



June 2023

GREEN BOND ALLOCATION AND IMPACT REPORT



Caixa Geral de Depósitos

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SUSTAINABILITY AT CGD

Caixa Geral de Depósitos (CGD) has been committed to contributing to a better society since its foundation (1876), providing banking products and services designed to improve the well-being of households and the development of the business sector.

The integration of sustainability principles into strategy, operations and reporting practices is something that CGD has recognised as relevant for decades.

SUSTAINABILITY MILESTONES

2007

Creation of the CGD Zero Carbon Programme (currently Low-Carbon Programme)

2008

Drafting of the first sustainability report

2010

Definition of Sustainability, Environmental, and Community Engagement internal policies

2013

Adherence to the 10 Principles of the United Nations Global Compact

2014

ISO 14001 Certification of CGD's Environmental Management System

2015

Only Portuguese company of the financial sector to appear on CDP Climate A List

2017

Launch of the Caixa Social Investimento Socialmente Responsável – Open Securities Investment Fund

2018

Launch of the Caixa Social Program

Publication of the Principles of Exclusion and Sector Limitation

2019

Adherence to the UN Principles for Responsible Banking

Signature of the Letter of Commitment to Sustainable Financing in Portugal

2020

Definition of the Gender Equality Plan 2021

Disclosure of information in alignment with the Task Force on Climate-related Financial Disclosures -recommendation

2021

First sustainable debt issue by a Portuguese bank

Implementation of an ESG rating model

Adherence to the Net-Zero Banking Alliance

2022

First Allocation and Impact Report

Two issues of green debt

Distinguished as one of Europe's Climate Leaders in 2022 by the Financial Times

Key national and international commitments

Founding Signatory of:



PRINCIPLES FOR RESPONSIBLE BANKING

Signatory of:



Principles for Responsible Investment

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

WE SUPPORT



STRATEGIC AGENDA

CGD's ambition for 2024, embodied in its Strategic Plan 2021 - 2024, is based on six transformation pillars.



Sustainability and social impact:

Develop initiatives that have an impact on key areas for society, continuing to contribute to its sustained development on an environmental, social and governance level:

- To continue to invest in key areas for the development of the Portuguese society, helping to promote sustainability strategies;
- To adopt efficient governance models that drive performance in a responsible, diversified and transparent way;
- To be an inclusive bank that prioritizes the well-being and development of employees and society.

SUSTAINABILITY STRATEGY 2021 – 2024

The 2021-2024 Sustainability Strategy embodies CGD's ambition to become the leader in sustainable finance in Portugal, supporting the transition to a low-carbon economy and financing projects with a social impact on people's lives, based on five strategic areas of intervention.



SUSTAINABLE DEVELOPMENTS GOALS (SDGs)

CGD considers the SDGs to be an important framework to guide its strategy, goals and activities. In order to redirect its action and focus towards the challenges in which it can effectively make a greater contribution and have a significant impact, Caixa has outlined a set of quantitative and qualitative goals that contribute to achieving the SDGs, namely:

	GOAL: Investing €40 million in the community (2021-2024) STATUS: 24.8 million invested (2021 -2022)
	GOAL: Reaching 38% of women in management positions by 2024. STATUS: 35% (2022)
	GOAL: Issuing a sustainable bond by 2021. STATUS: Completed
	GOAL: Reaching 525,000 active customers (>45 years old) with access to digital platforms by 2024. STATUS: 697,475 (2022)
	GOAL: Developing a new financing solution that promotes investment in more energy-efficient real estate (green mortgages) by 2022. STATUS: Completed (Casa + Eficiente Campaign)
	GOAL: Setting a goal for reducing greenhouse gas emissions (GHG) aligned with the Science-Based Target initiative (SBTi) methodology by 2022. STATUS: Ongoing
	GOAL: Incorporating ESG metrics into the variable remuneration of the Board of Directors by 2024. STATUS: Completed
	GOAL: Calculating and publicly disclosing scope 3 GHG emissions - category 15 (Investments) by 2021. STATUS: Completed

CGD'S SUSTAINABLE FINANCE FRAMEWORK



By putting together this Sustainable Finance Framework aligned with the Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG) published in June 2021 by the International Capital Market Association, CGD offers investors further insights into the bank's sustainability strategy and commitments.

