager)	No, but we plan to do so in the next two years	<Not Applicable>	Caixa Gestão de Ativos (CXA) only assesses its exposure to water-related risks and opportunities indirectly through the incorporation and analysis of ESG ratings in all Equity and Fixed Income direct investment. These ratings cover, in the environmental analysis, the water-related risks and opportunities of all companies in the respective CXA’s investment universe. Nonetheless, it has the objective to directly assess its exposure to water-related risks and opportunities in the near future.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Please select	<Not Applicable>	

C-FS2.2e

(C-FS2.2e) Do you assess your portfolio’s exposure to forests-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	<Not Applicable>	We consider that this short/medium term analysis is included in the scope of a macro/global analysis of exposure to climate-related risks and opportunities (C-FS2.2b). Nevertheless, we intend to assess in the coming years the feasibility and relevance of evaluating the portfolio’s exposure to forests-related risks and opportunities.
Investing (Asset manager)	No, but we plan to do so in the next two years	<Not Applicable>	Caixa Gestão de Ativos (CXA) only assesses its exposure to forests-related risks and opportunities indirectly through the incorporation and analysis of ESG ratings in all Equity and Fixed Income direct investment. These ratings cover, in the environmental analysis, the forests-related risks and opportunities of all companies in the respective CXA’s investment portfolio. Nonetheless, it has the objective to directly assess its exposure to forests-related risks and opportunities in the near future.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Please select	<Not Applicable>	

C-FS2.2f

(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?

	We request climate-related information	Please explain
Bank lending (Bank)	Yes, for some	CGD may ask for climate related information in case the client's activity or projects that are within the scope of CGD Principles of Exclusion and Limitation regarding credit policy. Under EBA guidelines on loan origination and monitoring CGD is planning to adopt a holistic approach, and incorporate ESG considerations in their credit risk policies and procedures by developing specific green lending policies and procedures covering granting and monitoring of such credit facilities. These policies and procedures will also set up qualitative and quantitative targets to support the development and the integrity of CGD green lending activity and assess the extent to which this development is line with or is contributing to CGD´s overall climate-related and environmentally sustainable objectives.
Investing (Asset manager)	Yes, for some	As resources are scarce, it is Caixa Gestão de Ativos objective in the future to incorporate climate-related information in the selection process of its portfolios. Still, the requesting of information will most likely be done through third parties.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Please select	

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Rising mean temperatures

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

Other non-financial risk

Company-specific description

Change in temperature extremes, e.g. increase of periods of time with very high or quite low temperatures, will increase energy demand, both for cooling in the Summer and heating in Winter, in CGD's agencies of the commercial network and main buildings (e.g. Headquarters in Lisbon). This is a current risk to operations in Portugal, due to the unpredictable changes in weather. Cold and warm air masses affect CGD, as any other organization, increasing the energy demand (mainly electricity). This is especially important considering that Portugal is the 19th country most affected by extreme weather events between 1999 and 2018, according to the Global Climate Risk Index 2020 report prepared by Germanwatch.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

794226

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

According to Energy Services Regulatory Entity (ERSE), electricity prices increased 4% between first semester of 2017 and first semester of 2019 in Portugal. Given this trend, if CGD, S.A. maintains the energy consumption recorded in 2019, it will have a 12% increase in energy cost by 2025, which corresponds to approximately 794.226 euros.

Cost of response to risk

798347

Description of response and explanation of cost calculation

CGD has been investing in the production of renewable energy and introduced several energy efficiency (EE) measures in its corporate buildings and commercial network. Main projects are: 1. Solar thermal plant at the Headquarters: collectors installed across the 1,600 m2 roof at headquarters produce energy for heating and cooling the water necessary for the centralised air-conditioning and sanitary facilities (956 MWh produced in 2019). 2. Solar photovoltaic microgeneration within the branch network: installation of solar photovoltaic panels in more than 80 CGD branches. A total of 1,450 panels (436 MWh produced in 2019). CGD implemented other measures in 2019, with a investment of 798.347 euros, namely replacement of lighting system for LED technology in cultural area and branches; Fans Modernization, among others. As a result of the various measures implemented, CGD significantly reduced electricity consumption from 216.522 GJ/60.145 kWh (2018) to 193.074 GJ/53.631 kWh (2019), that represent a reducion of 11%.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Market	Increased cost of raw materials

Primary potential financial impact
Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification
Market risk

Company-specific description
Operational costs related to transportation (fuels) have been rising for the past few years in Portugal. This represents a risk to CGD as these rising costs need to be considered in the overall strategy of the bank for adaptation/mitigation concerning climate change. New taxes and regulations regarding fuel and energy may affect the bank, specifically its vehicle fleet (diesel vehicles). However, there is a high level of uncertainty associated to this risk and how it might affect CGD in the future as fuels prices are strongly affected by several factors, such as: political and geographical issues; oversupply growth of unconventional oil production, government taxes, among others.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
1084659

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
In 2019 there was a variation of 4% in the price of diesel and 10% in the price of gasoline, compared to 2017. Assuming that the consumption of fuels in 2021 is equal to that registered this year, and considering that the price of fuel has a growth similar to 2019, it is estimated an increase of around 1.084 thousand euros related to the purchase of fuels.

Cost of response to risk
0

Description of response and explanation of cost calculation
CGD has been gradually restructuring its car fleet in order to pursue the objectives of the 2017-2020 Strategic Plan, as well as to reduce its environmental impact. The car fleet dropped from 1.098 (2016) to 727 vehicles in 2019, contributing to a significant reduction in fuel consumption. In the context of the internal training on the Environmental Management System (EMS), CGD realizes the awareness of its employees to alternative models of distance communication (e.g.: video-conference, conference calls, Skype, etc.) and sponsors good practices to be adopted on a day-to-day basis by employees as carsharing or use of public transports.

Comment
No direct costs are associated to the development/maintenance of CGD Mobility Plan because it focuses on good practices and communication made on CGD's internal channels.

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Mandates on and regulation of existing products and services

Primary potential financial impact
Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification
Policy and legal risk

Company-specific description
CGD permanently oversees the publication of new legal and regulatory obligations, in addition to the issue of recomendations and definition of good practice by the regulators and supervisors, to adjust its ativity in conformity to these behavioural standards. In this sense CGD systematically analyses its practices and internal standards on such issues, identifying opportunities for improvement to prepare for the expected legal and regulatory amendments or new frameworks.

Time horizon
Short-term

Likelihood
Very unlikely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
60000

Potential financial impact figure – maximum (currency)
70000

Explanation of financial impact figure
According to the Framework Law on Environmental Ordinances (Law n. 50/2006, of 29 August), the number of fines resulting from environmental misconduct is assessed taking into account whether they are applicable to individual or collective persons and taking into account the degree of guilt. According to article 22, in the event of a very serious misconduct practiced by a collective person , the fine may vary between € 60,000 and € 70,000 (if it is caused by negligent acts).

Cost of response to risk
1308.72

Description of response and explanation of cost calculation
The management of environmental legislation costs €1.308 per year. This amount includes: access to the BDLeg Platform where the legal requirements applicable to CGD are uploaded montly and cost of the Legal Compliance Assessment Audit executed by the Institute of Welding and Quality.

Comment

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact
Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification
Other non-financial risk

Company-specific description
CGD is concerned with negative impacts on earnings and capital resulting from climate change and affecting natural and human systems and regions. It encompasses concerns with society decarbonization, more and stronger fire outbreaks and the rise of the sea level. Recently, CGD have developed some KPIs in order to control yearly and report non-financial risks namely: • Lending portfolio (companies only) in regions highly exposed to climate change risk - Percentage of exposure in the top 10 industrial countries that worst performed under the Climate Change Performance Index over total exposure (corporate segment only).

Time horizon
Long-term

Likelihood
Very unlikely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
243284909

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
In December 2019, the total amount of credit exposed in the top 10 industrial countries that worst performing under the Climate Change Performance Index was 243.284.909 euros. In the case of extreme weather events, such as floods, hurricanes, among others, the financial impact for CGD may be the loss of the monetary value invested.

Cost of response to risk
0

Description of response and explanation of cost calculation
Credit risk assessment is one of CGD's functions as a banking institution. CGD has implemented a risk management process which essentially covers two complementary areas of activity: i) at the time of concession and ii) in the subsequent monitoring of the credit portfolio through the appropriate assessment tools.

Comment

Identifier
Risk 5

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased likelihood and severity of wildfires

Primary potential financial impact
Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification
Other non-financial risk

Company-specific description
CGD is concerned with negative impacts on earnings and capital resulting from climate change and affecting natural and human systems and regions. It encompasses concerns with society decarbonization, more and stronger fire outbreaks and the rise of the sea level. Recently, CGD have developed some KPIs in order to control and report non-financial risks namely: • Exposure of lending portfolio to certain activity sectors: Percentage of exposure in certain activity sectors over total exposure (extraction, mining, distribution…).

Time horizon
Long-term

Likelihood
Unlikely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
480045478

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
In December 2019, the percentage of credit exposed in certain activity sectors over total exposure (extraction, mining, distributions...) was 1,17% that correspond to 480.045.478 euros. In the case of extreme weather events, such as floods, hurricanes, among others, the financial impact for CGD may be the loss of the monetary value invested.

Cost of response to risk
0

Description of response and explanation of cost calculation
Credit risk assessment is one of CGD's functions as a banking institution, no additional costs associated. CGD has implemented a risk management process which essentially covers two complementary areas of activity: i) at the time of concession and ii) in the subsequent monitoring of the credit portfolio through the appropriate assessment tools.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Reputational benefits resulting in increased demand for goods/services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
CGD is undergoing a transformation process in its efforts to meet its customers' ever more demanding requirements in terms of quality of service, endeavoring to provide faster response times to meet their needs while maintaining its decades old reputation for trust in the eyes of Portuguese citizens. According to the BrandScore survey, the CGD brand continues to enjoy a positive reputation in terms of the attributes considered essential to its sustainability (trust, strength, governance, ethics and transparency), having emphasized customers' and the general population's recognition and preference for the CGD brand.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
673000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
According to The Banker magazine (magazine reputed to be part of the Financial Times group) CGD is one of the 500 most valuable global banking brands in 2019, being the first Portuguese bank brand in the ranking (215th place worldwide). According to The Banker, the Caixa Geral de Depositos brand is worth 673 million euros, having been rated AA + ("Very Strong +" brand).

Cost to realize opportunity
11113000

Strategy to realize opportunity and explanation of cost calculation
In order to strengthen its reputation, CGD has been investing in advertising. In 2019, CGD, S.A. invested 11 million euros in advertising and publications.

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of lower-emission sources of energy

Primary potential financial impact
Reduced direct costs

Company-specific description
In order to assume the commitment to quantify, reduce and offset emissions resulting from the activity, CGD created, in 2006, a Low Carbon Program. The program contributed to the improvement of the environmental risk associated with the impact of CGD's activity. It also contributed to achieving the strategic objective of improving operational efficiency, by reducing operating costs - energy and materials - and obtaining additional revenue from the new banking products created. Within the scope of the measures implemented, CGD promoted the use of renewable energies through the solar plant of the headquarters building and photovoltaic microgeneration.

Time horizon
Long-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
165182.17

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
In 2019, CGD produced 956,340 kWht of energy at the Solar Thermal Power Station and 436,427 kWh in the photovoltaic panels installed in the commercial network branches. Considering the electricity value presented by ERSE for the 1st semester of 2019 (0.1186 eur / kWh), without the production of this energy, CGD would have spent an additional 165 thousand euros.

Cost to realize opportunity
2500000

Strategy to realize opportunity and explanation of cost calculation
Through the Low Carbon Program, CGD invested 2.5 million euros in two relevant measures to improve energy efficiency: One million were invested in the solar thermal plant (2008) and 1.5 million in solar photovoltaic microgeneration (2009-2010).

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company-specific description
The European Green Deal is the EU's plan to make the economy sustainable, by turning climate and environmental challenges into opportunities. As the aims to be climate neutral in 2050, the European Green Deal provides as action plan that outlines investments needed and financing tools. At the same time, clients are more aware of climate change impacts and expect more sustainable products, especially connecting these to responsible banking. These actions reinforce the engagement of CGD with its stakeholders, this expectation implies new products and services, new developments and partnerships, innovation and digitalization, together with new sources of revenues and the increase of the existing ones.

