

C0. Introduction

C0.1

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

BTG Pactual (Banco BTG Pactual S.A.) is a leader in the industry, recognized as the largest investment bank in Brazil and Latin America. With its headquarters in Rio de Janeiro, Brazil, and its main office located in São Paulo, we have units in other major cities in the country, such as Belo Horizonte, Brasília, Curitiba, Fortaleza, Salvador, and Recife, as well as BTG Advisors offices in more than 15 cities across Brazil. We also have a physical footprint in Latin American countries such as Chile, Colombia, Mexico, Peru and Argentina. In addition, we have a strategic presence in the US, UK, and Portugal, with a focus on distributing an extensive range of financial products and managing funds for global customers. In the end of 2022, our team was composed for 5,999 highly qualified employees who are aligned with our culture and dedicated to upholding the high standards of our products and services, providing our customers with solid results.

Our operational strategy focuses on the business areas of Investment Banking, Corporate & SME Lending, Sales & Trading, Asset Management, Wealth Management, and Consumer Banking. In 2016, we ventured into the retail market to explore new opportunities, providing numerous financial products and services to high-income individual customers.

- **Investment Banking:** Financial and capital markets advisory services.

- **Corporate & SME Lending:** Financing, structured credit and guaranteed loans to companies.

- **Sales & Trading:** Financial products and services offered to different types of customers in domestic and international markets, including market making, brokerage and clearing, research and equities, derivatives, interest rate, foreign exchange, energy, commodity transactions for hedge and trading purposes, insurance and reinsurance.

- **Asset Management:** Management and administration services provided for a variety of international asset classes, particularly in Latin America, to both domestic and international clients.

- **Wealth Management and Consumer Banking:** Investment advisory services, financial planning, investment products, and banking services for individuals in the private wealth and high-income retail segments.

Regarding climate change, our scope 1 emissions are direct emissions originating from sources controlled by BTG Pactual S.A., including fugitive emissions from air conditioners and fire extinguishers in the bank's offices. Scope 2 emissions originate from the electricity generated by the company and are considered indirect emissions, which are measured based on the local electricity grid or the specific suppliers contracted by the company. Scope 3 emissions are all other indirect emissions arising from the BTG Pactual's activities, for example emissions related to business travel, employee commuting, and generated waste.

The greatest impact of an investment bank tends to come from greenhouse gas (GHG) emissions from the activities of its customers, its Corporate & SME Lending portfolio, and its own assets (direct and indirect subsidiaries). In this context, BTG Pactual has a strong ESG management structure, guiding its actions to become more and more influential in the global decarbonization movement. We strive to accurately measure the emissions of our activities - Scope 3 Category 15 emissions, using precise and reliable methodologies, to disclose the data afterwards more conclusively. We use PCAF standards to calculate and incorporate the emissions funded and enabled by the Corporate & SME Lending portfolio into the bank's credit analysis and climate planning.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1 2022

End date

December 31 2022

Indicate if you are providing emissions data for past reporting years

Yes

Select the number of past reporting years you will be providing Scope 1 emissions data for

3 years

Select the number of past reporting years you will be providing Scope 2 emissions data for

3 years

Select the number of past reporting years you will be providing Scope 3 emissions data for

3 years

C0.3

(C0.3) Select the countries/areas in which you operate.

- Argentina
- Brazil
- Chile
- Colombia
- Mexico
- Peru
- Portugal
- United Kingdom of Great Britain and Northern Ireland
- United States of America

C0.4

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

- BRL

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 activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

	Does your organization undertake this activity?	Insurance types underwritten	Industry sectors your organization lends to, invests in, and/or insures
Banking (Bank)	Yes	<Not Applicable>	Exposed to all broad market sectors
Investing (Asset manager)	Yes	<Not Applicable>	Exposed to all broad market sectors
Investing (Asset owner)	No	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	Yes	General (non-life)	Exposed to all broad market sectors

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a Ticker symbol	Traded through Units - ticker BPAC11

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 or committee	Responsibilities for climate-related issues
Board-level committee	The Board of Directors is the highest authority on ESG integration and risk management related to the business, including approval of ESG & Impact Investing strategies. Supported by the ESG Committee, it approves the policies that guide the incorporation of the topic into the corporate strategy, as well as the assessments of climate and socio-environmental risks. It is also responsible for guiding and improving BTG Pactual's ESG strategy and policy and overseeing its implementation across all business units. Its operation is supported by a defined structure. The ESG Committee is chaired by the CEO and meeting monthly, it supports the Board of Directors in defining strategies, guidelines, and measures to adopt best practices and identify and reduce social, environmental, climate, and regulatory risks. Given the importance of the topics discussed, the Committee is made up of C-Level representatives (CFO, CRO, CSO, CCO, head of Human Resources, ESG) and members of Senior Management, who are responsible for supervising and managing the implementation of ESG policies and their outcomes. It also acts in coordination with the bank's Risk and Capital Committee and Audit Committee.
Chief Executive Officer (CEO)	The CEO is the chair of the ESG Committee, and he has the responsibility to guide and make decisions on climate change matters that are discussed by ESG Committee, but also manifest in daily operations. Examples of climate-related decision made by the CEO: decision making for approval or rejection of transactions that represent a reputational risk for the bank, approval of BTGP participation on Investor of Climate (aims to enable and engage professional investors to manage climate change), approval of the 19 sector policies that support the Bank's operations, as well as on assessment of critical suppliers, engagement of managers for the funds administrated by the Bank, analysis of materiality; revision of 2022's GHG Inventory which includes a test of the category 15 (Financed emissions). Also, CEO is part of the Internal Controls Committee, composed by CEO, CFO, Heads of the Risks and ESG and Compliance. The Internal Controls Committee met bimonthly to discuss and report main risks and mitigation plans of all represented areas. Also, controls and KPIs are discussed and approved.
Chief Sustainability Officer (CSO)	CSO is responsible for recommending the strategic ESG priorities for the business units to the Board of Directors, as well as overseeing the implementation process of the approved guidelines, based on socio-environmental impact indicators. Other duties include approving transactions with a high potential for socio-environmental risk for the bank. All loans and transactions undergo socio-environmental due diligence based on the principles of relevance and proportionality. The factors considered in due diligence include compliance with social and environmental regulations, climate impacts, the likelihood of extreme weather events (such as floods, droughts or forest fires), compliance with occupational health and safety standards, potential use of child or forced labour; judicial or administrative proceedings related to illegal deforestation; project constraints due to protected areas (e.g. legal reserves, indigenous lands and quilombolas), procedures to assess human rights risks and impacts, gender risk assessments (non-discrimination policies, action taken to mitigate the risk of sexual exploitation of minors and gender violence), and clients' social and environmental management capabilities. For some types of transactions, we apply the International Finance Corporation's (World Bank) Performance Standards - a global benchmark on environmental and social sustainability - including the following: (I) Assessment and Management of Environmental and Social Risks and Impacts, (II) Labour and Working Conditions, (III) Occupational Health & Safety, and (IV) Indigenous Peoples and Cultural Heritage. The scope of authority for transaction decisions extends to the ESG Committee.

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 – all meetings	Reviewing and guiding annual budgets Reviewing and guiding strategy Overseeing and guiding the development of a transition plan Overseeing and guiding scenario analysis Overseeing value chain engagement Reviewing and guiding the risk management process	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our banking activities Climate-related risks and opportunities to our investment activities Climate-related risks and opportunities to our insurance underwriting activities The impact of our own operations on the climate The impact of our banking activities on the climate The impact of our investing activities on the climate The impact of our insurance underwriting activities on the climate	The greatest impact of an investment bank with respect to climate change tends to arise from greenhouse gas (GHG) emissions from client activities, the Corporate & SME Lending portfolio and the bank's own assets (direct and indirect subsidiaries). In order to map, manage and mitigate climate risks, BTG Pactual has a robust management structure consisting of different lines of defense, represented by (in this order): ESG area, ESG Head, CSO and ESG Committee. - ESG Area: Performs the framework of BTG Pactual's operations, categorizing them into risk levels and conducting monitoring. It is also responsible for the annual budgets, approved by senior management, that include climate change issues; - Head of ESG: 1st instance of approval of transactions with high potential socio-environmental and climate risk for the bank; - CSO: 2nd instance of approval of transactions with high potential socio-environmental and climate risk for the bank; - ESG Committee: The ESG Committee is responsible for formulating strategies and represents the third and highest instance in the decision-making process for transactions and operations that may represent climate risk. It advises the Board of Directors and meets on a monthly basis. Banco BTG Pactual has actively participated in the transition to a low-carbon economy through internal and external climate engagement. Understanding our impacts and those of our clients involves analysing practices, commitments and scenarios on greenhouse gas emissions from supply chains and the resilience of counterparties to regulatory, social and market changes resulting from climate change. All relationships and transactions go through a socio-environmental and climate due diligence process, and if it is found that the counterparty is not able to manage the risks, the ESG area may recommend an action plan to be adopted by the counterparty in order to mitigate these risks in its value chain - in some cases this includes hiring an independent engineer or socio-environmental consultant to monitor the activities and compliance with the action plan, through periodic reports on the environmental conditions and climate risks related to the operation.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	<p>The Board of Directors is the highest authority on ESG integration and risk management related to the business. Supported by the ESG Committee, it approves the policies that guide the inclusion of the topic in corporate strategy, as well as the analysis of climate and socio-environmental risks. It is also responsible for guiding and improving BTG Pactual's ESG strategy and policy and supervising their implementation in all business units. The ESG Committee is chaired by the CEO and, with monthly meetings, supports the Board of Directors in defining strategies, guidelines and measures aimed at adopting best practices to identify and mitigate social, environmental, climate and regulatory risks. The CEO is responsible for conducting and deciding on the issues related to climate change that permeate the Committee's discussions but unfold in daily routines.</p> <p>André Esteves, Chairman of BTG Pactual's Board of Directors, is a board member of Conservation International (CI), a non-governmental organization that believes that at least 30% of the solutions for mitigating the effects of climate change lie in nature, through actions such as forest restoration, low-carbon agriculture, mangrove restoration and conservation of the most threatened ecosystems. The CSO, Iuri Rapoport, is President and member of the Board of Directors of CI Brasil.</p> <p>In addition, BTG Pactual is the controlling shareholder of PSR, an energy sector advanced technology company and provider of innovative methodologies and analytical tools, producing important studies on decarbonization and energy transition in the business sector in Brazil. PSR's Chairman, Eduardo Loyo, is a member of BTG Pactual's Board of Directors.</p>	<Not Applicable>	<Not Applicable>

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

Other, please specify (ESG Committee)

Climate-related responsibilities of this position

Integrating climate-related issues into the strategy
Managing climate-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking
Risks and opportunities related to our investing activities
Risks and opportunities related to our insurance underwriting activities
Risks and opportunities related to our own operations

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

The ESG Committee acts as an auxiliary body to the BoD in defining strategies, guidelines and actions and measures aimed at adopting best sustainability and Environmental, Social and Climate risk management practices, in order to identify and mitigate these 3 risks, as well as the regulatory risks arising from inadequate practices. This Committee operates in coordination with BTG Pactual's Risk and Capital and Audit Committees. The administrative management of the ESG committee is headed by Roberto Sallouti, the Bank's CEO, and is composed of members of the BoD, the Chief Financial Officer (CFO), the Chief Risk and Capital Officer (CRO), the Chief Compliance Officer (CCO), the Chief Sustainability Officer (CSO), the Head of the ESG, the Head of Human Resources, the Legal Officer (Head of Legal) and other members of the Bank's Management.

Position or committee

Chief Executive Officer (CEO)

Climate-related responsibilities of this position

Integrating climate-related issues into the strategy
Managing climate-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking
Risks and opportunities related to our investing activities
Risks and opportunities related to our insurance underwriting activities
Risks and opportunities related to our own operations

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

The CEO is the chair of the ESG Committee, and he has the responsibility to guide and make decisions on climate change matters that are discussed by ESG Committee, but also manifest in daily operations. An example of climate-related decision made by the CEO is the decision making for approval or rejection of transactions that represent a reputational risk for the bank. Also, CEO is part of the Internal Controls Committee, composed by CEO, CFO, Heads of the Risks and ESG and Compliance. The Internal Controls Committee met bimonthly to discuss and report main risks and mitigation plans of all represented areas. Also, controls and KPIs are discussed and approved.

Position or committee

Chief Sustainability Officer (CSO)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities
 Managing climate-related acquisitions, mergers, and divestitures
 Integrating climate-related issues into the strategy
 Managing value chain engagement on climate-related issues
 Managing climate-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking
 Risks and opportunities related to our investing activities
 Risks and opportunities related to our insurance underwriting activities
 Risks and opportunities related to our own operations

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

The CSO is responsible for submitting proposals for strategic ESG priorities for the business units to the Board of Directors, and for approving transactions with potential ESG risks. In accordance with BTG Pactual's management strategies and applicable laws and regulations, the responsibilities of the ESG Committee and the CSO cover all BTG Conglomerate entities with respect to Environmental, Social and Climate risks.

Position or committee

Environment/ Sustainability manager

Climate-related responsibilities of this position

Developing a climate transition plan
 Implementing a climate transition plan
 Integrating climate-related issues into the strategy
 Conducting climate-related scenario analysis
 Managing value chain engagement on climate-related issues
 Assessing climate-related risks and opportunities
 Managing climate-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking
 Risks and opportunities related to our investing activities
 Risks and opportunities related to our insurance underwriting activities
 Risks and opportunities related to our own operations

Reporting line

Corporate Sustainability/CSR reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

Head of ESG is the coordinator of the ESG Committee, responsible for taking important issues to decision making in relation to the theme, regulatory updates, as well as global discussions. He is also responsible for BTG Pactual's ESG area, which develops and applies policies, procedures, and tools to ensure proper management of Environmental, Social and Climate risks embedded in the credit and investment portfolio, as well as in the other activities of BTG conglomerate companies. Head of ESG has the CSO as its main reporting line. In relation to the development and implementation of the climate transition plan, as well as conducting scenario analyses, BTG Pactual has actively participated through internal and external climate engagement. Understanding our impacts and those of our clients involves analysing practices, commitments and scenarios on greenhouse gas emissions from supply chains and the resilience of counterparties to regulatory, social and market changes arising from climate change. Clients in intensive sectors with GHG mitigation potential are guided to follow a customized action plan for reducing emissions and improving climate resilience, involving portfolio diversification and/or R&D investments, a climate transition plan, and engagement with clients and suppliers. In addition, in 2022, we started the climate stress test project in order to analyse the impact on our portfolio of physical climate risks and the transition to a low-carbon economy. The climate stress test also enables the quantification of the impact of a possible taxation of emissions (in several scenarios) on credit clients from intensive sectors, such as oil and gas, steel, cement and mining. For these cases, a standard climate resilience assessment was developed. The data generated from the survey will be integrated into the credit analysis, considering the time horizon up to 2050 and the chosen scenarios.

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	BTG Pactual's performance evaluation process is the tool that serves as the basis for defining variable remuneration, promotions and salary increases, in addition to career planning, training and employee development. The evaluation process is independent, annual and encompasses all employees, including the highest governance body and senior executives. As input for the process, performance indicators previously agreed upon are considered and established by means of personal goals, based on competencies and results, in addition to the principles adopted by BTG Pactual. In addition, the company's global targets are defined annually, which include socio-environmental, economic-financial, and operational topics. These goals are disseminated to all teams so that individual goals, also linked to our compensation policy, are defined, in order for each person's performance to contribute to the achievement of the goal.

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

Chief Sustainability Officer (CSO)

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Promotion

Salary increase

Performance indicator(s)

Board approval of climate transition plan

Achievement of climate transition plan KPI

Implementation of an emissions reduction initiative

Reduction in absolute emissions

Reduction in emissions intensity

Energy efficiency improvement

Increased engagement with clients on climate-related issues

Increased engagement with investee companies on climate-related issues

Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

Implementation of employee awareness campaign or training program on climate-related issues

Increased alignment of portfolio/fund to climate-related objectives

Incentive plan(s) this incentive is linked to

Not part of an existing incentive plan

Further details of incentive(s)

The Chief Sustainability Officer, the Head of ESG and the employees on the ESG team have personal goals linked to climate and socio-environmental issues, and which serve as input for defining variable remuneration, promotions and salary increases.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

The CSO's goals include integrating ESG into the bank's operations, improving ESG controls in the business areas, and managing climate change strategies in order to measure and mitigate the impacts generated.

Entitled to incentive

Environment/Sustainability manager

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Promotion

Salary increase

Performance indicator(s)

Board approval of climate transition plan

Achievement of climate transition plan KPI

Implementation of an emissions reduction initiative

Reduction in absolute emissions

Reduction in emissions intensity

Energy efficiency improvement

Increased engagement with clients on climate-related issues

Increased engagement with investee companies on climate-related issues

Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

Implementation of employee awareness campaign or training program on climate-related issues

Increased alignment of portfolio/fund to climate-related objectives

Incentive plan(s) this incentive is linked to

Not part of an existing incentive plan

Further details of incentive(s)

The Chief Sustainability Officer, the Head of ESG and the employees on the ESG team have personal goals linked to climate and socio-environmental issues, and which serve as input for defining variable remuneration, promotions and salary increases.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

The goals of the ESG Head and ESG team include, for example, implementing processes and tools to manage GHG emissions, increasing and improving the quality of GHG data, calculating avoided GHG emissions and setting reduction targets, periodically reviewing emission sources, and identifying initiatives to measure the impact of climate change. Contributing to the process of transitioning to a low-carbon economy and understanding our impacts.

C-FS1.4

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

	Employment-based retirement scheme that incorporates ESG criteria, including climate change	Describe how funds within the retirement scheme are selected and how your organization ensures that ESG criteria are incorporated	Provide reasons for not incorporating ESG criteria into your organization's employment-based retirement scheme and your plans for the future
Row 1	No, and we do not plan to in the next two years	<Not Applicable>	At the moment it is not a priority as we are in the process of studying the issue of climate change, testing methodologies until we develop confidence in the numbers and results, and then setting up targets. After all this work, it will be possible to evaluate incentives such as these.

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	3	In the short-term, they are internal goals such as (i) transparency of GHG strategy, data, sources and emissions, (ii) incorporate more specific climate change questions to clients (due diligences) to measure climate change impact (iii) quantitative analysis of climate risk for our credit operations; engage the senior management (C-level) with climate change issues/risks
Medium-term	3	10	In the medium-term, they are (i) define strategy to portfolio allocation based on climate change issues (ii) reduce global GHG emissions
Long-term	10	50	In the long-term (i) implement a climate strategy for 2050, (ii) environmental and social risk assessment integrated into business continuity planning, allowed to mitigate the effects of climate change, (iii) develop methods to be more efficiency in our operations in order to reduce GHG emissions (scope 3 mainly).

C2.1b

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

BTG Pactual is subject to significant or substantial changes in the way it conducts business, negotiates and completes potential acquisitions due to its diversified client base, which may have its economic activities exposed to environmental, social and climate factors. Any manifestations of these factors in the economic activities of the Bank's shareholders and clients may occur in the most varied forms and at different degrees of intensity, and may generate negative socio-environmental and climatic impacts, and consequent reputational losses and/or financial implications.

To mitigate the risks to which it is subject, BTG Pactual defines its risk appetite, establishing the levels to which the institution is willing to assume within its capacity to achieve the strategic objectives and the business plan. By defining appetites and limits, it is possible to create processes to manage and oversee risk.

Social, environmental and climate risk is classified as "medium" and mitigated through due diligence of 100% of BTG Pactual's relationships. The depth of the analysis and the topics considered vary according to the counterparty's relationship with the bank, its industry and the type of transaction.

We consider a substantial financial or strategic impact related to climate risks any damage that impact the capacity of an asset from a client or from the bank itself to generate revenue in more than 5% over a period of at least one year.

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
Upstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

Annually

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

BTG Pactual has a robust ESG management structure, through which it directs its actions to become increasingly relevant in the global decarbonization movement.

- Corporate & SME Lending: 100% of the Corporate & SME Lending portfolio undergoes ESG analysis according to the modality of the operation, the potential impacts inherent to the counterparty's sector of activity, and any relevant notes identified in the KYC analysis. The socio-environmental categorization based on IFC standards (high, medium or low risk) is applicable to more structured operations, which may bring impacts and risks not only associated with the counterparty, but also with the use of resources, sector of the economy, project, instrument and duration of exposure. 62% of our Corporate & SME Portfolio is subject to this more in-depth analysis. BTG Pactual has a medium appetite for social and environmental risk associated with its portfolio, of which 46% of credit operations are categorized as "B" (Medium Risk). For the economic sectors potentially most affected by climate change (as per TCFD guidance), BTGP requests climate information (i.e.: climate governance/strategy/risk and opportunity management, GHG inventory and/or emission offsets). In addition to these general rules, the BTGP has 19 sector policies that explain how we conduct environmental and social analysis. Regarding opportunities, R\$8.2 billion of our Corporate & SME Lending portfolio was eligible in 2022 under our Sustainable Financing Framework. These refer to assets and projects financed in renewable energy (such as solar and wind), energy efficiency, sanitation, clean transportation, sustainable buildings, sustainable forest management, low-carbon agriculture, resource efficiency and pollution prevention, affordable housing, affordable basic infrastructure and financing for small and medium-sized enterprises, the latter with revenues up to R\$ 300 million and that are located in the North and Northeast states in Brazil and/or with at least 51% of the company's share capital held by women.

- Investment Banking: BTG Pactual assists clients in structuring, arranging and distributing green, social, sustainable, transition and sustainability-linked (linked to the UN Sustainable Development Goals) bond issuances. For the ECM division, BTG Pactual helps clients to integrate ESG into their business strategy developing a roadmap and actions plans for them.

- Asset Management: The ESG integration process at Asset Management is guided by a Responsible Investment Policy, revised in 2022 and approved by the Board of Directors, which establishes a set of principles that guide the selection and management of fund assets, in accordance with BTG Pactual's ESG criteria. We understand Responsible Investment to mean, in addition to action in accordance with our policy, the application of our ESG Framework in investment decisions. In the decision-making process, the principles of relevance and proportionality are considered, in addition to risks and returns, observing the particularities of each of the investment strategies. The ESG analysis begins with an assessment of the industry and the legal, regulatory and reputational risks material to the industry, which can be done through stakeholder consultation, independent research, specialized consultancy and/or international frameworks such as the IFC Performance Standards. We are also members of the IPC (Investidores Pelo Clima) initiative. This group of investors have regular meetings and engagement sessions with investees about climate change and their practices to address the topic. The goal of the initiative is to engage and empower Brazilian investors on how to start and accelerate investment portfolio decarbonization, contributing to the achievement of Brazil's commitment to the Paris Agreement.

In 2022, we initiated the climate stress test project to assess the impact on our portfolio of the climate risks, both physical and of the transition to a low carbon economy. For the electricity sector, we partner with PSR energy consulting to develop and implement climate models. These models project future scenarios of physical data, such as reservoir flow and wind speed, which are then applied to our clients' asset performance models. As such, it is possible to estimate the impacts on production and revenue over a 30-year period and quantify the climate-related impacts and risks.

Finally, together with the business team, we point out the main points of the assessment and suggest possible mitigants for any impacts found. Our process for emission intensive assets consists in a periodical engagement approach (at least 6 months), during which we analyse the company's assets for performance improvement opportunities, climate related KPIs, such as GHG emissions and climate targets, and ask the respective teams about alternatives and transition plans. We are also involved in the R&D planning for some of these companies. Plus, during these engagement sessions we connect them to low carbon solutions identified during the period.

Also in the decision-making process, there may be investment committees responsible for analyzing assets, economic scenario, fund positions and defining or adapting investment strategies. The ESG & Impact Investing team may have veto power over operations in some of the committees. Reinforcing our broader commitment to sustainability, in the Asset Management activity we are signatories to the following initiatives: Principles for Responsible Investment (PRI), in which international investors work together to put into practice six principles for responsible investment. And Investors for Climate, which aims to bring together investors in a collaborative and educational movement to incorporate risks associated with climate change.

- Sales & Trading: The energy desk's operations go through the KYC procedure, and for the activities most exposed to socio-environmental and climate risks, the team asks the ESG area for an assessment of the risks involved in the operation, in order to better calculate the costs and obligations to be included in the contracts. At the Grains & Oilseeds (G&O) desk, 100% of the counterparties and their respective cultivation areas undergo careful socio-environmental analysis, divided into 2 lines of defense. The first line of defense, conducted by the Onboarding team of the G&O desk, combines the KYC process with the analysis of socio-environmental liabilities in tools that cross satellite images, information and public lists in geospatial data. The second line of defense is conducted by the ESG team, which is triggered in case of notes that may undermine the guidelines and commitments predetermined by BTG Pactual for this type of activity. In 2022, all operations of the G&O desk were analysed and approved, taking into account socio-environmental criteria in decision making.

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	Periodically monitor new legislation and rules applicable to business. Some legislation discuss/study new aspects/measures on climate change issues (i.e. price of GHG emissions; emissions – reporting obligations; regulation of existing products and services). This is substantial to us since change a regulation change could represent risk for BTG Pactual, considering that our clients might have to comply with more restrictive and/or expensive regulatory requirements (i.e. emissions targets; carbon pricing). This could represent more investment at the industrial plant or, if client decides not to incorporate the regulatory changes, could represent fines and other government restrictions.
Emerging regulation	Relevant, always included	Periodically monitors changes in legislation – draft of law. BTG is part of working groups at FEBRABAN and ANBIMA that discuss climate change matters (i.e. TCFD recommendations at FEBRABAN working group). Furthermore, emerging issues such as cyber security and data protection, which have become increasingly relevant as our Digital Retail Unit (DRU) operations continue to expand and scale. We also have several committees that address security risks, monitor projects and conduct periodic external, independent assessments.
Technology	Relevant, always included	Depending on the sector analysed, the susceptibility and constraints linked to climate change drives the analysis of climate resilience via mitigation technologies. Technological lag and failure to adopt strategies for transitioning to a low-carbon economy can cause loss of competitive advantage and consequently loss of market share and revenue. For example, in 2022, a guarantee operation for the purchase of a fossil thermal power plant was only approved after the counterparty made concrete commitments to reduce emissions in the plant's life cycle, such as its early decommissioning and investment in maintaining plant efficiency, such as the use of technologies that are able to capture high CO2 concentrations
Legal	Relevant, always included	Periodic monitoring of the legislation (participation in Working Groups concerning climate change matters). New norms can change the ESG analysis – risks associated to a specific issue (i.e.: change of penalty for an environmental matter or carbon taxation in a specific sector). All lending transactions undergo social and environmental due diligence based on the principles of relevance and proportionality. The factors considered in due diligence include compliance with social and environmental regulations; climate impacts; the likelihood of extreme weather events (such as floods, droughts or forest fires); compliance with occupational health and safety standards; potential use of child or forced labour; judicial or administrative proceedings related to illegal deforestation; project constraints due to protected areas (e.g. legal reserves, indigenous lands and quilombolas); procedures to assess human rights risks and impacts; gender risk assessments (non-discrimination policies, action taken to mitigate the risk of sexual exploitation of minors and gender violence); and clients' social and environmental management capabilities. For some types of transactions, we apply the International Finance Corporation's (World Bank) Performance Standards—a global benchmark on environmental and social sustainability—including the following: (I) Assessment and Management of Environmental and Social Risks and Impacts, (II) Labour and Working Conditions, (III) Occupational Health & Safety, and (IV) Indigenous Peoples and Cultural Heritage
Market	Relevant, always included	Market Risk is essentially defined as the risk of losses arising from adverse price movements. For example, companies may be subject to competitive disadvantage and consequent loss of market share if they do not take action to transition to a low-carbon economy. For example, we approve transactions in carbon-intensive sectors only if they have a tailored action plan for emissions reduction and climate transition, involving portfolio diversification and/or R&D investments. Climate change may alter the demand for the source of power generation, as 61.9% of power generation in Brazil came from hydropower (highly dependent on water) in 2022. As an example of this, BTG's Energy desk considers climate risks in its planning process to avoid price losses. Models are used to forecast and transform rainfall into energy capacity, as well as climate temperature analysis. Examples of such models: United States Department of Commerce (NOAAH) Commerce Atmospheric Administration (NOAAH); COSMO; European Centre for Medium-Range Weather Forecasts (ECMWF). In addition, another example in the medium term is the change in investor behaviour that may lead to a growing interest in sustainable and impact investments.
Reputation	Relevant, always included	Reputational risk may involve issues related to judicial claims filed by public prosecutors, political parties, NGOs and/or society, contesting the involvement of the Bank in corporate lending operations related to activities or counterparties with high exposure on climate change without transitions or mitigation plan connected to Paris Agreement. This reputational risk is also classified as a legal risk. Other reputational risk is associated to the possibility of losses (clients, commercial, revenue, share value) regarding BTG Pactual involvement with the activities or counterparties mentioned above.
Acute physical	Relevant, always included	We consider the risks of extreme events on bank assets and collateral. The events are mapped at the city level of the asset by the Thinkhazard tool. The events are river flood, urban flood, forest fire, water shortage, extreme heat, landslide, coastal flood, tsunami, cyclone. For example, for insurance in the agribusiness sector, we use weather patterns and water availability models to estimate the efficiency of farming in different regions. Also in the agribusiness sector, we use information on the assets of the largest clients, such as location (city level) and crop productivity, to analyse their level of exposure to extreme weather events, such as water shortages or forest fires. This extreme events mapping is also carried out in the context of the climate stress test, where the assets are analysed on their exposure to such events in different time and intensity scenarios, allowing us to access, for example, how much of the value of the collateral is exposed to a particular risk in any given timeframe. Finally, this analysis is also executed in project finance operations.
Chronic physical	Relevant, always included	We consider the effects of gradual temperature increase over time in different scenarios to simulate the performance of electricity generation assets, whether they are wind or solar farms, hydropower plants or thermal power plants. Climate model data is incorporated into generation forecasting models and then fed into credit risk analysis. For insurance in the agribusiness sector, we use weather patterns and water availability models to estimate the agriculture efficiency in different regions.

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	Explain why your portfolio's exposure is not assessed and your plans to address this in the future
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	Yes	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	Yes	<Not Applicable>

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
Banking (Bank)	A specific climate-related risk management process	100	Qualitative and quantitative	Short-term Medium-term Long-term	Scenario analysis Stress tests Internal tools/methods External consultants	<p>BTGP's evaluate exposure to climate-related risks on the credit portfolio.</p> <p>For corporate lending operations, BTG Pactual have an internal risk assessment procedure, consistent in a holistic analysis that aims to mitigate the possibility of losses associated with the borrower's non-compliance with its financial obligations under the agreed terms of the operation. This analysis is conducted by the Credit Risk Control Team ("CRC"), which will evaluate devaluation of the credit agreement resulting from the deterioration in the borrower's risk rating, reduction of gains or remuneration, advantages granted in the renegotiation and recovery costs (e.g. social and environmental fines and/or judicial claims may adversely affect the borrower's ability to pay debts, therefore, these issues will be taken into account in the analysis of the CRC Team). For some specific sectors more linked to climate (i.e.: Oil&Gas, Energy, etc.). Also, both CRC and ESG Teams evaluate market information and possible climate risks in the region, once they have a directly impact in the activities of those sectors. (e.g.: For operations with hydroelectric plants, issues about the rainfall regime are verified, considering that it may have an impact on the projections of a given company. For operations with soy producers, possible frosts, excessive heat, and lack of rain can impact the agricultural income of the producers, etc.). Climate risks of the corporate lending operations are also analysed by BTG Pactual's ESG Team. However, the difference between both teams is that ESG Team evaluates risks from the reputational, operational, and legal perspectives, and then present recommendations to mitigate those issues during the operation exposure. The risk analysis of the ESG Team is conducted under the observation of a framework of ESG policies that includes guidelines on social, environmental and climate risks (including IFC Performance Standards). For economic sectors potentially most affected by climate change (according to TCFD guidance) BTGP requests climate information (i.e.: governance/ strategy/management of climate risks & opportunities, GHG inventory and/or compensation of emissions). If the borrower's management is insufficient to manage the climate risks, ESG Team may recommend (i) an action plan to be adopted by the borrower in order to mitigate those risks, and/or</p> <p>(ii) hiring an independent engineer to monitor borrower's activities during the credit exposure, through periodic reports containing information and data about the environmental conditions (including climate risks) of those activities. Besides these general rules, BTGP has 19 sectorial policies that explains how we conduct E&S analysis. These policies identified the most relevant issues in each of those 19 sectors and brought information on how to evaluate if the borrower have actions, programs and policies to manage/address those issues, and also information on how to classify the risk of the operation regarding the borrower's mitigation capacity [e.g.: High (A), Medium (B) and Low (C)]. b) Regarding SME loans to small and medium local farmers, we developed an internal automated credit risk analysis for 100% of agribusiness clients which establishes the rules below that automatically denies the credit transaction. These rules were based in public information.</p> <p>1. Overlap between the are an indigenous land according to FUNAI's database</p> <p>2. Individuals or companies that exploit slave-like labour, understood to be those included in the Record of Employers that have Subjected Employees to Slave-like Conditions, as published by the Ministry of Economy</p> <p>3. Overlap with embargo lists according to federal and local environmental agencies (IBAMA at federal level, and states of MT, GO and PA)</p> <p>4. Environmental rural register (required by law for all rural properties) that are under analysis of the environmental agency or that have been cancelled by the environmental authority. Regarding climate opportunities, BTG measures annually the financial resources allocated in a Green Economy sector that contributes to a low carbon – intensity economy. The concept of "Green Economy" was developed with FEBRABAN which considers the United Nations Environmental Program (UNEP) study called "Inquiry into the Design of a Sustainable Financial System". BTG credit portfolio has an exposure of R\$8,2 billion related to assets and projects financed in renewable energy (such as solar and wind), energy efficiency, sanitation, clean transportation, sustainable buildings, sustainable forest management, low carbon agriculture, resource efficiency and pollution prevention, affordable housing, affordable basic infrastructure, and financing for small and medium-sized companies. Our client climate resilience assessment process enables us to identify engagement opportunities that result in risk mitigation for the parties involved such as Oil&Gas company that improved their ESG report after our partnership.</p>
Investing (Asset manager)	A specific climate-related risk management process	100	Qualitative and quantitative	Short-term Medium-term Long-term	Scenario analysis Stress tests Internal tools/methods External consultants	<p>BTG Pactual asset management portfolio is divided into 7 different strategies (i) Credit (ii) Equity (iii) Interest & Currency (iv) timberland (v) Infrastructure (vi) Real Estate (vii) Private Equity. Regarding climate opportunities, BTG is part of an initiative called IPC - Investidores pelo Clima (Investors for Climate in English) and it's coordinated by NINT and supported by ICS – Instituto Clima e Sociedade that aims to enable and engage professional investors to manage climate change. The goal of the initiative is to engage and empower Brazilian investors on how to start and accelerate investment portfolio decarbonization, contributing to the achievement of Brazil's commitment to the Paris Agreement.</p> <p>In the timberland strategy, Timberland Investment Group ("TIG") is a subsidiary of BTG Pactual and is one of the world's oldest and largest timberland investment managers. For TIG, active property management is the first line of defense against climate-related risks. Property managers and portfolio managers work closely to track any potential for significant occurrences of fire, storms, and insect/disease outbreaks. In addition, TIG conducts a formal annual review of all assets in its client portfolios to assess financial and environmental risks to the assets. The choice of discount rates and the measurement and modelling of growth rates are the primary metrics TIG uses to evaluate climate-related risk. Perceived risks of frequent fire, drought, or storm events is modeled through the utilization of higher discount rates in annual investment reviews and/or acquisition/disposition due diligence. The risk of drought, specifically, is incorporated via the growth rates used in TIG's investment models.</p>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	A specific climate-related risk management process	100	Qualitative and quantitative	Short-term Medium-term Long-term	Internal tools/methods	<p>As a result of climate change, agricultural production has become exposed to more frequent and less predictable weather events. In this context, agricultural insurance works to help farmers face these risks and mitigate their potential losses due to adverse weather conditions. BTG has an insurance/reinsurance front that offers insurance/reinsurance for crop production. This product is available for the 3 most common grains in Brazil (corn, wheat, and soy) and covers production shortfalls due to weather events. Rural Insurance counterparties undergo the socio-environmental analysis of "Know Your Client" procedures and, subsequently, the analysis of independent socio-environmental verification systems that have ESG sources specific to the agribusiness sector such as: (i) Rural Environmental Registry; (ii) Overlaps with Indigenous Territory, Quilombola and Conservation Units; and (iii) Deforestation.</p> <p>The ESG team should deepen the analysis of guaranteed insurance operations, in which the counterparties are the oil & gas, mining and thermoelectric power sectors. For activities more exposed to socio-environmental risks (including climate risks) that may represent a higher reputational risk for the bank, BTG Pactual's Insurance Team accesses the ESG Area to assess the climate risks involved in the operation, in order to better calculate the costs and obligations to be included in the structure of the insurance policy and/or in the energy supply contract. For the oil & gas, mining and thermal power generation sectors, the Insurance team will forward the operations to the ESG team to perform the analysis manually. The ESG Area's risk analysis is conducted under the observation of a framework of ESG policies that include guidelines on social, environmental and climate risks applicable to 19 different sectors of the economy. These policies identify the most relevant issues in each of these 19 sectors and provide information on how to assess whether the policyholder has actions, programs and policies in place to manage/address these issues.</p> <p>If it is found that the insured is not able to manage the climate risks related to its activities, the ESG Area may recommend (i) an action plan to be adopted by the insured in order to mitigate these risks, and/or (ii) the hiring of an independent engineer to monitor the activities of the insured during the credit exposure, through periodic reports containing information and data on the environmental conditions (including climate risks) of these activities.</p>

(C-FS2.2d) Does your organization consider climate-related information about your clients/investees as part of your due diligence and/or risk assessment process?

	We consider climate-related information	Explain why you do not consider climate-related information and your plans to address this in the future
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	Yes	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	Yes	<Not Applicable>

(C-FS2.2e) Indicate the climate-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision-making.

Portfolio

Banking (Bank)

Type of climate-related information considered

Emissions data
Energy usage data
Emissions reduction targets
Climate transition plans
TCFD disclosures

Process through which information is obtained

Directly from the client/investee
Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy
Materials
Capital Goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel
Consumer Services
Retailing
Food & Staples Retailing
Food, Beverage & Tobacco
Household & Personal Products
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services
Media & Entertainment
Utilities
Real Estate
Other, please specify (Agribusiness, Weapons and Ammunition, Forestry and Logging, Tobacco, Mining, Paper and Cellulose, Fishing)

State how this climate-related information influences your decision-making

Climate-related information, such as emissions, transition plan, climate targets and commitments, is searched and/or requested for clients with assets in emissions intensive sectors. This information feeds our climate resiliency assessment and is benchmarked against the sectors best practices as well as international frameworks. For each account opening profile, the Bank identifies the sources that should be consulted. The information collected will serve as evidence for the analysis and classification of the socio-environmental and climate risk of the different counterparties. Below is the list of some ESG information sources for consultation:

- Register of Employers that have subjected workers to conditions analogous to slavery, published by the Ministry of Economy, at the time of contracting the operation ("Ministry of Economy Slave Labour List");
- List of areas embargoed by the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA);
- CNAE CTF: list of CNAES subject to IBAMA's Federal Technical Register of Potentially Polluting Activities; and
- World Check: tool that checks the list of sanctions of international environmental agencies;
- Application of physical climate risk analysis tools - Think Hazard.

The ESG Area is involved when research identifies socio-environmental and climate issues. If a particular issue is found, the area is activated to carry out the manual analysis of the counterparty, through the following procedures: (i) verification of the identified issue; (ii) conducting additional research, if necessary; and (iii) issuing an opinion, favourable or unfavourable, for the opening of the account, accompanied by the ESG risk classification of the counterparty. Counterparties classified as high social, environmental and/or climate risk will be the ones with processes / media directly or indirectly related to critical issues (i.e. high GHG emissions, slave labour processes, IBAMA embargo, depending on the type of relationship, and others).

Also, the sector and location of the counterparty are considered for risk attribution.

The ESG Area will develop a list of questions with the necessary information that will be forwarded to the client. Depending on the level of risks and impacts caused by the project, the ESG Area will conduct visits to the project sites, which may include meetings with the proponent's employees and local communities.

Portfolio

Investing (Asset manager)

Type of climate-related information considered

Emissions data
Energy usage data
Emissions reduction targets
Climate transition plans
TCFD disclosures

Process through which information is obtained

Directly from the client/investee
Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy
Materials
Capital Goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel
Consumer Services
Retailing
Food & Staples Retailing
Food, Beverage & Tobacco
Household & Personal Products
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services
Media & Entertainment
Utilities
Real Estate
Other, please specify (Agribusiness, Weapons and Ammunition, Forestry and Logging, Tobacco, Mining, Paper and Cellulose, Fishing)

State how this climate-related information influences your decision-making

Climate-related information, such as emissions, transition plan, climate targets and commitments, is searched and/or requested for clients with assets in emissions intensive sectors. This information feeds our climate resiliency assessment and is benchmarked against the sectors best practices as well as international frameworks. For each account opening profile, BTG Pactual identifies the sources that should be consulted. The information collected will serve as evidence for the analysis and classification of the socio-environmental and climate risk of the different counterparties.

Portfolio

Insurance underwriting (Insurance company)

Type of climate-related information considered

Emissions data
Energy usage data
Emissions reduction targets
Climate transition plans
TCFD disclosures

Process through which information is obtained

Directly from the client/investee
Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy
Utilities
Other, please specify (mining, oil and gas, forestry and logging)

State how this climate-related information influences your decision-making

Climate-related information, such as emissions, transition plan, climate targets and commitments, is searched and/or requested for clients with assets in emissions intensive sectors. This information feeds our climate resiliency assessment and is benchmarked against the sectors best practices as well as international frameworks. For each account opening profile, the Bank identifies the sources that should be consulted. The information collected will serve as evidence for the analysis and classification of the socio-environmental and climate risk of the different counterparties.

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?

Banking portfolio

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

Policy and legal risk

Company-specific description

We understand that emerging regulation poses a risk to business in emission intensive sectors, such as utilities and oil & gas. Therefore, as a risk management strategy, we use carbon pricing scenarios to simulate the impact of new regulation in our clients revenue. This exercise is undertaken in new operation in the corporate & SME portfolio for clients in emission intensive sector. It is also done to all current operations in these sectors in the context of our climate stress testing. Our scenarios are based on average carbon credit price in regulated markets, local taxation (when applicable) and/or estimates for 2030. The results are incorporated in our credit risk analysis for new operations in these sectors.

Time horizon

Medium-term

Likelihood

About as likely as not

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)

224000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We estimate that about 1.0% of the revenue of clients in the Corporate & SME portfolio would be compromised in new a carbon pricing regulation, therefore representing a risk of loss of revenue and capacity to comply with their financial commitments. We translated that risk to a proportioned outstanding amount of our portfolio considering its sectoral distribution and a rate of 70.6% of the risk unbeknownst by the clients. This rate was observed through the oil and gas sector, where only 29,4% of the clients report a carbon inventory.

Cost of response to risk

1500000

Description of response and explanation of cost calculation

Covers operational costs and service providers used to analyse the clients in climate-related risks. The calculation involves a proportional spending in these costs related to climate analysis

Comment

BTG Pactual monitors the impact of possible carbon pricing regulation on its clients through climate transition risks scenario analysis and integration of carbon pricing impact on revenue in the credit analysis.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Investing (Asset manager) portfolio

Risk type & Primary climate-related risk driver

Chronic physical	Precipitation and/or hydrological variability
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Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

Operational risk

Company-specific description

In 2022, we initiated the climate stress test project to assess the impact on our portfolio of the climate risks, both physical and of the transition to a low carbon economy. We believe that a more granular approach at the asset level enables us to estimate chronic physical climate risk (associated with long-term climate change) and incorporate the results into credit analysis. We can work with clients to reduce these risks over the medium and long term. For the electricity sector, we partner with PSR energy consulting to develop and implement climate models. These models project future scenarios of physical data, such as reservoir flow and wind speed, which are then applied to our clients and investees assets performance models. As such, it is possible to estimate the impacts on production and revenue over a 30-year period and quantify the climate-related impacts and risks.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

3937200

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

A select set of hydropower assets was analysed through the climate stress testing methodology and the average loss of revenue due to the reduction in energy generation among the four climate scenarios was 20%. This resulted in a potentially expected loss of up to R\$ 3.9 million yearly.

Cost of response to risk

900000

Description of response and explanation of cost calculation

Covers operational costs and service providers used to analyse the assets climate-related risks through the chronic climate stress methodology developed for the energy sector.

Comment

We identified long term risks related to climate change for a select set of hydropower assets under our management. These risks are scenario-dependent and were identified during our climate stress test. In 2022, we initiated the climate stress test project to assess the impact on our portfolio of the climate risks, both physical and of the transition to a low carbon economy. We believe that a more granular approach at the asset level enables us to estimate chronic physical climate risk (associated with long-term climate change) and incorporate the results into credit analysis. For the electricity sector, we partner with PSR energy consulting to develop and implement climate models. These models project future scenarios of physical data, such as reservoir flow and wind speed, which are then applied to our clients and investees assets performance models. As such, it is possible to estimate the impacts on production and revenue over a 30-year period and quantify the climate-related impacts and risks.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Insurance underwriting portfolio

Risk type & Primary climate-related risk driver

Acute physical	Drought
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Primary potential financial impact

Increased insurance claims liability

Climate risk type mapped to traditional financial services industry risk classification

Insurance risk

Company-specific description

About 32% of our insurance portfolio is rural, therefore susceptible to drought.

Time horizon

Short-term

Likelihood

About as likely as not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

107160000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The rural insurance portfolio covers a percentage of the expected production in case the grain production is damaged or lost due to an extreme weather event, therefore, it is susceptible to drought. We consider the hole portfolio exposed at some level to this specific risk. The short-term relationship with the clients and the high magnitude of the impact (when it occurs), form a dependency on climate analysis to mitigate the risk.

Cost of response to risk

0

Description of response and explanation of cost calculation

BTG Pactual already has all the necessary monitoring and analysis tools in place to verify the risks related to the rural insurance. Therefore, no additional cost is needed.

Comment

Unpredictable and severe drought poses a risk to the rural insurers. BTG Pactual monitors its exposure to this and other climate-related risks.

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?

Investing (Asset manager) portfolio

Opportunity type

Markets

Primary climate-related opportunity driver

Increased demand for funds that invest in companies that have positive environmental credentials

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Plastic production and consumption is intrinsically connected to demand for hydrocarbons and, therefore, to climate change. We view the initiatives to reduce new plastics consumption help to mitigate the impact of up, mid and downstream oil and gas exploration and production (such as fugitive emissions). In 2022, our Impact Investment Fund (BTG Pactual Investimentos de Impacto FIP) completed its third investment: the acquisition of a minority stake in Bioelements, a company specialized in bioplastics that provides a sustainable alternative to traditional plastic. With the use of a new technology called BioE-8 Resin, composed of renewable and biodegradable materials, its product can decompose in a period of 6 to 20 months, compared to conventional plastic which can take up to 400 years to break down. The innovation enhances the circular economy model and supports the achievement of SDG 12 (Responsible Consumption and Production). In addition to reducing the generation of solid waste, BioElements' raw material reduces carbon dioxide emissions by 60% when compared to plastics based on fossil fuels.

Time horizon

Long-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)

110000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The figure represents BioElements' net revenue in 2022. We expect this figure to increase over time as the company grows with the increase in demand for this type of product.

Cost to realize opportunity

136000000

Strategy to realize opportunity and explanation of cost calculation

The figure represents the investment made in the acquisition of a minor stake in the company by our Impact Investment Fund (BTG Pactual Investimentos de Impacto FIP).

Comment

Increased support to circular economy and the reduction of the consumption of new plastics based on fossil fuel is necessary to achieve carbon neutrality. In this context, the acquisition of the stake in the BioElements company by our Impact Investment Fund (BTG Pactual Investimentos de Impacto FIP) is strategic to contribute to BTG Pactuals' ESG and positive impact agenda.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Banking portfolio

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 financing of distributed solar energy generation is strategic for the development, growth, and democratization of this renewable, clean, sustainable, and versatile technology in Brazil. Given the need to expand the number of credit lines and volume of resources available to meet the increasing demand for this technology in the country, we are developing a Solar line in our SME area with no bureaucracy, so that distributors can access the resources immediately and pay back the credit over a longer period.

Time horizon

Short-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)

971271

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The figure represents the proportioned size of the solar PV SME credit line to the revenue of the Corporate and SME portfolio in 2022.

Cost to realize opportunity

3500000

Strategy to realize opportunity and explanation of cost calculation

From the perennial investment made to structure this credit line, R\$ 2.0 million is related to technology implementation and the remaining is operational (personnel and other services). We expect the revenue from this line to grow, with no need for new investment in structure.

Comment

The SME credit line for solar PV was created to access an increasing demand for distributed generation capacity creation. By participating in this market, we estimate that BTG Pactual has contributed to avoid 4.204 tCO₂e in 2022.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Insurance underwriting portfolio

Opportunity type

Markets

Primary climate-related opportunity driver

Access to new markets

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Climate change can change the demand of rural insurance. Scope of such insurance is the economic loss at the agriculture activity due to the occurrence of extreme weather events. BTG Pactual already offers rural insurance. About 20% of the agricultural land in Brazil is insured and we believe that there is room for growth in the grain insurance area.

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)

107160000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

BTG plans to capture the expected increase in demand for rural insurance (grains). We expect this market to at least double in size by the end of the decade, therefore the

potential financial impact reflects the doubling of the premium for this type of insurance by the end of 2022.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
The business development and risk management structures necessary for this advancement of the rural insurance portfolio are already integrated into the areas. Operational costs for this demand are expected to be diluted in the budget of the areas involved. Therefore, there are no additional costs to access these opportunities.

Comment
The rural is closely connected to climate change risks and opportunities. As extreme climate events such as droughts and wildfires tend to become more common, public policy and market practices will drive the business forward, especially in the North-eastern region of Brazil. By one end, the intensification of these events poses a risk to the business, as grain production becomes threatened. By the other, we expect an increase in demand for the products.

C3. Business Strategy

C3.1

(C3.1) Does your organization’s strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan
No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a climate transition plan within two years

Publicly available climate transition plan
<Not Applicable>

Mechanism by which feedback is collected from shareholders on your climate transition plan
<Not Applicable>

Description of feedback mechanism
<Not Applicable>

Frequency of feedback collection
<Not Applicable>

Attach any relevant documents which detail your climate transition plan (optional)
<Not Applicable>

Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future
BTG is in the process of accessing the bank's financed emissions both for a base year and the current year in order to establish public emission reduction targets. This process is using primary data from clients that disclosure their emissions and emission factors for clients that don't.

Explain why climate-related risks and opportunities have not influenced your strategy
<Not Applicable>

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, qualitative and quantitative	<Not Applicable>	<Not Applicable>

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario		Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios	IEA NZE 2050	Portfolio	<Not Applicable>	In 2022, we started the climate stress test project in order to analyse the impact on our portfolio of physical climate risks and the transition to a low-carbon economy. Regarding transition climate risk, BTG Pactual stressed the revenues of the 20 largest exposures in its Corporate & SME Lending portfolio under carbon pricing scenarios. In addition, for the companies in the Corporate & SME Lending Portfolio in the oil and gas; cement and steel sectors, the existence of greenhouse gas emissions inventories, emission reduction commitments and climate resilience were verified. The IEA NZE 2050, NGFS scenarios (for temperatures above and below 2°C) were used. The climate stress test, which is already underway, allows for the quantification of the impact of a possible greenhouse gas emissions tax (under various scenarios) on credit clients in intensive sectors such as oil and gas, steel, cement and mining. For clients in these sectors, a climate resilience assessment standard was developed. The data generated from the survey is integrated into the credit analysis, considering the time horizon up to 2050 and the chosen scenarios.
				In 2022, we started the climate stress test project in order to analyse the impact on our portfolio of physical climate risks and the transition to a low-carbon economy. Regarding transition climate risk, BTG Pactual stressed the revenues of the 20 largest exposures in its Corporate & SME Lending portfolio under carbon pricing scenarios. In addition, for the companies in the Corporate & SME Lending Portfolio in the oil and gas; cement and steel sectors, the existence of greenhouse gas emissions inventories, emission reduction commitments and climate resilience were verified. The IEA NZE 2050, NGFS scenarios (for temperatures above and below 2°C) were used. The climate stress test, which is already underway, allows for the quantification of the impact of a possible greenhouse gas emissions tax (under various scenarios) on credit clients in intensive sectors such as oil and gas, steel, cement and mining. For clients in these sectors, a climate resilience assessment standard was developed. The data generated from the survey is integrated into the credit analysis, considering the time horizon up to 2050 and the chosen scenarios.
Physical climate scenarios	RCP 2.6	Portfolio	<Not Applicable>	In 2022, we started the climate stress test project in order to analyse the impact on our portfolio of physical climate risks and the transition to a low-carbon economy. The Coupled Model Intercomparison Project (CMIP) is applied in the simulations, specifically CMIP6, and a cut-off is adopted every 30 years: up to 2030, 2030-2060, 2060-2090. The model uses the shared economic pathways scenarios, which project global socioeconomic changes up to 2100 and the respective concentrations of carbon dioxide, greenhouse gas emissions and global temperature. In this way, it is possible to estimate the impacts on energy production and revenue over a horizon of up to 30 years and quantify the possible impacts and climate risks. CMIP6 (i) consolidates the results of future simulations of 35 climate models; (ii) simulates the daily evolution of a common set of climate variables until the year 2100; (iii) makes available the simulations of these models over a historical period; and (iv) predicts 4 different scenarios representing different pathways of atmospheric greenhouse gas concentrations under different socio-economic developments. The following scenarios were used in this simulation: RCP 2.6 (SSP1 2.6); RCP 4.5 (SSP2 4.5); RCP 7.0 (SSP3 7.0); and RCP 8.5 (SSP5 8.5). The main climate variables used in this model are: daily precipitation; daily minimum and maximum temperature; daily average wind speed; and daily solar irradiance.
				In 2022, we started the climate stress test project in order to analyse the impact on our portfolio of physical climate risks and the transition to a low-carbon economy. The Coupled Model Intercomparison Project (CMIP) is applied in the simulations, specifically CMIP6, and a cut-off is adopted every 30 years: up to 2030, 2030-2060, 2060-2090. The model uses the shared economic pathways scenarios, which project global socioeconomic changes up to 2100 and the respective concentrations of carbon dioxide, greenhouse gas emissions and global temperature. In this way, it is possible to estimate the impacts on energy production and revenue over a horizon of up to 30 years and quantify the possible impacts and climate risks. CMIP6 (i) consolidates the results of future simulations of 35 climate models; (ii) simulates the daily evolution of a common set of climate variables until the year 2100; (iii) makes available the simulations of these models over a historical period; and (iv) predicts 4 different scenarios representing different pathways of atmospheric greenhouse gas concentrations under different socio-economic developments. The following scenarios were used in this simulation: RCP 2.6 (SSP1 2.6); RCP 4.5 (SSP2 4.5); RCP 7.0 (SSP3 7.0); and RCP 8.5 (SSP5 8.5). The main climate variables used in this model are: daily precipitation; daily minimum and maximum temperature; daily average wind speed; and daily solar irradiance.
Physical climate scenarios	RCP 7.0	Portfolio	<Not Applicable>	In 2022, we started the climate stress test project in order to analyse the impact on our portfolio of physical climate risks and the transition to a low-carbon economy. The Coupled Model Intercomparison Project (CMIP) is applied in the simulations, specifically CMIP6, and a cut-off is adopted every 30 years: up to 2030, 2030-2060, 2060-2090. The model uses the shared economic pathways scenarios, which project global socioeconomic changes up to 2100 and the respective concentrations of carbon dioxide, greenhouse gas emissions and global temperature. In this way, it is possible to estimate the impacts on energy production and revenue over a horizon of up to 30 years and quantify the possible impacts and climate risks. CMIP6 (i) consolidates the results of future simulations of 35 climate models; (ii) simulates the daily evolution of a common set of climate variables until the year 2100; (iii) makes available the simulations of these models over a historical period; and (iv) predicts 4 different scenarios representing different pathways of atmospheric greenhouse gas concentrations under different socio-economic developments. The following scenarios were used in this simulation: RCP 2.6 (SSP1 2.6); RCP 4.5 (SSP2 4.5); RCP 7.0 (SSP3 7.0); and RCP 8.5 (SSP5 8.5). The main climate variables used in this model are: daily precipitation; daily minimum and maximum temperature; daily average wind speed; and daily solar irradiance.
				In 2022, we started the climate stress test project in order to analyse the impact on our portfolio of physical climate risks and the transition to a low-carbon economy. The Coupled Model Intercomparison Project (CMIP) is applied in the simulations, specifically CMIP6, and a cut-off is adopted every 30 years: up to 2030, 2030-2060, 2060-2090. The model uses the shared economic pathways scenarios, which project global socioeconomic changes up to 2100 and the respective concentrations of carbon dioxide, greenhouse gas emissions and global temperature. In this way, it is possible to estimate the impacts on energy production and revenue over a horizon of up to 30 years and quantify the possible impacts and climate risks. CMIP6 (i) consolidates the results of future simulations of 35 climate models; (ii) simulates the daily evolution of a common set of climate variables until the year 2100; (iii) makes available the simulations of these models over a historical period; and (iv) predicts 4 different scenarios representing different pathways of atmospheric greenhouse gas concentrations under different socio-economic developments. The following scenarios were used in this simulation: RCP 2.6 (SSP1 2.6); RCP 4.5 (SSP2 4.5); RCP 7.0 (SSP3 7.0); and RCP 8.5 (SSP5 8.5). The main climate variables used in this model are: daily precipitation; daily minimum and maximum temperature; daily average wind speed; and daily solar irradiance.
Physical climate scenarios	RCP 8.5	Portfolio	<Not Applicable>	In 2022, we started the climate stress test project in order to analyse the impact on our portfolio of physical climate risks and the transition to a low-carbon economy. The Coupled Model Intercomparison Project (CMIP) is applied in the simulations, specifically CMIP6, and a cut-off is adopted every 30 years: up to 2030, 2030-2060, 2060-2090. The model uses the shared economic pathways scenarios, which project global socioeconomic changes up to 2100 and the respective concentrations of carbon dioxide, greenhouse gas emissions and global temperature. In this way, it is possible to estimate the impacts on energy production and revenue over a horizon of up to 30 years and quantify the possible impacts and climate risks. CMIP6 (i) consolidates the results of future simulations of 35 climate models; (ii) simulates the daily evolution of a common set of climate variables until the year 2100; (iii) makes available the simulations of these models over a historical period; and (iv) predicts 4 different scenarios representing different pathways of atmospheric greenhouse gas concentrations under different socio-economic developments. The following scenarios were used in this simulation: RCP 2.6 (SSP1 2.6); RCP 4.5 (SSP2 4.5); RCP 7.0 (SSP3 7.0); and RCP 8.5 (SSP5 8.5). The main climate variables used in this model are: daily precipitation; daily minimum and maximum temperature; daily average wind speed; and daily solar irradiance.
				In 2022, we started the climate stress test project in order to analyse the impact on our portfolio of physical climate risks and the transition to a low-carbon economy. The Coupled Model Intercomparison Project (CMIP) is applied in the simulations, specifically CMIP6, and a cut-off is adopted every 30 years: up to 2030, 2030-2060, 2060-2090. The model uses the shared economic pathways scenarios, which project global socioeconomic changes up to 2100 and the respective concentrations of carbon dioxide, greenhouse gas emissions and global temperature. In this way, it is possible to estimate the impacts on energy production and revenue over a horizon of up to 30 years and quantify the possible impacts and climate risks. CMIP6 (i) consolidates the results of future simulations of 35 climate models; (ii) simulates the daily evolution of a common set of climate variables until the year 2100; (iii) makes available the simulations of these models over a historical period; and (iv) predicts 4 different scenarios representing different pathways of atmospheric greenhouse gas concentrations under different socio-economic developments. The following scenarios were used in this simulation: RCP 2.6 (SSP1 2.6); RCP 4.5 (SSP2 4.5); RCP 7.0 (SSP3 7.0); and RCP 8.5 (SSP5 8.5). The main climate variables used in this model are: daily precipitation; daily minimum and maximum temperature; daily average wind speed; and daily solar irradiance.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

Under different scenarios, what is the impact on our portfolio and investments of chronic and acute physical climate risks such as extreme heat, wildfires, floods, rising average temperatures and changing precipitation regimes?

Under different scenarios, what is the impact on our portfolio and investments of transition risks to a low-carbon economy such as market, regulatory or technological changes?

What is the impact of a possible emissions tax (under different scenarios) on credit intensive clients?

Results of the climate-related scenario analysis with respect to the focal questions

The use of climate scenarios for energy clients of the credit portfolio has shown that material impacts regarding chronic physical risks, even in the most extreme scenario considered (SSP5 8.5) are small in the short and medium terms and their capacity for generating revenue is only affected in a relevant manner after 2050. Some clients in renewable generation will have increased generation in the scenarios considered. The effects are varied with the Brazilian region where the assets are located.

An asset-level approach to acute physical risks in our guarantees revealed which of the most potential damaging risks are more material the bank and in what timeline we should expect effects of these events.

Anticipating potentially impactful market, regulatory and/or technological changes, scenario analysis for transition risks was carried out revealing which clients in the oil and gas, iron and steel, cement and mining sectors are more exposed to these changes, considering their emissions, transition plans and mid-term targets.

Emissions tax scenarios were used to understand the impact on the revenue of the most emission intensive clients in the credit portfolio. In the most extreme emissions taxing scenario, the tax itself covers less than 5% of the company's revenue for most of the clients. Oil and gas, energy, iron and steel and protein are the most exposed sector to this risk.

C3.3

(C3.3) 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	<p>Given the growing demand from clients for products related to sustainable issues, in 2020 the Sustainable & Impact Investing area was created with the aim of connecting global investors to sustainable investment opportunities in Latin America, generating positive social and environmental impacts, contributing to the UN Sustainable Development Goals and generating consistent returns for our clients.</p> <p>In order to reinforce our commitment to the ESG strategy, we structure several sustainable and impactful transactions and products. We acted, for example, as lead coordinators of the R\$ 1.95 billion raised by BRK Ambiental through a blue debenture, the first Blue Bond issue in Brazil and in the private sector in Latin America and the first to market in the sanitation segment in the world. In addition, we increased the number of issuances related to our portfolio with a focus on positive social and environmental projects, with the new financing line granted by the Japan International Cooperation Agency (JICA) and the continuity of our Sustainable Fundraising Program.</p> <p>One of BTG Pactual's commitments is to help clients transition to a sustainable low-carbon economy, and to this end we aim to develop products to mitigate the effects of climate change. As an example of this, in 2022, the third investment of the impact investment fund (FIP) was made in a Chilean bioplastic company, BioElements, which offers an ecological alternative to conventional plastic and which decomposes in a period of 6 to 20 months, 240 times less than the decomposition time of conventional plastic.</p> <p>The financing of distributed solar energy generation is strategic for the development, growth, and democratization of this renewable, clean, sustainable, and versatile technology in Brazil. Given the need to expand the number of credit lines and volume of resources available to meet the increasing demand for this technology in the country, we developed a Solar credit line with no bureaucracy, so that distributors can access the resources immediately and pay back the credit over a longer period of time, for solar energy systems. This is in line with the realities of these sectors and markets. In 2022, solar energy represented 0.19% of the SME portfolio (R\$ 22.7 bi).</p>
Supply chain and/or value chain	Yes	<p>Related to our value chain, the Social, Environmental and Climate Responsibility and Responsible Investment policies and the 19 sectoral policies consolidate the social, environmental and climate guidelines to be observed in the conduct of business, activities and operational processes. In addition, they ensure the adherence of processes to the commitments assumed by the bank, such as the International Finance Corporation (IFC) Performance Standards, the United Nations Global Compact and the United Nations Principles for Responsible Investment (PRI).</p> <p>For example, all BTG Pactual relationships and transactions go through a social and environmental due diligence process. Since 2015, we have applied the World Bank's International Finance Corporation (IFC) Performance Standards for transactions above US\$30 million and 36 months in maturity. These standards are tools that allow us to identify social, environmental and climate risks and impacts in our credit and investment operations and, if applicable, to develop an action plan to be implemented by the client to prevent, mitigate and/or compensate for the identified impacts and risks.</p> <p>Related to the supply chain, we conduct an analysis of our suppliers following the Know Your Client (KYC) procedures and the Supplier Assessment Policy, which contains the governance and control structure for the assessment, implementation, review, management and continuous supervision of service providers and suppliers. In case of doubt, the ESG area may request complementary documents for the analysis of the supplier's socio-environmental and climate risk. Where applicable, it suggests additional social and environmental clauses to be included in contracts, with the aim of limiting the risk of contracting or encouraging the supplier to adopt better sustainability practices in its operations. Suppliers considered critical to the bank should follow best practice recommendations in terms of sustainability. They must periodically undergo training on our Social and Environmental Responsibility Policy, submit proof of their adherence to the Global Compact, prioritization of the SDGs and completion of a GHG inventory.</p>
Investment in R&D	Yes	<p>Banco BTG Pactual has been actively participating in the transition to a low-carbon economy through internal and external climate engagement. Internally, credit operations in GHG emissions-intensive sectors, such as energy, steel, oil and gas, are analysed according to counterparty characteristics, such as emissions, reduction commitments and climate resilience.</p> <p>Clients in intensive sectors with GHG emissions mitigation potential are guided to follow a customized action plan for reducing emissions and improving climate resilience, involving investments in R&D. In 2022, the guaranteed transaction for the purchase of a fossil thermal power plant was only approved after the counterparty made concrete commitments to reduce emissions in the plant's life cycle, such as its early decommissioning and investment in R&D to maintain the plant's efficiency.</p> <p>Our engagement process for emission intensive assets consists in a periodical approach (at least 6 months), during which we analyse the company's assets for performance improvement opportunities, climate related KPIs, such as GHG emissions and climate targets, and ask the respective teams about alternatives and transition plans. We are also involved in the R&D planning for some of these companies. Plus, during these engagement sessions we connect them to low carbon solutions identified during the period.</p> <p>In relation to research, we have the energy consultancy PSR, as a partner in the elaboration and application of climate models, through which future scenarios of physical data, such as the flow in reservoirs and wind speed, are projected and applied to the performance models of the clients' assets. In this way, it is possible to estimate impacts on production and revenue over a 30-year horizon and quantify climate impacts and risks.</p> <p>The sustainable management of forests and the development of new forest-based biomaterials are essential to the growth of the forest industry and the emergence of the global circular bioeconomy. In 2022, Timberland Investment Group contributed to the development of new information regarding biomaterials through support for two publications in the peer-reviewed scientific journal Sustainability that assessed the impact of substituting wood for concrete and steel in construction in Chile, and described the potential benefits for climate and forests of greater mass timber utilization.</p>
Operations	Yes	<p>Since 2015, we publish and verify externally our GHG Inventory. Over the years, BTG Pactual has expanded its actions to offset its greenhouse gas (GHG) emissions. Our direct emissions (scope 1) and part of the indirect emissions (scope 2) have been offset since 2017 through the purchase of carbon credits. Scope 3 emissions started to be offset two years later, including measured indirect emissions and those of our independent self-employed agents. In 2022, our scope 1 and 2 emissions showed a reduction compared to the previous year. In scope 1, this reduction is due to the lower activation of own generators and condominiums in the São Paulo and Rio de Janeiro offices during the year. In scope 2, there was a change in the form of measurement: electricity consumption at units located outside São Paulo and Rio de Janeiro is now estimated based on consumption and the total number of employees in 2022. As the number of employees in São Paulo and Rio de Janeiro grew more than the energy consumption in these offices, there was a drop in consumption per employee. In addition, the share of fossil sources in the Brazilian electricity matrix had been, on average, three times higher in 2021, resulting in higher emission factors for that year. In scope 3, in 2022, we improved our methodology for estimating emissions from scope 3 category 7 (employee commuting). As a result, we retroactively recalculated and audited the 2019 and 2020 inventories to incorporate this methodological change. In addition, with the end of Covid-19 restrictions and the increase in the number of the bank's employees, business travel has become more frequent, which has contributed to the increase in emissions in the category.</p> <p>BTG Pactual purchased sustainable aviation fuel (SAF) from Delta Airlines, offset 100% of the emissions equivalent to 30 tons of CO2 in air travel by the bank's employees. In addition, we have some practices in BTG Pactual offices to reduce GHG emissions, such as the purchase of energy in the free market for the BTG SP office condominium (which represents 52% of the bank's total consumption). And the generation of renewable energy in photovoltaic panels in the Medellín office (Colombia), providing 30% of the energy consumed on site. TIGs' drones in its forest management operations improve efficiency allowing access detailed information in remote and hard-to-reach areas.</p>

C3.4

(C3.4) 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	<p>- Indirect costs: We have developed an internal automated credit risk system, which automatically blocks the operation if the predetermined rules are not met. In our physical operations (including our offices and data centers), climate risks are assessed through business impact analyses (BIA). Every year, we conduct business continuity tests for scenarios such as natural disasters and, especially, outages of key information technology (IT) systems and resources. In addition, we have been carrying out GHG emissions inventories since 2015 and to account our emissions we use a specific system.</p> <p>- Revenue: BTG Pactual actively works to promote the sustainable financial market in Latin America by advising on green, social, sustainable and sustainability-linked public and private offerings. In Q4 2022, we structured and distributed US\$845 million in five green-label issuances totalling US\$3.3 billion in 2022 and including the offering of Brazil's first blue debenture, a market pioneer in the sanitation sector worldwide.</p> <p>- Capital allocation: Launched within the initiatives to develop the sustainable and impact investment market, the BTG Pactual Investimentos de Impacto FIP fund raised more than BRL 542 million in 2021, attracting mostly institutional investors, in addition to Wealth Management and BTG Digital clients, democratizing access to this type of product in the country. The fund has a participation in companies whose objective is to generate positive and measurable social and/or environmental impact, seeking transactions that provide scalable solutions to urgent challenges, in addition to solid financial returns. Until 2022, three investments were made through this fund, one of which refers to a Chilean bioplastics company, BioElements, which offers an ecological alternative to conventional plastic and decomposes in a period of 6 to 20 months, 240 times less than the decomposition time of conventional plastic. In addition, our Sustainable Funding Program is the first initiative of its kind in Latin America, through which we achieved R\$523 million in sustainable deposits (CDBs and Letters of Credit) in the quarter. We published in 4Q22 the first allocation report of the Program, with the funds being used to finance projects with social and environmental benefits.</p>

C3.5**(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?**

	Identification of spending/revenue that is aligned with your organization's climate transition	Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy
Row 1	No, but we plan to in the next two years	<Not Applicable>

C-FS3.6**(C-FS3.6) Does the policy framework for your portfolio activities include climate-related requirements for clients/investees, and/or exclusion policies?**

	Policy framework for portfolio activities that include climate-related requirements for clients/investees, and/or exclusion policies	Explain why the policy framework for your portfolio activities do not include climate-related requirements for clients/investees, and/or exclusion policies
Row 1	Yes, our policies include climate-related requirements that clients/investees need to meet	<Not Applicable>

C-FS3.6a**(C-FS3.6a) Provide details of the policies which include climate-related requirements that clients/investees need to meet.****Portfolio**

Banking (Bank)

Type of policy

Credit/lending policy

Risk policy

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy19 Sector Policies - Available on: www.btgpactual.com/us/esg-and-impact-investing/esg-download-center

Segment's Policy_Mining.pdf

Segment's Policy_Oil and Gas.pdf

Segment's Policy_Agribusiness.pdf

Criteria required of clients/investees

Other, please specify (Depending on the type of operation and the industry sector, it should be questioned if the company has an GHG inventory, conducts studies on extreme weather events (present/future), climate risk analysis, and climate issue governance.)

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Energy

Materials

Capital Goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel
Consumer Services
Retailing
Food & Staples Retailing
Food, Beverage & Tobacco
Household & Personal Products
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services
Media & Entertainment
Utilities
Real Estate

Exceptions to policy based on

<Not Applicable>

Explain how criteria required, criteria coverage and/or exceptions have been determined

Some sectors of the economy present a higher level of social, environmental and climate risks and impacts. Therefore, we identified which sectors were more material to BTG Pactual and developed 19 specific policies to identify these risks and good practices to guide our relationship with people or companies involved in these sectors. The policies were developed in accordance with market best practices and IFC guidelines and should be applied across the BTG Pactual.

Portfolio

Investing (Asset manager)

Type of policy

Sustainable/Responsible Investment Policy

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

Responsible Investment Policy
Responsible-Investment-Policy.pdf

Criteria required of clients/investees

Other, please specify (Depending on the type of operation and the industry sector, it should be questioned if the company has an GHG inventory, conducts studies on extreme weather events (present/future), climate risk analysis, and climate issue governance.)

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Energy
Materials
Capital Goods
Transportation
Automobiles & Components
Consumer Durables & Apparel
Food, Beverage & Tobacco
Real Estate

Exceptions to policy based on

<Not Applicable>

Explain how criteria required, criteria coverage and/or exceptions have been determined

BTG considered the importance to identify the social, environmental and climate risks of its many operating segments, complying with the principles and fundamentals outlined in its Responsible Investment Policy. Climate related demands include GHG emission mitigation strategy and physical and transition risk assessment.

Usually the social and environmental diligence will verify if the company prepares an inventory of greenhouse gases, offsets its emissions, and manages risks related to climate change, particularly its stage on mapping the physical and transitional risks that may impact its activity.

The investment teams seek aligned companies that support changes in society via positive, impacting measures for society, the environment and governance, together with performance and high returns. Sectors such as infrastructure (sanitation and sustainable transport), renewable energy, sustainable agribusiness, health and wellbeing, education, financial inclusion, are examples of our investment areas focused on sustainable growth.

Portfolio

Insurance underwriting (Insurance company)

Type of policy

Risk policy

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

Social, Environmental and Climate Responsibilities Policy / 19 Sector Policies
Social, Environmental and Climate Responsibilities.pdf
Segment's Policy_Agribusiness.pdf

Criteria required of clients/investees

Other, please specify (Depending on the type of operation and the industry sector, it should be questioned if the company has an GHG inventory, conducts studies on extreme weather events (present/future), climate risk analysis, and climate issue governance.)

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Energy
Utilities
Other, please specify (mining, oil and gas, forestry and logging)

Exceptions to policy based on

<Not Applicable>

Explain how criteria required, criteria coverage and/or exceptions have been determined

Some sectors of the economy present a higher level of social, environmental and climate risks and impacts. Therefore, we identified which sectors were more material to BTG Pactual and developed 19 specific policies to identify these risks and good practices to guide our relationship with people or companies involved in these sectors. The policies were developed in accordance with market best practices and IFC guidelines and should be applied across the BTG Pactual.

For example, rural Insurance counterparties will undergo the socio-environmental analysis of the "Know Your Client" procedures and, subsequently, the analysis of independent socio-environmental verification systems that have ESG sources specific to the agribusiness sector, such as: (i) Rural Environmental Registry; (ii) Overlapping with Indigenous Territory, Quilombola and Conservation Units; and (iii) Deforestation. We do not grant insurance for agricultural activities on rural properties with an area embargoed by the Brazilian Institute of the Environment and Renewable Natural Resources - IBAMA, and that have agricultural activities in areas overlapping with Indigenous Territories, Quilombola Communities, Settlements or Conservation Units. In addition to other exclusion criteria.

C-FS3.6c

(C-FS3.6c) Why does the policy framework for your portfolio activities not include climate-related requirements for clients/investees, and/or exclusion policies?

We analyse the GHG emissions related to the practices of our clients in intensive sectors and develop action plans to guide those with a potential for emissions mitigation. We monitor the progress of the action plan and the emissions of your portfolio. We do not have climate exclusion policies, as we believe that a climate strategy focused on engagement rather than exclusion is more effective, bringing new opportunities to clients in critical sectors. Supporting these clients closely, from their diagnosis, with a technically specialized team, we negotiate favourable contract conditions and accompany the decarbonization journey, offering solutions consistent with their needs. In this way, we are increasing the efficiency of these sectors, helping to reduce their emissions and transition to a Net Zero operational standard in the long term.

C-FS3.7

(C-FS3.7) Does your organization include climate-related requirements in your selection process and engagement with external asset managers?

	Climate-related requirements included in selection process and engagement with external asset managers	Primary reason for not including climate-related requirements in selection process and engagement with external asset managers	Explain why climate-related requirements are not included in selection process and engagement with external asset managers and your plans for the future
Row 1	Yes	<Not Applicable>	<Not Applicable>

C-FS3.7a

(C-FS3.7a) Provide details of the climate-related requirements included in your selection process and engagement with external asset managers.

Coverage

All assets managed externally

Mechanisms used to include climate-related requirements in external asset manager selection

Review investment manager's climate-related policies

Use of external data on investment managers regarding climate risk management

Describe how you monitor and engage with asset managers to ensure investment activities are consistent with your climate strategy

BTG considered the importance to identify the social, environmental and climate risks of its many operating segments, complying with the principles and fundamentals outlined in its Social and Environmental Risk Policy. Climate related demands include GHG emission mitigation strategy and physical and transition risk assessment. Usually the social and environmental diligence will verify if the company prepares an inventory of greenhouse gases, offsets its emissions, and manages risks related to climate change, particularly its stage on mapping the physical and transitional risks that may impact its activity.

The investment teams seek aligned companies that support changes in society via positive, impacting measures for society, the environment and governance, together with performance and high returns. Sectors such as infrastructure (sanitation and sustainable transport), renewable energy, sustainable agribusiness, health and wellbeing, education, financial inclusion, are examples of our investment areas focused on sustainable growth.

BTG Pactual believes that success in the management of third-party assets is the result of a combination of market expertise under strict risk control with excellence in research and technology. Thus, the decision-making process used is highly dynamic. As a result, we understand that ESG factors represent different risks and opportunities in the various investment strategies where we have a position. Thus, for each strategy, BTG Pactual has an approach for ESG factors, using own methodologies and specialized external services in ESG matters, as per the necessity of each fund.

C-FS3.8

(C-FS3.8) Does your organization include covenants in financing agreements to reflect and enforce your climate-related policies?

	Climate-related covenants in financing agreements	Primary reason for not including climate-related covenants in financing agreements	Explain why your organization does not include climate-related covenants in financing agreements and your plans for the future
Row 1	Yes	<Not Applicable>	<Not Applicable>

C-FS3.8a

(C-FS3.8a) Provide details of the covenants included in your organization's financing agreements to reflect and enforce your climate-related policies.

Types of covenants used	Asset class/product types	Coverage of covenants	Please explain
Purpose or use of proceeds clause refers to sustainable project Legal mandate to obtain third party verification Covenants related to compliance with your policies	Corporate loans Corporate real estate Asset finance Project finance	Selected clients	The Social, Environmental and Climate Responsibility Policy, Responsible Investment Policy and the 19 sectorial policies consolidate the social, environmental and climate guidelines to be observed by the entities that are part of the BTG Pactual in the conduction of their loans and investments business, activities, and operational processes. These policies guide the relationship with its clients and other stakeholders, seeking to reduce the social, environmental and climate risks to which the bank may be exposed. The decision regarding any type of relationship with any counterparty occurs in the following lines of defense (in that order): ESG team, ESG Head, CSO and ESG Committee. If it is found that the counterparty is not able to manage the socio-environmental and climate risks related to its activities, the ESG area may demands an action plan to be adopted by the counterparty in order to mitigate these risks - in some cases, this includes hiring an independent engineer or socio-environmental consultant to monitor the activities and compliance with the action plan, through periodic reports on the environmental conditions and climate risks related to the operation. The approval of the operation depends on the counterparty's commitment to execute this plan, which will be included in the operation contracts and monitored. For these specific cases, in addition to the standard ESG clauses, we include clauses for obligation to comply with the plan and early expiration of the contract due to non-compliance. We may also include mandatory compliance clauses for authorization of disbursement of funds. Depending on the problems identified in the socio-environmental and climate analysis, there is also the possibility of including good practice clauses and/or regularization of minor situations. All these points are monitored throughout the exhibition by the ESG team and, if applicable, by a contracted consultancy.

C4. Targets and performance

C4.1

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

No target

C4.1c

(C4.1c) Explain why you did not have an emissions target, and forecast how your emissions will change over the next five years.

	Primary reason	Five-year forecast	Please explain
Row 1	We are planning to introduce a target in the next two years	We expect a decline of 10% in our scope 1 and 2 emission intensity within five years. The gross net emissions should go up to 10%.	<p>2016's emissions inventory collected information from Brazilian's offices as well as New York and London offices. Finally, 2017's inventory included all offices from BTG – including the other offices located in Latin America and in Europe. The 2018's inventory also covered all BTG's office but had a substantial increase of the information gathered (specially emissions sources under operation control of third party companies - Scope 3). 2020's inventory included emissions from independent agents' offices. 2021's inventory included new emissions sources, especially in Scope 3.</p> <p>BTG Pactual is working to better understand its financed and facilitated emissions before developing a reduction target. We expect the scope 3, category 15 (financed emissions) to be the company's second largest emission source. Therefore, this work is essential to set up conceivable targets and a coherent transition plan, with short, mid and long-term goals for all the bank's activities.</p> <p>As an ongoing effort, BTG has implemented several programs aiming to reduce GHG emissions: (i) purchase of electricity in the free market for the condominium of the BTG SP office (which accounts for 52% of the bank's total consumption); (ii) buildings with LEED certification, with consequent reduction of electricity consumption and use of refrigerant gases with lower global warming potential in air conditioning equipment; (iii) waste management programs at São Paulo office and recycling practices in Rio de Janeiro – that represents 59.44% of BTG's on-site office employees ; (iv) generation of renewable energy through photovoltaic panels in the Medellín (Colombia) office, providing 30% of the energy consumed on site; (v) initiative to increase the use of electric cars by UK employees, avoiding 1.5 tCO2 annually. For the following years, we aim to reach the following targets (i) understand and accurately measure our financed emissions from the Corporate & SME Lending Portfolio and the emissions associated with the purchase and transport of commodities from the G&O trading desk; (ii) review annually emissions sources of the inventory.</p> <p>As a significant improvement in 2022, we enhanced our methodology for estimating emissions from category 7 of scope 3 (employee commuting). As a result, we retroactively recalculated and audited the 2019 and 2020 inventories to incorporate this methodological change.</p>

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2022

Target coverage

Country/area/region

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Other, please specify	Other, please specify (Report BTG's CO2 emissions in Corporate Lending and Asset Management, targeting 100%)
-----------------------	--

Target denominator (intensity targets only)

<Not Applicable>

Base year

2022

Figure or percentage in base year

0

Target year

2025

Figure or percentage in target year

100

Figure or percentage in reporting year

100

% of target achieved relative to base year [auto-calculated]

100

Target status in reporting year

Underway

Is this target part of an emissions target?

Based on the analysis of the major environmental and social issues that are impacting various segments of society, as well as the understanding of the importance of ESG factors for the continuity of our clients' businesses, BTG has set three commitments for 2025 related to climate change, sustainable development, and economic inclusion. These commitments are closely intertwined with BTG's core business and are pertinent to the current needs of Latin America.

- Engage Corporate and Investment Banking clients in the Oil & Gas and Energy sectors on issues related to climate change
- Foster distributed generation and clean energy
- Report BTG's CO2 emissions in Corporate Lending and Asset Management.

Knowledge of the financed emissions will allow us to better prepare for the transition to a low carbon economy.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

Based on the analysis of the major environmental and social issues that are impacting various segments of society, as well as the understanding of the importance of ESG factors for the continuity of our clients' businesses, BTG has set three commitments for 2025 related to climate change, sustainable development, and economic inclusion. These commitments are closely intertwined with BTG's core business and are pertinent to the current needs of Latin America.

- Engage Corporate and Investment Banking clients in the Oil & Gas and Energy sectors on issues related to climate change
- Foster distributed generation and clean energy
- Report BTG's CO2 emissions in Corporate Lending and Asset Management.

Plan for achieving target, and progress made to the end of the reporting year

BTG is in the process of accessing the bank's financed emissions both for a base year and the current year in order to establish public emission reduction targets. This process is using primary data from clients that disclosure their emissions and emission factors for clients that don't.

List the actions which contributed most to achieving this target

<Not Applicable>

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	
To be implemented*	0	0
Implementation commenced*	5	119.13
Implemented*	0	0
Not to be implemented	0	

C4.3b

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

Initiative category & Initiative type

Low-carbon energy generation	Solar PV
------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

9.85

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

16193

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

113982

Payback period

4-10 years

Estimated lifetime of the initiative

21-30 years

Comment

In 2019, BTG installed solar panel at its Medellin office located in Colombia. In 2022 the total energy produced by the panels was: 24.027 MWh. Avoided emissions due to solar generation: 9.85tCO2e. We updated our estimate on avoided emissions from last year, as we are now utilizing the operating margin emission factor.

Initiative category & Initiative type

Transportation	Employee commuting
----------------	--------------------

Estimated annual CO2e savings (metric tonnes CO2e)

1.5

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 3 category 7: Employee commuting

Voluntary/Mandatory

Voluntary

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

0

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

0

Payback period

No payback

Estimated lifetime of the initiative

6-10 years

Comment

In 2022, BTG launched an initiative to incentivize London-based employees to purchase electric vehicles instead of combustion-powered cars. The initiative encourages employees to reduce their carbon emissions and avoids approximately 1.5 tons of CO2 annually.

Initiative category & Initiative type

Company policy or behavioral change	Waste management
-------------------------------------	------------------

Estimated annual CO2e savings (metric tonnes CO2e)

11.16

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 3 category 5: Waste generated in operations

Voluntary/Mandatory

Voluntary

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

918

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

0

Payback period

No payback

Estimated lifetime of the initiative

16-20 years

Comment

Since June 2021, BTG has adopted a digital version of its clients' bank statements. By not printing this document anymore, BTG has reduced its monthly consumption of paper by 1 ton, avoiding the use of 540 thousand liters of water and the emission of 930 kilograms of CO2.

Initiative category & Initiative type

Waste reduction and material circularity	Waste reduction
--	-----------------

Estimated annual CO2e savings (metric tonnes CO2e)

0.02

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 3 category 5: Waste generated in operations

Voluntary/Mandatory

Voluntary

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

30373

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

0

Payback period

No payback

Estimated lifetime of the initiative

16-20 years

Comment

BTG has a badge/password printing system implemented in 120 printers. With this, a smart system releases the print orders using a badge/password reader to identify the requesting employee. If the prints are not collected within one hour, the requests will be automatically cancelled. The initiative contributed to an estimated reduction of 297 thousand sheets (27% of the printing volume) and resulted in savings of over R\$ 30 thousand.

Initiative category & Initiative type

Waste reduction and material circularity	Other, please specify
--	-----------------------

Estimated annual CO2e savings (metric tonnes CO2e)

96.6

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 3 category 5: Waste generated in operations

Voluntary/Mandatory

Voluntary

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

0

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

0

Payback period

No payback

Estimated lifetime of the initiative

16-20 years

Comment

BTG's aim is to promote waste prevention. However, in cases where this is not feasible, we prioritize recycling, and proper disposal of waste. In this sense, organic waste goes to composting and a biodigester. This is beneficial because organic waste in landfills generates, methane, a potent GHG. By composting wasted food and other organics, methane emissions are significantly reduced. In 2022, only 23% of our waste was sent to landfills.

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

Method	Comment
Dedicated budget for energy efficiency	The building where our main office is located, in São Paulo (SP), and where most of our employees are based, received the LEED Platinum EB O&M V4 certification in 2019. This certification attests the efforts made with a focus on sustainability and the improvements made in favor of the surrounding environment. This certification version, geared towards operation and maintenance, attests to the building's eco-efficiency advantages and its commitment to the best environmental practices. In 2021, the certification was renewed. Additionally, in our São Paulo office there is a central air conditioning system equipped with chillers, compressors with magnetic bearings, which provide great energy efficiency due to their lack of friction. All lighting is done with led lamps, of low energy consumption. The condominium also has elevators equipped with a system that stores the energy generated through braking and automatically shuts off when not in use, to reduce consumption.
Employee engagement	We use the screensavers on employees' computers to communicate our ESG & Impact Investing initiatives. Additionally, we have trainings available on our BTG Campus which address climate related issues and sustainable finance. New Hire Training: Presents the structure of the ESG area and its actions to new employees. ESG and Sustainable Finance & Impact Investing: Mandatory and intended for all BTG Pactual employees, it outlines how the ESG area defines the strategy for all business areas. It communicates our ESG actions, internally, to our clients and demonstrates how the Impact Investing area connects global investors to sustainable investment opportunities in Latin America. ESG Analysis Credit: Aimed at employees in the Investment Banking Division, Credit and Securitization, Credit Risk, Backoffice, and Legal areas, it outlines the bank's actions and procedures for assessing the social, environmental, and climate risks associated with its loans, in accordance with ESG policies

C-FS4.5**(C-FS4.5) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?**

Yes

C-FS4.5a**(C-FS4.5a) Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the products(s).****Product type/Asset class/Line of business**

Banking	Other, please specify (Eligible portfolio)
---------	--

Taxonomy or methodology used to classify product

Climate Bonds Taxonomy

Description of product

With the support of the Climate Bonds Initiative (CBI), BTG has developed the BTG Pactual Sustainable Financing Framework under which it may issue or originate Sustainability Instruments and launch deposit products. BTG may use the proceeds from these instruments to finance or refinance projects, loans, or securities that are expected to generate positive environmental and social impacts in the Latin American region. The Framework outlines a process to track, allocated and manage proceeds, and makes commitment for BTG to report on the allocation and impact of the use of proceeds. The framework was verified by Sustainalytics through a Second Party Opinion (SPO). The % disclosed is in reference to the bank's total credit portfolio.

Product enables clients to mitigate and/or adapt to climate change

Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)

8200000000

% of total portfolio value

5.7

Type of activity financed/insured or provided

Green buildings and equipment
Low-emission transport
Nature-based solutions
Other, please specify (Electricity Networks, Energy Efficiency, Sustainable Water and Wastewater Management, Resource Efficiency, Pollution Prevention, Affordable Housing, Affordable Basic Infrastructure, Micro, Small and Medium Enterprise Financing and Microfinance)

Product type/Asset class/Line of business

Banking	Other, please specify (Sustainable time deposit)
---------	--

Taxonomy or methodology used to classify product

Green Bond Principles (ICMA)

Description of product

In November 2021, BTG Pactual was the first in Latin America to launch a sustainable time deposit ("Sustainable Deposits Program") in full alignment with international guidelines. The purpose of the program is not only to finance and/or refinance Green, Social or Sustainable Eligible Projects described in the Sustainable Financing Framework, but it is also a response to clients demands for liquid investments in alignment with their ESG practices and strategy. The % disclosed is in reference to the bank's total time deposits portfolio.

Product enables clients to mitigate and/or adapt to climate change

Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)

523000000

% of total portfolio value

0.42

Type of activity financed/insured or provided

Green buildings and equipment

Low-emission transport

Renewable energy

Nature-based solutions

Other, please specify (Electricity Networks, Energy Efficiency, Sustainable Water and Wastewater Management, Resource Efficiency, Pollution Prevention, Affordable Housing, Affordable Basic Infrastructure, Micro, Small and Medium Enterprise Financing and Microfinance)

Product type/Asset class/Line of business

Banking	Debt and equity underwriting
---------	------------------------------

Taxonomy or methodology used to classify product

Green Bond Principles (ICMA)

Description of product

In 2016, BTG Pactual signed a public declaration to foster the Green Bond market (The Brazil Green Bonds Statement), showing its intention to move towards a low-carbon and climate resilient economy. Since then, it has structured and coordinated several green, social, sustainability, sustainability-linked and transition issuances for its clients – including important innovative sustainable finance transactions, such as the first sustainability and the first transition ones in Brazil. The % disclosed is in reference to the bank's total debt capital market (DCM) portfolio.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

4400000000

% of total portfolio value

30

Type of activity financed/insured or provided

Renewable energy

Sustainable agriculture

Other, please specify (Electricity Networks, Energy Efficiency, Sustainable Water and Wastewater Management, Resource Efficiency, Pollution Prevention, Biofuels)

Product type/Asset class/Line of business

Investing	Private Equity
-----------	----------------

Taxonomy or methodology used to classify product

Externally classified using other taxonomy or methodology, please specify (Second Party Opinion (SPO))

Description of product

Launched as one of the initiatives to develop the sustainable and impact investment market, the BTG Pactual Investimentos de Impacto FIP (Private Equity Impact Investment Fund) raised more than R\$ 542 million in 2021. By 2022, three investments had been made through this fund. Aliare was the second investment and contributes to increase the use of technology in agriculture, optimizing the efficient use of resources, improving agricultural management, and contributing to increased productivity and income for its clients, mostly small and medium-sized rural producers. The fund uses a specialized and independent consultancy (Sitawi) to analyse the investees and confirm that they are impact companies (SPO – second party opinion). The % disclosed is in reference to the total assets under management (AuM) portfolio.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

542000000

% of total portfolio value

0.19

Type of activity financed/insured or provided

Sustainable agriculture

Product type/Asset class/Line of business

Investing	Fixed Income
-----------	--------------

Taxonomy or methodology used to classify product

Green Bond Principles (ICMA)

Description of product

BTG has structured and distributed two fixed income funds, one focused in emerging markets (ESG EM Bond Fund) and the other in Brazil (Crédito Corporativo ESG RF IS). Both funds are dedicated to sustainable finance issuances, including Green, Social, Sustainable and Sustainability-linked bonds (labeled as such by a specialized consultancy's second party opinion – SPO). According to the funds by laws it has a negative screening for the coal industry, as well as companies that are non-compliant with the UN Global Compact principles and the OECD guidelines for multinationals. The % disclosed is in reference to the total assets under management (AuM) portfolio.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Adaptation

Portfolio value (unit currency – as specified in C0.4)

159800000

% of total portfolio value

0.06

Type of activity financed/insured or provided

Green buildings and equipment

Low-emission transport

Renewable energy

Other, please specify (Energy efficiency, Pollution prevention and control, Environmentally sustainable management of living natural resources and land use, Terrestrial and aquatic biodiversity, Climate change adaptation, Circular economy adapted products)

Product type/Asset class/Line of business

Investing	Forestry
-----------	----------

Taxonomy or methodology used to classify product

Externally classified using other taxonomy or methodology, please specify (IFC Performance Standards)

Description of product

The Reforestation Fund is a TIG initiative launched in late 2021 to invest in degraded lands in Brazil, Uruguay, and Chile, where two types of activities will be implemented.

Half of the areas will be used for the protection and restoration of native forests. The other half are being set aside to establish commercial farms for sustainable forestry management. Initially, the goal is to plant 200 million trees in 140,000 hectares of degraded land. This will generate a capture of 80 million tCO₂e, over 15 years. The % disclosed is in reference to the bank's total assets under management (AuM) portfolio.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Adaptation

Portfolio value (unit currency – as specified in C0.4)

230000000

% of total portfolio value

0.08

Type of activity financed/insured or provided

Nature-based solutions

Product type/Asset class/Line of business

Insurance	Agribusiness
-----------	--------------

Taxonomy or methodology used to classify product

Internally classified

Description of product

As a result of climate change, agricultural production has become exposed to more frequent and less predictable weather events. In this context, agricultural insurance works to help farmers face these risks and mitigate their potential losses due to adverse weather conditions. BTG has an insurance/reinsurance front that offers insurance/reinsurance for crop production. This product is available for the 3 most common grains in Brazil (corn, wheat, and soy) and covers production shortfalls due to weather events.

Product enables clients to mitigate and/or adapt to climate change

Adaptation

Portfolio value (unit currency – as specified in C0.4)

107160000

% of total portfolio value

32

Type of activity financed/insured or provided

Risk transfer mechanisms for under-insured or uninsured

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

No

Name of organization(s) acquired, divested from, or merged with

<Not Applicable>

Details of structural change(s), including completion dates

<Not Applicable>

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	No	<Not Applicable>

C5.2

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

Scope 1

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

479.88

Comment

BTG Pactual is an investment bank and its activities are characterized by low direct GHG emissions: Scopes 1 and 2 sum up to 1,788.49tCO2e. Its most representative emissions occur in the value chain (Scope 3), totalizing 5,964.45 tCO2e (77%) in 2019. We manage greenhouse gas (GHG) emissions in our operations through voluntary, independently audited annual inventories using the GHG Protocol methodology.

Scope 1 emissions resulted in 479.88 tCO2e.

- 2019 direct emissions are significantly higher when compared to 2020. Main factors to explain this include:

- (i) Fugitive emissions, main sources of Scope 1, do not have annual regularity
- (ii) The COVID-19 pandemic heavily affected the emissions from 2020

Scope 2 (location-based)

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

1308.61

Comment

BTG Pactual is an investment bank and its activities are characterized by low direct GHG emissions: Scopes 1 and 2 sum up to 1,788.49tCO2e. Its most representative emissions occur in the value chain (Scope 3), totalizing 5,964.45 tCO2e (77%) in 2019. We manage greenhouse gas (GHG) emissions in our operations through voluntary, independently audited annual inventories using the GHG Protocol methodology.

Scope 2

Grid electricity consumption in 2019 was the highest since 2015, which can be explained by the lack of primary data in a timely manner to carry out the inventory contributed to the increase in emissions, since the consumption of more offices had to be estimated based on São Paulo's. In 2020, mainly due to the pandemic, the energy consumption (in MWh) has decreased by 34.5%. Even though the number of employees has increased, employees worked from home and offices energy use were reduced.

Scope 2 (market-based)

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Not applicable.

Scope 3 category 1: Purchased goods and services**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

18.24

Comment

Production of paper consumed.

Scope 3 category 2: Capital goods**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Not applicable.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Not applicable.

Scope 3 category 4: Upstream transportation and distribution**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Not applicable.

Scope 3 category 5: Waste generated in operations**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

504.02

Comment

Related to recycled and landfill waste.

Scope 3 category 6: Business travel**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

3704.4

Comment

Related to air travel.

Scope 3 category 7: Employee commuting**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

1197.28

Comment

Premises: five modals considered; number of working days in the year; home-office employees not accounted; average distribution of modals in the country.

Scope 3 category 8: Upstream leased assets**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

540.51

Comment

Related to generators, fire extinguishers and air conditioning in building where offices of BTG Pactual are located.

Scope 3 category 9: Downstream transportation and distribution**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Not applicable.

Scope 3 category 10: Processing of sold products**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Not applicable.

Scope 3 category 11: Use of sold products**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Not applicable.

Scope 3 category 12: End of life treatment of sold products**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Not applicable.

Scope 3 category 13: Downstream leased assets

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Not applicable.

Scope 3 category 14: Franchises

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Not applicable.

Scope 3: Other (upstream)

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Not applicable.

Scope 3: Other (downstream)

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

0

Comment

Not applicable.

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Brazil GHG Protocol Programme

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

ISO 14064-1

Other, please specify (World Resources Institute)

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)

341.2

Start date

January 1 2022

End date

December 31 2022

Comment

Since 2015, we have performed our annual GHG Inventory, through a process that is checked by an independent third party, as a voluntary practice on the part of BTG Pactual. In accordance with the directives of the Brazilian Program of the GHG Protocol, the Inventory consolidates data based upon the operational control approach. For the year 2022, the most relevant categories in the total scope's 1 emissions was Fugitive with 328 tCO2e, followed by Mobile Combustion with 12 tCO2e and Stationary Combustion with 1.2 tCO2e.

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)

177

Start date

January 1 2021

End date

December 31 2021

Comment

Since 2015, we have performed our annual GHG Inventory, through a process that is verified by an independent third party, as a voluntary practice on the part of BTG Pactual. In accordance with the directives of the Brazilian Program of the GHG Protocol, the Inventory consolidates data based upon the operational control approach. For the year 2021, the most relevant categories in the total scope's 1 emissions was Fugitive with 88.4 tCO2e, followed by Stationary Combustion with 63.7 tCO2e and Solid Waste and Wastewater with 18.9 tCO2e.

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)

99.1

Start date

January 1 2020

End date

December 31 2020

Comment

Since 2015, we have performed our annual GHG Inventory, through a process that is verified by an independent third party, as a voluntary practice on the part of BTG Pactual. In accordance with the directives of the Brazilian Program of the GHG Protocol, the Inventory consolidates data based upon the operational control approach. For the year 2020, the most relevant categories in the total scope's 1 emissions was Fugitive with 94.4 tCO2e, followed by Stationary Combustion with 4.6 tCO2e.

Past year 3

Gross global Scope 1 emissions (metric tons CO2e)

479.8

Start date

January 1 2019

End date

December 31 2019

Comment

Since 2015, we have performed our annual GHG Inventory, through a process that is verified by an independent third party, as a voluntary practice on the part of BTG Pactual. In accordance with the directives of the Brazilian Program of the GHG Protocol, the Inventory consolidates data based upon the operational control approach. For the year 2019, the most relevant categories in the total scope's 1 emissions was Fugitive with 450.2 tCO2e, followed by Stationary Combustion with 29.6 tCO2e.

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 have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment

All the energy consumed in the bank's offices is from the local network (location-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

397.2

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

January 1 2022

End date

December 31 2022

Comment

BTG used the electricity consumption data from bills (kWh considering peak and off- peak consumption) and application of the appropriate emission factor, country-specific, to calculate it's scope 2 emissions. The whole BTG's scope 2 emissions come from a locaion-based approach.

Past year 1

Scope 2, location-based

1532.8

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

January 1 2021

End date

December 31 2021

Comment

BTG used the electricity consumption data from bills (kWh considering peak and off- peak consumption) and application of the appropriate emission factor, country-specific, to calculate it's scope 2 emissions. The whole BTG's scope 2 emissions come from a locaion-based approach.

Past year 2

Scope 2, location-based

855.5

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

January 1 2020

End date

December 31 2020

Comment

BTG used the electricity consumption data from bills (kWh considering peak and off- peak consumption) and application of the appropriate emission factor, country-specific, to calculate it's scope 2 emissions. The whole BTG's scope 2 emissions come from a locaion-based approach.

Past year 3

Scope 2, location-based

1308.6

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

January 1 2019

End date

December 31 2019

Comment

BTG used the electricity consumption data from bills (kWh considering peak and off- peak consumption) and application of the appropriate emission factor, country-specific, to calculate it's scope 2 emissions. The whole BTG's scope 2 emissions come from a locaion-based approach.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 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

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

13.6

Emissions calculation methodology

Average data method

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

100

Please explain

Paper acquired for the use at the BTG's offices.

Capital goods

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons 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

BTG evaluated the relevance of this source of emission and concluded that it is not relevant to our activity - financial institution.

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

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons 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

BTG evaluated the relevance of this source of emission and concluded that it is not relevant to our activity - financial institution.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

770.1

Emissions calculation methodology

Spend-based method

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

100

Please explain

Fuel for motorcycles.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

902.1

Emissions calculation methodology

Average data method

Waste-type-specific method

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

100

Please explain

Sanitary sewage and urban solid waste, including recycling and composting.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

4271.5

Emissions calculation methodology

Distance-based method

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

100

Please explain

Covers both gasoline and aviation fuel.

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

2285.1

Emissions calculation methodology

Average data method

Distance-based method

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

100

Please explain

Covers four modal categories: subway, bus, automobile, motorcycles.

Upstream leased assets

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1425.6

Emissions calculation methodology

Asset-specific method

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

100

Please explain

Shared condominium's air conditioning, fire extinguishers, generator and electricity.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

59.1

Emissions calculation methodology

Distance-based method

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

100

Please explain

Gasoline for automobiles.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons 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

BTG evaluated the relevance of this source of emission and concluded that it is not relevant to our activity - financial institution.

Use of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons 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

BTG evaluated the relevance of this source of emission and concluded that it is not relevant to our activity - financial institution.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons 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

BTG evaluated the relevance of this source of emission and concluded that it is not relevant to our activity - financial institution.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons 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

BTG evaluated the relevance of this source of emission and concluded that it is not relevant to our activity - financial institution.

Franchises

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons 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

BTG evaluated the relevance of this source of emission and concluded that it is not relevant to our activity - financial institution.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons 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

BTG evaluated the relevance of this source of emission and concluded that it is not relevant to our activity - financial institution.

Other (downstream)**Evaluation status**

Not relevant, explanation provided

Emissions in reporting year (metric tons 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

BTG evaluated the relevance of this source of emission and concluded that it is not relevant to our activity - financial institution.

C6.5a

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.**Past year 1****Start date**

January 1 2021

End date

December 31 2021

Scope 3: Purchased goods and services (metric tons CO2e)

11.9

Scope 3: Capital goods (metric tons CO2e)

0

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

0

Scope 3: Upstream transportation and distribution (metric tons CO2e)

1138.8

Scope 3: Waste generated in operations (metric tons CO2e)

286.1

Scope 3: Business travel (metric tons CO2e)

863.4

Scope 3: Employee commuting (metric tons CO2e)

500.3

Scope 3: Upstream leased assets (metric tons CO2e)

925.3

Scope 3: Downstream transportation and distribution (metric tons CO2e)

17.7

Scope 3: Processing of sold products (metric tons CO2e)

0

Scope 3: Use of sold products (metric tons CO2e)

0

Scope 3: End of life treatment of sold products (metric tons CO2e)

0

Scope 3: Downstream leased assets (metric tons CO2e)

0

Scope 3: Franchises (metric tons CO2e)

0

Scope 3: Investments (metric tons CO2e)

<Not Applicable>

Scope 3: Other (upstream) (metric tons CO2e)

0

Scope 3: Other (downstream) (metric tons CO2e)

0

Comment

In 2021 the total scope 3 emissions was 3,743.7 (tCO2e), being upstream transportation and distribution the most significant category, followed by upstream leased assets as second and business travel as third.

Past year 2**Start date**

January 1 2020

End date

December 31 2020

Scope 3: Purchased goods and services (metric tons CO2e)

37.9

Scope 3: Capital goods (metric tons CO2e)

0

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

0

Scope 3: Upstream transportation and distribution (metric tons CO2e)

0

Scope 3: Waste generated in operations (metric tons CO2e)

235.5

Scope 3: Business travel (metric tons CO2e)

1015.2

Scope 3: Employee commuting (metric tons CO2e)

1172.6

Scope 3: Upstream leased assets (metric tons CO2e)

14.4

Scope 3: Downstream transportation and distribution (metric tons CO2e)

0

Scope 3: Processing of sold products (metric tons CO2e)

0

Scope 3: Use of sold products (metric tons CO2e)

0

Scope 3: End of life treatment of sold products (metric tons CO2e)

0

Scope 3: Downstream leased assets (metric tons CO2e)

0

Scope 3: Franchises (metric tons CO2e)

0

Scope 3: Investments (metric tons CO2e)

<Not Applicable>

Scope 3: Other (upstream) (metric tons CO2e)

0

Scope 3: Other (downstream) (metric tons CO2e)

0

Comment

In 2020 the total scope 3 emissions was 2,475.8 (tCO2e), being employee commuting the most significant category, followed by business travel as second and waste generated in operations as third.

Past year 3

Start date

January 1 2019

End date

December 31 2019

Scope 3: Purchased goods and services (metric tons CO2e)

18.23

Scope 3: Capital goods (metric tons CO2e)

0

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

0

Scope 3: Upstream transportation and distribution (metric tons CO2e)

0

Scope 3: Waste generated in operations (metric tons CO2e)

504.02

Scope 3: Business travel (metric tons CO2e)

3704.4

Scope 3: Employee commuting (metric tons CO2e)

1453.14

Scope 3: Upstream leased assets (metric tons CO2e)

540.57

Scope 3: Downstream transportation and distribution (metric tons CO2e)

0

Scope 3: Processing of sold products (metric tons CO2e)

0

Scope 3: Use of sold products (metric tons CO2e)

0

Scope 3: End of life treatment of sold products (metric tons CO2e)

0

Scope 3: Downstream leased assets (metric tons CO2e)

0

Scope 3: Franchises (metric tons CO2e)

0

Scope 3: Investments (metric tons CO2e)

<Not Applicable>

Scope 3: Other (upstream) (metric tons CO2e)

0

Scope 3: Other (downstream) (metric tons CO2e)

0

Comment

In 2019 the total scope 3 emissions was 6,220.36 (tCO2e), being business travel the most significant category, followed by employee commuting as second and upstream leased assets as third.

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

4.29e-8

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

738.4

Metric denominator

unit total revenue

Metric denominator: Unit total

17200000000

Scope 2 figure used

Location-based

% change from previous year

67

Direction of change

Decreased

Reason(s) for change

Change in renewable energy consumption
Change in revenue

Please explain

2022 revenue was around 24% higher than the previous year. On the other hand, scope 1 and scope 2 emissions decreased around 59% than the previous year.

C7. Emissions breakdowns

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

No

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?

Decreased

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 in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	1135.6	Decreased	66.4	As the emission factor for purchasing electricity from the local grid has greatly reduced thanks to the greater availability of renewable energy, scope 2 emissions have reduced dramatically. This reduction (scope 2) was responsible for 66.4% of the difference.
Other emissions reduction activities	62.5	Decreased	3.66	Stationary combustion in our offices is calculated by the amount of use of our generators when the local grid becomes unavailable. We calculate the emissions using standard emission factors for the fuel used in these generators. The calculation accounted for the difference in the same category for both years and the sum of scopes 1 and two for the previous year (2021), as follows: [(63.7-1.2)/1709.8] x 100 (for the percentage of reduction) Due to the reduction in the use of generators in our main offices, we reduced our scope 1 emissions for stationary combustion compared with 2021.
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

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?

Location-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)	Unable to confirm heating value	0	34385.23	34385.23
Consumption of purchased or acquired electricity	<Not Applicable>	8821.89	730.78	9552.68
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>	24.03	<Not Applicable>	24.03
Total energy consumption	<Not Applicable>	8845.93	35116.01	43961.94

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area
Brazil
Consumption of purchased electricity (MWh)
7314.51
Consumption of self-generated electricity (MWh)
0
Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>
Consumption of purchased heat, steam, and cooling (MWh)
0
Consumption of self-generated heat, steam, and cooling (MWh)
0
Total non-fuel energy consumption (MWh) [Auto-calculated]
7314.51

Country/area
Chile
Consumption of purchased electricity (MWh)
2238.16
Consumption of self-generated electricity (MWh)
0
Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>
Consumption of purchased heat, steam, and cooling (MWh)
0
Consumption of self-generated heat, steam, and cooling (MWh)
0
Total non-fuel energy consumption (MWh) [Auto-calculated]
2238.16

Country/area
Colombia
Consumption of purchased electricity (MWh)
0
Consumption of self-generated electricity (MWh)
24.03
Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>
Consumption of purchased heat, steam, and cooling (MWh)
0
Consumption of self-generated heat, steam, and cooling (MWh)
0
Total non-fuel energy consumption (MWh) [Auto-calculated]
24.03

C9. Additional metrics

C9.1

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

Description

Other, please specify (Emissions(tCO2e)/Employee)

Metric value

1.74

Metric numerator

10,465.4 tCO2e

Metric denominator (intensity metric only)

5,999 employees

% change from previous year

10

Direction of change

Increased

Please explain

Net CO2 emissions grew more than the number of employees in 2022, resulting in na 10% increase of the emissiones per employee.

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

IGEE_BTG_PACTUAL - Documentos assinados.pdf

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Relevant standard

ISO14064-1

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

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Page/ section reference

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Relevant standard

ISO14064-1

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: Purchased goods and services

Scope 3: Upstream transportation and distribution

Scope 3: Waste generated in operations

Scope 3: Business travel

Scope 3: Employee commuting

Scope 3: Upstream leased assets

Scope 3: Downstream transportation and distribution

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

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Relevant standard

IS)14064-1

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
C1. Governance	Alignment with a sustainable finance taxonomy	ISAE 3000	Information related to our governance structure was verified and disclosed previously in our 2022 Annual Report. BTG Pactual externally verifies its Annual Report since the 2021 report, published in 2022. Among the information related to this disclosure, is the role of the ESG Committee in the approval of the processes that lead to emission emission reduction activities and risk management, which includes decisions based on sustainable finance taxonomy choices. Relatório de asseguração assinadoENG+Relatório Anual BTG 2022 ENG.pdf
C1. Governance	Emissions reduction activities	ISAE 3000	Information related to our governance structure was verified and disclosed previously in our 2022 Annual Report. BTG Pactual externally verifies its Annual Report since the 2021 report, published in 2022. Among the information related to this disclosure, is the role of the ESG Committee in the approval of the processes that lead to emission emission reduction activities and risk management, which includes decisions based on sustainable finance taxonomy choices. Relatório de asseguração assinadoENG+Relatório Anual BTG 2022 ENG.pdf
C2. Risks and opportunities	Alignment with a sustainable finance taxonomy	ISAE 3000	Information related to our risk and opportunity management was verified and disclosed previously in our 2022 Annual Report. BTG Pactual externally verifies its Annual Report since the 2021 report, published in 2022. Among the information related to this disclosure, are the processes implemented to identify and manage the risks and opportunities related to climate change. Products and projects in emissions reduction activities, such as the generation of renewable electricity, and alignment with sustainable taxonomies, such as some of our Impact Investing activities, are disclosed in our Annual Report. Relatório de asseguração assinadoENG+Relatório Anual BTG 2022 ENG.pdf
C2. Risks and opportunities	Emissions reduction activities	ISAE 3000	Information related to our risk and opportunity management was verified and disclosed previously in our 2022 Annual Report. BTG Pactual externally verifies its Annual Report since the 2021 report, published in 2022. Among the information related to this disclosure, are the processes implemented to identify and manage the risks and opportunities related to climate change. Products and projects in emissions reduction activities, such as the generation of renewable electricity, and alignment with sustainable taxonomies, such as some of our Impact Investing activities, are disclosed in our Annual Report. Relatório de asseguração assinadoENG+Relatório Anual BTG 2022 ENG.pdf
C3. Business strategy	Emissions reduction activities	ISAE 3000	Information related to our strategy on climate-related issues in all business areas, as well as risk and opportunity management, was verified and disclosed previously in our 2022 Annual Report. BTG Pactual externally verifies its Annual Report since the 2021 report, published in 2022. The implementation of emission reduction activities is strategic business as we work with our clients and asset owners to mitigate risks related climate change. Among the information related to this disclosure, are the processes implemented to identify and manage the risks and opportunities related to climate change. Products and projects in emissions reduction activities, such as the generation of renewable electricity, and alignment with sustainable taxonomies, such as some of our Impact Investing activities, are disclosed in our Annual Report. Relatório de asseguração assinadoENG+Relatório Anual BTG 2022 ENG.pdf
C3. Business strategy	Alignment with a sustainable finance taxonomy	ISAE 3000	Information related to our strategy on climate-related issues in all business areas, as well as risk and opportunity management, was verified and disclosed previously in our 2022 Annual Report. BTG Pactual externally verifies its Annual Report since the 2021 report, published in 2022. The implementation of emission reduction activities is strategic business as we work with our clients and asset owners to mitigate risks related climate change. Among the information related to this disclosure, are the processes implemented to identify and manage the risks and opportunities related to climate change. Products and projects in emissions reduction activities, such as the generation of renewable electricity, and alignment with sustainable taxonomies, such as some of our Impact Investing activities, are disclosed in our Annual Report. Relatório de asseguração assinadoENG+Relatório Anual BTG 2022 ENG.pdf
C11. Carbon pricing	Emissions reduction activities	ISAE 3000	Information about carbon offsetting and carbon pricing , was verified and disclosed previously in our 2022 Annual Report. BTG Pactual externally verifies its Annual Report since the 2021 report, published in 2022. The implementation of emission reduction activities in our own operations, such as renewable energy generation, and the purchase of carbon offsets are part of our climate strategy and is disclosed and verified in our anual report. Relatório de asseguração assinadoENG+Relatório Anual BTG 2022 ENG.pdf

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asseguração
assinadoENG+Relatório
Anual BTG 2022
ENG.pdf

C11. Carbon pricing

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits canceled by your organization in the reporting year.

Project type

Other, please specify (REDD APD)

Type of mitigation activity

Emissions reduction

Project description

The CIKEL Brazilian Amazon REDD APD Project aims to avoid emissions from planned deforestation on a property in Paragominas Municipality, Para state, Brazil. The main activity of the CIKEL Brazilian Amazon REDD APD Project is the cancelation of the planned deforestation activities and decision to instead conserve the forest area and continue limited forest management activities in the area under Forest Stewardship Council® Certification (FSC®) with Low Impact Logging (SFMLIL) practices.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

10465

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2007

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements

Investment analysis

Barrier analysis

Market penetration assessment

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting

Market leakage

Provide details of other issues the selected program requires projects to address

Being that the project involves Low Impact Logging, the program/methodology requires FSC certification. Other requirements of the program include: the project cannot generate other forms of environmental credits related to GHG (to avoid double counting), the baseline must be reviewed every 10 years and compliance with all applicable laws and regulations. Finally, the program also instructs projects to hold a stakeholder consultation prior to validation. In this case, it involved the local municipalities, surrounding communities, NGO's, universities, and research institutions.

Comment

Over the years, BTG Pactual has expanded its actions to offset its greenhouse gas (GHG) emissions. Our direct emissions (Scope 1) and part of our indirect emissions (Scope 2) have been offset since 2017 through the purchase and retirement of carbon credits. Meanwhile, scope 3 emissions began to be offset two years later, including measured indirect emissions and those of our independent autonomous agents.

C11.3

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

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Type of internal carbon price

Shadow price

How the price is determined

Price/cost of voluntary carbon offset credits

Objective(s) for implementing this internal carbon price

Drive low-carbon investment

Identify and seize low-carbon opportunities

Scope(s) covered

Scope 1

Scope 2

Scope 3 (upstream)

Scope 3 (downstream)

Pricing approach used – spatial variance

Uniform

Pricing approach used – temporal variance

Static

Indicate how you expect the price to change over time

<Not Applicable>

Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO2e)

1

Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO2e)

100

Business decision-making processes this internal carbon price is applied to

Risk management

Opportunity management

Mandatory enforcement of this internal carbon price within these business decision-making processes

Yes, for some decision-making processes, please specify (Among other factors, the estimation of the impact of this carbon pricing on the revenue of the companies is considered in the analysis of selected operations.)

Explain how this internal carbon price has contributed to the implementation of your organization's climate commitments and/or climate transition plan

The internal carbon price's main form of contribution to our decarbonization strategy is its usage during credit and investment committees, where the estimation of its impact on the revenue of the companies is considered in the analysis. This way we anticipate, through scenario analysis, how the client and the bank could benefit from a transition plan.

C12. Engagement

C12.1

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

Yes, our suppliers

Yes, our customers/clients

Yes, our investees

C12.1a

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

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change

% of suppliers by number

21

% total procurement spend (direct and indirect)

21

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

21

Rationale for the coverage of your engagement

Our operations provide the opportunity to engage with different sectors of the economy, fostering a sense of responsibility to promote and spread the best ESG practices. We undertake responsibility for promoting their adoption across our entire value chain, including suppliers. Suppliers considered critical to the bank must follow best practice recommendations in terms of sustainability. They must periodically undergo training on our Social and Environmental Responsibility Policy, provide evidence of their commitment to the Global Compact, prioritize the SDGs, and conduct a GHG inventory.

Impact of engagement, including measures of success

BTG has an ESG Conduct Manual for Suppliers, in which we address climate-related topics, by explaining key concepts (global warming, greenhouse effect and climate change) and describing what is a carbon inventory, how to execute and one and the benefits of doing so.

Comment

In the event of uncertainty, the ESG department may request supplemental documents to assess the supplier's social and environmental risk. When applicable, it suggests additional socio-environmental clauses to be included in contracts, with the goal of reducing contracting risk and encouraging the supplier to adopt more sustainable practices in its operations. 100% of BTG Pactual's suppliers are evaluated based on social and environmental criteria. In 2022, 57 new suppliers were evaluated. No restrictions were observed.

C-FS12.1b

(C-FS12.1b) Give details of your climate-related engagement strategy with your clients.

Type of clients

Customers/clients of Banks

Type of engagement

Engagement & incentivization (changing client behavior)

Details of engagement

Engage with clients and potential clients, particularly those with the most GHG-intensive and GHG-emitting activities, on their decarbonization strategies and net-zero transition pathways

% client-related Scope 3 emissions as reported in C-FS14.1a

0

Portfolio coverage (total or outstanding)

33

Rationale for the coverage of your engagement

Engagement targeted at clients with increased climate-related risks

Impact of engagement, including measures of success

Selected clients in intensive sectors with potential for mitigating GHG emissions are guided to follow a personalized action plan for reducing emissions and enhancing climate resilience, including portfolio diversification and/or investments in R&D, a climate transition plan, and engagement with customers and suppliers. For example, in 2022, the guarantee operation for the purchase of a fossil thermoelectric plant was only approved after the counterparty assumed concrete commitments to reduce emissions in the plant's life cycle, such as its early decommissioning and investment in maintaining the plant's efficiency. Another example was the acquisition of a mature oil field, whose buyer agreed to follow an action plan for compliance with the International Finance Corporation (IFC) standards as identified by a third-party socio-environmental diligence chosen by the bank. This includes a climate component, such as reducing or eliminating flares and increasing energy efficiency in equipment powered by internal combustion.

Type of clients

Customers/clients of Banks

Type of engagement

Information collection (understanding client behavior)

Details of engagement

Collect climate change and carbon information at least annually from long-term clients

% client-related Scope 3 emissions as reported in C-FS14.1a

0

Portfolio coverage (total or outstanding)

33

Rationale for the coverage of your engagement

Engagement targeted at clients with increased climate-related risks

Impact of engagement, including measures of success

Internally, loans in GHG-intensive sectors such as energy, steel, oil, and gas are analysed according to counterparty characteristics, such as emissions, reduction commitments, and climate resilience. Clients are compared to the best practices of the market, and the results are discussed in the credit committees. At least once a year, we research information about targets, transition plans, and mitigation practices of companies in emission intensive sectors. If such information is not publicly available, we contact the client directly. In 2022, we estimate that 29.4% of the total clients in the Oil and Gas sector, which comprise the Corporate & SME Lending portfolio, have conducted a carbon inventory and 23.5% have set emission reduction goals, as well as Net Zero commitments. Regarding the sector's exposure, that is, the percentage of the volume financed in the period, 54.03% of the total value corresponds to customers who have GHG inventories and 49.5% corresponds to customers who have emission reduction targets in place and have made a commitment to achieving net zero emissions.

Type of clients

Customers/clients of Insurers

Type of engagement

Information collection (understanding client behavior)

Details of engagement

Other, please specify (Information collection for risk analysis and approval/monitoring of the transaction)

% client-related Scope 3 emissions as reported in C-FS14.1a

0

Portfolio coverage (total or outstanding)

68

Rationale for the coverage of your engagement

Engagement targeted at clients with increased climate-related risks

Impact of engagement, including measures of success

The ESG team analyses guaranteed insurance operations, in which the counterparties are from oil & gas, mining or thermoelectric power sectors. For activities more exposed to socio-environmental risks (including climate risks) that may represent a higher reputational risk for the bank, BTG Pactual's Insurance Team contacts the ESG Area to assess the climate risks involved in the operation, in order to better calculate the costs and obligations to be included in the structure of the insurance policy and/or in the energy supply contract. Since all the guaranteed insurance operations are subjected to this approach (as long as the client belong to the determined sectors), we considered all the portfolio for this type of insurance (68% of the total) covered.

If it is found that the insured is not able to manage the climate risks related to its activities, the ESG Area may recommend (i) an action plan to be adopted by the insured in order to mitigate these risks, and/or (ii) the hiring of an independent engineer to monitor the activities of the insured during the credit exposure, through periodic reports containing information and data on the environmental conditions (including climate risks) of these activities.

C-FS12.1c

(C-FS12.1c) Give details of your climate-related engagement strategy with your investees.

Type of engagement
Information collection (Understanding investee behavior)

Details of engagement
Include climate-related criteria in investee selection / management mechanism
Collect climate-related and carbon emissions information at least annually from long-term investees

% scope 3 emissions as reported in C-FS14.1a/C-FS14.1b
0

Investing (Asset managers) portfolio coverage
30.67

Investing (Asset owners) portfolio coverage
<Not Applicable>

Rationale for the coverage of your engagement
Engagement targeted at investees with increased climate-related opportunities

Impact of engagement, including measures of success
Our engagement process for emission intensive assets consists in a periodical approach (at least 6 months), during which we analyse the company's assets for performance improvement opportunities, climate related KPIs, such as GHG emissions and climate targets, and ask the respective teams about alternatives and transition plans. We are also involved in the R&D planning for some of these companies. Plus, during these engagement sessions we connect them to low carbon solutions identified during the period.

C-FS12.2

(C-FS12.2) Does your organization exercise voting rights as a shareholder on climate-related issues?

	Exercise voting rights as a shareholder on climate-related issues	Primary reason for not exercising voting rights as a shareholder on climate-related issues	Explain why you do not exercise voting rights on climate-related issues
Row 1	Yes	<Not Applicable>	<Not Applicable>

C-FS12.2a

(C-FS12.2a) Provide details of your shareholder voting record on climate-related issues.

Method used to exercise your voting rights as a shareholder
Exercise voting rights directly

How do you ensure your shareholder voting rights are exercised in line with your overall strategy or transition plan?
<Not Applicable>

Percentage of voting disclosed across portfolio
30.67

Climate-related issues supported in shareholder resolutions
Climate-related disclosures
Other, please specify (BTG is exposed to relevant environmental/social/climate risks on illiquids asset, so our ESG/climate engagement is focused on this line of the business. Topics include: Research & Development projects; feasibility analysis of new fuels/resources.)

Do you publicly disclose the rationale behind your voting on climate-related issues?
No

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

PRB and IPC documents

btg-pactual-prb-reporting-and-assessment-2022.pdf

Compromisso - 20200513.pdf

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

The policies of Social, Environmental and Climate Responsibilities and Responsible Investment, as well as the 19 sectoral policies consolidate the guidelines of social, environmental, and climate considerations to be observed by entities within the BTG Pactual Prudential Conglomerate in the conduct of their business, activities, and operational processes. These policies guide the relationship with clients and other stakeholders, aiming to reduce the social, environmental, and climate risks to which the bank may be exposed.

In addition, they ensure that processes adhere to the standards of the Central Bank of Brazil (BACEN), the Brazilian Securities and Exchange Commission (CVM), the Brazilian Federation of Banks' (Febraban) banking self-regulation, and commitments made by the bank, such as the International Finance Corporation's (IFC) Performance Standards, the United Nations Global Compact, the United Nations Principles of Responsible Investment, the Sustainable Development Goals, and the United Nations Guiding Principles on Business and Human Rights.

The 19 sectoral policies encompass principles, guidelines, and best practices of a social, environmental, and climate nature that must be incorporated into all of the bank's activities and guide decision-making in all of our relationships.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Brazil is in the process of creating a law that regulates its national carbon market. Currently, there are a few bills underway which address this issue.

Category of policy, law, or regulation that may impact the climate

Carbon pricing, taxes, and subsidies

Focus area of policy, law, or regulation that may impact the climate

Emissions trading schemes

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

Brazil

Your organization's position on the policy, law, or regulation

Neutral

Description of engagement with policy makers

Research and discussions on the topic, analysis and comparability of the existing bills, participation in webinars and working groups.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

<Not Applicable>

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?

<Not Applicable>

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify (ANEC (Brazilian National Association of Grain Exporters))

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

ANEC (Brazilian National Association of Grain Exporters) promotes the development of activities related to grains and cereals, as well as defend the interests of its associates before private and public authorities. The Association is a signatory of the soy moratorium, in which members commit themselves not to buy soy produced in deforested areas within the Amazon Biome. BTG adheres to these guidelines and is subject to annual verification in order to demonstrate its compliance with the aforementioned requirements.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

172694

Describe the aim of your organization's funding

BTG pay's a yearly membership fee. The organization (ANEC) has direct interface with one important sector for the bank, in which is strategic to control deforestation.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify (FEBRABAN (The Brazilian Federation of Banks))

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

FEBRABAN - The Brazilian Federation of Banks - is the main entity representing the Brazilian banking industry. FEBRABAN's objective is to represent its associates in all spheres of government and to align the performance of the Brazilian banking sector with the main references and agreements in force, such as the commitments assumed by the country under the Climate Convention (Paris Agreement) and the Sustainable Development Goals (SDGs). To assist banks in their TCFD implementation trajectory, FEBRABAN has developed the Climate Risk Sensitivity Assessment Tool, a tool that allows an analysis of the sensitivity of the banks' credit portfolio to climate risks. BTG uses this tool, as well as participates in monthly meetings and working groups.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

7914264

Describe the aim of your organization's funding

BTG pay's a yearly membership fee. FEBRABAN is an important advocacy and representative body for Brazilian banks and operates, among other subjects, in the climate-change agenda. As an example, during the last year, FEBRABAN has been looking into the carbon market financial discussions in the regulatory level, which could heavily impact banks, asset managers and insurers.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

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 voluntary sustainability report

Status

Complete

Attach the document

1
Annual Report 2022.pdf

Page/Section reference

Governance: 33, 34, 35, 48, 50

Strategy: 83, 102, 103, 136

Risk Management: 48, 49, 50, 51, 52, 74, 75, 85, 87, 90, 97, 100, 101, 102, 103

Metrics and targets: 98, 99, 100, 101

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Other metrics

Comment

This Annual Report presents the operational, environmental, climate, social and economic performance of BTG Pactual from January 1 to December 31, 2022, the same period covered in its Financial Statements. This edition has been prepared in accordance with the GRI 2021 Standards. It is also aligned with the reporting recommendations of the following organizations: Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), International Integrated Reporting Council (IIRC), Global Compact of the United Nations, and the World Economic Forum. In addition, the report also indicates BTG Pactual's policies and practices that contribute to achieving the Sustainable Development Goals (SDGs) and the targets of the 2030 Agenda.

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	CDP Signatory Equator Principles Forest Stewardship Council (FSC) Partnership for Carbon Accounting Financials (PCAF) Principle for Responsible Investment (PRI) Programme for the Endorsement of Forest Certification (PEFC) Task Force on Climate-related Financial Disclosures (TCFD) Task Force on Nature-related Financial Disclosures (TNFD) UN Global Compact UNEP FI UNEP FI Principles for Responsible Banking	<p>BTG Pactual has been a signatory of the CDP since 2015. In this period, we have completed annually the CDP questionnaire and have made our responses available, detailing our policies, practices and performance indicators related to the issue.</p> <p>BTG Pactual is part of the Equator Principles, which consists of a risk management framework adopted by financial institutions to determine, assess and manage environmental and social risks in project financing. Environmental and social risks are assessed using the methodology developed by the International Finance Corporation.</p> <p>Forestry initiatives in Brazil are supported administratively and technically by TTG Brasil, which manages 99% of TIG's assets in the country, in accordance with the sustainability standard of the Forest Stewardship Council (FSC).</p> <p>97% of TIG's forest assets are certified under the Programme for the Endorsement of Forest Certification (PEFC).</p> <p>BTG adhered to PCAF in 2021 and committed to measure and disclose the greenhouse gas emissions associated with its portfolio of loans and investments. We are part of the PCAF LATAM team and the global climate data working group.</p> <p>BTG has been a signatory of the PRI since 2015 and has adopted the six principles for responsible investing. In implementing them, signatories contribute to developing a more sustainable global financial system. In 2020, we published a report detailing our progress against the implementation of the Principles for Responsible Investing.</p> <p>BTG supports (since 2017) and adopts (since 2022) the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), which encourages transparency on climate information</p> <p>BTG follows the development of the Taskforce on Climate-related Nature Disclosures (TNFD) and participated in a piloting program for its implementation, led by UNEP FI.</p> <p>Since 2015, BTG has been part of the UN Global Compact network, mobilizing the business community for the adoption of values related to human rights, labor relations, the environment and anticorruption</p> <p>BTG joined UNEP FI in 2020 through the Principles for Responsible Banking initiative.</p> <p>Since 2020, BTG Pactual has been a signatory to the Principles for Responsible Banking, affirming our commitment to support our clients in the transition to a more sustainable economy. BTG has presented two reports (2021 and 2022) detailing its progress against the implementation of the Principles for Responsible Banking.</p>

C14. Portfolio Impact

C-FS14.0

(C-FS14.0) For each portfolio activity, state the value of your financing and insurance of carbon-related assets in the reporting year.

Lending to all carbon-related assets

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

31755035769.2

New loans advanced in reporting year (unit currency – as specified in C0.4)

23481378103.06

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year

22

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

<Not Applicable>

Details of calculation

Within our sectoral division, we considered the TCFD definition of carbon-related assets, meaning, those assets tied to the four non-financial groups (1. Energy, 2. Transportation, 3. Materials and Buildings, and 4. Agriculture, Food, and Forest Products). We excluded clients in renewables for both the energy and agriculture sectors. For the purpose of this calculation, we only considered funded operations from the Corporate & SME portfolio. We considered our portfolio by the end of the fiscal year-end date (31.12.2022).

Lending to coal

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

0

New loans advanced in reporting year (unit currency – as specified in C0.4)

0

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year

0

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

<Not Applicable>

Details of calculation

We do not have lending operations to coal in the reporting year.

Lending to oil and gas

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

1786819593

New loans advanced in reporting year (unit currency – as specified in C0.4)

811652721.3

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year

1.24

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

<Not Applicable>

Details of calculation

Considering our Corporate & SME portfolio, we selected the funded operations from the oil & gas sector outstanding by the end of the fiscal year-end date (31.12.2022)

Investing in all carbon-related assets (Asset manager)

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

5234387943

New loans advanced in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year

34.61

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

<Not Applicable>

Details of calculation

The largest portion of our AuM is concentrated in the liquids assets. Among these, for strategic reasons, we are able to disclose the sectoral division for around 8,5% of this portfolio. The value refers to all assets under this category in the following sectors (as described in the recommended TCFD framework): energy, transportation, toll roads, oil & gas, agribusiness, industrials, metals & mining, pulp & paper, real estate, food & beverages, railroads, construction, fuel distribution. The percentage disclosed refers to the total amount of these carbon-related assets identified compared to the AuM evaluated, which is a portion of the liquid assets that we are able to disclose.

Investing in coal (Asset manager)

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

0

New loans advanced in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year

0

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

<Not Applicable>

Details of calculation

The largest portion of our AuM is concentrated in the liquids assets. Among these, for strategic reasons, we are able to disclose the sectoral division for around 8,5% of this portfolio. We do not have coal investments among these assets.

Investing in oil and gas (Asset manager)

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

608211779

New loans advanced in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year

4.02

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

<Not Applicable>

Details of calculation

The largest portion of our AuM is concentrated in the liquids assets. Among these, for strategic reasons, we are able to disclose the sectoral division for around 8,5% of this portfolio. The value refers to all assets under this category for the oil & gas sector. The percentage disclosed refers to the total amount of oil & gas assets compared to the AuM evaluated, which is a portion of the liquid assets that we are able to disclose.

Insuring all carbon-related assets

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

107160000

New loans advanced in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)

107160000

Percentage of portfolio value comprised of carbon-related assets in reporting year

32.82

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

<Not Applicable>

Details of calculation

Within our sectoral division, we considered the TCFD definition of carbon-related assets, meaning, those assets tied to the four non-financial groups (1. Energy, 2. Transportation, 3. Materials and Buildings, and 4. Agriculture, Food, and Forest Products). For the moment, our understanding is that the sectoral distribution of our insurance portfolio has internal strategic relevance, therefor we chose to not reveal it in its entirety. We considered our portfolio comprised of all written premiums in collateral insurance plus the rural insurance, without the damage. Since the rural insurance proportion is publicly available, we consider the written premiums for this type of insurance to be belong in this category.

Insuring coal

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

0

New loans advanced in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)

0

Percentage of portfolio value comprised of carbon-related assets in reporting year

0

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

<Not Applicable>

Details of calculation

We do not have exposure to coal in our insurance portfolio.

Insuring oil and gas

Are you able to report a value for the carbon-related assets?

No, and we do not plan to assess our portfolio's exposure in the next two years

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

<Not Applicable>

New loans advanced in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year

<Not Applicable>

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Other, please specify (Strategic information)

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

For the moment, our understanding is that the sectoral distribution of our insurance portfolio has internal strategic relevance, therefor we chose to not reveal it.

Details of calculation

<Not Applicable>

C-FS14.1

(C-FS14.1) Does your organization measure its portfolio impact on the climate?

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Please explain why you do not measure the impact of your portfolio on the climate
Banking (Bank)	Yes	Other, please specify (Stress testing / Climate Risk Sensibility)	<Not Applicable>
Investing (Asset manager)	Yes	Other, please specify (Stress testing / Climate Risk Sensibility)	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	No, and we do not plan to do so in the next two years	<Not Applicable>	BTG Pactual is following the discussions around the creation of methodologies to assess the impact of insurance portfolios on the climate together with the National Confederation of Insurance Companies (CNSeg). As soon as the methodologies become available and we have confidence in them, we intend to start evaluate this impact.

C-FS14.1b**(C-FS14.1b) Provide details of the other carbon footprinting and/or exposure metrics used to track the impact of your portfolio on the climate.****Portfolio**

Investing (asset manager)

Portfolio metricPortfolio carbon footprint (tCO₂e/Million invested)**Metric value in the reporting year**

3089.84

Portfolio coverage

1.04

Percentage calculated using data obtained from clients/investees

100

Calculation methodology

Emissions from three emission intensive assets from our AuM were used to calculate the figure. The percentage represents the AuM related to these three assets compared to our real estate and private equity portfolio.

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

	Portfolio breakdown	Please explain why you do not provide a breakdown of your portfolio impact
Row 1	None of the above, but we plan to do this in the next two years	We work to adequately measure the emissions from our activities using precise and reliable methodologies, aiming to subsequently disclose the data in a more conclusive manner. We employ the PCAF standards to calculate and incorporate the financed and facilitated emissions from our Corporate & SME Lending portfolio into credit analysis and the bank's climate planning. We continue to study the subject and test methodologies until we develop confidence in the results for subsequent data reporting.

C-FS14.3

(C-FS14.3) Did your organization take any actions in the reporting year to align your portfolio with a 1.5°C world?

	Actions taken to align our portfolio with a 1.5°C world	Briefly explain the actions you have taken to align your portfolio with a 1.5-degree world	Please explain why you have not taken any action to align your portfolio with a 1.5°C world
Banking (Bank)	Yes	<p>BTG Pactual is part of a range of sustainability commitments, such as the International Finance Corporation's (IFC) Performance Standards, the United Nations Global Compact, the United Nations Principles of Responsible Investment, the Sustainable Development Goals, and the United Nations Guiding Principles on Business and Human Rights.</p> <p>Banco BTG Pactual has actively taken part in the transition to a low carbon economy through both internal and external climate engagement. Understanding our impacts and those of our clients requires analysing practices, commitments, and scenarios related to greenhouse gas emissions from supply chains, as well as the resilience of counterparts to regulatory, social, and market changes caused by climate change.</p> <p>Internally, loans in GHG-intensive sectors such as energy, steel, oil, and gas are analysed according to counterparty characteristics, such as emissions, reduction commitments, and climate resilience. Clients are compared to the best practices of the market, and the results are discussed in the credit committees. At least once a year, companies within the group operating in intensive sectors are consulted on their targets, transition plans, and mitigation practices.</p> <p>Clients in intensive sectors with potential for mitigating GHG emissions are advised to follow a personalized action plan for reducing emissions and enhancing climate resilience, including portfolio diversification and/or investments in R&D, a climate transition plan, and engagement with clients and suppliers.</p> <p>Still in this context, we understand that the financing of distributed solar energy generation is strategic for the development, growth, and democratization of this renewable, clean, sustainable, and versatile technology in Brazil. Given the need to expand the number of credit lines and volume of resources available to meet the increasing demand for this technology in the country, we are developing Solar and Agribusiness credit lines with no bureaucracy, so that distributors and rural producers can access the resources immediately and pay back the credit over a longer period of time, for solar energy systems and, after harvest, for rural producers. This is in line with the realities of these sectors and markets.</p>	<Not Applicable>
Investing (Asset manager)	Yes	<p>BTG Pactual is part of a range of sustainability commitments, such as the International Finance Corporation's (IFC) Performance Standards, the United Nations Global Compact, the United Nations Principles of Responsible Investment, the Sustainable Development Goals, and the United Nations Guiding Principles on Business and Human Rights.</p> <p>In our asset management, the Timberland Investment Group (TIG) is one of the biggest and longest-standing forest investment managers in the world, with US\$ 5.6 billion in assets under management and more than 1.2 million hectares under its administration. TIG is working to expedite the transition to a regenerative economy, striving to provide natural climate solutions at scale. These solutions are actions to protect, sustainably manage, and restore natural and modified ecosystems in order to mitigate climate change while simultaneously addressing other social issues. In 2022, TIG established a formal ESG team, composed of four people located in the US, and created two new positions — Head of Impact Finance and Director of Policy and External Affairs —, which specifically concentrate on climate change and biodiversity. Currently, 97% of TIG's forest assets are certified under the sustainability standards of the Sustainable Forestry Initiative® (SFI) and Programme for the Endorsement of Forest Certification™ (PEFC).</p> <p>Still in the asset management, together with the business team, we point out the main points of the assessment and suggest possible mitigates for any impacts found. Our process for emission intensive assets consists in a periodical engagement approach (at least 6 months), during which we analyse the company's assets for performance improvement opportunities, climate related KPIs, such as GHG emissions and climate targets, and ask the respective teams about alternatives and transition plans. We are also involved in the R&D planning for some of these companies. Plus, during these engagement sessions we connect them to low carbon solutions identified during the period.</p>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	Yes	<p>BTG Pactual is part of a range of sustainability commitments, such as the International Finance Corporation's (IFC) Performance Standards, the United Nations Global Compact, the United Nations Principles of Responsible Investment, the Sustainable Development Goals, and the United Nations Guiding Principles on Business and Human Rights.</p> <p>Banco BTG Pactual has actively taken part in the transition to a low carbon economy through both internal and external climate engagement. Understanding our impacts and those of our clients requires analysing practices, commitments, and scenarios related to greenhouse gas emissions from supply chains, as well as the resilience of counterparts to regulatory, social, and market changes caused by climate change.</p> <p>We use 19 publicly available sectorial policies that explain how we conduct environmental, social and climate analysis. These policies identified the most relevant issues in each of those 19 sectors and brought information on how to evaluate if the borrower have actions, programs and policies to manage/address those issues, and also information on how to classify the risk of the operation regarding the clients' mitigation capacity [e.g.: High (A), Medium (B) and Low (C)].</p> <p>As a result of climate change, agricultural production has become exposed to more frequent and less predictable weather events. BTG has an insurance/reinsurance front that offers insurance/reinsurance for crop production. This product is available for the 3 most common grains in Brazil (corn, wheat, and soy) and covers production shortfalls due to weather events. In this context, agricultural insurance works to help farmers face these risks and mitigate their potential losses due to adverse weather conditions. In 2022 BTG Pactual insurance business wrote over 100 million reais in premiums for rural insurance. Rural Insurance counterparties undergo the socio-environmental analysis of "Know Your Client" procedures and, subsequently, the analysis of independent socio-environmental verification systems that have ESG sources specific to the agribusiness sector.</p>	<Not Applicable>

C-FS14.3a

(C-FS14.3a) Does your organization assess if your clients/investees' business strategies are aligned with a 1.5°C world?

	Assessment of alignment of clients/investees' strategies with a 1.5°C world	Please explain why you are not assessing if your clients/investees' business strategies are aligned with a 1.5°C world
Banking (Bank)	Yes, for some	Corporate & SME Lending: 100% of the Corporate & SME Lending portfolio undergoes ESG analysis according to the modality of the operation, the potential impacts inherent to the counterparty's sector of activity, and any relevant notes identified in the KYC analysis. The socio-environmental categorization based on IFC standards (high, medium or low risk) is applicable to more structured operations, which may bring impacts and risks not only associated with the counterparty, but also with the use of resources, sector of the economy, project, instrument and duration of exposure. 62% of our Corporate & SME Portfolio is subject to this more in-depth analysis. Internally, loans in GHG-intensive sectors such as energy, steel, oil, and gas are analysed according to counterparty characteristics, such as emissions, reduction commitments, and climate resilience. Clients are compared to the best practices of the market, and the results are discussed in the credit committees. Clients in intensive sectors with potential for mitigating GHG emissions are advised to follow a personalized action plan for reducing emissions and enhancing climate resilience, including portfolio diversification and/or investments in R&D, a climate transition plan, and engagement with clients and suppliers. Still in this context, we understand that the financing of distributed solar energy generation is strategic for the development, growth, and democratization of this renewable, clean, sustainable, and versatile technology in Brazil. Given the need to expand the number of credit lines and volume of resources available to meet the increasing demand for this technology in the country, we are developing Solar and Agribusiness credit lines with no bureaucracy, so that distributors and rural producers can access the resources immediately and pay back the credit over a longer period of time, for solar energy systems and, after harvest, for rural producers. This is in line with the realities of these sectors and markets.
Investing (Asset manager)	Yes, for some	In our Asset Management, together with the business team, we point out the main points of the assessment and suggest possible mitigates for any impacts found in emission intensive assets. Our process for emission intensive assets consists in a periodical engagement approach (at least 6 months), during which we analyse the company's assets for performance improvement opportunities, climate related KPIs, such as GHG emissions and climate targets, and ask the respective teams about alternatives and transition plans. We are also involved in the R&D planning for some of these companies. Plus, during these engagement sessions we connect them to low carbon solutions identified during the period.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	Yes, for some	The ESG team should deepen the analysis of guaranteed insurance operations, in which the counterparties are the oil & gas, mining and thermoelectric power sectors. For activities more exposed to socio-environmental risks (including climate risks) that may represent a higher reputational risk for the bank, BTG Pactual's Insurance Team accesses the ESG Area to assess the climate risks involved in the operation, in order to better calculate the costs and obligations to be included in the structure of the insurance policy and/or in the energy supply contract. For the oil & gas, mining and thermal power generation sectors, the Insurance team will forward the operations to the ESG team to perform the analysis manually. The ESG Area's risk analysis is conducted under the observation of a framework of ESG policies that include guidelines on social, environmental and climate risks applicable to 19 different sectors of the economy. These policies identify the most relevant issues in each of these 19 sectors and provide information on how to assess whether the policyholder has actions, programs and policies in place to manage/address these issues. If it is found that the insured is not able to manage the climate risks related to its activities, the ESG Area may recommend (i) an action plan to be adopted by the insured in order to mitigate these risks, and/or (ii) the hiring of an independent engineer to monitor the activities of the insured during the credit exposure, through periodic reports containing information and data on the environmental conditions (including climate risks) of these activities.

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, both board-level oversight and executive management-level responsibility	This occurs through the ESG committee, which includes members of the board and senior management. The committee discusses relevant topics and trends in the market, and recently biodiversity has become a common topic. For example, the TNFD was presented and discussed at one of the committees, as well as our participation in the Latin American Pilot, together with UNEP-FI. In addition, the ESG committee is also involved in the decision-making process of certain transactions which are deemed to be high risk. The committee has veto power and will monitor any high-risk transactions that are approved. Furthermore, TIG's reforestation fund (TRF) has a fund-specific Investment Committee that is responsible for the approval of acquisitions. One of the members of this committee is BTG's Corporate Sustainability Officer (CSO).	Risks and opportunities to our bank lending activities Risks and opportunities to our investment activities Risks and opportunities to our insurance underwriting activities The impact of our bank lending activities on biodiversity The impact of our investing activities on biodiversity

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have endorsed initiatives only	<Not Applicable>	SDG Other, please specify (TNFD)

C15.3**(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?****Impacts on biodiversity****Indicate whether your organization undertakes this type of assessment**

Yes

Value chain stage(s) covered

Portfolio activity

Portfolio activity

Bank lending portfolio (Bank)

Investing portfolio (Asset manager)

Tools and methods to assess impacts and/or dependencies on biodiversity

Other, please specify (Environmental license and Environmental impact assessment)

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

In project implementation loans, where the project is deemed to be of high impact, BTG requires the presentation of an environmental impact assessment (EIA) as a condition precedent for the loan. This type of study involves an in-depth evaluation of the impacts of the project on fauna and flora, among others, in the project area and surrounding regions. The EIA will be analysed by the ESG team to understand the possible impacts and assess if the impacts identified have been properly managed and/or mitigated. Only after this analysis will the transaction be approved.

Additionally, BTG has committed to applying the 8 IFC Performance Standards in forest assets (The Reforestation Fund only) and project loans over US\$ 30 million and with a maturity longer than 36 months. The Performance Standard 6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources) addresses how to sustainably manage and mitigate impacts on biodiversity and ecosystem services throughout the project's lifecycle.

Depending on the sector of the company receiving a loan from BTG, the ESG team will analyse the company's compliance with environmental licensing requirements, in accordance with the principles of relevance and proportionality that guide our activities. If the company's activities have a significant impact on biodiversity, this issue will have been identified and addressed by the licensing process, having adequate mitigating measures put in place and that are subject to periodical monitoring.

Meanwhile, TIG carries out environmental and biodiversity impact assessments at different stages of management both before and after acquisition. Each assessment is described below.

Pre-acquisition: Environmental Technical Diligence is carried out prior to the acquisition of all assets.

Post-Acquisition (Internal Processes): Once an asset is acquired, there are key steps TIG takes in order to make sure assets are in line with its ESG goals: (i) obtaining environmental licensing (if not already in place at time of acquisition). TIG completes a study of the environmental impacts of planned asset operations, in accordance with local legislation, (ii) identification and monitoring of High Conservation Value Areas or other areas for protection and conservation, and (iii) identification of all operational activities with potential environmental impact.

Dependencies on biodiversity**Indicate whether your organization undertakes this type of assessment**

No, but we plan to within the next two years

Value chain stage(s) covered

<Not Applicable>

Portfolio activity

<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity

<Not Applicable>

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

<Not Applicable>

C15.4**(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?**

No

C15.5**(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?**

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity-related commitments
Row 1	No, we are not taking any actions to progress our biodiversity-related commitments, but we plan to within the next two years	<Not Applicable>

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No	Please select

C15.7

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
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C16. 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.

BTG Pactual (Banco BTG Pactual S.A.) is a leader in the industry, recognized as the largest investment bank in Brazil and Latin America. With its headquarters in Rio de Janeiro, Brazil, and its main office located in São Paulo, we have units in other major cities in the country, such as Belo Horizonte, Brasília, Curitiba, Fortaleza, Salvador, and Recife, as well as BTG Advisors offices in more than 15 cities across Brazil. We also have a physical footprint in Latin American countries such as Chile, Colombia, Mexico, Peru and Argentina. In addition, we have a strategic presence in the US, UK, and Portugal, with a focus on distributing an extensive range of financial products and managing funds for global customers. In the end of 2022, our team was composed for 5,999 highly qualified employees who are aligned with our culture and dedicated to upholding the high standards of our products and services, providing our customers with solid results.

Our operational strategy focuses on the business areas of Investment Banking, Corporate & SME Lending, Sales & Trading, Asset Management, Wealth Management, and Consumer Banking. In 2016, we ventured into the retail market to explore new opportunities, providing numerous financial products and services to high-income individual customers.

- **Investment Banking:** Financial and capital markets advisory services.

- **Corporate & SME Lending:** Financing, structured credit and guaranteed loans to companies.

- **Sales & Trading:** Financial products and services offered to different types of customers in domestic and international markets, including market making, brokerage and clearing, research and equities, derivatives, interest rate, foreign exchange, energy, commodity transactions for hedge and trading purposes, insurance and reinsurance.

- **Asset Management:** Management and administration services provided for a variety of international asset classes, particularly in Latin America, to both domestic and international clients.

- **Wealth Management and Consumer Banking:** Investment advisory services, financial planning, investment products, and banking services for individuals in the private wealth and high-income retail segments.

Regarding climate change, our scope 1 emissions are direct emissions originating from sources controlled by BTG Pactual S.A., including fugitive emissions from air conditioners and fire extinguishers in the bank's offices. Scope 2 emissions originate from the electricity generated by the company and are considered indirect emissions, which are measured based on the local electricity grid or the specific suppliers contracted by the company. Scope 3 emissions are all other indirect emissions arising from the BTG Pactual's activities, for example emissions related to business travel, employee commuting, and generated waste.

The greatest impact of an investment bank tends to come from greenhouse gas (GHG) emissions from the activities of its customers, its Corporate & SME Lending portfolio, and its own assets (direct and indirect subsidiaries). In this context, BTG Pactual has a strong ESG management structure, guiding its actions to become more and more influential in the global decarbonization movement. We strive to accurately measure the emissions of our activities - Scope 3 Category 15 emissions, using precise and reliable methodologies, to disclose the data afterwards more conclusively. We use PCAF standards to calculate and incorporate the emissions funded and enabled by the Corporate & SME Lending portfolio into the bank's credit analysis and climate planning.

We analyse the GHG emissions related to the practices of our clients in intensive sectors and develop action plans to guide those with a potential for emissions mitigation. We monitor the progress of the action plan and the emissions of your portfolio. We do not have climate exclusion policies, as we believe that a climate strategy focused on engagement rather than exclusion is more effective, bringing new opportunities to clients in critical sectors. Supporting these clients closely, from their diagnosis, with a technically specialized team, we negotiate favorable contract conditions and accompany the decarbonization journey, offering solutions consistent with their needs. In this way, we are increasing the efficiency of these sectors, helping to reduce their emissions and transition to a Net Zero operational standard in the long term.

C16.1

(C16.1) 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 (CEO)	Chief Executive Officer (CEO)

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

BTG Pactual is a financial institution operating in the main Latin American markets. Besides the headquarters in São Paulo and Rio de Janeiro, the bank has offices in several other major cities in Brazil and in important financial centers in Latin America (Argentina, Chile, Peru, Colombia and Mexico) and globally (USA, UK and Portugal). BTG Pactual employs 4,900 professionals providing services of investment banking, asset management and wealth management.

Through a platform with high capability of international distribution, the bank provides a comprehensive range of financial services to a regional and global client base, which main focus is the large corporations, institutional investors, governments and high net worth individuals. Recently, BTG Pactual has accelerated investment in innovation and technology combining the flexibility of a startup with the strength, capabilities and integrated services of a large financial services organization, offering a complete and integrated portfolio on a one-stop platform.

BTG Pactual has been evolving in the ESG integration. Since the launch of the ESG division in 2015 the bank offset its carbon emission in 2017-21, supported the TFCF, encouraging transparency about climate information and included the SDGs in its materiality and GRI report. In 2020 created the Impact & Sustainable Investment Division. The bank is constituent of the ISE (Corporate Sustainability Index) and ICO2 B3 (Carbon Efficiency Index) in 2021 wallet.

In 2021, BTG Pactual generated Total Revenues of R\$ 13.9 billion, Adjusted Net Income of R\$ 6.5 billion, R\$ 39.4 billion in Equity, a total of R\$ 980 billion of assets under management and administration and R\$ 428 billion of wealth under management. The Economic Value Added distributed in salary and payroll expenses was R\$ 4 billion, payments to government R\$ 2.9 billion, operating expenses R\$ 5.7 billion and to providers of capital R\$ 1.56 billion.

SC0.1

(SC0.1) What is your company’s annual revenue for the stated reporting period?

	Annual Revenue
Row 1	

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
We face no challenges	at this moment we don't face challenges

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Yes

SC1.4a

(SC1.4a) Describe how you plan to develop your capabilities.

BTG Pactual's vision of sustainability is grounded in the understanding of our responsibility in promoting best practices and using a sustainability lens throughout our entire value chain. Our Social Responsibility initiatives and our ESG and Impact Investing strategy are anchored in BTG Pactual's values and competencies, reflecting our long-term ambition and unconditional commitment to responsible and sustainable development.

We operate with a consistent focus on the long-term implications and results of our actions and relationships, prioritizing long-term benefits over short-term gains whilst constantly monitoring the risks and opportunities that environmental, social and corporate governance ("ESG") aspects may bring. We believe that solid commercial practices and business responsibility are long-term drivers that must be applied daily to generate value for shareholders via sustainable growth.

Beyond constantly improving the ESG analysis in the management of all our assets, BTG Pactual took a step further on engaging investors and companies on social innovation. Acknowledged by its excellence, in early 2020, BTG Pactual enforced its commitment to sustainable practices and created its integrated ESG & Impact Investing division, improving BTG Pactual's approach to sustainable practices. Within the new division, the Sustainable & Impact Investing department envisions to consolidate BTG Pactual as a hub to connect global investors to ESG & Impact Investing opportunities in Latin America. Leveraging BTG Pactual's consolidated platforms towards ESG & Impact Investing, we count on the solid structure that BTG has in place regarding traditional investments and the Sustainable & Impact Investing division works together with other business units on strategies related to BTG Pactual's core businesses: products development, advisory, products distribution, client management, pipeline origination and commercial relationships. To strength the agenda, BTG became the first Brazilian bank to become a member of the Global Impact Investing Network (GIIN), an organization dedicated to increasing the scale and efficiency of impact investments.

To build the future, in 2020 we created our Sustainable & Impact Investing division to connect global investors to sustainable investment opportunities in Latin America, generating positive social and environmental impacts, contributing to the UN Sustainable Development Goals while generating consistent returns to our clients. We work with companies and projects that have environmental and social impact initiatives, mainly in the segments of: Healthcare, Education, Housing, Sanitation, Renewable Energy and Energy Efficiency, Financial Inclusion, Food Security and Sustainable Agribusiness.

- In 2020 we became a member of the Global Impact Investing Network (GIIN), an organization with more than 300 members dedicated to increasing the reach and effectiveness of impact investing. Together, they manage more than US\$ 400 billion.
- Launched in 2020, Landscape Capital is a new division of the Timberland Investment Group that is working to accelerate the transition to the regenerative economy by seeking to deliver natural climate solutions at scale.

BTG Pactual's credit portfolio reflects our commitment and intention to increasingly support projects and assets with social and environmental benefits.

Working in several fronts, for a greener economy:

- Part of the projects in our credit portfolio is dedicated to companies in the green economy sector, according to the definition of UNEP-FI, the financial initiative of the UN's environmental program
- In Asset Management, the new Real Economy fund has its own investment committee, composed of our executives and specialists in the ESG area. All to ensure that the investment decisions are made with professional monitoring in social and environmental aspects
- In the Investment Banking area, we coordinate the issuance of green, social, and sustainable securities, destined to projects with positive environmental and social impact
- We also completed 10 years of activities in the energy trading market, with a wide focus on renewable energy. We received the Green Energy Certification from Única (National Sugarcane Industry Association) and adhered to the I-REC Platform, a global electricity environmental attribute system.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?

FW-FS Forests and Water Security (FS only)

FW-FS1.1

(FW-FS1.1) Is there board-level oversight of forests- and/or water-related issues within your organization?

	Board-level oversight of this issue area	Explain why your organization does not have board-level oversight of this issue area and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	Yes	<Not Applicable>

FW-FS1.1a

(FW-FS1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for forests- and/or water-related issues.

Issue area(s)	Position of individual(s) or committee(s)	Responsibilities for forests- and/or water-related issues
Forests Water	Board-level committee	The Board of Directors is the highest authority on ESG integration and risk management related to the business, including approval of ESG & Impact Investing strategies. Supported by the ESG Committee, it approves the policies that guide the incorporation of the topic into the corporate strategy, as well as the assessments of climate and socio-environmental risks. It is also responsible for guiding and improving BTG Pactual's ESG strategy and policy and overseeing its implementation across all business units. Its operation is supported by a defined structure. The ESG Committee is chaired by the CEO and meeting monthly, it supports the Board of Directors in defining strategies, guidelines, and measures to adopt best practices and identify and reduce social, environmental, climate, and regulatory risks. Given the importance of the topics discussed, the Committee is made up of C-Level representatives (CFO, CRO, CSO, CCO, head of Human Resources, ESG) and members of Senior Management, who are responsible for supervising and managing the implementation of ESG policies and their outcomes. It also acts in coordination with the bank's Risk and Capital Committee and Audit Committee.
Forests Water	Chief Sustainability Officer (CSO)	CSO is responsible for recommending the strategic ESG priorities for the business units to the Board of Directors, as well as overseeing the implementation process of the approved guidelines, based on socio-environmental impact indicators. Other duties include approving transactions with a high potential for socio-environmental risk for the bank. All loans and transactions undergo socio-environmental due diligence based on the principles of relevance and proportionality. The factors considered in due diligence include compliance with social and environmental regulations, climate impacts, the likelihood of extreme weather events (such as floods, droughts or forest fires), compliance with occupational health and safety standards, potential use of child or forced labor; judicial or administrative proceedings related to illegal deforestation; project constraints due to protected areas (e.g. legal reserves, indigenous lands and quilombolas), procedures to assess human rights risks and impacts, gender risk assessments (nondiscrimination policies, action taken to mitigate the risk of sexual exploitation of minors and gender violence), and clients' social and environmental management capabilities. For some types of transactions, we apply the International Finance Corporation's (World Bank) Performance Standards - a global benchmark on environmental and social sustainability - including the following: (I) Assessment and Management of Environmental and Social Risks and Impacts, (II) Labor and Working Conditions, (III) Occupational Health & Safety, and (IV) Indigenous Peoples and Cultural Heritage. The scope of authority for transaction decisions extends to the ESG Committee.

FW-FS1.1b

(FW-FS1.1b) Provide further details on the board's oversight of forests- and/or water-related issues.

Issue area(s)

Forests

Frequency with which the issue area(s) is a scheduled agenda item

Sporadic - as important matters arise

Governance mechanisms into which this issue area(s) is integrated

Reviewing and guiding strategy

Reviewing and guiding the risk management process

Overseeing acquisitions, mergers, and divestitures

Overseeing the setting of corporate targets

Scope of board-level oversight

Risks and opportunities to our banking activities

Risks and opportunities to our investment (asset management) activities

Please explain

The greatest impact of an investment bank with respect to forests tends to arise from client activities, the Corporate & SME Lending portfolio and the bank's own assets (direct and indirect subsidiaries). In order to map, manage and mitigate these risks, BTG Pactual has a robust management structure consisting of different lines of defense, represented by (in this order): ESG area, ESG Head, CSO and ESG Committee.

- ESG Area: Performs the framework of BTG Pactual's operations, categorizing them into risk levels and conducting monitoring. It is also responsible for the annual budgets, approved by senior management;

- Head of ESG: 1st instance of approval of transactions with high potential socio-environmental and climate risk for the bank;

- CSO: 2nd instance of approval of transactions with high potential socio-environmental and climate risk for the bank;

- ESG Committee: The ESG Committee is responsible for formulating strategies and represents the third and highest instance in the decision-making process for transactions and operations that may represent socio-environmental and climate risk. It advises the Board of Directors and meets on a monthly basis.

All relationships and transactions go through a socio-environmental and climate due diligence process, and if it is found that the counterparty is not able to manage the risks, the ESG area may recommend an action plan to be adopted by the counterparty in order to mitigate these risks in its value chain - in some cases this includes hiring an independent engineer or socio-environmental consultant to monitor the activities and compliance with the action plan, through periodic reports on the environmental conditions and climate risks related to the operation.

Issue area(s)

Water

Frequency with which the issue area(s) is a scheduled agenda item

Sporadic - as important matters arise

Governance mechanisms into which this issue area(s) is integrated

Reviewing and guiding strategy

Reviewing and guiding the risk management process

Overseeing acquisitions, mergers, and divestitures

Overseeing the setting of corporate targets

Scope of board-level oversight

Risks and opportunities to our banking activities

Risks and opportunities to our investment (asset management) activities

Please explain

The greatest impact of an investment bank with respect to forests tends to arise from client activities, the Corporate & SME Lending portfolio and the bank's own assets (direct and indirect subsidiaries). In order to map, manage and mitigate these risks, BTG Pactual has a robust management structure consisting of different lines of defense, represented by (in this order): ESG area, ESG Head, CSO and ESG Committee.

- ESG Area: Performs the framework of BTG Pactual's operations, categorizing them into risk levels and conducting monitoring. It is also responsible for the annual budgets, approved by senior management;

- Head of ESG: 1st instance of approval of transactions with high potential socio-environmental and climate risk for the bank;

- CSO: 2nd instance of approval of transactions with high potential socio-environmental and climate risk for the bank;

- ESG Committee: The ESG Committee is responsible for formulating strategies and represents the third and highest instance in the decision-making process for transactions and operations that may represent socio-environmental and climate risk. It advises the Board of Directors and meets on a monthly basis.

All relationships and transactions go through a socio-environmental and climate due diligence process, and if it is found that the counterparty is not able to manage the risks, the ESG area may recommend an action plan to be adopted by the counterparty in order to mitigate these risks in its value chain - in some cases this includes hiring an independent engineer or socio-environmental consultant to monitor the activities and compliance with the action plan, through periodic reports on the environmental conditions and climate risks related to the operation.

FW-FS1.1c

(FW-FS1.1c) Does your organization have at least one board member with competence on forests- and/or water-related issues?

Forests

Board member(s) have competence on this issue area

Yes

Criteria used to assess competence of board member(s) on this issue area

André Esteves, Chairman of BTG Pactual's Board of Directors, is a board member of Conservation International (CI), a non-governmental organization that believes that at least 30% of the solutions for mitigating the effects of climate change lie in nature, through actions such as forest restoration, low-carbon agriculture, mangrove restoration and conservation of the most threatened ecosystems. The CSO, Iuri Rapoport, is President and member of the Board of Directors of CI Brasil.

Primary reason for no board-level competence on this issue area

<Not Applicable>

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future

<Not Applicable>

Water

Board member(s) have competence on this issue area

Yes

Criteria used to assess competence of board member(s) on this issue area

André Esteves, Chairman of BTG Pactual's Board of Directors, is a board member of Conservation International (CI), a non-governmental organization that believes that at least 30% of the solutions for mitigating the effects of climate change lie in nature, through actions such as forest restoration, low-carbon agriculture, mangrove restoration and conservation of the most threatened ecosystems. The CSO, Iuri Rapoport, is President and member of the Board of Directors of CI Brasil.

Primary reason for no board-level competence on this issue area

<Not Applicable>

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future

<Not Applicable>

FW-FS1.2

(FW-FS1.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests- and/or water-related issues.

Position or committee

Other committee, please specify (ESG Committee)

Issue area(s)

Forests
Water

Forests- and/or water-related responsibilities of this position

Integrating forests- and/or water-related issues into the strategy
Managing forests- and/or water-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking portfolio
Risks and opportunities related to our investing (asset management) activities

Reporting line

Reports to the Board directly

Frequency of reporting to the board on forests- and/or water-related issues via this reporting line

More frequently than quarterly

Please explain

The ESG Committee acts as an auxiliary body to the BoD in defining strategies, guidelines and actions and measures aimed at adopting best sustainability and Environmental, Social and Climate risk management practices, in order to identify and mitigate these 3 risks, as well as the regulatory risks arising from inadequate practices. This Committee operates in coordination with BTG Pactual's Risk and Capital and Audit Committees. The administrative management of the ESG committee is headed by the Bank's CEO, and is composed of members of the BoD, the Chief Financial Officer (CFO), the Chief Risk and Capital Officer (CRO), the Chief Compliance Officer (CCO), the Chief Sustainability Officer (CSO), the Head of the ESG, the Head of Human Resources, the Legal Officer (Head of Legal) and other members of the Bank's Management.

Position or committee

Chief Sustainability Officer (CSO)

Issue area(s)

Forests
Water

Forests- and/or water-related responsibilities of this position

Managing forests- and/or water-related acquisitions, mergers, and divestitures
Integrating forests- and/or water-related issues into the strategy
Managing forests- and/or water-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking portfolio
Risks and opportunities related to our investing (asset management) activities

Reporting line

CEO reporting line

Frequency of reporting to the board on forests- and/or water-related issues via this reporting line

More frequently than quarterly

Please explain

The Chief Sustainability Officer is responsible for recommending the strategic ESG priorities for the business units to the Board of Directors, as well as leading the implementation process of the approved guidelines, based on socio-environmental impact indicators. Other duties include approving transactions with a high potential for socio-environmental risk for the bank. All loans and transactions undergo socio-environmental due diligence based on the principles of relevance and proportionality. Furthermore, TIG's reforestation fund (TRF) has a fund-specific Investment Committee that is responsible for the approval of acquisitions. One of the members of this committee is BTG's Corporate Sustainability Officer (CSO).

Position or committee

Environment/Sustainability manager

Issue area(s)

Forests
Water

Forests- and/or water-related responsibilities of this position

Managing forests- and/or water-related acquisitions, mergers, and divestitures
Integrating forests- and/or water-related issues into the strategy
Managing public policy engagement that may impact the forests and/or water security
Managing value chain engagement on forests- and/or water--related issues
Assessing forests- and/or water-related risks and opportunities
Managing forests- and/or water-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking portfolio
Risks and opportunities related to our investing (asset management) activities
Risks and opportunities related to our insurance underwriting activities

Reporting line

Corporate Sustainability/CSR - CSO reporting line

Frequency of reporting to the board on forests- and/or water-related issues via this reporting line

More frequently than quarterly

Please explain

Head of ESG is the coordinator of the ESG Committee, responsible for taking important issues to decision making in relation to the theme, regulatory updates, as well as global discussions. She is also responsible for BTG Pactual's ESG area, which develops and applies policies, procedures, and tools to ensure proper management of Environmental, Social and Climate risks embedded in the credit and investment portfolio, as well as in the other activities of BTG conglomerate companies. Head of ESG has the CSO as its main reporting line.

FW-FS2.1**(FW-FS2.1) Do you assess your portfolio's exposure to forests- and/or water-related risks and opportunities?**

	We assess our portfolio's exposure to this issue area	Explain why your portfolio's exposure is not assessed for this issue area and any plans to address this in the future
Banking – Forests exposure	No, but we plan to within the next two years	BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.
Banking – Water exposure	No, and we do not plan to in the next two years	BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.
Investing (Asset manager) – Forests exposure	No, but we plan to within the next two years	BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.
Investing (Asset manager) – Water exposure	No, and we do not plan to in the next two years	BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.
Investing (Asset owner) – Forests exposure	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Water exposure	<Not Applicable>	<Not Applicable>
Insurance underwriting – Forests exposure	No, but we plan to within the next two years	BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.
Insurance underwriting – Water exposure	No, and we do not plan to in the next two years	BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.

FW-FS2.2

(FW-FS2.2) Does your organization consider forests- and/or water-related information about clients/investees as part of its due diligence and/or risk assessment process?

	We consider forests- and/or water-related information	Explain why information related to this issue area is not considered and any plans to address this in the future
Banking – Forests-related information	Yes	<Not Applicable>
Banking – Water-related information	Yes	<Not Applicable>
Investing (Asset manager) – Forests-related information	Yes	<Not Applicable>
Investing (Asset manager) – Water-related information	Yes	<Not Applicable>
Investing (Asset owner) – Forests-related information	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Water-related information	<Not Applicable>	<Not Applicable>
Insurance underwriting – Forests-related information	Yes	<Not Applicable>
Insurance underwriting – Water-related information	Yes	<Not Applicable>

FW-FS2.2a

(FW-FS2.2a) Indicate the forests- and/or water-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision making.

	Type of information considered	Process through which information is obtained	Industry sector(s) covered by due diligence and/or risk assessment process	State how these forests- and/or water-related information influences your decision making
Banking – Forests-related information	Other, please specify (Compliance with social and environmental regulations)	Directly from the client/investee Public data sources	Energy Materials Capital Goods Commercial & Professional Services Transportation Automobiles & Components Consumer Durables & Apparel Consumer Services Retailing Food & Staples Retailing Food, Beverage & Tobacco Household & Personal Products Health Care Equipment & Services Pharmaceuticals, Biotechnology & Life Sciences Software & Services Technology Hardware & Equipment Semiconductors & Semiconductor Equipment Telecommunication Services Media & Entertainment Utilities Real Estate Other, please specify (Agribusiness, Weapons and Ammunition, Forestry and Logging, Tobacco, Mining, Paper and Cellulose, Fishing)	For each account opening profile, the Bank identifies the sources that should be consulted. The information collected will serve as evidence for the analysis and classification of the socio-environmental and climate risk of the different counterparties. Below is the list of some ESG information sources for consultation: - Register of Employers that have subjected workers to conditions analogous to slavery, published by the Ministry of Economy, at the time of contracting the operation ("Ministry of Economy Slave Labor List"); - List of areas embargoed by the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA); - CNAE CTF: list of CNAES subject to IBAMA's Federal Technical Register of Potentially Polluting Activities; and - World Check: tool that checks the list of sanctions of international environmental agencies. The ESG Area is involved when research identifies socio-environmental and climate issues. If a particular issue is found, the area is activated to carry out the manual analysis of the counterparty, through the following procedures: (i) verification of the identified issue; (ii) conducting additional research, if necessary; and (iii) issuing an opinion, favorable or unfavorable, for the opening of the account, accompanied by the ESG risk classification of the counterparty. Counterparties classified as high social, environmental and/or climate risk will be the ones with processes / media directly or indirectly related to critical issues (i.e. high GHG emissions, slave labor processes, IBAMA embargo, depending on the type of relationship, and others). Also, the sector and location of the counterparty are considered for risk attribution. The ESG Area will develop a list of questions with the necessary information that will be forwarded to the client. Depending on the level of risks and impacts caused by the project, the ESG Area will conduct visits to the project sites, which may include meetings with the proponent's employees and local communities.

	Type of information considered	Process through which information is obtained	Industry sector(s) covered by due diligence and/or risk assessment process	State how these forests- and/or water-related information influences your decision making
Banking – Water-related information	Other, please specify (Compliance with social and environmental regulations)	Directly from the client/investee Public data sources	Energy Materials Capital Goods Commercial & Professional Services Transportation Automobiles & Components Consumer Durables & Apparel Consumer Services Retailing Food & Staples Retailing Food, Beverage & Tobacco Household & Personal Products Health Care Equipment & Services Pharmaceuticals, Biotechnology & Life Sciences Software & Services Technology Hardware & Equipment Semiconductors & Semiconductor Equipment Telecommunication Services Media & Entertainment Utilities Real Estate Other, please specify (Agribusiness, Weapons and Ammunition, Forestry and Logging, Tobacco, Mining, Paper and Cellulose, Fishing)	For each account opening profile, the Bank identifies the sources that should be consulted. The information collected will serve as evidence for the analysis and classification of the socio-environmental and climate risk of the different counterparties. Below is the list of some ESG information sources for consultation: - Register of Employers that have subjected workers to conditions analogous to slavery, published by the Ministry of Economy, at the time of contracting the operation ("Ministry of Economy Slave Labor List"); - List of areas embargoed by the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA); - CNAE CTF: list of CNAES subject to IBAMA's Federal Technical Register of Potentially Polluting Activities; and - World Check: tool that checks the list of sanctions of international environmental agencies. The ESG Area is involved when research identifies socio-environmental and climate issues. If a particular issue is found, the area is activated to carry out the manual analysis of the counterparty, through the following procedures: (i) verification of the identified issue; (ii) conducting additional research, if necessary; and (iii) issuing an opinion, favorable or unfavorable, for the opening of the account, accompanied by the ESG risk classification of the counterparty. Counterparties classified as high social, environmental and/or climate risk will be the ones with processes / media directly or indirectly related to critical issues (i.e. high GHG emissions, slave labor processes, IBAMA embargo, depending on the type of relationship, and others). Also, the sector and location of the counterparty are considered for risk attribution. The ESG Area will develop a list of questions with the necessary information that will be forwarded to the client. Depending on the level of risks and impacts caused by the project, the ESG Area will conduct visits to the project sites, which may include meetings with the proponent's employees and local communities.

	Type of information considered	Process through which information is obtained	Industry sector(s) covered by due diligence and/or risk assessment process	State how these forests- and/or water-related information influences your decision making
Investing (Asset manager) – Forests-related information	Other, please specify (Compliance with social and environmental regulations)	Directly from the client/investee Public data sources	Energy Materials Capital Goods Commercial & Professional Services Transportation Automobiles & Components Consumer Durables & Apparel Consumer Services Retailing Food & Staples Retailing Food, Beverage & Tobacco Household & Personal Products Health Care Equipment & Services Pharmaceuticals, Biotechnology & Life Sciences Software & Services Technology Hardware & Equipment Semiconductors & Semiconductor Equipment Telecommunication Services Media & Entertainment Utilities Real Estate Other, please specify (Agribusiness, Weapons and Ammunition, Forestry and Logging, Tobacco, Mining, Paper and Cellulose, Fishing)	For each account opening profile, the Bank identifies the sources that should be consulted. The information collected will serve as evidence for the analysis and classification of the socio-environmental and climate risk of the different counterparties.

	Type of information considered	Process through which information is obtained	Industry sector(s) covered by due diligence and/or risk assessment process	State how these forests- and/or water-related information influences your decision making
Investing (Asset manager) – Water-related information	Other, please specify (Compliance with social and environmental regulations)	Directly from the client/investee Public data sources	Energy Materials Capital Goods Commercial & Professional Services Transportation Automobiles & Components Consumer Durables & Apparel Consumer Services Retailing Food & Staples Retailing Food, Beverage & Tobacco Household & Personal Products Health Care Equipment & Services Pharmaceuticals, Biotechnology & Life Sciences Software & Services Technology Hardware & Equipment Semiconductors & Semiconductor Equipment Telecommunication Services Media & Entertainment Utilities Real Estate Other, please specify (Agribusiness, Weapons and Ammunition, Forestry and Logging, Tobacco, Mining, Paper and Cellulose, Fishing)	For each account opening profile, the Bank identifies the sources that should be consulted. The information collected will serve as evidence for the analysis and classification of the socio-environmental and climate risk of the different counterparties.
Investing (Asset owner) – Forests-related information	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Water-related information	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

	Type of information considered	Process through which information is obtained	Industry sector(s) covered by due diligence and/or risk assessment process	State how these forests- and/or water-related information influences your decision making
Insurance underwriting – Forests-related information	Other, please specify (Compliance with social and environmental regulations)	Directly from the client/investee Public data sources	Energy Materials Capital Goods Commercial & Professional Services Transportation Automobiles & Components Consumer Durables & Apparel Consumer Services Retailing Food & Staples Retailing Food, Beverage & Tobacco Household & Personal Products Health Care Equipment & Services Pharmaceuticals, Biotechnology & Life Sciences Software & Services Technology Hardware & Equipment Semiconductors & Semiconductor Equipment Telecommunication Services Media & Entertainment Utilities Real Estate Other, please specify (Agribusiness, Weapons and Ammunition, Forestry and Logging, Tobacco, Mining, Paper and Cellulose, Fishing)	Rural Insurance counterparties will undergo the socio-environmental analysis of the "Know Your Client" procedures and, subsequently, the analysis of independent socio-environmental verification systems that have ESG sources specific to the agribusiness sector, such as: (i) Rural Environmental Registry; (ii) Overlapping with Indigenous Territory, Quilombola and Conservation Units; and (iii) Deforestation. We do not grant insurance for agricultural activities on rural properties with an area embargoed by the Brazilian Institute of the Environment and Renewable Natural Resources - IBAMA, and that have agricultural activities in areas overlapping with Indigenous Territories, Quilombola Communities, Settlements or Conservation Units. In addition to other exclusion criteria.

	Type of information considered	Process through which information is obtained	Industry sector(s) covered by due diligence and/or risk assessment process	State how these forests- and/or water-related information influences your decision making
Insurance underwriting – Water-related information	Other, please specify (Compliance with social and environmental regulations)	Directly from the client/investee Public data sources	Energy Materials Capital Goods Commercial & Professional Services Transportation Automobiles & Components Consumer Durables & Apparel Consumer Services Retailing Food & Staples Retailing Food, Beverage & Tobacco Household & Personal Products Health Care Equipment & Services Pharmaceuticals, Biotechnology & Life Sciences Software & Services Technology Hardware & Equipment Semiconductors & Semiconductor Equipment Telecommunication Services Media & Entertainment Utilities Real Estate Other, please specify (Agribusiness, Weapons and Ammunition, Forestry and Logging, Tobacco, Mining, Paper and Cellulose, Fishing)	For each account opening profile, the Bank identifies the sources that should be consulted. The information collected will serve as evidence for the analysis and classification of the socio-environmental and climate risk of the different counterparties.

FW-FS2.3

(FW-FS2.3) Have you identified any inherent forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Risks identified for this issue area	Primary reason why your organization has not identified any substantive risks for this issue area	Explain why your organization has not identified any substantive risks for this issue area
Forests	No	Evaluation in process	BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.
Water	No	Not yet evaluated	BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.

FW-FS2.4

(FW-FS2.4) Have you identified any inherent forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Opportunities identified for this issue area	Primary reason why your organization has not identified any substantive opportunities for this issue area	Explain why your organization has not identified any substantive opportunities for this issue area
Forests	No	Evaluation in process	The Reforestation Fund is a TIG initiative launched in late 2021 to invest in degraded lands in Brazil, Uruguay, and Chile, where two types of activities will be implemented. Half of the areas will be used for the protection and restoration of native forests. The other half are being set aside to establish commercial farms for sustainable forestry management. Initially, the goal is to plant 200 million trees in 140,000 hectares of degraded land. This will generate a capture of 80 million tCO ₂ e, over 15 years.
Water	Yes	<Not Applicable>	<Not Applicable>

FW-FS2.4a

(FW-FS2.4a) Provide details of forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Portfolio where opportunity occurs

Banking (Bank) portfolio

Issue area opportunity relates to

Water

Opportunity type & Primary opportunity driver

Products and services	Development and/or expansion of financing products and solutions supporting water security
-----------------------	--

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company- specific description

BTG acted as lead coordinator in the successful fundraising of R\$ 1.95 billion by BRK Ambiental through a blue debenture – the first issuance of a Blue Bond in Brazil and the private sector in Latin America, and the first to be offered in the sanitation sector globally.

Time horizon

Medium-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)

1950000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact figure

BTG acted as lead coordinator in the successful fundraising of R\$ 1.95 billion by BRK Ambiental through a blue debenture – the first issuance of a Blue Bond in Brazil and the private sector in Latin America, and the first to be offered in the sanitation sector globally. The figure refers to the entire blue bond amount.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

The business development and risk management structures necessary for the development of this opportunity are already integrated into the areas. Operational costs for this demand are expected to be diluted in the budget of the areas involved. Therefore, there are no additional costs to access this opportunity.

Comment

BTG acted as lead coordinator in the successful fundraising of R\$ 1.95 billion by BRK Ambiental through a blue debenture – the first issuance of a Blue Bond in Brazil and the private sector in Latin America, and the first to be offered in the sanitation sector globally.

FW-FS3.1

(FW-FS3.1) Do you take forests- and/or water-related risks and opportunities into consideration in your organization's strategy and/or financial planning?

Forests

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Yes, we take these risks and opportunities into consideration in the organization's strategy

Description of influence on organization's strategy including own commitments

The Timberland Investment Group (TIG) is one of the biggest and longest-standing forest investment managers in the world. It is a division of the Asset Management area, with US\$ 5.6 billion in assets under management and more than 1.2 million hectares under its administration. Through it, we seek to identify investment opportunities in forest assets to generate climate, social, and financial benefits. TIG takes into account environmental, social, and governance factors before making investment decisions and is dedicated to preserving biodiversity in all regions where it manages properties.

Financial planning elements that have been influenced

<Not Applicable>

Description of influence on financial planning

<Not Applicable>

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.

Water

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Yes, we take these risks and opportunities into consideration in the organization's strategy

Description of influence on organization's strategy including own commitments

Given the growing demand from clients for products related to sustainable issues, in 2020 the Sustainable & Impact Investing area was created with the aim of connecting global investors to sustainable investment opportunities in Latin America, generating positive social and environmental impacts, contributing to the UN Sustainable Development Goals and generating consistent returns for our clients. In order to reinforce our commitment to the ESG strategy, we structure several sustainable and impactful transactions and products. We acted, for example, as lead coordinators of the R\$ 1.95 billion raised by BRK Ambiental through a blue debenture, the first Blue Bond issue in Brazil and in the private sector in Latin America and the first to market in the sanitation segment in the world.

Financial planning elements that have been influenced

<Not Applicable>

Description of influence on financial planning

<Not Applicable>

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.

FW-FS3.2

(FW-FS3.2) Has your organization conducted any scenario analysis to identify forests- and/or water-related outcomes?

Forests

Scenario analysis conducted to identify outcomes for this issue area

No, we have not conducted any scenario analysis to identify outcomes for this issue area, and we don't plan to in the next two years

Type of scenario analysis used

<Not Applicable>

Parameters, assumptions, analytical choices

<Not Applicable>

Description of outcomes for this issue area

<Not Applicable>

Explain how the outcomes identified using scenario analysis have influenced your strategy

<Not Applicable>

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

BTG Pactual is currently evaluating pathways to conduct scenario analysis to identify forests-related outcomes, however this is a very new subject/approach. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting program, we are approaching this type of assessment with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.

Water

Scenario analysis conducted to identify outcomes for this issue area

No, we have not conducted any scenario analysis to identify outcomes for this issue area, and we don't plan to in the next two years

Type of scenario analysis used

<Not Applicable>

Parameters, assumptions, analytical choices

<Not Applicable>

Description of outcomes for this issue area

<Not Applicable>

Explain how the outcomes identified using scenario analysis have influenced your strategy

<Not Applicable>

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

BTG Pactual is currently evaluating pathways to conduct scenario analysis to identify water-related outcomes, however this is a very new subject/approach. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting program, we are approaching this type of assessment with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.

FW-FS3.3

(FW-FS3.3) Has your organization set targets for deforestation free and/or water secure lending, investing and/or insuring?

	Targets set	Explain why your organization has not set targets for deforestation free and/or water secure lending, investing and/or insuring and any plans to address this in the future
Forests	No, but we plan to set targets within the next two years	BTG Pactual is currently evaluating pathways to access its forests-related impacts. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting program, we are approaching this type of assessment with careful consideration of all stakeholders as we first understand our impacts before defining any sort of target.
Water Security	No, and we do not plan to set targets in the next two years	BTG Pactual is currently evaluating pathways to access its water-related impacts. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting program, we are approaching this type of assessment with careful consideration of all stakeholders as we first understand our impacts before defining any sort of target.

FW-FS3.4

(FW-FS3.4) Do any of your existing products and services enable clients to mitigate deforestation and/or water insecurity?

	Existing products and services that enable clients to mitigate deforestation and/or water insecurity	Explain why your organization does not offer products and services which enable clients to mitigate deforestation and/or water insecurity and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	Yes	<Not Applicable>

FW-FS3.4a

(FW-FS3.4a) Provide details of your existing products and services that enable clients to mitigate deforestation and/or water insecurity.

Product type

Forestry

Taxonomy or methodology used to classify product(s)

Externally classified using other taxonomy or methodology, please specify

Product enables clients to mitigate

Deforestation

Description of product(s)

The Reforestation Fund (TRF) is a TIG initiative launched in late 2021 to invest in degraded lands in Brazil, Uruguay, and Chile, where two types of activities will be implemented. Half of the areas will be used for the protection and restoration of native forests. The other half are being set aside to establish commercial farms for sustainable forestry management. Initially, the goal is to plant 200 million trees in 140,000 hectares of degraded land. This will generate a capture of 80 million tCO₂e, over 15 years. TRF applies the IFC Performance Standards to its forest assets. The % disclosed is in reference to the bank's total assets under management (AuM) portfolio.

Type of activity financed, invested in or insured

Sustainable forest management

Forest protection

Forests restoration

Portfolio value (unit currency – as specified in C0.4)

230000000

% of total portfolio value

0.08

Product type

Debt and equity underwriting

Taxonomy or methodology used to classify product(s)

Externally classified using other taxonomy or methodology, please specify

Product enables clients to mitigate

Water insecurity

Description of product(s)

BTG acted as lead coordinators in the successful fundraising of R\$ 1.95 billion by BRK Ambiental through a blue debenture – the first issuance of a Blue Bond in Brazil and the private sector in Latin America, and the first to be offered in the sanitation sector globally. This product was developed in accordance with the Guidelines for Blue Finance (IFC), being therefore classified as a blue bond. The % disclosed is in reference to the bank's total debt capital market (DCM) portfolio.

Type of activity financed, invested in or insured

Water supply and sewer networks infrastructure

Portfolio value (unit currency – as specified in C0.4)

1950000000

% of total portfolio value

14

FW-FS3.5

(FW-FS3.5) Does the policy framework for the portfolio activities of your organization include forests- and/or water-related requirements that clients/investees need to meet?

	Policy framework includes this issue area	Explain why your organization does not include this issue area in the policy framework and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	Yes	<Not Applicable>

FW-FS3.5a

(FW-FS3.5a) Provide details of the policies which include forests- and/or water-related requirements that clients/investees need to meet.

Portfolio

Banking (Bank)

Issue area(s) the policy covers

Forests

Type of policy

Credit/lending policy

Risk policy

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

19 Sector Policies - Available on: www.btgpactual.com/us/esg-and-impact-investing/esg-download-center
Segment's Policy_Pulp and Paper.pdf
Segment's Policy_Agribusiness.pdf
Segment's Policy_Forest and Planted Timber Extraction.pdf

Requirements for clients/investees

Comply with all applicable local, national and international laws and regulations

Value chain stages of client/investee covered by criteria

Direct operations only

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Energy
Materials
Capital goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel
Consumer Services
Retailing
Food & Staples Retailing
Food, Beverage & Tobacco
Household & Personal Products
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services
Media & Entertainment
Utilities
Real Estate

Forest risk commodities covered by the policy

All agricultural commodities

Commodities with critical impact on water security covered by the policy

<Not Applicable>

Forest risk commodity supply chain stage covered by the policy

Production

Exceptions to policy based on

<Not Applicable>

Explain how criteria coverage and/or exceptions have been determined

Some sectors of the economy present a higher level of social, environmental and climate risks and impacts. Therefore, we identified which sectors were more material to BTG Pactual and developed 19 specific policies to identify these risks and good practices to guide our relationship with people or companies involved in these sectors. The policies were developed in accordance with market best practices and IFC guidelines and should be applied across the BTG Pactual.

Portfolio

Banking (Bank)

Issue area(s) the policy covers

Water

Type of policy

Credit/lending policy
Risk policy

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

19 Sector Policies - Available on: www.btgpactual.com/us/esg-and-impact-investing/esg-download-center
Segment's Policy_Pulp and Paper.pdf
Segment's Policy_Agribusiness.pdf
Segment's Policy_Forest and Planted Timber Extraction.pdf
Segment's Policy_Fisheries.pdf

Requirements for clients/investees

Comply with all applicable local, national and international laws and water regulations

Value chain stages of client/investee covered by criteria

Direct operations only

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Energy
 Materials
 Capital goods
 Commercial & Professional Services
 Transportation
 Automobiles & Components
 Consumer Durables & Apparel
 Consumer Services
 Retailing
 Food & Staples Retailing
 Food, Beverage & Tobacco
 Household & Personal Products
 Health Care Equipment & Services
 Pharmaceuticals, Biotechnology & Life Sciences
 Software & Services
 Technology Hardware & Equipment
 Semiconductors & Semiconductor Equipment
 Telecommunication Services
 Media & Entertainment
 Utilities
 Real Estate

Forest risk commodities covered by the policy

<Not Applicable>

Commodities with critical impact on water security covered by the policy

Palm oil
 Soy
 Cocoa
 Coffee
 Cotton
 Sugar
 Tobacco
 Rice
 Maize/corn
 Fruit
 Grain
 Nuts
 Tea
 Vegetable
 Other oilseeds
 Fish and seafood from aquaculture

Forest risk commodity supply chain stage covered by the policy

<Not Applicable>

Exceptions to policy based on

<Not Applicable>

Explain how criteria coverage and/or exceptions have been determined

Some sectors of the economy present a higher level of social, environmental and climate risks and impacts. Therefore, we identified which sectors were more material to BTG Pactual and developed 19 specific policies to identify these risks and good practices to guide our relationship with people or companies involved in these sectors. The policies were developed in accordance with market best practices and IFC guidelines and should be applied across the BTG Pactual.

Portfolio

Investing (Asset manager)

Issue area(s) the policy covers

Forests

Type of policy

Risk policy
 Sustainable/Responsible Investment Policy

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

Responsible Investment Policy and 19 Sector Policies - Available on: www.btgpactual.com/us/esg-and-impact-investing/esg-download-center
 Segment's Policy_Pulp and Paper.pdf
 Segment's Policy_Agribusiness.pdf
 Segment's Policy_Forest and Planted Timber Extraction.pdf
 Responsible-Investment-Policy.pdf

Requirements for clients/investees

Comply with all applicable local, national and international laws and regulations

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Energy
Materials
Capital goods
Transportation
Automobiles & Components
Consumer Durables & Apparel
Food, Beverage & Tobacco
Real Estate

Forest risk commodities covered by the policy

All agricultural commodities

Commodities with critical impact on water security covered by the policy

<Not Applicable>

Forest risk commodity supply chain stage covered by the policy

Production

Exceptions to policy based on

<Not Applicable>

Explain how criteria coverage and/or exceptions have been determined

Some sectors of the economy present a higher level of social, environmental and climate risks and impacts. Therefore, we identified which sectors were more material to BTG Pactual and developed 19 specific policies to identify these risks and good practices to guide our relationship with people or companies involved in these sectors. The policies were developed in accordance with market best practices and IFC guidelines and should be applied across the BTG Pactual.

Portfolio

Investing (Asset manager)

Issue area(s) the policy covers

Water

Type of policy

Risk policy
Sustainable/Responsible Investment Policy

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

Responsible Investment Policy and 19 Sector Policies - Available on: www.btgpactual.com/us/esg-and-impact-investing/esg-download-center
Segment's Policy_Pulp and Paper.pdf
Segment's Policy_Agribusiness.pdf
Segment's Policy_Forest and Planted Timber Extraction.pdf
Segment's Policy_Fisheries.pdf
Responsible-Investment-Policy.pdf

Requirements for clients/investees

Comply with all applicable local, national and international laws and water regulations

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Energy
Materials
Capital goods
Transportation
Automobiles & Components
Consumer Durables & Apparel
Food, Beverage & Tobacco
Real Estate

Forest risk commodities covered by the policy

<Not Applicable>

Commodities with critical impact on water security covered by the policy

Palm oil
Soy
Cocoa
Coffee
Cotton
Sugar
Tobacco
Rice
Maize/corn
Fruit
Grain
Nuts
Tea

Vegetable
Other oilseeds
Fish and seafood from aquaculture

Forest risk commodity supply chain stage covered by the policy

<Not Applicable>

Exceptions to policy based on

<Not Applicable>

Explain how criteria coverage and/or exceptions have been determined

Some sectors of the economy present a higher level of social, environmental and climate risks and impacts. Therefore, we identified which sectors were more material to BTG Pactual and developed 19 specific policies to identify these risks and good practices to guide our relationship with people or companies involved in these sectors. The policies were developed in accordance with market best practices and IFC guidelines and should be applied across the BTG Pactual.

Portfolio

Insurance (Insurance company)

Issue area(s) the policy covers

Forests

Type of policy

Risk policy

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

19 Sector Policies - Available on: www.btgpactual.com/us/esg-and-impact-investing/esg-download-center
Segment's Policy_Agribusiness.pdf

Requirements for clients/investees

Comply with all applicable local, national and international laws and regulations

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Energy
Materials
Capital goods
Transportation
Automobiles & Components
Food, Beverage & Tobacco
Real Estate

Forest risk commodities covered by the policy

All agricultural commodities

Commodities with critical impact on water security covered by the policy

<Not Applicable>

Forest risk commodity supply chain stage covered by the policy

Production

Exceptions to policy based on

<Not Applicable>

Explain how criteria coverage and/or exceptions have been determined

Some sectors of the economy present a higher level of social, environmental and climate risks and impacts. Therefore, we identified which sectors were more material to BTG Pactual and developed 19 specific policies to identify these risks and good practices to guide our relationship with people or companies involved in these sectors. The policies were developed in accordance with market best practices and IFC guidelines and should be applied across the BTG Pactual.

Portfolio

Insurance (Insurance company)

Issue area(s) the policy covers

Water

Type of policy

Risk policy

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

19 Sector Policies - Available on: www.btgpactual.com/us/esg-and-impact-investing/esg-download-center
Segment's Policy_Agribusiness.pdf

Requirements for clients/investees

Comply with all applicable local, national and international laws and water regulations

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Energy
Materials
Capital goods
Transportation
Automobiles & Components
Consumer Durables & Apparel
Food, Beverage & Tobacco
Real Estate

Forest risk commodities covered by the policy

<Not Applicable>

Commodities with critical impact on water security covered by the policy

Palm oil
Soy
Cocoa
Coffee
Cotton
Sugar
Tobacco
Rice
Maize/corn
Fruit
Grain
Nuts
Tea
Vegetable
Other oilseeds
Fish and seafood from aquaculture

Forest risk commodity supply chain stage covered by the policy

<Not Applicable>

Exceptions to policy based on

<Not Applicable>

Explain how criteria coverage and/or exceptions have been determined

Some sectors of the economy present a higher level of social, environmental and climate risks and impacts. Therefore, we identified which sectors were more material to BTG Pactual and developed 19 specific policies to identify these risks and good practices to guide our relationship with people or companies involved in these sectors. The policies were developed in accordance with market best practices and IFC guidelines and should be applied across the BTG Pactual.

FW-FS3.6

(FW-FS3.6) Does your organization include covenants in financing agreements to reflect and enforce your forests- and/or water-related policies?

	Covenants included in financing agreements to reflect and enforce policies for this issue area	Explain how the covenants included in financing agreements relate to your policies for this issue area	Explain why your organization does not include covenants for this issue area in financing agreements and any plans to address this in the future
Forests	Yes	The Social, Environmental and Climate Responsibility Policy, the Responsible Investment Policy and the 19 sectorial policies consolidate the social, environmental and climate guidelines to be observed by the entities that are part of the BTG Pactual in the conduction of their loans and investments business, activities, and operational processes. These policies guide the relationship with its clients and other stakeholders, seeking to reduce the social, environmental and climate risks to which the bank may be exposed. The decision regarding any type of relationship with any counterparty occurs in the following lines of defense (in that order): ESG team, ESG Head, CSO and ESG Committee. If it is found that the counterparty is not able to manage the socio-environmental and climate risks related to its activities, the ESG area may demands an action plan to be adopted by the counterparty in order to mitigate these risks - in some cases, this includes hiring an independent engineer or socio-environmental consultant to monitor the activities and compliance with the action plan, through periodic reports on the environmental conditions and climate risks related to the operation. The approval of the operation depends on the counterparty's commitment to execute this plan, which will be included in the operation contracts and monitored. For these specific cases, in addition to the standard ESG clauses, we include clauses for obligation to comply with the plan and early expiration of the contract due to non-compliance. We may also include mandatory compliance clauses for authorization of disbursement of funds. Depending on the problems identified in the socio-environmental and climate analysis, there is also the possibility of including good practice clauses and/or regularization of minor situations. All these points are monitored throughout the exhibition by the ESG team and, if applicable, by a contracted consultancy.	<Not Applicable>
Water	Yes	The Social, Environmental and Climate Responsibility Policy, the Responsible Investment Policy and the 19 sectorial policies consolidate the social, environmental and climate guidelines to be observed by the entities that are part of the BTG Pactual in the conduction of their loans and investments business, activities, and operational processes. These policies guide the relationship with its clients and other stakeholders, seeking to reduce the social, environmental and climate risks to which the bank may be exposed. The decision regarding any type of relationship with any counterparty occurs in the following lines of defense (in that order): ESG team, ESG Head, CSO and ESG Committee. If it is found that the counterparty is not able to manage the socio-environmental and climate risks related to its activities, the ESG area may demands an action plan to be adopted by the counterparty in order to mitigate these risks - in some cases, this includes hiring an independent engineer or socio-environmental consultant to monitor the activities and compliance with the action plan, through periodic reports on the environmental conditions and climate risks related to the operation. The approval of the operation depends on the counterparty's commitment to execute this plan, which will be included in the operation contracts and monitored. For these specific cases, in addition to the standard ESG clauses, we include clauses for obligation to comply with the plan and early expiration of the contract due to non-compliance. We may also include mandatory compliance clauses for authorization of disbursement of funds. Depending on the problems identified in the socio-environmental and climate analysis, there is also the possibility of including good practice clauses and/or regularization of minor situations. All these points are monitored throughout the exhibition by the ESG team and, if applicable, by a contracted consultancy.	<Not Applicable>

FW-FS4.1

(FW-FS4.1) Do you engage with your clients/investees on forests- and/or water-related issues?

	We engage with clients/investees on this issue area	Explain why you do not engage with your clients/investees on the issue area and any plans to address this in the future
Clients – Forests	No, but we plan to within the next two years	BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.
Clients – Water	No, and we do not plan to in the next two years	BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.
Investees – Forests	No, but we plan to within the next two years	BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.
Investees – Water	No, and we do not plan to in the next two years	BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.

FW-FS4.2

(FW-FS4.2) Does your organization exercise its voting rights as a shareholder on forests- and/or water-related issues?

	We exercise voting rights as a shareholder on this issue area	Issues supported in shareholder resolutions	Give details of the impact your voting has had on this issue area	Explain why your organization does not exercise voting rights on this issue area and any plans to address this in the future
Forests	Yes	Other, please specify (Recovery of degraded areas, Impact study on forest/biodiversity risks)	BTG is exposed to relevant environmental/social/climate risks on illiquid asset, so our ESG/climate engagement is focused on this line of the business. Topics include: recovery of degraded areas, impact study on forest/biodiversity risk.	<Not Applicable>
Water	No, and we do not plan to in the next two years	<Not Applicable>	<Not Applicable>	BTG Pactual is currently evaluating pathways to access risks and opportunities related to forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these risks and opportunities with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.

FW-FS4.3

(FW-FS4.3) Does your organization provide financing and/or insurance to smallholders in the agricultural commodity supply chain?

	Provide financing and/or insurance to smallholders in the agricultural commodity supply chain	Agricultural commodity	Primary reason for not providing finance and/or insurance to smallholders	Explain why your organization does not provide finance/insurance to smallholders and any plans to change this in the future
Row 1	Yes	Soy Maize/corn	<Not Applicable>	<Not Applicable>

FW-FS4.3a

(FW-FS4.3a) Describe how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity.

Soy

Financial service provided

Insurance

Smallholder financing/insurance approach

Other, please specify (Rural insurance)

Other smallholder engagement approaches

Other than financing/insuring, we do not engage in other support for smallholders

Number of smallholders supported

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

As a result of climate change, agricultural production has become exposed to more frequent and less predictable weather events. BTG has an insurance/reinsurance front that offers insurance/reinsurance for crop production. This product is available for the 3 most common grains in Brazil (corn, wheat, and soy) and covers production shortfalls due to weather events. In this context, agricultural insurance works to help farmers face these risks and mitigate their potential losses due to adverse weather conditions.

Maize/corn

Financial service provided

Insurance

Smallholder financing/insurance approach

Other, please specify (Rural insurance)

Other smallholder engagement approaches

Other than financing/insuring, we do not engage in other support for smallholders

Number of smallholders supported

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

As a result of climate change, agricultural production has become exposed to more frequent and less predictable weather events. BTG has an insurance/reinsurance front that offers insurance/reinsurance for crop production. This product is available for the 3 most common grains in Brazil (corn, wheat, and soy) and covers production shortfalls due to weather events. In this context, agricultural insurance works to help farmers face these risks and mitigate their potential losses due to adverse weather conditions.

FW-FS4.4

(FW-FS4.4) Does your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may impact forests and/or water security?

	External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Explain why you do not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area
Forests	Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact this issue area	<Not Applicable>	<Not Applicable>
Water	Not assessed	<Not Applicable>	<Not Applicable>

FW-FS5.1

(FW-FS5.1) Does your organization measure its portfolio impact on forests and/or water security?

	We measure our portfolio impact on this issue area	Explain how your organization measures its portfolio impact on this issue area, including any metrics used to quantify impact	Primary reason for not measuring portfolio impact on this issue area	Explain why your organization does not measure its portfolio impact on this issue area and any plans to change this in the future
Banking – Impact on Forests	No, and we don't plan to in the next two years	<Not Applicable>	Lack of tools or methodologies available	BTG Pactual is currently evaluating pathways to access its portfolio impact on forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these impacts with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.
Banking – Impact on Water	No, and we don't plan to in the next two years	<Not Applicable>	Lack of tools or methodologies available	BTG Pactual is currently evaluating pathways to access its portfolio impact on forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these impacts with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.
Investing (Asset manager) – Impact on Forests	No, and we don't plan to in the next two years	<Not Applicable>	Lack of tools or methodologies available	BTG Pactual is currently evaluating pathways to access its portfolio impact on forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these impacts with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.
Investing (Asset manager) – Impact on Water	No, and we don't plan to in the next two years	<Not Applicable>	Lack of tools or methodologies available	BTG Pactual is currently evaluating pathways to access its portfolio impact on forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these impacts with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.
Investing (Asset owner) – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting – Impact on Forests	No, and we don't plan to in the next two years	<Not Applicable>	Lack of tools or methodologies available	BTG Pactual is currently evaluating pathways to access its portfolio impact on forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these impacts with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.
Insurance underwriting – Impact on Water	No, and we don't plan to in the next two years	<Not Applicable>	Lack of tools or methodologies available	BTG Pactual is currently evaluating pathways to access its portfolio impact on forests and water. As a member of two nature-related working groups (PRB and PRI), as well as participating in a TNFD piloting programme, we are approaching the assessment of these impacts with careful consideration of all stakeholders as we first understand how to apply the standards and frameworks of evaluation in the banks' business.

FW-FS5.2

(FW-FS5.2) Does your organization provide finance or insurance to companies operating in any stages of the following forest risk commodity supply chains, and are you able to report on the amount of finance/insurance provided?

	Finance or insurance provided to companies operating in the supply chain for this commodity	Amount of finance/insurance provided will be reported	Explain why your organization is unable to report on the amount of finance/insurance provided for this commodity
Lending to companies operating in the timber products supply chain	Yes	No, and we do not plan to assess our portfolio's exposure in the next two years	This is strategic information and therefore BTG has chosen not to report this data at the moment.
Lending to companies operating in the palm oil products supply chain	No	<Not Applicable>	<Not Applicable>
Lending to companies operating in the cattle products supply chain	Yes	No, and we do not plan to assess our portfolio's exposure in the next two years	This is strategic information and therefore BTG has chosen not to report this data at the moment.
Lending to companies operating in the soy supply chain	Yes	No, and we do not plan to assess our portfolio's exposure in the next two years	This is strategic information and therefore BTG has chosen not to report this data at the moment.
Lending to companies operating in the rubber supply chain	No	<Not Applicable>	<Not Applicable>
Lending to companies operating in the cocoa supply chain	No	<Not Applicable>	<Not Applicable>
Lending to companies operating in the coffee supply chain	Yes	No, and we do not plan to assess our portfolio's exposure in the next two years	This is strategic information and therefore BTG has chosen not to report this data at the moment.
Investing (asset manager) to companies operating in the timber products supply chain	Yes	No, and we do not plan to assess our portfolio's exposure in the next two years	This is strategic information and therefore BTG has chosen not to report this data at the moment.
Investing (asset manager) to companies operating in the palm oil products supply chain	No	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the cattle products supply chain	No	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the soy supply chain	Yes	No, and we do not plan to assess our portfolio's exposure in the next two years	This is strategic information and therefore BTG has chosen not to report this data at the moment.
Investing (asset manager) to companies operating in the rubber supply chain	No	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the cocoa supply chain	No	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the coffee supply chain	No	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the timber products supply chain	No	<Not Applicable>	<Not Applicable>
Insuring companies operating in the palm oil products supply chain	No	<Not Applicable>	<Not Applicable>
Insuring companies operating in the cattle products supply chain	No	<Not Applicable>	<Not Applicable>
Insuring companies operating in the soy supply chain	Yes	No, and we do not plan to assess our portfolio's exposure in the next two years	This is strategic information and therefore BTG has chosen not to report this data at the moment.
Insuring companies operating in the rubber supply chain	No	<Not Applicable>	<Not Applicable>
Insuring companies operating in the cocoa supply chain	No	<Not Applicable>	<Not Applicable>
Insuring companies operating in the coffee supply chain	No	<Not Applicable>	<Not Applicable>

FW-FS5.3

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(FW-FS5.3) Indicate whether you measure the percentage of clients/investees compliant with your forests- and/or water-related requirements stated in question FW-FS3.5, and provide details.

Portfolio

Banking (Bank)

Issue area(s) the requirements cover

Forests

Forests risk commodity covered by the requirements

All agricultural commodities

Commodities with a critical impact on water security covered by the requirements

<Not Applicable>

Measurement of proportion of clients/investees compliant with forests- or water-related requirements

Yes

Metric used for compliance with forests-related requirements

Clients subject to our ESG integration, in accordance with the principles of relevance and proportionality.

Metric used for compliance with water-related requirements

<Not Applicable>

% clients/investees compliant with forests- or water-related requirements

100

% portfolio value that is compliant with forest- or water-related requirements

100

Target year for 100% compliance

Already met

Explain why your organization does not measure the % of clients/investees compliant with forests- or water-related requirements, and any plans to address this in the future

<Not Applicable>

FW-FS6.1

(FW-FS6.1) Have you published information about your organization’s response to forests- and/or water-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Focus of the Publication

Forests

Publication

In a voluntary sustainability report

Status

Complete

Attach the document

BTG’s Annual Report
Annual Report 2022.pdf

Page/Section reference

p. 103 - 105

Content elements

Strategy
Response to forests- and/or water-related risks and opportunities

Comment

BTG’s Annual Report undergoes verification by an independent third party.

Submit your response

In which language are you submitting your response?

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Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
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I have read and accept the applicable Terms