Under this Sustainable Finance Framework, CGD can issue three types of instruments:

- 1) Green Financing Instruments;
- 2) Social Financing Instruments;
- 3) Sustainability Financing Instruments.

CGD's Sustainable Finance Framework also sets out the bank's contribution to the achievement of eight SDGs.

The Second Party Opinion (SPO) was performed by Sustainalitics.

KEY FEATURES:



USE OF PROCEEDS

CGD's Sustainable Finance Framework Includes 4 green and 4 social categories of eligible projects to be financed, each linked to the UN Sustainable Development Goals, specifically SDG 1, 2, 3, 6, 7, 8, 9, and 11.

It is aligned with the Green Bond Principles, the Social Bond Principles, the Green Loan Principles and the Social Loan Principles.



PROJECT EVALUATION AND SELECTION

The Sustainable Finance Working Group (SFWG) includes in its composition the heads of the Financial Markets Division (DMF), the Risk Management Division (DGR) and the Corporate Support Division (DSC), and is chaired by the Chief Sustainability Officer.

The SFWG is responsible for assessing the eligible projects and validating the projects' selection with the business units.



MANAGEMENT OF PROCEEDS

CGD aims to achieve a level of allocation to the Eligible Project portfolio that matches or exceeds the balance of net proceeds of its outstanding Sustainable Finance Instruments, within 36 months of the issuance of each Sustainable Finance Instrument.



REPORTING

CGD intends to report on allocation and impact of proceeds on its website, on an annual basis, until allocation is completed.



EXTERNAL REVIEW

CGD uses an independent auditor to verify the allocation of net proceeds from each bond issuance.

Sustainable Finance Framework:



Second Party Opinion:



GREEN BOND ISSUANCE DURING 2022

In 2022 CGD took another significant step towards achieving the leadership in sustainable finance in Portugal, through the issuance of two green bonds amounting to 800 million euros targeted to financing residential real estate with A+, A or B Energy Performance Certificates.

The proposed allocation of the proceeds and the estimated environmental and social impact comply with the eligibility criteria of the Sustainable Finance Framework and has been subject to a limited assurance by Ernst & Young Audit & Associados – SROC, S.A. (independent third party).

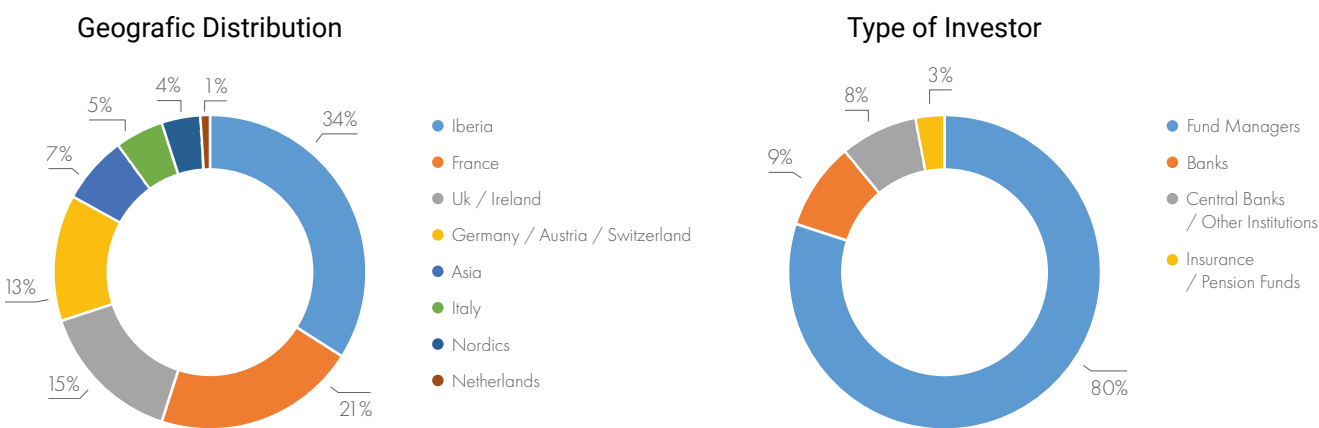
The proceeds were used mainly for refinancing purposes (94%).