Time horizon
Long-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
86000000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
In Portugal, the overall aggregate value of investment necessary to achieve carbon neutrality by 2050 is projected at 1,017 billion euros, according to the Roadmap to Carbon Neutrality in 2050 prepared by the Portuguese government. Of this amount, around 930 billion euros will be realized in any case as a result of the normal dynamics of modernization of the economy, catalyzed by the policies in place to ensure the functioning of the energy system - which translates into an annualized value of 27 to 29 billion euros. As Portugal aims to reduce emissions by more than 85% by 2050, the additional investment needed to achieve carbon neutrality will be close to 86 billion euros for the whole period, or around 2.1 to 2.5 billion euros per year. In this way, the financial sector must have to incorporate, in their investment policies and in the supply of new financial products, the appropriate incentives for the objective to achieve a carbon neutral economy by 2050 of so that the private sector can access finance necessary to make investments and acquisitions for one, and in a society that tends to be decarbonized, which is an opportunity for the financial sector on a long term.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
In order to seize this opportunity, CGD is being present in several specific and multisector working groups aimed at developing strategies, at the level of sustainable finance. CGD is also developing low-carbon solutions (products and services) to help its customers to reduce their carbon footprint (e.g. credit line for electric and hybrid vehicles).

Comment
CGD's presence in the working groups does not require investment or direct costs. The development of products and services is part of the bank's activity.

Identifier
Opp4

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
Sustainability and the transition to a circular, low-carbon and more resource-efficient economy will be essential to ensure the long-term competitiveness of enterprises. This challenge is presented to the financial sector through the reorientation of private capital towards more sustainable investments and therefore requires a fundamental change in the way the financial system works.

Time horizon
Short-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
311177

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
CGD follows trends and opportunities generated by new markets and agents of change, integrating aspects of this evolution into its portfolio and developing financial offers that facilitate access to environmentally responsible products. One of this products is the Personal Loan Caixa Eficiente, a financing solution that aims to promote the improvement of the environmental performance of residential buildings, with special focus on energy and water efficiency, as well as the management of urban waste In 2019, the total value of CGD products and services identified as environmentally responsible was 311 million euros.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
In order to seize this opportunity, CGD is being present in several specific and multisector working groups aimed at developing strategies, at the level of sustainable finance.

Comment
CGD's presence in the working groups does not require investment or direct costs. The development of products and services is part of the bank's activity.

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?
Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?
Yes, qualitative, but we plan to add quantitative in the next two years

C3.1b

(C3.1b) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
Other, please specify (CGD Sustainability working group Internal Exercise)	CGD Group defined as a priority of its business strategy the reinforcement of control over non-financial risks which foresees as main responsibilities the identification, assessment, measurement, monitoring, control and reporting of the Group's non-financial risks which includes the dimensions of emerging risks intrinsically related to sustainability, as well as a specific risk sub-category on the impact of climate change in the context of banking activity. The non-financial risks department intends to define the strategy and the consequent model for managing non-financial risks. One of the main elements of the non-financial risk management methodology is the CGD Group's Taxonomy of Risks, providing a unique and common language for the three lines of defense, within a framework of coordinated intervention between them, to be used throughout the CGD Group and establishing a basis on which the Group can create an integrated and holistic approach to manage all the non-financial risks it faces, with a special emphasis on risks intrinsic to sustainability. In this management model, the objective is to understand and improve CGD's non-financial risk profile through its own tools and methods, including questionnaires, risk matrices and controls, definition of specific risk appetite for non-financial risks, through metrics and indicators that incorporate qualitative and / or quantitative approaches, aiming to adequately control all activities and processes, in order to limit losses motivated by non-financial risks, keeping them within the levels of tolerance defined by CGD's Board of Directors, and mitigate other relevant negative impacts. CGD has been collecting qualitative and quantitative information on international and national documentation such as the European Commission's Plan to Finance Sustainable Growth, as well as other documents endorsed by the Portuguese Government, such as for example the Roadmap for Carbon Neutrality 2050, in order to predict some of the implications and opportunities for the financial sector in a short-term (0-2 years), medium (2-5 years) and long-term (5- 15 years). Portugal has committed to achieving 100% reduction of emissions, so that an additional € 86 billion of investment will be needed by 2050 which represents an investment of 2.8 billion per year. This is an opportunity that can impact positively the revenues from green products and services. Bearing in mind the implementation timeframe of the EU Taxonomy (short term) and the carbon neutrality objectives in 2050 assumed by Portugal (long term), CGD realized that it would be important to strengthen its strategic alignment throughout the organization, especially considering the impacts of financing and investment activities. Therefore, CGD undertook a series of commitments aimed on continually increase its impact towards a sustainable future, such as the Principles of Responsible Banking and the Principles of Responsible Investment.On another example a qualitative analysis was carried out to understand how can CGD build a new GHG emissions reduction target aligned with climate science. CGD has committed to the Climate United Nations Global Compact's Business Ambition for 1.5°C. This is a very important step, which will enhance the internal development of projects and efficiency measures. CGD is in an earlier process for quantifying climate-related risks and defining the scenarios and elements which depict the situations that may lead them into climate risk losses and how to incorporate such impact into ICAAP. Market trends suggest that here is no specific stand-alone capital estimation. Climate risk is quantified via other risks (credit risk, market risk, operational risk) through the analysis of long-term scenarios published by supranational institutions and their transformation into early impacts in the short-term for stress test. CGD is starting to work on this topics to be able to define a methodological approach within the next two years.

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	According to Nielsen's "Consumers Buy The Change They Wish To See in The World 2019" report, when it comes to purchase behaviour, it's very clear that customers care. In fact, the majority (73%) of global consumers say they would definitely or probably change their consumption habits to reduce their impact on the environment. At the same time, the creation of the world's first-ever "green list", a classification system for sustainable economic activities, or taxonomy, will give a real boost to sustainable investments, products and services, redirecting capital to economic activities and projects that are truly sustainable. It is quite clear that this whole context has positively influenced the development of products and services, leading to strategic commitments such as the Principles for Responsible Banking or the Principles for Responsible Investment. Regarding CGD products and services there are therefore opportunities (e.g. increased revenue) and risks (e.g. adaptation to legislation) which imply various impacts in the short and medium/long term. As an example, and given the adherence of Caixa Gestão de Ativos to the Principles of Responsible Investment, a commitment was defined to extend the inclusion of ESG factors in the investment process to the total assets under management eligible for an ESG integration by the end of 2021.
Supply chain and/or value chain	Evaluation in progress	As supply chains fall outside of a company's core operations, they expose them to hidden and uncontrollable risks typically driven by ESG factors, such as natural resource depletion, water scarcity, human rights abuses and corruption. These issues imply risks (e .g. loss of reputation) and opportunities (e. g. collaborative approaches) on short term. For that reason, supplier management is part of CGD's Sustainability strategy, as supply chain and its agents contribute to the identification of environmental and social impacts that are indirectly reflected on supplier's activities. Of CGD's total expenditure on suppliers in 2019, 96.8% refer to Portuguese suppliers. As a European country, and with quite robust environmental and social legislation, we can foresee a reduced risk margin. However, and considering the increased urgency of climate issues, it was decided to develop an ESG questionnaire to be applied to CGD suppliers. When dealing with supply chains, a supplier questionnaire can be a helpful first step in the process towards performing due diligence. Questions such as whether the supplier has been implementing measures aimed at greater efficiency in resource management (e.g. energy, water, use of materials, waste management and recovery), whether monitoring of GHG has been carried out and if the company has received in recent years fines for environmental non-compliance, among others. CGD intends to have the questionnaire implemented in 2020 and also the first results of the ESG risk analysis in CGD's supply chain. CGD also promotes the development of collaborative projects with its suppliers. CGD developed in partnership with a supplier (Extruplás) a recycling circuit for expired or damaged cards, based on the circular economy concept. Thanks to this project, bank cards (expired or at the end of their service lives) and non-bank cards (e.g. loyalty cards made of plastic) can be valued through plastic recycling. This programme enable the delivery of urban furniture to "social solidarity" institutions (i.e. charities), the adoption of a proactive attitude to prevent pollution while, at the same time, making a contribution to collective citizenship. This programme was highlighted as a good practice on the European Circular Economy Stakeholder Platform, a joint initiative by the European Commission.
Investment in R&D	Yes	Digitalisation and innovative technologies are creating unprecedented disruption in the banking sector as technology shifts customer expectations and changes the regulatory landscape. To CGD, innovation is one of its main values. As part of its digital transformation programme, CGD has been investing in the development of new solutions with the aim of ensuring greater customer accessibility to digital solutions. CGD will invest more than 200 million euros over five years in digital transformation. The transformation plan aims to focus on technology, but does not forget older customers and will not lead to redundancies or closure of branches. This transformation also seeks the reduction of the environmental impact of CGD on a medium/long term. At the same time, this also represents an opportunity to take advantage of a greater customer willingness for more digital products and services, accessible 24 hours a day, reducing the risk of losing customers (especially the younger generation) of banks not making a digital switchover. An example of this approach is the new APP booklet, supported through a digital version. App Caderneta aims to complement the customer's experience with the history and emblematic passbook in physical format, used by many generations of Portuguese. The App Caderneta is also an environmentally conscious and sustainable solution and contribute to the reduction of the annual volume of paper used for the production of Notebooks. Since 2016, CGD has already reduced its consumption of paper and board in the form of notebooks by 8 tonnes, which proves the contribution of this solution to reducing CGD's environmental impact.
Operations	Yes	CGD's daily operations management strategy is influenced by the risks and opportunities posed by environmental topics. One of the main reasons for such a clear influence is related to the effectiveness of these measures, which result in very attractive paybacks. When we talk about energy efficiency measures in CGD's operations, for example, we see atrative paybacks that end up showing results in the short and medium term. This represents an opportunity to reduce costs and also to reduce risks, minimizing the dependency on less efficient technologies that end up having a higher consumption of natural resources. As an example, in the last 5 years CGD has achieved a 53% decrease in total fuel consumption. This reduction reflects the gradual restructuring of its car fleet, and also with regard to the reduction of its environmental impact and the continued awareness that in CGD's activities public transport and means of distance communication are used, thus promoting the adoption of less polluting practices. As part of the Lisbon Green Capital European 2020 commitment, CGD also made several commitments aimed at reducing the environmental impact of its operations, highlighting the commitment by the end of 2021 to increase the proportion of electric vehicles in fleets for private use and operational use.

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs Capital allocation Acquisitions and divestments Assets	CGD considers that climate-related risks and opportunities contibute to influence the financial planning on several elements, such as: Revenues, Indirect Costs, Capital allocation, Acquisitions and divestments and assets. Influence description: 1) Revenues: CGD considers that client's greater awareness and better understanding about climate change impacts and other environmental topics, are increasing the demand for our low-carbon products and services. The potential growth in revenues is included in the business planning for new products and the overall financial planning process. In 2019, CGD maintained a set of specific financial solutions that offer preferential conditions for its clients (private, corporate and institutional) to goods and services that promote greater environmental responsibility, such as the leasing hybrid and electric vehicles.This financing line support investment in hybrid and electric vehicles, financing companies that want to make the transition to a low carbon economy. This is a short term measure because CGD regularly analyses the possible revenues associated with its products and services and the products that should or should not remain in the portfolio. Case study: According to ACAP - Automobile Association of Portugal the sale of electric passenger cars in Portugal increased 69% in 2019, compared to 2018, countering the trend of the national automobile market, which dropped 2%. The monitoring and follow-up of market trends such as this allowed CGD to identify an opportunity to increase their revenues and at the same time to contribute to the transition of CGD´s customers to a mobility model with lower greenhouse gas emissions. As a result, in 2019 CGD financed 571 vehicles, which corresponds to an increase of 77% compared with 2018. It is estimated that the 571 hybrid and electric vehicles will avoid the emission of 844 t co2e/year compared to the same number of vehicles on combustion. The amount financed in 2019 was 10,9 million euros contributing to CGD's revenue growth. 2) Indirect costs: CGD's Strategic Plan (2017-2020) has set the goal of reducing operational costs by 20%, aiming to achieve a Cost-to-Income ratio in line with best practices of European banks. The existence of an Environmental Management System contributes to the achievement of the Institution's strategic objective of improving its operational efficiency in domestic activity by reducing the operational costs of energy, materials, resources and adapting to the demands and expectations of its stakeholders. CGD has been investing in the production of renewable energy and introduced several energy efficiency (EE) measures on its corporate buildings and commercial network which enables to reduce its operating costs. Highlighting some of the long-term measures: Solar thermal plant at the Headquarters: collectors installed across the 1,600 m2 roof at headquarters produce energy for heating and cooling the water necessary for the centralized air conditioning and sanitary facilities (956 MWh produced in 2019). Solar photovoltaic microgeneration within the branch network: installation of solar photovoltaic panels in more than 80 CGD branches (436 MWh produced in 2019) 3) Capital allocation: The financial sector plays a structural role in leveraging a low carbon economy and CGD follows trends and opportunities generated by new markets and agents of change, integrating aspects of this evolution in its portfolio and developing a financial offer that makes access to environmentally responsible products easier. CGD has continued to market several financing lines that effectively contribute to reduce its customers' GHG emissions. As a short-term measure, CGD is also committed to supporting local communities across the Portugal, through the Caixa Social Awards, whose mission is to finance and develop innovative and poverty alleviation oriented social projects in its various aspects and in the most diverse forms, promoting initiatives undertaken by third sector entities, namely Private Social Solidarity Institutions, Non-Governmental Organisations and other non-profit institutions. An overall amount of EUR 500,000 has been made available for allocation to selected projects with values ranging from EUR 10,000 to EUR 50,000. One of the categories evaluated was Environmental Sustainability (Climate Change, Energy, Circular Economy, Waste, Water and Wastewater, Environmental Awareness, Sustainable Agriculture, Sustainable Forest Management Practices, Biodiversity Conservation). 4) Acquisitions and divestment's: As medium/long term measures aimed at defining the bank's strategy, CGD recognizes the existence of activity sectors or projects that can contribute negatively to Sustainable Development and therefore establishes a list of principles underlying activities and projects that are excluded, or restricted under certain conditions, from its credit policy. Therefore, CGD does not finance projects that may fall into certain categories and/or sectors of activity that are detailed in its Principles of Sectoral Exclusion and Limitation. In terms of investment, Caixa Gestão de Ativos believes that the integration of ESG variables improves the understanding of the risks and opportunities that exist in investment portfolios, while at the same time strengthening their environmental, social and corporate governance best practices profile. The year 2019 culminated with the approval of Caixa Gestão de Ativos new socially responsible investment policy and the commitment to extend the inclusion of ESG factors in the investment process to all assets under management eligible for ESG integration by the end of 2021. 5) Assets: The financial sector, being one of the main drivers of economic development, plays a structuring role in leveraging a low carbon economy and access to products that contribute to meet the challenges that society is facing. As a financial institution, the lending and financing activities generate assets for the CGD. In this context, in 2019 CGD developed a communication campaign called "Build a Sustainable Future". This campaign aimed at CGD's credit solutions that contribute to the implementation of more environmentally sustainable business models had a national reach, and was advertised in the press, ATS screens, agency posters and corporate TV. At the level of risk analysis and beyond the principles of exclusion and sectorial limitation. As a short-term measure, CGD continued to strengthen procedures for more comprehensive risk management, aware of market changes and regulatory trends, integrating social and environmental criteria into the risk assessment process and the credit granting decision. Sustainability and socio-environmental impact are a risk factor taken into consideration in the rating given, in the qualitative assessment.