Issuer	Caixa Geral de Depósitos, S.A.	
Issue Ratings	Baa2 (Moody's)/BBB- (Fitch)/BBB (DBRS)	Baa2 (Moody's)/BBB- (Fitch)/BBB (DBRS)
Format	Green Senior Preferred Fixed Rate Reset Callable Notes	Green Senior Preferred Fixed Rate Reset Callable Notes
Size	300,000,000 €	500,000,000 €
Settlement Date	15 June 2022 (T+6)	31 October 2022 (T+5)
Maturity Date	15 June 2026 (4NC3)	31 October 2028 (6NC5)
Optional Redemption Date	15 June 2025	31 October 2027
Coupon	2,875% per annum on 15 June of each year. The interest rate will reset on 15 June 2025 to the mid swap 1Y + 140 bps	5,75% per annum on 31 October of each year. The interest rate will reset on 31 October 2027 to the mid swap 1Y + 275 bps
Use of Proceeds	The net proceeds from the issue (or an amount equal thereto) will be separately identified and applied in financing and/or refinancing, individually or on a portfolio basis, Eligible Green Projects (as further described in the Sustainable Finance Framework published on the CGD Group's website	The net proceeds from the issue (or an amount equal thereto) will be separately identified and applied in financing and/or refinancing, individually or on a portfolio basis, Eligible Green Projects (as further described in the Sustainable Finance Framework published on the CGD Group's website
SPO Provider	Sustainalytics	Sustainalytics
EMTN Programme	EMTN Programme	EMTN Programme
ISIN	PTCGDNOM0026	PTCGDDOM0036

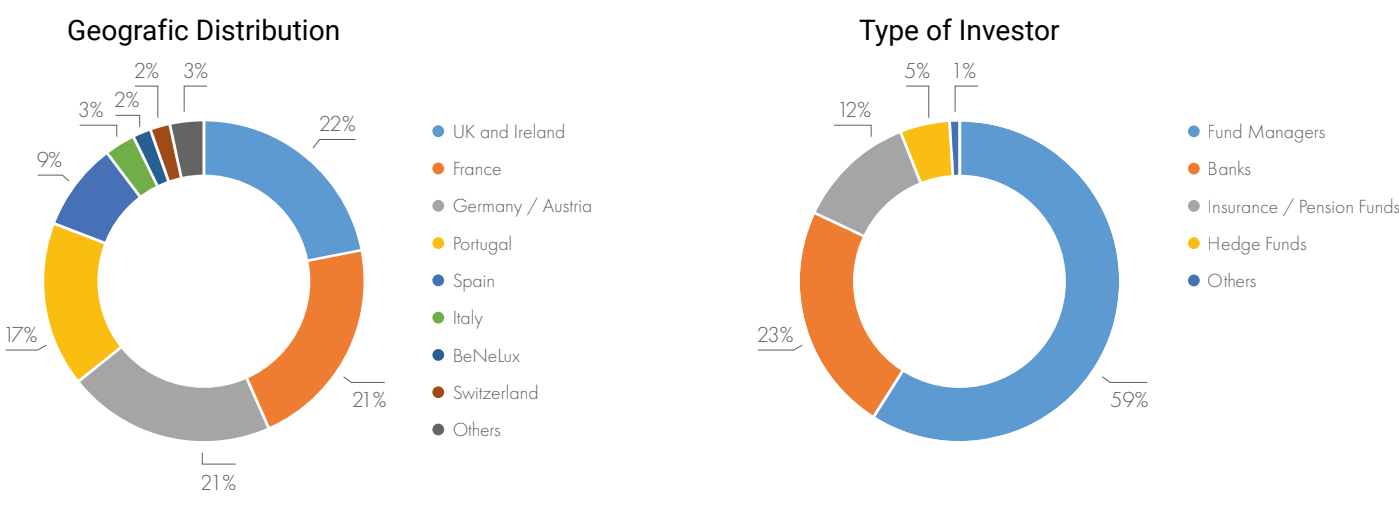
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	SDG Targets: 9.1 - Sustainable and resilient infrastructure / 9.4 – Upgrade infrastructure and industries to make them sustainable
	GBP / SBP Project Category Green Buildings EU Environmental Objective Climate Mitigation Eligibility Criteria New loans for residential real estate with energy performance in the top 15% of national energy performance baseline which includes EPC Class A+, A and B.