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C-FS3.2

(C-FS3.2) Are climate-related issues considered in the policy framework of your organization?

Yes, both of the above

C-FS3.2a

(C-FS3.2a) In which policies are climate-related issues integrated?

	Type of policy	Portfolio coverage of policy	Description
Bank lending (Bank)	Credit policy Risk policy Policy related to other products and services	All of the portfolio	CGD recognizes the existence of sectors of activity or projects that can contribute negatively to Sustainable Development by establishing a list of principles underlying activities and projects that are excluded, or restricted under certain conditions, from its credit policy. In this sense, CGD does not finance projects that may fall into the following categories and / or sectors of activity: a) Production or trade in any product or activity considered illegal in the country where the investment takes place, or is considered illegal under the terms of regulations or international conventions and agreements, including those to which CGD subscribes or integrates; b) Companies or projects that use child labour, or forced labour; c) Companies and activities related to prostitution; d) Companies and projects for the dissemination of discriminatory information or that practice discriminatory acts in religious, political, racial, or gender terms; e) Companies and activities of unlicensed trade in wildlife or endangered species. If any company or project, after granting credit, develops activities under the conditions identified in this list, CGD will take action to comply with the credit policies, namely the cancellation or withdrawal of the relationship with the client, and may intervene in a to be compensated for any tangible or intangible damage caused. In addition, for certain sectors, specific rules are defined by CGD (under credit and compliance risk policies) that ensure that socio-environmental risks are properly identified and mitigated. This Policy is applicable to the financing activities of the entire CGD group. The Environmental Policy implements one of the pillars of CGD's Sustainability Strategy and its scope applies to all activities, products and services of Caixa Geral de Depósitos in Portugal. Through its Environmental Policy, CGD recognizes that the adoption of sustainable development practices in the Bank's day-to-day management is an integral part of its mission. Some of the guidelines of the Policy include: - Provide and promote financial products and services with a positive impact on the environment; - Promote the incorporation of environmental criteria in the risk analysis of credit granting; - Integrate environmental criteria in the process of selecting suppliers and subcontractors, assuming the role of change agent in the value chain, and collaborating with corporate clients and suppliers in risk management and improvement of their environmental performance.
Investing (Asset manager)	Sustainable/Responsible Investment Policy	Majority of the portfolio	Caixa Gestão de Ativos exhibits in its Sustainable Investment Policy the strategy and its sustainable objectives. The objectives reflected in this policy highlight the commitment to increase the scope of the ESG integration across all mandates and funds as well as the different strategies, critirea and thresholds behind the implementation of such aspects in the portfolios.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Please select	Please select	

C-FS3.2b

(C-FS3.2b) Describe your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Type of exclusion policy	Portfolio	Application	Description
Other, please specify (Companies and activities from unlicensed trade in wildlife or endangered species.)	Bank lending	New business/investment for existing projects	Full exclusion regarding this type of activity
Other, please specify (Companies and projects that use scarce natural resources, whose exploration or extraction may cause a negative environmental impact and that do not comply with conditions defined in national or international regulations in this area)	Bank lending	New business/investment for existing projects	For these sectors, specific rules are defined by CGD (under credit and compliance risk policies) that ensure that socio-environmental risks are properly identified and mitigated.
Other, please specify (Companies producing or processing dangerous materials or substances restricted by national law)	Bank lending	New business/investment for existing projects	For these sectors, specific rules are defined by CGD (under credit and compliance risk policies) that ensure that socio-environmental risks are properly identified and mitigated.
Coal	Investing (Asset manager)	New business/investment for existing projects	In Caixa Gestão de Ativos Sustainable Investment Policy, the company highlights the strategy behind the implementation of ESG factors in its portfolios. Among other strategies, there is the use of exclusion policies for climate-related risks as well as other risks, ranging from sources such as coal to controversial weapons, pornography, gambling or tobacco.

C-FS3.3

(C-FS3.3) Are climate-related issues factored into your external asset manager selection process?

Not applicable, because we don't have externally managed assets

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Year target was set
2015

Target coverage
Country/region

Scope(s) (or Scope 3 category)
Scope 1+2 (market-based)

Base year
2015

Covered emissions in base year (metric tons CO2e)
41832

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
96

Target year
2021

Targeted reduction from base year (%)
43

Covered emissions in target year (metric tons CO2e) [auto-calculated]
23844.24

Covered emissions in reporting year (metric tons CO2e)
15788

% of target achieved [auto-calculated]
144.787344283001

Target status in reporting year
Achieved

Is this a science-based target?
Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)
CGD has updated its GHG reduction target whose base year has been 2015 for several years. The choice of 2015 as the base year is justified by the fact that it was a transition year in terms of the impact of CGD's environmental projects, for example, the Environmental Management System that was certified at the end of 2014. Periodically, CGD evaluates the need to update the objective in order to reflect the sector benchmarks and trends, avoiding the need to define a new objective and of having several objectives at the same time, which becomes inefficient and confusing for the stakeholders. The target is an absolute GHG reduction target for its operations in Portugal, namely a 43% reduction by 2021 of its scope 1+2 (market based) GHG emissions, compared to the base year 2015. The target GHG process took into account one of the main international trends in this area, the Science Based Targets initiative (SBTi). As such, a simulation was performed based on the SBTi methodology of sector decarbonisation "Service Buildings", as being one of the most appropriate methodologies available given the nature of the activities developed and which contribute to the objectives of the Paris agreement. According to this tool, CGD, S.A. would have to reduce 38% of its total GHG emissions (scope 1 and 2) by 2021, compared to 2015. CGD is striving to achieve a leading position in climate action in the financial system by defining a more ambitious objective than the one suggested by the SBSi tool, in order to boost the development of projects aimed at reducing GHG emissions. Therefore, the goal was set five percentage points above the figure simulated by the SBTi tool, corresponding to a target to reduce CGD, S.A.'s total GHG emission by 43% (scope 1 and 2) by 2021, compared to 2015 (Additional details in CGD's annual report 2019 page 508). CGD also signed the Climate Action - Business Ambition 1.5ºC commitment, with the aim of developing a more demanding climate GHG objective and even more aligned with international best practices (Additional details in CGD's annual report 2019 page 472).

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Target(s) to increase low-carbon energy consumption or production

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2017

Target coverage
Country/region

Target type: absolute or intensity
Absolute

Target type: energy carrier
Electricity

Target type: activity
Consumption

Target type: energy source
Low-carbon energy source(s)

Metric (target numerator if reporting an intensity target)
MWh

Target denominator (intensity targets only)
<Not Applicable>

Base year
2017

Figure or percentage in base year
65076

Target year
2020

Figure or percentage in target year
58568

Figure or percentage in reporting year
53632

% of target achieved [auto-calculated]
175.845113706208

Target status in reporting year
Achieved

Is this target part of an emissions target?
No, but it contributes to the reduction of scope 2 emissions.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
The defined target concerns only CGD's activity in Portugal – CGD, S.A. Over the years CGD has invested in solutions to reduce energy consumption in its buildings, and consequently associated emissions, such as replacing fluorescent lighting with LED light bulbs on the upper floors, replacing the existing air conditioning equipment with more efficient one, reducing lighting times and levels in some areas of the Head Office Building. Its important to highlight that in 2017, CGD changed the energy supplier, the energy produced because the previous supplier had a lower renewable energy component for energy production. This change had a significant impact on the reduction of emissions associated with the electricity consumed by CGD.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	13	125
Implementation commenced*	6	113
Implemented*	8	1029
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
54.73

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
18141

Investment required (unit currency – as specified in C0.4)
68895

Payback period
4-10 years

Estimated lifetime of the initiative
11-15 years

Comment
CGD has implemented several measures over the years to improve the efficiency of its Buildings, in 2019 CGD invested 895 thousand euros in energy efficiency measures. In terms of the modernization of the air treatment CGD invested 69 thousand euros, with a forecast of savings of 151 MWh / year. The emission factor used was 0.362 kg CO2 / kWh (source: International Energy Agency) - location-based method.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
25.67

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
8509

Investment required (unit currency – as specified in C0.4)
34466

Payback period
4-10 years

Estimated lifetime of the initiative
11-15 years

Comment
In terms of lighting, CGD replaced the specific lamps of Culturgest (entertainment and culture area) with LED technology. Invested 34,5 thousand euros, with a forecast of savings of 71 MWh / year. The emission factor used was 0.362 kg CO2 / kWh (source: International Energy Agency) - location-based method.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
1397

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
559999

Investment required (unit currency – as specified in C0.4)
657000

Payback period

1-3 years

Estimated lifetime of the initiative
11-15 years

Comment
In terms of lighting, CGD replaced two branches with LED technology. Invested 657 thousand euros, with a forecast of savings of 386 MWh / year. The emission factor used was 0.362 kg CO2 / kWh (source: International Energy Agency) - location-based method.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
6.59