DISTRIBUTION BY GEOGRAPHY AND INVESTOR TYPE

1st GREEN BOND (ISIN PTCGDNOM0026)



2nd GREEN BOND (ISIN PTCGDDOM0036)



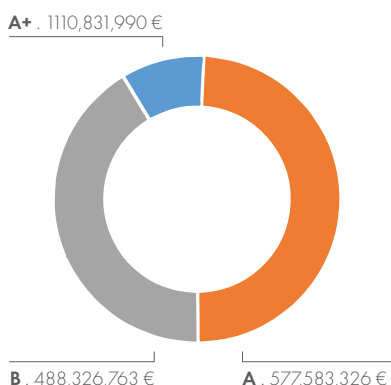
OVERVIEW OF CGD 'S ELEGIBLE PROJECT PORTFOLIO

Taking into consideration the maturity date of the two green bonds and the proceeds amortization plan, an amount of 1,113,207,875 euros covering the period from 1 January 2019 to 31 December 2022 has been allocated.

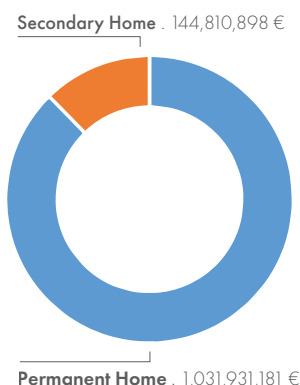
TYPE OF FINANCING	AMOUNT FINANCED	BALANCE AS AT 31/12/2022	
 GREEN BUILDING Loans for residencial real estate EPC Class A+, A and B	1,176,742,079 €	1,113,207,875 €	6,742 MORTGAGE LOANS 175 K€ AVERAGE AMOUNT PER LOAN
TOTAL FINANCING	1,176,742,079 €	1,113,207,875 €	33.6 YEARS AVERAGE MATURITY

Proceeds breakdown

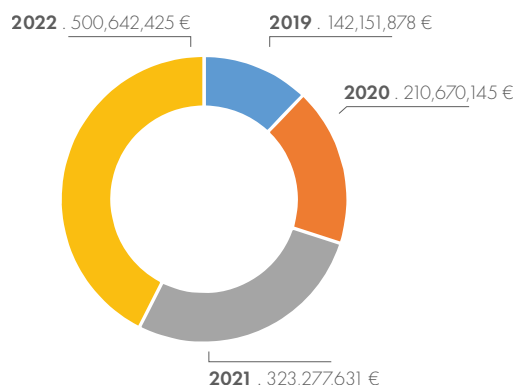
by energy performance certificate



by mortgage type



by year



ENVIRONMENTAL AND SOCIAL IMPACT

CGD's impact report is supported by a set of environmental and social impact indicators. These indicators were calculated based on the outstanding balance as at 31/12/2022.



6,742 energy-efficient homes financed



11,347 people directly impacted



2,064 tCO₂e¹ estimated emissions avoided per year, which is the equivalent to the emissions sequestered per year by **93,822 trees** and the equivalent of the GHG emissions of **49 Lisbon - London flights**

¹ Data calculated using the eligible amount of financing/funding on 31/12/2022 and the European building emission factor database disclosed by the Partnership for Carbon Accounting Financials (PCAF). For more information please refer to the methodological notes.