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
2104

Investment required (unit currency – as specified in C0.4)
134986

Payback period
>25 years

Estimated lifetime of the initiative
11-15 years

Comment
Replacement of air conditioning units with more efficient types of equipment in 10 branches, required an investment of 135 thousand euros, with a forecast of savings of 18 MWh / year. The emission factor used was 0.362 kg CO2 / kWh (source: International Energy Agency) - location-based method.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	Through the Environmental Management System, implemented and certified at the CGD, S.A. Headquarters, the Bank monitors monthly the environmental legislation that may be applicable. Once a year, compliance with the various Decree-Laws and applicable diplomas is verified by an external entity. As an example, CGD is audited under Decree-Law 68-A / 2015 for analysis of energy consumption, description of the main sectors and list of equipment involved, a report is subsequently developed describing the measures to be implemented and the savings expected with its implementation.
Dedicated budget for energy efficiency	In 2019, CGD continued to invest in energy efficiency measures, having allocated 798 thousand euros for the implementation of several measures, namely: modernization of fans air treatment units, replacement of Culturgest halogen projectors with LED solutions, purchase of LED lamps for lighting in the Commercial Network and replacement of air conditioning units with more efficient types of equipment in the branches. For 2020, it is planned to implement measures to modernize the fans of the Air Treatment Units and Installation of speed variators in the chilled and hot water circulators. These initiatives are budgeted for a total of € 132,749.
Employee engagement	In 2019, CGD developed a program called "Inove - Ideias em Caixa". This internal initiative was intended to involve CGD employees in building the institution's future, stimulating the presentation of original and innovative ideas in areas of strategic interest to Caixa. In the first phase, the challenge launched was to reduce costs in supply and external services, with 6 winners selected among them the "Digital Paper" initiative that instigates behavioral changes in order to reduce the consumption of printed paper. This project is being followed and monitored. Alerts are issued to the internal departments with excessive consumption, so that they implement reduction measures. In order to distinguish the effort of the departments, the "Green Certificate - Zero Paper" was created, which is attributed to departments in which more than 60% of the employees print, a maximum of 10 sheets / month and the total impressions per capita is less than 50 sheets / month. In addition to this project, through the Environmental Management System, CGD has developed since 2014 several communication campaigns to raise awareness to minimize the consumption of resources, correct use of ecopoints and other good environmental practices. Through this system CGD also encourages its employees to share ideas, suggestions or questions through the Environmental Management System mailbox. In 2019, CGD's Stakeholders were also consulted to assess their perception of CGD's Sustainability performance. This moment of interaction made it possible to identify the main concerns, expectations and topics of interest and, consequently, integrate and / or adapt the priorities of performance of the Corporate Sustainability Program.
Financial optimization calculations	CGD has a Strategic Plan in place until 2020. The objective of the measures contained in the Strategic Plan to improve CGD's overall performance in order to ensure its long-term sustainability and the creation of value for its shareholder. Thereby, the goal of cost reduction turns out to be one of the main drivers in adopting efficient initiatives in CGD's operations. CGD's energy efficiency team actively seeks pathways to make CGD's buildings more efficient, with lower energy consumption, lower costs and lower environmental impact. For example, in the process of identifying efficient measures, CGD's energy efficiency team performs a careful analysis prioritizing projects with lower payback.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?
Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

The development of products and financial solutions that promote the transition to a more sustainable economic model is a key vector of the Low Carbon Programme. CGD has continued to market several financing lines that effectively contribute to reduce its customers' GHG emissions, covering areas such as Energy Efficiency, Renewable Energy and Sustainable Mobility. Within the scope of products and services with environmental benefits. We highlight the following products as examples: - Alternative Investment Fund (FIA) Caixagest Energias Renováveis, an alternative investment fund that invests in shares from funds with assets directly and indirectly associated with Renewable Energies, Environment Quality and "Carbon" Assets. By the end of 2019 it managed a total amount of 7.8 million euros; - Caixa European Shares Socially Responsible Fund, investment fund for socially responsible investment in European shares through the selection of assets from a pool with ESG certification (STOXX® Europe Sustainability). By the end of 2019, it managed a total amount of 25.9 million euros; - Caixa Socially Responsible Investment Fund, a multi-asset fund for investing in stock and bonds, by picking assets included in indexes that measure ESG / ISR indicators (STOXX® Europe Sustainability for stock and Bloomberg Barclays SRI + ESG for bonds). The stock component cannot exceed 40% of the fund's total investment. By the end of 2019 it managed a total amount of 128.7 million euros; -Leasing Hybrid and Electric Vehicles, a credit facility to support investment in hybrid and electric vehicles, financing companies with environmental concerns. In 2019, 10.9 million euros were granted. Recently, CGD also launched the Credit Line Decarbonization and Circular Economy, whose objective is to contribute to the goals defined in the National Energy-Climate Plan 2030 and to accelerate the process of transition to a circular economy, contributing to the redesign of processes, products and new business models.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Low Carbon Products - CGD Internal Exercise (with external audit in the context of the Sustainability Report 2019))

% revenue from low carbon product(s) in the reporting year

0.78

% of total portfolio value

Asset classes/ product types

Bank lending	Retail Loans

Comment

In 2019, CGD calculated the emissions avoided by choosing customers in the acquisition of the leasing credit line for electric and hybrid vehicles. Leasing for Hybrid and Electrical Vehicles aims to support corporate investment in hybrid and electrical vehicles, contributing to a reduction of greenhouse gas emissions by CGD customers. In 2019 CGD financed 571 vehicles, which corresponds to a 77% increase as compared to 2018. 571 hybrid and electrical vehicles are estimated to avoid the emission of 844 t CO_2e /per year as compared to the same number of combustion motor vehicles corresponding to 17,418 car trips from Lisbon to Porto. Despite the increase over the previous year, the weight of this type of products in CGD's portfolio is 0.78%.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2015

Base year end
December 31 2015

Base year emissions (metric tons CO2e)
4870

Comment
Included CGD,S.A., BCA and BI.

Scope 2 (location-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 2 (market-based)

Base year start
January 1 2015

Base year end
December 31 2015

Base year emissions (metric tons CO2e)
38774

Comment
Included CGD,S.A., BCA and BI.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
2928

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
Include: CGD,S.A., BCA, BI, BNU Macau and BCI In 2019 the CGD extended the scope of reporting, taking into account that it was able to calculate for the first time the scope 1 emissions related to BNU Macau and BCI.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment
CGD started to report location-based emissions in 2019. CGD provides a market-based scope 2 just for Portugal, Macau and Mozambique. To Cape Verde (BI and BCA) and Timor-Leste we are unable to access the necessary information from the energy suppliers to calculate scope 2 market based.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
23476.1

Scope 2, market-based (if applicable)
21657.3

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
CGD started to report location-based emissions in 2019. CGD provides a market-based scope 2 just for Portugal, Macau and Mozambique. To Cape Verde (BI and BCA) and Timor-Leste we are unable to access the necessary information from the energy suppliers to calculate scope 2 market based.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
CGD does not have a significant value chair, as many of its suppliers rely on non-physical goods, for example consulting and auditing firms. According to the last analysis, this category was not considered material, however, CGD intends to carry out a reassessment of the materiality of its scope 3 emissions in order to understand in which dimensions it should increase its reporting scope.

Capital goods

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a financial institution, CGD considers that its capital goods are the buildings in which it operates. In this way, the calculation of the indirect emissions associated with the consumption of electricity is considered and calculated in the scope 2. According to the last analysis, this category was not considered material, however, CGD intends to carry out a reassessment of the materiality of its scope 3 emissions in order to understand in which dimensions it should increase its reporting scope.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a financial institution, CGD does not have fuel and energy-related activities not included in scope 1 and 2 (scope 1 - direct emissions resulting from the consumption of fuel in the installations and by the car fleet; scope 2 - indirect emissions resulting from the production of electricity). The remaining fuel consumption is associated with the service trips that are currently being analyzed and reported. According to the last analysis, this category was not considered material, however, CGD intends to carry out a reassessment of the materiality of its scope 3 emissions in order to understand in which dimensions it should increase its reporting scope.

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
CGD does not have a significant value chair, as many of its suppliers rely on non-physical goods, for example consulting and auditing firms, which makes upstream transport and distribution not very significant. According to the last analysis, this category was not considered material, however, CGD intends to carry out a reassessment of the materiality of its scope 3 emissions in order to understand in which dimensions it should increase its reporting scope.

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
72

Emissions calculation methodology
Emissions are calculated according to the Guidelines of the Greenhouse Gas Protocol (GHG Protocol) and Guidelines to Defra/DECC's GHG Conversion Factors for company reporting.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
This represents emissions associated with waste disposal for recycling, energy recovery, incineration, and landfill. Quantity of waste as collected on behalf of the electronic guidelines of transportation. CGD as a company with an environmental management system that is certified by ISO 14001 considers the monitoring of this type of emissions relevant. The cards are one of the main products of CGD, to mitigate the impact of its product CGD has implemented a recycling circuit that since the beginning of the project (2015) has already sent for recycling more than 16.5 tons of cards, these cards give rise to urban furniture which is subsequently handed over to social institutions.

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1024

Emissions calculation methodology
In-plane, taxi, own car, and boat travel, emissions are calculated according to the Guidelines to Defra/DECC's GHG Conversion Factors for Company Reporting. In train travels, emissions are calculated according to the "Comboios de Portugal" factor.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
That represents the emissions associated with plane, taxi, boat, own car, and train. CGD as a company with a diversified geographical presence (despite the reduction in the countries where it is present) considers it relevant to monitor emissions associated with duty travels.

Employee commuting

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
According to the last analysis, this category was not considered material, much justified by the gradual use of more digital and remote working practices, however, the CGD intends to carry out a reassessment of the materiality of its scope 3 emissions in order to understand in which dimensions it should increase its reporting scope. However, as the first step on this topic, CGD applied a questionnaire on Mobility to CGD, S.A employees where he checked the origins of the trip, means of transportation, and expectations of the employees.

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
CGD considers that its leased assets are related to buildings and service vehicles. Emissions associated with the energy consumption of buildings are being considered in scope 2 and emissions associated with fleet fuel are being considered in scope 1.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a financial institution, CGD considers that downstream transportation and distribution are not material for the distribution of its services (financial services).

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not relevant/Not applicable. This activity is not applicable to CGD as the products/services sold by the bank are not processed or transformed by a third party.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
According to the last analysis, this category was not considered material, however, CGD is following the developments regarding sustainable finance and EU taxonomy, so is therefore likely to carry out a reassessment of the materiality of its scope 3 emissions in order to understand in which dimensions it should increase its reporting scope.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a financial institution, CGD considered that emissions associated with the end of life treatment of sold products immaterial. Anyway, CGD has a project for the recycling of bank cards, transmitted to customers when a new card is issued, allows to turn bank cards into urban furniture that reverts to social institutions. CGD intends to carry out a reassessment of the materiality of its scope 3 emissions in order to understand which dimensions it should increase its reporting scope.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a financial institution, CGD considers that downstream leased assets is not material for the distribution of its services.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not applicable. This activity is not applicable to CGD as the bank does not have franchises.

Investments

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Although the last analysis, carried out a few years ago, considered this topic as not material for CGD, resulting from developments in international commitments (e.g. Paris Agreement) and the development of new legislation (EU Taxonomy), we believe that this topic should be relevant and whose impact should be monitored. Currently, there is no clear methodology for calculating and disclosing emissions related to investments. We have been following several working groups related to environmental and carbon neutrality topics in order to increase the level of internal knowledge and the adoption of best practices on this subject. We recently joined the business ambition for 1.5°C which we believe will drive the setting of more demanding climate targets.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
No other relevant sources identified. CGD intends to carry out a reassessment of the materiality of its scope 3 emissions in order to understand which dimensions it should increase its reporting scope.

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
No other relevant sources identified. CGD intends to carry out a reassessment of the materiality of its scope 3 emissions in order to understand which dimensions it should increase its reporting scope.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.000014016

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
25961

Metric denominator
unit total revenue

Metric denominator: Unit total
1852258104

Scope 2 figure used
Location-based

% change from previous year
10.58

Direction of change
Increased

Reason for change
This performance metric increased 11% compared to previous year (from 0,0000129 to 0,0000143) due to a increase (37,8%) in total revenues (operating income). Global scope 1+2 GHG emissions had a 52,58% increase (from 17.304 tCO2e to 26.404 tCO2e, increase of 9.099 t CO2e), this increase is due to the extension of the scope to affiliated banks: BNU Macau, Banco Comercial de Investimentos (BCI), from Mozambique, and Timor branch and also because we are considering emissions using the location-based method (scope 2 equal to 19.415 tCO2e) for CGD, SA (while in the previous year considered market-based methodology (if we consider market based the emissions are 13.834 tCO2e). If we consider market-based for CGD,S.A emissions (as in the previous year), the numerator would be: 20,823 t CO2e, and despite the increase in scope, a increase just of 20% is verified. Regarding emission Reduction activities, CGD has been investing in the production of renewable energy in its corporate buildings and commercial network, such as: 1. Solar thermal plant at the Headquarters: collectors installed across the 1.600 m2 roof at headquarters produce energy for heating and cooling the water necessary for the centralized air-conditioning and sanitary facilities (3.443 GJ produced in 2019). 2. Solar photovoltaic microgeneration within the branch network: installation of solar photovoltaic panels in CGD branches. A total of 1.450 panels (1.571 GJ produced in 2019).