METHODOLOGY

The purpose of this note is to describe the methodology used to select the eligible assets (energy-efficient home), the estimated people directly impacted, the estimated Greenhouse Gas (GHG) Emissions avoided and the equivalence in number of flights and number of trees.

ELIGIBLE ASSETS

- The selection of allocated proceeds encompasses exclusively financing for the acquisition of residential real estate with A+, A, or B Energy Performance Certificates;
- The asset selection approach focused on the product family Mortgage/Acquisition, excluding product families such as Housing/Construction and other real estate loans;
- Some financing operations were excluded due to the inexistence of outstanding balance as of 31/12/2022 and due to their full amortization taking place before 31/12/2028.

PEOPLE DIRECTLY IMPACTED

- The number of persons directly impacted was determined based on the sum of the number of holders associated with the mortgage loans.

GREENHOUSE GAS (GHG) EMISSIONS AVOIDED

- To calculate the estimated GHG emissions related with the allocated operations, the European building emission factor database was applied according to the PCAF - Partnership for Carbon Accounting Financials (Emission per dwelling factor – PCAF Data Quality Score 5), namely: 0.419357 tCO₂e /dwelling (EPC A+), 0.603973 tCO₂e /dwelling (EPC A) and 0.780198 tCO₂e/dwelling (EPC B). The emission factors can be found at <https://carbonaccountingfinancials.com>;
- To calculate the estimated environmental impact (GHG emissions avoided) a comparison was performed with the Portuguese average emissions of buildings with energy certification issued between 2019 and 2022, taking into consideration the EPC national average according to data from ADENE (www.sce.pt/estatisticas) accessed on 23/06/2023 (Statistics of the buildings' energy certification – Residential) and weighted with the European building emission factor database according to the PCAF (emission per dwelling factor), to this end, an emission factor of 1.223271634 tCO₂e/dwelling was used.

ESTIMATED NUMBER OF TREES

- The factor used to convert the avoided CO₂ emissions into a number of estimated trees was based on the European Environment Agency (over one year, a mature tree will take up about 22 kilograms of carbon dioxide from the atmosphere <https://www.eea.europa.eu/articles/forests-health-and-climate-change/key-facts/trees-help-tackle-climate-change>).

ESTIMATED NUMBER OF FLIGHTS

- The factor used to convert the avoided CO₂ emissions into a number of estimated Lisbon - London flights took into account the distance travelled (1,567,17 km) and the number of passengers (174 persons for an Airbus A320neo twin-jet A20N) applying the 2022 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting for Short-haul, to/from UK flights (0.1535 kg CO₂e per passenger/km). The conversions factors can be found at www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022 (conversion factors 2022: condensed set [for most users, sheet 'business travel air']).



EXTERNAL VERIFICATION

Independent Limited Assurance Report

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

Scope

We have been engaged by Caixa Geral de Depósitos, S.A. ("CGD") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, to report on the Green Bond Allocation and Impact Report ("Green Bond Report") for the year ended 31 December 2022.

Criteria applied

CGD prepared the Green Bond Report in accordance with the CGD Sustainable Finance Framework (the "Criteria").

Responsibilities of the Management

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

Responsibilities of the Auditor

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

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

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

- ▶ Conducting interviews with management and other personnel involved in the preparation of the Green Bond Report, in order to understand the characteristics of the (re)financed projects and how the information system is structured;
- ▶ Inquiries with the personnel responsible for preparing the Green Bond Report in order to understand the processes for collecting, collating, reporting, and validating the allocation and impact report data for the reporting period;
- ▶ Checking the Green Bond net proceeds allocation in the eligible project portfolio has been made in accordance with the Criteria;
- ▶ Performing analytical review procedures to support the reasonableness of the allocation and impact report data, including information related to indicators disclosed in the report;
- ▶ Verification of the conformity of the Green Bond Report with the results of our work and with the Criteria applied.

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

Quality and independence

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

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

Conclusion

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

Lisbon, 28 June 2023

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



Manuel Ladeiro de Carvalho Coelho da Mota - ROC nº 1410
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Caixa Geral de Depósitos