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	2779.57	Other, please specify (Portuguese National Inventory Report on Greenhouse Gases 1990-2015, 2017 (pág. 1-7, tabela 1.1))
CH4	3.54	Other, please specify (Portuguese National Inventory Report on Greenhouse Gases 1990-2015, 2017 (pág. 1-7, tabela 1.1))
N2O	3.13	Other, please specify (Portuguese National Inventory Report on Greenhouse Gases 1990-2015, 2017 (pág. 1-7, tabela 1.1))
Other, please specify (R134A)	55.77	Other, please specify (https://formularios.apambiente.pt/conversor/)
Other, please specify (R407C)	28.1	Other, please specify (https://formularios.apambiente.pt/conversor/)
Other, please specify (R410)	35.91	Other, please specify (https://formularios.apambiente.pt/conversor/)
Other, please specify (R410A)	14.96	Other, please specify (https://formularios.apambiente.pt/conversor/)
Other, please specify (R417A)	2.97	Other, please specify (https://formularios.apambiente.pt/conversor/)
Other, please specify (R422)	1.08	Other, please specify (https://formularios.apambiente.pt/conversor/)
Other, please specify (R422D)	1.67	Other, please specify (https://formularios.apambiente.pt/conversor/)
Other, please specify (R453A)	1.06	Other, please specify (https://formularios.apambiente.pt/conversor/)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Portugal	1953.86
Cabo Verde	226.08
Mozambique	724.57
China, Macao Special Administrative Region	22.99

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Direct emissions resulting from fuel consumption at facilities (t CO2e)	174.42
Direct emissions resulting from fuel consumption by CGD's vehicle fleet (t CO2e)	2611.55
Direct emissions resulting from f-gas leaks from equipment at facilities (t CO2e)	141.53

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Portugal	19414.72	13834	53631.86	31106.48
Cabo Verde	1782.56		3138.31	
Mozambique	22.6	5197.43	22597.53	
China, Macao Special Administrative Region	1814.02	2625.87	2973.81	
Timor-Leste	442.2		724.92	

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Indirect emissions from electricity production (t CO2e)	23476.1	21657.3

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	298.54	Decreased	1.7	In 2019, several energy efficiency measures were implemented: modernization of fans in the air treatment units (with an expected minimization of emissions of 38 t CO2e /year), replacement of lighting by LED technology (with expected minimization of emissions of 987 tCO2e / year) and a more efficient air conditioning system with an expected emission minimization of 5 t CO2e. Through these measures the energy consumption of CGD, S.A. reduced 23,448 GJ (from 216,522 GJ in 2018 to 193,074 GJ in 2019) The calculation of emissions associated with electricity consumption was carried out using the market-based method (emission factor (2019) 0.251 kg CO2 / kWh) and emissions associated are 13,834 t CO2e. Since in 2018 the value associated with electricity consumption was 14,113, there was a 1.7% decrease in emissions, ie, 298.54 t CO2e less.
Other emissions reduction activities		<Not Applicable>		
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary	9013.06	Increased	52.1	In 2019, emissions increased largely due to the extension of the scope to more international structures (BCI, BNU and Timor), which corresponds to an increase of 9,013.06 t CO2e (scope 1 and 2). This increase represents a 52.1% variation compared to the emissions reported in 2018. Although the turnover of these structures is low, jointly with CGD, SA, the values for the emission factors associated with energy production are high due to the energy sources used: BNU Macau (factor 0.883 kg CO2 / kWh), Branch of Timor (factor 0.610 kg CO2 / kWh) and BCI Mozambique (factor 0.230 kg CO2 / kWh). We note that for BCI and BNU we use emission factors based on the market and for Timor we use the location-based method.
Change in physical operating conditions	645.19	Increased	3.7	There was an increase in scope 2 emissions from the previously reported international structures (BI and BCA) due to the increase in the emission factor (location-based) from 0.468 to 0.568 t CO2e and also to a slight increase in consumption at BCA (from 9143 GJ to 9615 GJ). Calculation: scope 2 issue of BI and BCA 2019 (1783) - scope 2 issue of BI and BCA 2018 (1137) = 645.19 t CO2e.
Unidentified		<Not Applicable>		
Other	145.42	Increased	0.84	Increase 0,84% (approx. 145 t CO2) because CGD, S.A. increase consumption of gasoline and diesel and f-gases in last year.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	10919.94	10919.94
Consumption of purchased or acquired electricity	<Not Applicable>	31106.45	51959.93	83066.38
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	956.34	<Not Applicable>	956.34
Total energy consumption	<Not Applicable>	32062.79	62879.87	94942.67

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Diesel

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
9438.96

MWh fuel consumed for self-generation of electricity
268.88

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
74.1

Unit
kg CO2 per GJ

Emissions factor source
APA (2019) Portuguese National Inventory Report on Greenhouse Gases 1990-2016 (pg. 187)

Comment

Fuels (excluding feedstocks)
Natural Gas

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
501.45

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
501.45

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
56.4

Unit
kg CO2 per GJ

Emissions factor source
APA (2019) Portuguese National Inventory Report on Greenhouse Gases 1990-2016 (pg. 187)

Comment

Fuels (excluding feedstocks)
Motor Gasoline

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
934.53

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
72

Unit
kg CO2 per GJ

Emissions factor source
APA (2019) Portuguese National Inventory Report on Greenhouse Gases 1990-2016. Annex D - Table D.3 – Road transportation energy based implied emission factors (kg/GJ) for 2017

Comment

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	436.43	0	436.43	0
Heat	956.34	956.34	956.34	956.34
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method
Other, please specify (Own installation)

Low-carbon technology type
Solar

Country/region of consumption of low-carbon electricity, heat, steam or cooling
Portugal

MWh consumed accounted for at a zero emission factor
956.34

Comment
The headquarters building's solar plant is composed of 158 solar collectors installed on 1,600 m2 of the building's roof at Av. João XXI, in Lisbon, allowing the production of energy that is used to heat and cool (through an absorption chiller) water for air conditioning systems, sanitary facilities and the kitchen of the cafeteria. As this energy is not purchased but produced in the headquarters building of CGD, S.A. was not counted in question 7.5.

Sourcing method
Other, please specify (Energy supplier with an energy mix with renewable and non-renewable sources)

Low-carbon technology type
Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling
Portugal

MWh consumed accounted for at a zero emission factor
14266.06

Comment
CGD, S.A.'s electricity supplier has an energy mix composed of 58% renewable energy (19% hydro, 27% wind, 4% renewable cogeneration and 9% other renewable). The 42% of energy that is non-renewable is composed of solid urban waste, fossil cogeneration, coal, nuclear natural gas and fuel oil. CGD's supplier, EDP, presented in 2019 an energy mix of energy production composed of 26,60 % wind. 26,60% of energy consumption in CGD,S.A. (Portugal) correspond to 14.266,06 MWh.

Sourcing method
Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type
Hydropower

Country/region of consumption of low-carbon electricity, heat, steam or cooling
Portugal

MWh consumed accounted for at a zero emission factor
10377.76

Comment
CGD, S.A.'s electricity supplier has an energy mix composed of 58% renewable energy (19% hydropower, 27% wind, 4% renewable cogeneration and 9% other renewable). The 42% of energy that is non-renewable is composed of solid urban waste, fossil cogeneration, coal, nuclear natural gas and fuel oil. CGD's supplier, EDP, presented in 2019 an energy mix of energy production composed of 19.35% hydropower. This energy (hydropower) are 100% renewable, without emissions.

Sourcing method
Other, please specify (Energy supplier with an energy mix with renewable and non-renewable sources)

Low-carbon technology type
Fossil-fuel plants fitted with CCS

Country/region of consumption of low-carbon electricity, heat, steam or cooling
Portugal

MWh consumed accounted for at a zero emission factor

1887.84

Comment

CGD, S.A.'s electricity supplier has an energy mix composed of 58% renewable energy (19% hydro, 27% wind, 4% renewable cogeneration and 9% other renewable). The 42% of energy that is non-renewable is composed of solid urban waste, fossil cogeneration, coal, nuclear natural gas and fuel oil. CGD's supplier, EDP, presented in 2019 an energy mix of energy production composed of 3,52% from renewable co-generation. 3,52% of energy consumption in CGD,S.A. (Portugal) correspond to 1887,84 MWh.

Sourcing method

Other, please specify (Energy supplier with an energy mix with renewable and non-renewable sources)

Low-carbon technology type

Solar

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Portugal

MWh consumed accounted for at a zero emission factor

4574.79

Comment

CGD, S.A.'s electricity supplier has an energy mix composed of 58% renewable energy (19% hydro, 27% wind, 4% renewable cogeneration and 9% other renewable). The 42% of energy that is non-renewable is composed of solid urban waste, fossil cogeneration, coal, nuclear natural gas and fuel oil. CGD's supplier, EDP, presented in 2019 an energy mix of energy production composed of 8,53% from renewable co-generation. 8,53% of energy consumption in CGD,S.A. (Portugal) correspond to 4574,79 MWh.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Energy usage

Metric value

296429

Metric numerator

GJ

Metric denominator (intensity metric only)

N/A

% change from previous year

30

Direction of change

Increased

Please explain

In 2019, CGD extended the reporting scope to two more international structures (BNU Macau and BCI), with this increase an increase of 92,057 GJ regarding these two entities. Important: If we made the comparison only with the three geographies considered for 2018, consumption would be 204,372 GJ (10% decrease). This decrease is due in large part to the efficiency measures implemented in the modernization of air handling units and replacement of lighting.

Description

Other, please specify (Work-related trips)

Metric value

1094

Metric numerator

tco2e

Metric denominator (intensity metric only)

N/A

% change from previous year

8

Direction of change

Decreased

Please explain

Emissions associated to travel in service decreased by 8% in the year 2019.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Annual-Report-CGD-2019.pdf

Page/ section reference
Annual Report 2019 – page 595-596: https://www.cgd.pt/English/Investor-Relations/Financial-Information/CGD/2019/Documents/Annual-Report-CGD-2019.pdf

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Annual-Report-CGD-2019.pdf

Page/ section reference
Annual Report 2019 – page 595-596: https://www.cgd.pt/English/Investor-Relations/Financial-Information/CGD/2019/Documents/Annual-Report-CGD-2019.pdf

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

Scope 2 approach
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Annual-Report-CGD-2019.pdf

Page/ section reference
Annual Report 2019 – page 595-596: https://www.cgd.pt/English/Investor-Relations/Financial-Information/CGD/2019/Documents/Annual-Report-CGD-2019.pdf

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Waste generated in operations

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Annual-Report-CGD-2019.pdf

Page/section reference
Annual Report 2019 – page 595-596: https://www.cgd.pt/English/Investor-Relations/Financial-Information/CGD/2019/Documents/Annual-Report-CGD-2019.pdf

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Business travel

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Annual-Report-CGD-2019.pdf

Page/section reference
Annual Report 2019 – page 595-596: https://www.cgd.pt/English/Investor-Relations/Financial-Information/CGD/2019/Documents/Annual-Report-CGD-2019.pdf

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C3. Business strategy	Other, please specify (Sustainability Commitments)	ISAE 3000	CGD voluntarily subscribes to commitments and/or principles from standard-setting national and international organizations, complementary to its corporate policies and codes, within the Sustainability Programme, such as: » Ten Principles of the United Nations (UN) Global Compact » Principles for Responsible Banking » Principles for Responsible Investment » Climate Action - Business Ambition 1.5ºC These commitments are quite relevant to CGD's strategy, particularly in the environmental dimension. (CGD Annual Report 2019 - pages 470-472)
C4. Targets and performance	Progress against emissions reduction target	ISAE 3000	Aiming to be the leading bank in adapting to and mitigating climate change, CGD S.A., has embraced the goal of reducing 43% of the overall GHG emissions (scope 1 and 2) until 2021, as compared to 2015. Within this scope, CGD, S.A. has reached, in 2019, a 63% reduction as compared to 2015 (market-based method), due to policies and measures implemented for the efficiency of resources and awareness-raising for environmental issues carried for the past few years. (CGD Annual Report 2019 - page 508)
C8. Energy	Energy consumption	ISAE 3000	CGD´s receive an annual verification of sustainability metrics including energy consumption for our Sustainability Report (CGD Annual Report 2019 - pages 501-505). CGD reports information on energy consumption in questions C8.1, C8.2a and C9.1, please see pages 588 where we present the energy mix to CGD, SA (used to calculate energy from renewable sources in the question c8.2c), page 545 - energy consumption in GJ (used for questions c8.2c and c9.1) and page 47 (used to answer question c8.1).
C12. Engagement	Other, please specify (Engagement with policy makers)	ISAE 3000	In 2019, CGD participated in several multisector working groups aiming to create mechanisms and tools for responding to corporate challenges in terms of sustainability. CGD reports in the Annual Report the participation in several international and Portuguese working groups, see page 473.
C3. Business strategy	Product footprint verification	ISAE 3000	In 2019 CGD began developing methodologies to quantify the emissions associated with some of its products and services. CGD financed 571 vehicles, which corresponds to an increase of 77% compared with 2018. It is estimated that the 571 hybrid and electric vehicles will avoid the emission of 844 t co2e/year compared to the same number of vehicles on combustion. (CGD Annual Report 2019 - pages 507).

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, but we anticipate being regulated in the next three years

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

The European Commission announced in 2018 its Action Plan for a financial system to support the European Union agenda for climate and sustainable development. The document, developed on the basis of the recommendations of the High Level Expert Group on Sustainable Financing, aims to strengthen the role of financing for a prosperous and sustainable economy and represents a significant step forward in the implementation of the Paris Agreement and the EU Agenda for sustainable development. This plan will requires a particular effort from the European authorities, taking into account European regulatory initiatives under way, covering the financial sector (capital market, insurance and banking), such as the Principles for Responsible Investment (UNPRI), the Green Bond Principles , the Social Bond Principles, the Sustainability Bond Guidelines, the Green Loan Principles (ICMA) and the Financial Stability Board (FSB) Recommendations. The EU taxonomy, for example, as a list of economic activities that can be considered environmentally sustainable for investment purposes, It can have a high impact on the environment in the medium term, in collecting and reporting information on environmental indicators (e.g. GHG emissions) and in limiting these emissions.

In addition, a number of additional regulatory measures, such as the European Taxonomy and the EU Ecolabel Framework, are expected to be introduced in 2020/2021, which may directly and indirectly impact CGD, in particular through its financial products and services.

Some of the regulatory trends will imply a greater focus on the life cycle of financial products and services by accounting for associated GHG emissions.

In order to develop a strategy to respond to future applicable regulatory trends, CGD is present in several working groups, for example:

Working Group on "Sustainable Financing" of the Portuguese Banking Association- A CGD integrates, along with the representatives of all banks in Portugal, the working group which aims to disseminate the European agenda for sustainable finance in an informative and constructive in terms of the need for response, whenever required by European entities, namely EBF and EC, and to anticipate the impacts and adaptations to be considered.

Based on the inputs received in these working groups, CGD is developing initiatives within its 2018/2020 Sustainability strategy to respond to key regulatory trends.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Innovation & collaboration (changing markets)

Details of engagement
Run a campaign to encourage innovation to reduce climate impacts on products and services

% of suppliers by number
34

% total procurement spend (direct and indirect)
67

% of supplier-related Scope 3 emissions as reported in C6.5
0

Rationale for the coverage of your engagement
Supplier management is part of CGD´s Sustainability Strategy, as the supply chain and its agents contribute to the identification of CGD´s environmental and social impacts that are indirectly reflected on its suppliers activities. 2019 was a relevant year in terms of supplier's engagement. CGD has developed a set of initiatives aimed at promoting the alignment of behaviours, expectations and projects between CGD and its suppliers and the reduction of environmental impact on products/services, which we highlight: CGD is committed to being part of the change towards a more Sustainable future, influencing its stakeholders in the adoption of sustainability and responsible business principles. In 2019 and as part of Social Responsibility Week, CGD promoted a set of partnership initiatives that promote dialogue and training for the transition to a low carbon economy. In this context, 5 free master classes were held for the various stakeholders on topics considered relevant to sustainable development (e. g. 2030 Agenda for Sustainable Development) CGD continued to promote the adoption of Ethical Principles and Good Business Practices among its suppliers. These principles define conduct requirements related to sustainability, constituting a way to mitigate environmental and social risks in the supply chain. As a project that allows the reduction of the environmental impact of CGD and also of its suppliers, we highlight the electronic invoicing project. This project, framed in CGD's digital transformation strategy, promotes the dematerialization of processes associated with invoicing management and the massification of electronic invoicing with suppliers. This initiative were intended to be as comprehensive as possible, i.e. to target the all of CGD's suppliers.

Impact of engagement, including measures of success
The initiatives / projects developed by CGD with its suppliers achieved significant results (quantitative and/or qualitative) and had a positive impact in several areas. In this context, it is important to highlight the results achieved by the electronic invoicing project. By the end of 2019 more than 300 suppliers had joined this format, which together accounted for around 34% of CGD's total suppliers. Suppliers who have already signed up correspond to 67 % of CGD´s total invoice value. In addition to representing an initiative to involve and promote more sustainable behaviours, this project will allow a very significant reduction in the amount of paper associated with the issue of invoices either to CGD or to the supplier. It was also possible to notice the availability and interest of CGD suppliers in adopting new technologies, more innovative and agile, less dependent on physical resources and that ultimately allow to achieve a lower environmental impact. Relevant results have also been achieved in other areas, as well: - The creation of a new materiality matrix for CGD, which reflects relevant themes identified by CGD suppliers based on face-to-face meetings and an online survey; - The perception that suppliers value/appreciate the development of training sessions on sustainability topics; - Of the 142 new contracts in 2019, 92% include social and environmental clauses. In addition, CGD has fostered a set of partnership initiatives that promote dialogue and capacity building for the transition to a low-carbon economy. In this context, 5 free master classes were held on themes relevant to sustainable development in which CGD invited its suppliers to be present among other stakeholders. In 2019, internal and external stakeholders were also consulted through an online survey and focus group meetings. The results achieved will be used for the adaptation/revision of the drivers of CGD's sustainability strategy.

Comment
For more information, please consult the report the CGD Annual Report/Sustainability Report 2019

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Education/information sharing

Details of engagement
Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number
0

% of customer - related Scope 3 emissions as reported in C6.5
0

Portfolio coverage (total or outstanding)
Minority of the portfolio

Please explain the rationale for selecting this group of customers and scope of engagement
As part of the sustainability strategy review process, CGD decided in 2019 to adopt a greater information sharing between what CGD has been developing in sustainability topics and what clients expect to be CGD's approach. The need for a bidirectional communication approach was defined as a critical factor, because CGD should demonstrates the projects it has been developing in the different dimensions of sustainability and understand what clients believe should be CGD's approach to sustainability. Therefore, CGD invited several of its clients to focus group sessions where a presentation of CGD's sustainability strategy was made, highlighting some of the initiatives developed and the respective results achieved. Several free training sessions were also held on relevant sustainability topics in which private and corporate clients could participate. In one of these sessions, CGD made a presentation of an environmental sustainability project, its Circular Economy Project (Recycling of Bank Cards), explaining the environmental impacts associated with its bank cards, the importance of their correct recycling and the advantages of developing a collaborative approach based on circular economy principles, encouraging its clients to try to implement similar projects in their organizations.

Impact of engagement, including measures of success
In this way, it was possible to achieve: 1) A stakeholders perception on the contribution of CGD's Sustainability Strategy to Sustainable Development; 2) The importance of developing collaborative projects; The main results supported a review of CGD's material topics (new materiality matrix).

Type of engagement
Information collection (understanding customer behavior)

Details of engagement
Other, please specify (Collect information on the perception of stakeholders about CGD and its prospects and needs.)

% of customers by number
0.08

% of customer - related Scope 3 emissions as reported in C6.5
0

Portfolio coverage (total or outstanding)
Minority of the portfolio

Please explain the rationale for selecting this group of customers and scope of engagement
CGD developed a questionnaire about sustainability to its main stakeholders, namely employees, customers, Private Social Solidarity Institutions, non-governmental organizations, companies in the financial sector, suppliers, investors, shareholder, partners, local community, and media. CGD has 3.700.000 customers and collected 2.815 total stakeholder responses.

Impact of engagement, including measures of success
In this way, it was possible to achieve: 1) A greater clients perception on the contribution of CGD's Sustainability Strategy to Sustainable Development; 2) The importance of developing collaborative projects; 3) The identification of which areas of activity CGD's clients consider most relevant and which CGD should address in its sustainability strategy. The main result achieved was a review of CGD's material topics (new materiality matrix). This process received 2.815 responses.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Under the Low Carbon Programme, CGD has made a commitment to raise the stakeholder's awareness of the importance of adopting good environmental practices (vector nº 4) constituting one of the main engagement method of the company with the value chain.

More than raising awareness to climate change, CGD also seeks to influence the value chain and society in general throughout behaviors and practices that reduce GHG emissions and promote a more sustainable attitude. CGD recognizes that the sustainable development of its activity is valued by continuous dialogue with stakeholders, fostered by transparent and trustful relationships.

In 2019 CGD maintained a strategy of engagement, investing in the development of collaborative projects and initiatives, highlighting:

Caixa Social Awards: Project with the aim of contributing to building a more inclusive, fair and prosperous society, and to the achieving the Sustainable Development Goals (SDOs) and the 10 Principles of the Global Compact, both of the United Nations. In September 2019 the second edition of the Caixa Social Awards was launched, this time replacing the axis of intervention previously called as "Education and Knowledge" with a new vector: "Environmental Sustainability" in order to strengthen CGD's support in combating climate change. In this project, third sector entities are covered, namely charities, NGOs or other non-profit institutions. In the second edition of the Caixa Social Awards 377 applications were received and 18 projects were selected with an expected impact of 37,230 direct beneficiaries. An overall amount of EUR 500,000 was made available for awarding the projects selected and with values ranging from 10.000 to 50.000 euros.

Sustainability training: CGD is committed to being part of the change towards a more Sustainable future, influencing employees, business partners, clients and civil society in the adoption of sustainability and responsible business principles. In 2019, CGD promoted a set of partnership initiatives that promote dialogue and training for the transition to a low carbon economy. In this context, 5 free master classes were held for the various stakeholders on topics considered relevant to sustainable development. For example, the Masterclass nº II on the challenges of Agenda 2030 for Sustainable Development, allowed participants to get to know: the fundamentals of the United Nations decision; Agenda 2030 for Sustainable Development and the main challenges of Sustainability for companies and businesses through ODS.

Recycling of bank cards programme: Based on the circular economy concept, and in partnership with Extruplás (Recycling, Recovery and Manufacture of Plastic Products), this project enables bank cards and other PVC cards to be delivered by the public in general in CGD branches, to be reused through the recycling of the plastic, and transformed into pieces of urban furniture that are later offered to institutions of social solidarity. By investing in prolonging the product life cycle and transforming it into new valued products, Circular Economy promotes greater collaboration among the various sectors of industry, reducing waste and contributing to a major responsibility of resources management and to look into climate change as a greater opportunity to evolve, innovate, reduce footprint and make Change happen in a tangible benefit for CGD, the Society, the Sustainable Economy and Nature, by considering different scenarios, approaches, deliverables and plans to deal with climate sponsored crisis or threats. This programme was highlighted as a good practice on the European Circular Economy Stakeholder Platform, a joint initiative by the European Commission and the European Economic and Social Committee

Saldo Positivo (Positive Balance): This is an editorial project that integrates the Financial Literacy pillar in the Bank's Sustainability strategy. The "Saldo Positivo" encompasses a versatile editorial platform, which is organized in several sections that seek to respond to today's challenges. From Digital Banking, through Technology, Family Management, or the urgency of environmental and sustainability issues. In 2019, CGD developed a free guide to good environmental practices, aimed at promoting greater environmental awareness and a more sustainable common future for its stakeholders. The Guide to Good Environmental Practices is available to the public on the "Saldo Positivo" portal.

Strategic alignment: CGD has developed a review of material topics in accordance with the principles of materiality defined by the Global Reporting Initiative (GRI), through the development of a comprehensive approach to analysis. One of the stakeholder consultation approaches used by CGD involved the development of focus group meetings that included, for example, social institutions from the 3rd sector and non-governmental environmental organizations.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Climate finance	Support	CGD is a member of the Technical Group for Reflection on Sustainable Financing, an initiative constituted by the main actors of the financial sector in Portugal and coordinated by the Portuguese Government, namely the Ministry of Environment and Energy Transition, in partnership with the Ministry of Finance and the Ministry of Economy. This Group has identified essential areas so that the national financial sector can contribute to the development of initiatives and policies to accelerate this process, namely through the creation of a structure to promote Sustainable Financing in Portugal. This Technical Group for Reflection on Sustainable Financing assumes the following basic fundamentals: - Climate change is a significant threat for the economy, society and environment, including risks to growth and financial stability, thus summoning an urgent need to them to answer; - Climate change is also an opportunity, that can generate substantial benefits to our societies by stimulating technology and innovation, for the improvement of the human well-being and for accelerated growth economic; - Climate change and environmental risks constitute a potential financial risk; - The fair transition to a neutral economy in carbon and climate change resilient should be reflected in macroeconomic planning and management of public funding; - The transition to a carbon neutral economy in 2050 implies an increase or a reallocation of the private financing, also through alignment of the financial system with the needs of investment associated with carbon neutrality, in consistency with prudential regulations and behavioural applicable, since the resources available audiences are not enough; - The reorientation of capital flows towards investments sustainable is crucial to ensure growth sustainable and inclusive of the Portuguese economy.	The main output of this working group was the signing of the Letter of Commitment for Sustainable Financing in Portugal, with a set of commitments associated with each of the entities involved (Government, Banks, Regulators, Sector Associations, etc.). Taking as an example the commitments associated with the Ministry of Finance, it was defined by the working group the objective of developing a national fiscal policy favorable to sustainability.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

GRACE - Group of Reflection and Support to Corporate Citizenship

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

CGD is part of the Corporate Bodies of GRACE for the triennium 2018/2020. GRACE is a non-profit public utility business association that operates in the areas of Social Responsibility and Sustainability. It is part of CSR Europe's European network, a leader in sustainability and corporate responsibility, supporting industry sectors and companies globally in the transformation and search for practical solutions for sustainable growth. As an example, in 2019, CSR Europe launched the CEO Call to Action with the aim of leading CEOs in building a Sustainable Europe by 2030. This "manifesto" was joined by 380 CEOs from 24 countries (including 30 GRACE Member CEOs). This year, the European Pact for Sustainability aims to give voice and continuity to this initiative, through a European, local and international movement, with the aim of strengthening leadership and commitment for a sustainable Europe 2030. Companies, industry federations and CSR Europe partner organisations, including GRACE, are therefore invited to express their support for this Pact, based on 3 key messages: contribute, care and do better to collaboratively promote the integration of sustainability in our economies and societies. The 3 main objectives of this Pact are: 1) To provide industry federations with a roadmap for sustainability by 2024; 2) To involve 10,000 companies in sectoral and intersectoral partnerships that contribute to the United Nations ODS by 2030; 3) Raise awareness of the collaborative actions of business to implement a level playing field, thus contributing to a Sustainable Europe by 2030. This Sustainability Pact will enable companies to take the lead in "build back better" with a purpose based on a sustainable economy that leaves no one behind, develop collaborative practices with stakeholders to address sector and cross-sectoral sustainability challenges, and become sustainability ambassadors leading joint efforts.

How have you influenced, or are you attempting to influence their position?

CGD has been actively collaborating, influencing the development of projects and initiatives with a strategic focus on the commitment to Agenda 2030 and the United Nations Sustainable Development Goals.

Trade association

United Nations Global Compact - Global Compact Network Portugal

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The United Nations Global Compact is an initiative in the area of corporate citizenship, which is based on ten fundamental Principles, such as environmental protection, to promote the public and voluntary commitment of companies to comply with them. Globally, the Global Compact organizes itself into networks, or networks, local or regional, according to the geographical, social or economic context of the country or countries that constitute them. These networks allow closer ties between companies and other stakeholders that are part of each, while promoting shared experiences and collective development with respect to activities, practices and policies that each entity can apply. CGD is a member of the Global Compact Network Portugal (UN GCNP) board for the period 2018/2021. The UN GCNP is the Portuguese network of the Global Compact, which brings together the subscribers of the initiative based in or operating in Portugal. Climate change has begun to impact all regions of the world and sectors of society, threatening global development and undermining the foundation of the global economy. Yet addressing the climate challenge also is opening up new opportunities for societies to grow and prosper. Aware of this situation, the UN Global Compact has been trying to increase the link between businesses and climate change, in order to mobilize a critical mass of business leaders to implement climate change solutions and help shape public policy.

How have you influenced, or are you attempting to influence their position?

In this context, CGD is willing to support initiatives that promote dialogue and capacity building for the transition to a low carbon economy. For example, in 2019 CGD held the Social Responsibility Week, the International Conference "Making Global Goals Local Business - Iberia" and the World Meeting of United Nations Global Compact Networks, which raise awareness of the challenges of Agenda 2030 addressed in the United Nations Sustainable Development Goals. CGD also organized the conference "Sustainable Finance: Financing the Low Carbon Economy", discussing the Integration of Environmental, Social and Governance criteria in business and the Challenges and opportunities of sustainable financing.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Business Council for Sustainable Development (BCSD) Portugal

The Business Council for Sustainable Development (BCSD) Portugal is a non-profit association that brings together and represents more than 90 reference companies in Portugal that are actively committed to the transition to sustainability.

As stated in its mission, the BCSD Portugal aims to encourage and support its members in their journey towards sustainability, inspiring and helping them to build organizations and business models that are competitive, innovative and sustainable - at an Environmental, Social and Economic / Governance level. In parallel, it contributes to the construction of public policies and to the awareness of Portuguese society, with a view to the sustainable development of Portugal.

As an example of its work, CGD is a member of the BCSD - Carbon Neutrality Working Group which aims to:

· Activate the 2030/2050 climate targets, associating concrete business solutions with carbon neutrality policy targets;

· Operationalize Carbon Neutrality by 2050, identifying the necessary solutions for the implementation of companies' action plans;

· Simplify the journey to Carbon Neutrality by 2050 by aligning business practices and climate performance with national/European targets.

The alignment model of the Carbon Neutral Working Group is based on the Carbon Neutral Roadmap 2050 (RNC2050), which establishes, in a sustained manner, the trajectory to achieve carbon neutrality in Portugal in 2050.

The RNC2050 was developed in alignment with the territorial dimension mirrored in the National Programme for Territorial Planning Policies and incorporating the guidelines of the Action Plan for the Circular Economy.

The working group has been promoting projects of engagement with several partners, based on the principle that that energy efficiency can increase GDP, and it is possible to identify a set of technologies that can contribute to such an increase in Portuguese productivity. Nevertheless, to become carbon neutral, it will also be necessary to increase renewable energy penetration and improve carbon sequestration via a contribution from natural systems. Finance (from private and public sources) will be needed. Appropriate fiscal policies will be required, as well as new skills.

The Portuguese Banking Association

The Portuguese Banking Association (PBA) is the main entity that, in Portugal, represents the banking sector. Existing since 1984, the PBA has as main objectives and goals:

• Defending the banking sector in Portugal and, in particular, the common interests of its associated institutions;

• To contribute to a better economic, technical and social performance of the sector;

• To act in defense of the values of trust, ethics, transparency and rigor in the performance of banking institutions;

• Promote a transparent relationship between banking and society;

• To contribute to a bigger and better qualification of the professionals of the sector;

• Foster a better understanding of the functioning of the banking system and its importance in the country's economy;

• Take an active role in financial education, contributing in particular to better use of banking products and services;

The PBA is part of the European Banking Federation (EBF), which brings together 32 national banking associations and which together represent around 4,500 banks in Europe.

Regarding climate change topics, CGD is a member of the Working Group on "Sustainable Financing" and “Sustainable Taxonomy” of the Portuguese Banking Association. The position taken, assumes that the banking sector is fundamental to the promotion of sustainable financing and therefore to achieve the goals expressed in the UN Sustainable Development Goals and the Paris Agreement on Climate Change. CGD most recent influencing role has been in collaboration in the development of a concerted position of the sector, in the definition of a unified classification system at EU level, defining harmonized criteria to determine whether an economic activity is environmentally sustainable.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

CGD is committed to evolving towards a new paradigm of sustainable development, signing in 2019 a set of commitments that guide this ambition, such as the Principles for Responsible Banking and the Business Ambition for 1.5 °C.

For that reason, CGD has also been participating in several working groups and other engagement initiatives that can directly or indirectly influence public policies on Sustainability, particularly on Climate-related topics.

As an implemented mechanism, the CGD Sustainability Committee oversees the approach and the results achieved by the main engagement activities related to sustainability.

One of the main competencies of the Sustainability Committee, published in the Bank's internal standards system, is to "evaluate proposals, to adhere to national and/or international commitments of reference, as well as the participation of the CGD in forums and organizations".

This is a key process which ensures that there is a common alignment regarding what is the Bank's vision, the Sustainability Strategy, the technical knowledge of the Bank's departments and the position to be adopted in the engagement activities with other entities.

Therefore, in addition to the strategic/policy alignment role, the Sustainability Committee ends up being a point of interaction between all the Sustainability working groups and all the key functional areas.

The fact that the Sustainability Committee is chaired by the CEO ensures greater consistency in the positions assumed by CGD and also facilitates the flow of communication on these topics, both internally and externally.

The Sustainability Committee meets at least every six months, even though it meets on a more regular basis, allowing direct and indirect activities that may influence the policy to be properly analysed and consistent with CGD's overall strategy, both domestically and internationally.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports

Status
Complete

Attach the document
Annual-Report-CGD-2019.pdf

Page/Section reference
Sustainability Report 2019 (pages 463-596)

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics
Other, please specify (CGD has performed a response approach to the four basic recommendations of TCFD (pages 509-510))

Comment

C-FS12.5

(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?

	Industry collaboration	Comment
Reporting framework	Principles for Responsible Investment (PRI) UNEP FI Principles for Responsible Banking	
Industry initiative	UNEP FI Other, please specify (Business Ambition for 1.5ºC)	
Commitment	Please select	

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	Yes	Alternative carbon footprinting and/or exposure metrics (as defined by TCFD	The financial sector, being one of the main drivers of economic development, plays a structuring role in leveraging a low-carbon economy and in accessing products that contribute to meeting the challenges faced by society in general and by some communities in particular. In this context, CGD follows trends generated by new markets and agents of change, integrating aspects into its portfolio and developing financial offers that facilitate access to environmentally responsible products that promotes less environmental impacts. In 2019 CGD carried out an analysis of its credit exposure based on the Portuguese Classification of Economic Activities (CAES) codes of the activities that we considered to be most exposed to climate change risks. This included activities such as: Coal production and associated products; Extraction of crude oil; Extraction of natural gas and production of electricity (with the exception of electricity production from hydro, wind, geothermal, solar and other sources). CGD also monitors the total lending exposure on Top 10 industrial countries that worst performed under the Climate Change Performance Index (corporate segment) CGD has been gradually implementing an assessment of the impacts of its financing products, particularly in terms of associated GHG emissions. As an example, the CGD's Leasing Financing for Hybrid and Electric Vehicles, aims to support companies' investment in hybrid and electric vehicles, thus contributing to a reduction in greenhouse gas emissions for CGD clients. In 2019 CGD financed 571 vehicles, which corresponds to an increase of 77% over 2018. An methodology/framework was developed which allowed us to estimate the CO2 emission avoided by the total number of hybrid and electric vehicles financed, compared to the ordinary combustion technology. Thus, for the 571 HEV financed in 2019, it was avoided the emission of 844 t CO2e /year. The objectives for the coming years are: to strengthen these methodologies; extend them to other types of products (e.g. home mortgage and the energy certificates) and to include them on scope 3 emissions inventory.
Investing (Asset manager)	No, but we plan to do so in the next two years	<Not Applicable>	Caixa Gestão de Ativos (CXA), of the CGD group, became a signatory in 2019 to the United Nations Supported Principles for Responsible Investment (PRI). Responsible Investment is a commitment that aims to incorporate environmental, social and corporate governance factors into investment decisions. The adherence to the United Nations Principles for Responsible Investment represents a natural step, reinforcing the importance of incorporating ESG ("Environmental, Social and Governance") factors into investment process of several funds under management. This philosophy represents a pillar in the activity of the company and part of a broader strategy of the CGD Group that supports a more sustainable long term vision. CGD objectives for the coming years include increasing the number of ESG funds under management and also identifying methodologies to quantify the emissions associated with portfolio investment funds.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Please select	<Not Applicable>	

C-FS14.1a

(C-FS14.1a) What are your organization’s Scope 3 portfolio emissions? (Category 15 “Investments” total emissions)

Category 15 (Investments)

Evaluation status
Relevant, not yet calculated

Scope 3 portfolio emissions (metric tons CO2e)
<Not Applicable>

Portfolio coverage
<Not Applicable>

Percentage calculated using data obtained from client/investees
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Please explain
The measurement of financed emissions, defined by the Greenhouse Gas Protocol as Scope 3 - category 15 emissions, provides important data that financial institutions can use to assess risk, manage impact, meet the disclosure expectations of important stakeholders, and assess progress and pathways to global climate goals. One of the main difficulties identified in not calculating this type of emissions is related to the absence of clear support methodologies, taking into account the available information. In this case, we believe that the implementation of the European taxonomy will contribute positively to a greater clarification and definition of methodologies. CGD has set a high level of ambition in 2019, both in monitoring its emissions (as evidenced by the extension of emissions reporting to other geographies) and in setting reduction targets (as evidenced by the Business Ambition for 1.5 °C commitment). For the next few years, CGD intends to identify and adopt methodologies that allow the calculation of scope 3 emissions relevant to its activity.

C-FS14.1b

(C-FS14.1b) What is your organization's Scope 3 portfolio impact? (Category 15 "Investments" alternative carbon footprinting and/or exposure metrics)

Metric type
Exposure to carbon-related assets

Metric unit
Percentage portfolio value

Scope 3 portfolio metric
1165

Portfolio coverage
More than 90% but less than or equal to 100%

Percentage calculated using data obtained from clients/investees
0

Calculation methodology
The methodology used for this process was the following: 1) The sustainability department and the risk department has developed some work in order to identify the sectors of activity with a higher potential for environmental impact. Several activities were selected, based on the Portuguese Classification of Economic Activities, such as: Manufacture of coal and associated products; Extraction of crude oil; Service activities incidental to oil and gas extraction excluding surveying; Manufacture of refined petroleum products; Transport via pipelines; Natural gas extraction; Manufacturing of industrial gases; Gas Production; Distribution of gaseous fuels by pipelines; Gas pipeline trade; Electricity production; Production of electricity of thermal origin; 2) Data Extraction, using the amount of gross credit portfolio under management for each sector/activity and the total amount of gross credit portfolio under management. The calculation was made by dividing the total gross credit amount of carbon-related activities by the total gross credit under management, providing a value of 1.165%.

Please explain
CGD Group defined as a priority of its business strategy the reinforcement of control over non-financial risks. which foresees as main responsibilities the identification, assessment, measurement, monitoring, control and reporting of the Group's non-financial risks which includes the dimensions of emerging risks intrinsically related to sustainability, as well as a specific risk sub-category on the impact of climate change in the context of banking activity. Under EBA guidelines on loan origination and monitoring CGD is planning to adopt a holistic approach, and incorporate ESG considerations in their credit risk policies and procedures by developing specific green lending policies and procedures covering granting and monitoring of such credit facilities. CGD has developed a set of metrics that will provide the input needed to monitor Strategy and Business Risk, namely Climate Risk, such as the percentage of exposure in certain activity sectors over total exposure (extraction, mining..).

C-FS14.1c

(C-FS14.1c) Why do you not conduct analysis to understand how your portfolio impacts the climate? (Scope 3 Category 15 "Investments" emissions or alternative carbon footprinting and/or exposure metrics)

CGD is aware that a portfolio carbon analysis is a useful process to help understand a business' exposure to climate change, useful for both internal and external stakeholders.

Although it has not yet been possible to perform an investment emissions analysis, for lack of data, inappropriate tools and lack of specific technical expertise.

However, CGD aims to measure the impact of its portfolio emissions.

As a first step, CGD undertook a series of commitments aimed at strategically aligning the organization on climate related topics:

· **Principles of Responsible Banking (PRB)**: CGD's commitment to the PRBs defines the role and duty of the financial sector in building a sustainable future, but also its alignment with the sustainable development objectives set by the UN and the Paris 2015 Climate Agreement.

· **Principles of Responsible Investment (PRI)**: CGD's asset management company, Caixa Gestão de Ativos, became a signatory to the United Nations Principles for Responsible Investment in 2019. The adherence to the PRI represents a natural step, reinforcing the importance of the incorporation of ESG factors in the investment process of the funds under management. This philosophy will constitute a pillar in the activity of CGD's fund management company and an integral part of the CGD Group's broad strategy to support a more sustainable future.

· **Climate Action - Business Ambition 1.5ºC**: This is a commitment signed by the CGD and published by leading companies, with the aim of encouraging organizations worldwide to define measures to combat climate change, focusing on the urgent reduction of greenhouse gas emissions and the urgent transition to a low carbon economy.

· **Commitment Letter for Sustainable Financing in Portugal:** The signing of the commitment letter materializes the purpose of promoting the gradual integration of environmental, social and governance criteria into financing and investment analysis, at a national level in line with the Sustainable Finance Action Plan from European Commission;

All these commitments will imply a greater focus on the analysis of what are the impacts of CGD's activities are, both upstream and downstream, as well as the development of metrics and KPIs. At the same time, they will enable CGD to gradually overcome one of the main difficulties in developing a portfolio impact analysis, namely the lack of data. By aligning the business model for the development of sustainable products and services, CGD will have a set of specific information in its IT systems that will allow it to calculate its impact, for example, the analysis and categorization of the energy performance certificate of the home mortgages.

CGD has also been following developments at European level in sustainable finance and sustainable taxonomy. Regarding sustainable taxonomy, it was only in 2020 that it was approved the final report on EU taxonomy, developed by the Technical Expert Group (TEG) on Sustainable Finance, contains recommendations relating to the overarching design of the Taxonomy, as well as guidance on how companies and financial institutions can make disclosures using the taxonomy, enabling investors to refocus their investments on more sustainable technologies and businesses.

As a classification instrument to help financial players and companies determine which activities qualify as sustainable, especially regarding Climate change mitigation and Climate change adaptation, this is very important for anyone who wants to carry out an impact analysis, as it eliminates much of the subjectivity inherent in what is a sustainable product.

CGD also intends to invest in more training and qualification of its employees in Sustainable Financing, enhancing the development of innovation and new internal methodologies/frameworks in this scope.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's Scope 3 portfolio impact?

	Scope 3 breakdown	Comment
Row 1	Yes, by country/region	In 2019, CGD carried out an exercise to identify its exposure lending portfolio (companies only) in regions highly exposed to climate change risk (percentage of exposure in the top 10 industrial countries with worst performance under the Climate Change Performance Index over total exposure - corporate segment only.

C-FS14.2c

(C-FS14.2c) Break down your organization's Scope 3 portfolio impact by country/region.

Country/Region	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Other, please specify (Top 10 industrial countries that worst performed under the Climate Change Performance Index)	Exposure to carbon-related assets	Percentage portfolio value	1.38	Published annually since 2005, the Climate Change Performance Index (CCPI) is an independent monitoring tool for tracking the climate protection performance of 57 countries and the EU. It aims to enhance transparency in international climate politics and enables comparison of climate protection efforts and progress made by individual countries. The CCPI assesses each country's performance in four categories: GHG Emissions (40% of the overall ranking), Renewable Energy (20%), Energy Use (20%) and Climate Policy (20%). In addition, the question is answered to what extent the respective country acts adequately in the areas of Emissions, Renewable Energies and Energy Use in order to achieve the Paris climate targets. The CCPI's unique climate policy section, evaluating countries' national and international climate policy performance, is only possible through the continued support and contributions of around 350 climate and energy experts. CGD Group defined as a priority of its business strategy the reinforcement of control over non-financial risks. which foresees as main responsibilities the identification, assessment, measurement, monitoring, control and reporting of the Group's non-financial risks which includes the dimensions of emerging risks intrinsically related to sustainability, as well as a specific risk sub-category on the impact of climate change in the context of banking activity. In 2019, CGD carried out an exercise to identify its exposure lending portfolio in regions highly exposed to climate change risk (percentage of exposure in the top 10 industrial countries that worst performed under the Climate Change Performance Index over total exposure - corporate segment only. A result of 1.38% was obtained. That will provide inputs to monitor CGD´s Strategy and Business Risk, namely Climate Risk.

C-FS14.3

(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	Yes	CGD has subscribed the Principles of Responsible Banking. The PRB´s are a unique framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the SDGs and the Paris Climate Agreement. This Principles offer unparalleled opportunities for collaboration within the banking sector to align the business portfolio to a 2-degree world. Signatories benefit from the collective expertise of nothing less than the largest community of sustainable bankers globally. By working collaboratively under the auspices of the UN, signatory banks jointly deliver tools, methodology, and practical guidance. These outputs are uniquely positioned to shape global best practice and influence emerging regional regulation. Collective initiatives are also an important aspect of the implementation of the Principles. They create the space for banks to jointly push beyond current practice and define new standards for sustainability leadership. The Collective Commitment to Climate Action for example, provides the most ambitious framework for banks globally to contribute to limit global warming to well-below 2 degrees Celsius through their services and lending Action is needed to combat climate change, and companies are increasingly recording and disclosing their information under increasing recommendations and frameworks. In its 2019 Sustainability Report, document included in the CGD's annual Report 2019, and as a first step, a response approach to the 4 basic recommendations of the TCFD was made. The objective is to gradually improve the quality of the information reported by CGD in the TCFD context. In 2019 CGD maintained the development of specific financial solutions, aligned with what should be the new low carbon economy, offering preferential conditions in the access of its clients - private, corporate and institutional - to goods and services that promote greater environmental responsibility, such as the "Crédito Pessoal Caixa Casa Eficiente " (see more in: https://www.cgd.pt/Particulares/Credito/Pessoal/Pages/Credito-Pessoal-Caixa-Casa-Eficiente.aspx) , a financing solution that aims to promote the improvement of the environmental performance of residential buildings, with special focus on energy and water efficiency, as well as urban waste management.
Investing (Asset manager)	Yes	As previously mentioned, Caixa Gestão de Ativos (CXA) has subscribed to the Principles of Responsible Investment. The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. CXA is convinced that the integration of ESG variables - Environmental, Social and Governance - improves the understanding of the risks and opportunities that exist in the investment portfolios, while at the same time strengthening their environmental, social and corporate governance best practices profile. In this sense, the Socially Responsible Investment strategy defined by CXA has followed a gradual path of integration of the ESG dimension in the investment portfolios in order to shift investments towards a low carbon economy, recognized by Morningstars as Best Bond Management Company and Best Global Management Company. In 2019 CXA approved a new socially responsible investment policy and the commitment to extend the inclusion of ESG factors in the investment process to all assets under management eligible for ESG integration by the end of 2021.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Please select	

C-FS14.3a

(C-FS14.3a) Do you assess if your clients/investees' business strategies are aligned to a well below 2-degree world?

	We assess alignment	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	The Taxonomy regulation will require financial market participants offering products with sustainability or ESG objectives in the EU to disclose the product's percentage of Taxonomy-alignment and which of the six environmental objectives of the Taxonomy it pursues. The lack of available data to determine Taxonomy alignment has been widely discussed and is one of the main challenges we have identified to assess clients/investees business strategies. For example, an approach based solely on classifying the activities of CGD clients taking into account NACE codes may not be sufficient, because one client may have several activities. It is therefore necessary for CGD to be able to directly collect information on its clients' business strategies and activities and how they are aligned with a world well below 2 degrees ambition. This collection of complementary information will require upstream and downstream work over the next few years, so that CGD is prepared for the practical application of the taxonomy. In 2019 CGD started developing an ESG questionnaire, in a first phase directed to suppliers (most of which end up being CGD clients) which will allow a diagnosis/assessment of its environmental policies and strategy. An internal working group will also be set up for taxonomy related topics.
Investing (Asset manager)	No, but we plan to do so in the next two years	The EU taxonomy will enable investors to refocus their investments on more sustainable technologies and businesses. It will be key to enabling the EU to become climate neutral by 2050 and achieve the Paris agreement's 2030 targets. These include a 40% cut in greenhouse gas emissions, for which the Commission estimates that the EU has to fill an investment gap of about 180 billion EUR per year. The EU Taxonomy have direct implications for investment firms, that is, if an investment firm claims its products have environmentally sustainable objectives, it will need to disclose the nature and extent to which the product aligns with the Taxonomy. The lack of available data to determine Taxonomy alignment has been widely discussed and is one of the main challenges we have identified. At the same time adherence to Principles of Responsible Investment turns out to be a set of global best practices for responsible investment. Taking as an example the Principle nº 2 "We will be active owners and incorporate ESG issues into our ownership policies and practices" and the possible related initiatives, we see that the adoption of upstream and downstream engagement practices is quite relevant, addressing for example the following aspects: - Develop an engagement capability (either directly or through outsourcing) - Engage with companies on ESG issues - Participate in collaborative engagement initiatives - Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact).
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C-FS14.3b

(C-FS14.3b) Do you encourage your clients/investees to set a science-based target?

	We encourage clients/investees to set a science-based target	Please explain
Bank lending (Bank)	Yes, for some	According to the latest report by the Intergovernmental Panel on Climate Change (IPCC), it is necessary to curb global overheating by preventing it from exceeding 1.5ºC. To this end, it is urgent to promote the use of cleaner sources of energy production and the reduction of greenhouse gas emissions. With this global objective, the United Nations Global Compact recently presented the "Business Ambition for 1.5ºC". As the representative in Portugal of this UN initiative, Global Compact Network Portugal invited CGD to be one of the first signatories of this letter, in a ceremony held in Lisbon. By signing this letter, Caixa Geral de Depósitos publicly assumed the commitment to align its business plans to promote the decarbonization of the economy with the ambition to limit heating to 1.5ºC, setting goals according SBTI. Given that this initiative would take place on the CGD facilities and in order to positively influence the value chain, CGD invited by email some of its suppliers and customers to join this initiative inviting them to also sign the Business Ambition for 1.5ºC letter.
Investing (Asset manager)	No, but we plan to do so in the next two years	Caixa Geral de Depósitos publicly committed to align its business plans to promote the decarbonization of the economy with the ambition to limit heating to 1.5ºC, by signing Business Ambition for 1.5ºC letter. Caixa Geral de Depósitos GHG emissions (e.g. scope 2) also include the direct activities of group companies such as Caixa Gestão de Ativos, which demonstrates a cross-cutting commitment throughout the group by signing Business Ambition for 1.5ºC letter. Caixa Geral de Depósitos invited some of its stakeholders to join this initiative inviting them to sign the Business Ambition for 1.5ºC commitment letter.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Executive Officer	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms