



Green, Social and Sustainable Financing Framework

October 2020



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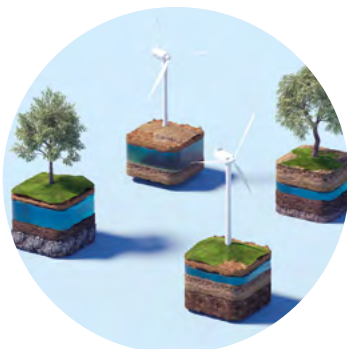
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1.

Background





Company Overview

We are a financial institution with origin and headquarters in Brazil, acting in the main Latin American markets. We have approximately 3,100 professionals providing services of investment banking, asset management and wealth management. Through a platform with high capability of international distribution, we provide 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 (“HNWI”).

Founded in 1983, we consider that our more than three-and-a-half-decade experience and our firmly established brand are key success factors in our decision to explore new opportunities in the retail banking market, leveraged by technological innovations. Our first incursion in this market was the launch in January 2016 of BTG Pactual Digital, an online investment platform dedicated to retail. Combined with other initiatives, BTG Pactual Digital will integrate our digital retail platform that, under a unified and exclusively dedicated leadership, will comprise: (a) investment, credit and banking services solutions to retail; (b) credit and other banking services to small and medium-sized businesses; (c) distribution of insurance; (d) investment in Banco Pan; (e) training in data and investment content analysis; and (f) boostLAB, the scale-ups accelerator and business originator.

We operate as a meritocratic partnership, which currently consists of 237 partners. We have local coverage in six of the main cities in Brazil, including São Paulo and Rio de Janeiro, in addition to Chile, Colombia, Mexico, Peru and Argentina. We also have strategic presence in New York, Miami, London, and Portugal, focused on distribution of a wide

variety of banking products in Latin America and managing global clients’ funds. We occupy a leadership position in the Brazilian market and, as a result of our expansion and strategic focus on Latin America, we have been reaching an increasing business volume in Chile and Colombia.

Our Business Units

Our operational strategy is focused on the following main business units:

- **Investment Banking**, which provides financial advisory and capital markets services;
- **Corporate Lending**, which offers financing, structured credit and guaranteed loans to companies;
- **Sales and Trading**, which offers financial products and services to a diverse group of clients in local and international markets, including market-making, brokerage and clearing services, research and equities, derivatives, interest rate, foreign exchange, energy and commodities transactions for hedging and trading purposes, as well as insurance and reinsurance products and services;
- **Asset Management**, which offers asset management services with a broad range of products across several international asset classes, especially in Latin America, to local and international clients;
- **Wealth Management**, which provides investment advisory and financial planning services and investment products to HNWI and institutions; and
- **Consumer Lending and Insurance**, which provides financing, loans and insurance to individuals, especially through our investment in Banco Pan and Too Seguros, respectively.



We are focused on offering disruptive products and services to meet our clients' evolving expectations through expanding our presence and product offerings in Latin America and taking advantage of opportunities arising from an accelerated transformation of banking intermediation as a result of technological innovations, an increasing maturity of Brazilian investors and the expectation that interest rates will remain at historically low levels. In this scenario and in addition to a growth perspective in our traditional markets, our digital retail platform will be fully dedicated to capture opportunities in market segments not yet well explored by us.

Materiality Assessment & Sustainable Finance Commitments

As a signatory to the United Nations Global Compact, BTG Pactual commits to implementing and observing the ten principles upholding fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. These principles are observed during client on-boarding and an in-depth analysis is performed by ESG Risk team when any non-compliance is pointed by our initial background check. At this stage, ESG Risk division use online tools and ESG questionnaire to understand client's practices and ESG management capacity.

In 2020, BTG conducted an in-depth materiality assessment to understand the main sustainability-focused risks and opportunities faced by the bank. This process included the engagement of 360 people representing the main stakeholders across market specialist in financial and sustainability matters, investors, suppliers, customers and members of BTG's Board of Directors.

The process helped identify the most material issues and will influence the sustainability

strategy and support greater alignment with the Sustainable Development Goals (SDGs). As a result of this materiality process, based on Global Reporting Initiative Standards (GRI), BTG Pactual pointed 7 main themes as priority to its sustainable and integrated disclosure and annual reports. For each main theme, BTG Pactual pointed the related SDG we can have positive impact.

1. Ethics and compliance in all relationships – SDG 16
2. Cyber Risks, Security and Data Protection – SDGs 8 and 17
3. Integrating social and environmental risk in corporate risk management – SDGs 8, 13 and 16
4. Diversity and inclusion – SDGs 4 and 5
5. Innovation and technology driven by digital transformation – SDGs 9 and 17
6. Social responsibility actions and private social investment – SDG 4
7. Management and development of human capital – SDG 4

BTG Pactual's 2019 annual and sustainability report was based on this materiality process and, aligned with the traditional annual financial disclosure, BTG Pactual reports GRI's indicators to cover our main sustainability aspects, linked with SDG.

Additionally, BTG is a signatory to the Brazilian Business Pact for Integrity and Against Corruption which is dedicated to eradicating bribery and corruption. Signatory companies are committed to disclosing and complying with Brazilian anti-corruption legislation. In 2019, for the second consecutive year, BTG was named one of the most transparent banks in Brazil, according to Transparency International.

BTG Pactual joined the United Nations Principles for Responsible Investment (UN PRI) initiative in June 2015, reiterating and reinforcing BTG's long-term ambition and commitment to



responsible and sustainable development and has been integrating ESG aspects into decision making process in all strategies.

In 2020 BTG: (i) signed the UN Principles for Responsible Banking, a unique framework for ensuring that signatory banks strategies and practices align with the SDGs and the Paris Climate Agreement; (ii) became a United Nations Finance Initiative (UNEP FI) member; and (iii) integrated an initiative called Investors for Climate that aims to enable and engage professional investors to manage climate change.

Sustainability Governance

BTG Pactual has a Board-level ESG oversight which helps to drive a focus on sustainability issues across the Bank's strategy, policies, and programs:

The Board of Directors: Responsible for the strategic vision of the ESG risk management criteria and approval of the Sustainability Global Policy and Environmental & Social Risk Assessment Policy, as well as to oversee the implementation of the ESG Policy at the business areas.

ESG Committee: Chaired by the CEO of BTG Pactual. Such committee supports board of director's responsibilities related to definition of the strategy, polices and measures related

to the adoption of best practices, aiming to identify environmental, social and climate risks as well as to correct the problems related to noncompliance of regulation and/or self-regulation norms.

ESG Risk Management Division: Composed of environmental and health & safety specialists. Responsible for conducting the environmental and social risk assessment, develop the internal proceedings regarding ESG and Sustainability aspects, as well as to provide training program to BTG's employees. This division provides technical support, coordination and independent supervision of the implementation of the Global ESG Policy by the various business areas. It also advises on the development of tools and procedures, ensuring that the ESG Risk is properly identified, evaluated, classified, approved and controlled and consolidates the information and data that evidence the adoption of best market practices and compliance with the legal and regulatory requirements applicable to the management of ESG Risk.

Business Areas: Focused on the routine identification of ESG Risk, it activates the Socio-environmental Risk Management and Corporate Governance team to obtain technical support for identified risk management.



BTG Pactual: Committed to Sustainable Development

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.

Social Responsibility

BTG Pactual supports several projects focused on Education, Environment and Entrepreneurship that aim at the socio-environmental impact within a more just and egalitarian society. The contemplated projects demonstrate our commitment to the regions and communities where we operate, mainly in Brazil, including the following highlights:

- BTG SOMA is a program for accelerating social organizations that aims to contribute to boosting the performance of NGOs so that they achieve financial sustainability. Through 80 hours of training, workshops and mentoring, the program wants to join forces to develop the professionalization of the third sector. In the first edition (2020), we had 6 organizations from 4 different states that work in causes related to education and entrepreneurship.
- Social microcredit comprises additional initiatives, that brings access to credit to nano and micro-entrepreneurs with facilitated conditions. The interest, in addition to being the

lowest in the market (0.5% per month), when received, will be invested in social projects in the third sector. BTG is expected to allocate R\$ 9 million in credit to entrepreneurs living in communities, in partnership with the Gerando Falcões Institute, to women entrepreneurs in partnership with Grupo Mulheres do Brasil and, for microentrepreneurs from all over Brazil, mostly from the North and Northeast regions in partnership with Fair.

- Facing the pandemic in 2020, BTG Pactual made a donation of R\$ 50 million to support social projects and hospitals, in order to mitigate the impacts of the coronavirus on large communities. More than 3 million people, 76 social projects and 41 hospitals were impacted by the initiatives supported throughout Brazil. The campaign, called Numbers that Matter, in addition to the BTG donation, also mobilized R\$ 7 million with major partners to enhance and expand social actions to combat COVID 19.

ESG Risk Management

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.



Our Sustainability Policy¹ sets out our fundamental principles on ESG and our vision in conducting business in an innovative way, integrating ESG aspects into the decision-making process and aligning with the UN Sustainable Development Goals (SDGs).

Our ESG Risk Management division is responsible for BTG Pactual’s regulatory compliance, ESG risk mitigation, institutional commitments, eco-efficiency programs, business opportunities identification and transparency.

On an annual basis, BTG Pactual runs an exercise to identify our exposure to Green Sectors, based on UNEP FI and FEBRABAN classification. This concept was first defined on study called *Inquiry into the Design of a Sustainable Financial System*² published by UNEP FI. As of the 3rd quarter of 2020, BTG Pactual’s exposure to these sectors was BRL 15,9 billion.

When it comes to BTG Pactual’s own operations, BTG Pactual annually publishes its GHG Inventory, based on GHG Protocol methodology encompassing scopes 1, 2 and 3 from all offices globally.

- Scope 1 considers direct GHG emissions from sources owned or controlled by the organization, such as: mobile and stationary combustion processes; fugitive emissions (fire extinguishers and refrigerant gases);
- Scope 2 contemplates indirect GHG emissions from the generation of purchased energy (imported) that is consumed by the organization, for example electricity. Once the energy is brought

into the organization, emissions are considered indirect because they physically occur at the location where the energy is produced;

- Scope 3 encompasses emissions that are a consequence of the activities of the company from sources not owned or controlled by BTG. BTG considered the following categories in its inventory: (i) fuel and energy-related activities; (ii) upstream transportation and distribution; (iii) waste generated in operations; (iv) business travel; (v) employee commuting; (vi) upstream leased assets; (vii) downstream transportation and distribution.

BTG’s emissions inventory is verified by an independent third party. The third-party verification checked all GHG Scopes – including direct and indirect emissions.

In the latest years, BTG demonstrated some good practices that could potentially lead to GHG mitigation, for example:

1. Use of video conferencing over the use of air and land travel able to avoid 1,488.45 tons of CO₂e;
 2. Purchase of energy in the free market for the BTG SP Condominium, which represents 52% of the total amount of BTG’s consumption, based on number of employees;
 3. Waste management at São Paulo office and recycling practices at Rio de Janeiro office;
 4. Solar energy generation at BTG Medellin (Colombia) able to avoid 2.86 tons of CO₂.
- Since 2017, BTG’s direct (Scope 1) and indirect emissions from Scope 2 are offset. The ESG specialist team run an in-depth due diligence

¹ <https://static.btgpactual.com/media/esg-001-global-sustainability-policy.pdf>

² <https://unepinquiry.org/>



to select carbon projects certified with well-known and recognized standards. One example of project selected was REDD+ Manoa Project carbon credit certified by the Verified Carbon Standard (VCS) and The Climate, Community & Biodiversity Alliance (CCB Standards). This project aims to preserve 73 thousands hectares of the Amazon Rainforest located in the state of Rondônia, in Brazil, working as an important ecological corridor connecting federal and state Conservation Units. In this area there are more than 20 species under special protection. The project is Forest Management certified by FSC – Forest Stewardship Council and holds a Gold Level on Climate, Community and Biodiversity Standards.

In 2019, BTG Pactual offset its emission from scopes 1, 2 and 3 integrally, being the first Brazilian Bank to do that, and achieve net zero carbon emission. For this year offset, BTG Pactual bought Verified Credit Unit (VCU) from Forest Plantation project in Uruguay certified by VCS methodology.

As result of our climate commitment, BTG Pactual discloses information regarding climate risks and opportunities at the Carbon Disclosure Platform (CDP). BTG discloses how climate change is integrated into its governance and strategy; how risks and opportunities related to climate change are incorporated into its activities, as well as its emissions and the engagement with other stakeholders regarding this matter.

Our latest CDP score was a B- and as a result, BTG is now part of the Brazil Climate Resilience Index run by CDP. This index aims to (i) establish

a relationship between environmental disclosure and financial performance of listed companies in Brazil and (ii) recognize and encourage better disclosure through CDP climate reporting. The eligibility criteria are: (i) CDP score; (ii) company inclusion in IBRX-100 Index of B3 (Brasil, Bolsa and Balcão); and (iii) 3-year negotiation history.

Since 2017 BTG officially supported the Task Force on Climate Related Financial Disclosure (TCFD) of the Financial Stability Board (FSB), which is a consistent climate-related financial risk disclosure.

Sustainable & Impact Investing

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.

Investment Banking: In 2016, BTG Pactual signed a public declaration to foster the Green Bond market (The Brazil Green Bonds Statement³), showing its intention to move towards a low-carbon and climate resilient economy. Since then, our Debt Capital Markets team has structured and coordinated several green, sustainable and transition bond issuances for our clients – including the first sustainable bond in Brazil in early 2020. These issuances have financed the reduction of GHG emissions and the access to basic services, for example through the upgrade of rail infrastructure, the expansion of electricity transmission to bring on renewable energy projects, the refinancing of renewable energy projects and the investments in sanitation. In partnership with the Sustainable & Impact Investing division, these issuances targeting social and environmental positive impact are being more and more encouraged, with the potential to make of BTG Pactual one of the largest platforms for Sustainable Finance in Latin America.

Asset Management: In partnership with the investment teams working on the liquid and illiquid strategies with BTG Pactual’s Asset Management, the ESG & Impact Investing team is jointly structuring funds focused on Negative Screening, ESG Integration and Impact Investing.

These different vehicles are bringing to our clients the opportunity to invest responsibly, sustainably and promoting intentional and measurable positive social and environmental impact. These investments will comprise allocation in different segments across Latin America, such as Clean Water & Sanitation, Sustainable Transport, Renewable Energy and Energy Efficiency, Sustainable Agribusiness, Healthcare, Education and Financial Inclusion.

Wealth Management and Digital Retail Unit: BTG Pactual is actively working on growing its portfolio of products focused on ESG & Impact Investing and democratizing the access to such opportunities by offering them to our clients. Not only BTG Pactual is making its own products available, but it is also bringing other products available in the market into its platforms for its clients’ best interest.

Corporate Lending and Sales & Trading: The Bank has an existing credit portfolio and an extensive pipeline of loans and other transactions supporting projects and assets related to renewable energy, energy efficiency, sustainable water, clean transportation, green buildings, affordable housing and affordable basic infrastructure, for example. These transactions promote positive social and environmental impact, such as a blended finance insurance structure on healthcare that BTG Pactual has worked on facing the pandemic contributing to scale the production of the main national producer of ventilators.

³ <https://www.climatebonds.net/market/country/brazil/investor-statement>

2.

BTG Pactual's Rationale for to developing a Green, Social and Sustainable Financing Framework



Aligned with a dedicated Sustainability Plan

BTG Pactual understands that considering social and environmental aspects into its risk process analysis confirms its commitment to prioritize long-term benefits and results over short-term gains.

BTG has an Environmental and Social Risk Policy that confirms its commitment to a long-term ambition and unconditional engagement to responsible and sustainable developments, which balances economic growth with environmental and social aspects.

According to such policy, socioenvironmental aspects and management capacity of such

aspects should be considered during BTG’s risks analysis for credit loans. During this process, BTG uses a sector-specific approach which includes (i) climate change risk and management; (ii) slavery and/or child labor eradication; (iii) children and adolescents’ prostitution and sexual exploitation; (iv) human rights due diligence; and (v) elaboration of socioenvironmental impact assessment study and maintenance of environmental permits.

Concerning the Environmental and Social Risk Analysis Process, BTG Pactual follows a five-step process:

Onboarding	<ul style="list-style-type: none"> ○ Primary ESG filter and exclusion list published by Labor Secretariat (Ministry of Economy) – slavery workforce ○ ESG filter: embargoed areas; socio and environmental demands; E&S negative media (child and slavery labor) ○ Monthly cross-check BTG’s client base with slavery workforce list
NBCC	<ul style="list-style-type: none"> ○ ESG team participates in all New Business Credit Committee, where the Officer presents the operation ○ ESG’s analyst goes deeper at public researches looking for sustainability reports/ process ○ ESG Categorization based on E&S impacts and risks, as well as the capacity to manage/mitigate/compensate it
Clients Interaction	<ul style="list-style-type: none"> ○ Questionnaires sent to clients ○ Considers IFC Performance standards, management system and E&S controls ○ Contaminated land questionnaire applicable for mortgages
FCC	<ul style="list-style-type: none"> ○ ESG points included at the Final Credit Committee ○ Confirmation of the ESG Categorization ○ Set environmental and social contractual clauses
Monitoring	<ul style="list-style-type: none"> ○ Monitor relevant environmental and social matters that can impact the project (permits) until project’s maturity ○ In loco visits can be executed upon request ○ Monitoring is limited to 1 year



BTG Pactual joined Equator Principles, a financial industry benchmark framework to assess environmental and social risks and impacts of project finance and project-related corporate loans. BTG Pactual adopted the Equator Principles in order to ensure that the Projects we finance and advise on are developed in a manner that is socially responsible and reflects sound environmental management practices. As signatory, BTG Pactual aims to work in partnership with its clients to identify, assess and manage environmental and social risks and impacts in a structured way, and on an ongoing basis. The ESG Risk Management division is responsible for determining, assessing and managing environmental and social risk and impacts in projects, based on IFC Performance Standards.

The Bank has an existing pipeline of loans supporting projects related to renewable energy, energy efficiency, sustainable water, clean transportation, green buildings, affordable housing and affordable basic infrastructure. As such accessing the Green, Social and Sustainable Financing market would be a way to further support this sustainable development strategy.

In this context, BTG Pactual has developed a Green, Social and Sustainable Financing Framework focused on re/financing eligible assets, while simultaneously responding to increasing investor demand for positive social and environmental impact investments with a greater transparency in terms of use of proceeds. This document serves as BTG Pactual's Green, Social and Sustainable Financing Framework for issuing debt instruments having environmental and/or social impact.

Equator Principles

- Risk management framework for determining, assessing and managing E&S risks

- IFC **Performance Standards**: benchmark tool for E&S risks management

Risk Management	Land Resettlement
Labor	Biodiversity
Resource Efficiency	Indigenous People
Community	Cultural Heritage

Category A refers to high environmental and social risk for the project, due to the potential risk of activity giving rise to significant adverse environmental or social impacts that are varied, irreversible or unprecedented

Category B refers to an average environmental and social risk for the project, due to the potential risk of the activity giving rise to limited adverse environmental or social impacts that are few in number, generally specific to the venue, and largely reversible and easy to correct through mitigation measures

Category C refers to a low environmental and social risk for the project, due to the potential of the activity giving rise to adverse environmental or social impacts and/or risks that are minimum or inexistent

3.

BTG Pactual's Green, Social and Sustainable Financing Framework





The Green, Social and Sustainable Financing Framework has the objective to ensure transparency and quality of Green, Social and Sustainable Financing issuances. This Framework has been developed in line with the four key pillars of the Green Bond Principles, 2018 (GBP), the Green Loan Principles (GLP), the Social Bond Principles, 2018 (SBP) and the Sustainability Bond Guidelines (SBG).

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting



Use of Proceeds

An amount equal to the net proceeds of the Notes issued under the BTG Pactual Green, Social and Sustainable Financing Framework will be allocated towards financing and/or refinancing of new and existing projects that meet the following Eligibility Criteria.









Eligibility Criteria:

- Loans and securities dedicated to investments in the development, construction and operation of the following eligible project categories.
- Loans and securities to and direct investments in companies deriving at least 90% of their revenues from the eligible investment categories.
- Eligible projects should have had a disbursement (i) made during the thirty-six months preceding the issue date of the Notes and/or (ii) following the issue date of the Notes and until the maturity date of the Notes with the intention of full disbursement of proceeds within thirty-six months.

Eligible projects categories and benefits

Green Project Category	Use of Proceeds	Eligibility Criteria	Objectives	Benefits	SDG Alignment
Renewable Energy	Solar Energy	Solar facilities shall not have more than 15% of electricity generated from non-renewable sources	Enhance the energy transition to a low-carbon economy	<ul style="list-style-type: none"> ○ Climate change mitigation and adaptation ○ GHG emissions reduction ○ Pollution reduction 	 
	Wind Energy	Wind facilities shall not have more than 15% of electricity generated from non-renewable sources			
	Biofuels	<p>Limited to projects with direct emissions of less than 100gCO₂/kWh using sustainable feedstock that does not deplete existing terrestrial carbon stocks or high-biodiversity areas or compete with food production.</p> <p>Feedstock will be certified under approved best practices standards, such as: Bonsucro, RSB, FSC, and ISCC Plus, etc.</p>			
	Small run-of-river hydro plants	Small run-of-river hydro plants under 25MW and/or facilities operating at life cycle emissions lower than 100g CO ₂ e/kWh			



Green Project Category	Use of Proceeds	Eligibility Criteria	Objectives	Benefits	SDG Alignment
Energy Efficiency	New and refurbished buildings, energy storage, district heating, co-generation, smart grids, appliances and products	Renovation projects meeting 30% efficiency gains or 30% CO2 emission reduction	Increasing efficiency and reducing GHG emissions	<ul style="list-style-type: none"> Climate change mitigation and adaptation GHG emissions reduction 	 
Sustainable Water and Wastewater Management	Infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation		Increasing the efficiency of water services	<ul style="list-style-type: none"> Climate change mitigation and adaptation GHG emissions reduction Pollution reduction 	 
Clean Transportation	Electric, hybrid, public, rail, non-motorised, multi-modal transportation, Infrastructure for clean energy vehicles	Rail: construction and operation of low-carbon passenger and freight transportation [emitting less than 25 grams of CO2 per ton-kilometer (gCO2/t-km)]	Enhance the energy transition to a low-carbon economy	<ul style="list-style-type: none"> Climate change mitigation and adaptation GHG emissions reduction Pollution reduction 	 
Green Buildings	Efficient commercial and residential buildings meeting regional, national or internationally recognized standards or certifications	Buildings that have received certification to the following programs and levels: LEED Gold & Platinum and EDGE certification	Enhance the energy transition to a low-carbon economy	<ul style="list-style-type: none"> Climate change mitigation and adaptation GHG emissions reduction Pollution reduction 	 

Social Project Category	Use of Proceeds	Target Populations	Objectives	Benefits	SDG Alignment
Affordable Housing	Development and construction of, or mortgage loans for affordable urban and rural housing	Low-and medium income individuals and families as defined by housing policies of the Ministry of Cities and the federal government ⁴	Provide decent and affordable housing	<ul style="list-style-type: none"> Promote access to housing for all Foster equal access to essential services Reduce social exclusions and inequalities 	  
Affordable Basic Infrastructure	Construction and operation of water and sanitation infrastructure including access to: clean drinking water, sewers and sanitation	Underserved population as defined by region ⁵	Provide access to basic infrastructure	<ul style="list-style-type: none"> Foster equal access to essential services Reduce social exclusions and inequalities 	    

⁴ <https://www.climatebonds.net/market/country/brazil/investor-statement>

⁵ <https://www.climatebonds.net/market/country/brazil/investor-statement>



Exclusionary Criteria

In addition to the categories excluded by BTG’s Environmental and Social Risk Analysis, projects that support the following activities are not eligible under this Framework:

- Exploration and production of fossil fuels;
- Fossil fuel based power generation or hybrid plant with more than 15% fossil fuel back up;
- Construction of rail infrastructure dedicated to transportation of fossil fuels;
- Generation of nuclear power;
- Production or trade in any activity deemed illegal under national laws or regulations or international conventions and agreements;

This exclusion list is not exhaustive and project not included in these categories may also be considered ineligible in certain circumstance by BTG Pactual.

Process for Project Selection and Evaluation

Eligible Projects are expected to comply with local laws and regulations, including any applicable regulatory environmental and social requirement, and with IFC’s Performance Standards for environmental issues.

As part of BTG Pactual’s regular credit approval process, potential Eligible Assets are assessed by the Environmental and Social Risk Analysis Process described in section 2.1, above.

A Green, Social and Sustainable Financing Committee will be set-up, including the Treasury team, Sustainability Team and any relevant business lines involved in the selection of Eligible Projects when required.

The Green, Social and Sustainable Financing Committee will check the compliance of the Eligible Projects with the Eligibility Criteria and will be responsible for approving allocations of net proceeds on an annual basis.

The Green, Social and Sustainable Financing Committee will also monitor the environmental and social risk analysis process of the Eligible Projects.

Management of Proceeds

The net proceeds will be allocated to the financing of new projects and / or refinancing of existing projects under the Eligible Project Category. BTG Pactual’s treasury team will track internally the proceeds raised from the Green, Social and Sustainable Financing to be allocated to Eligible Projects.

In case of project divestment, BTG Pactual will use the net proceeds to finance other Eligible Projects which are compliant with the current Use of Proceeds.

Pending the full allocation of the proceeds, the balance of unallocated proceeds will be held in cash or cash equivalent instruments in line with BTG Pactual’s treasury management.

Reporting

Allocation report

Allocation reporting will be available to investors within approximately one year from the date of the loan or security issuance, and thereafter once a year until the bond proceeds have been fully allocated. The reporting or a dedicated section in BTG Pactual’s Annual Report will produce the total amount allocated to the various eligible projects. This information will be externally reviewed and will be publicly available on BTG Pactual’s website.

Reporting indicators:

- Sample list of projects financed by the loans and securities proceeds, including description (date, location, category, progress) and the corresponding allocated amount (in \$)
- Allocated amount vs. total amount (in %)
- Refinancing vs. new financing

Impact report

On an annual basis and until the full allocation of the proceeds, BTG Pactual will provide an impact reporting on Eligible Projects or a dedicated section in BTG Pactual’s Annual Report. The relevant metrics could include:

Project Category	Reporting indicators
Renewable Energy	<ul style="list-style-type: none"> ○ Installed capacity in MW ○ Annual renewable energy generation in MWh ○ Annual GHG emissions reduced/avoided in tons of CO2 equivalent
Energy Efficiency	<ul style="list-style-type: none"> ○ Annual GHG emissions reduced/avoided in tons of CO2 equivalent
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> ○ Estimated water savings [gallons per year] ○ Annual gross amount of wastewater treated, reused or avoided pre and post-project in m3 /a and PE/a and as % ○ Annual water savings: gross water use before and after the project in m3 /a, reduction in water use in %
Clean Transportation	<ul style="list-style-type: none"> ○ Annual GHG emissions reduced/avoided in tons of CO2 equivalent
Green Buildings	<ul style="list-style-type: none"> ○ Number of Buildings & Building Certification ○ Annual GHG emissions reduced/avoided in tons of CO2 equivalent
Affordable Housing	<ul style="list-style-type: none"> ○ Number of units provided/ beneficiaries supported ○ Average housing price / Rental costs compared to the national/ regional rent index (Social indicators)
Affordable Basic Infrastructure	<ul style="list-style-type: none"> ○ Number of people provided access to clean drinking water ○ Number of people provided access to improved sanitation facilities ○ Number of water infrastructure projects built/upgraded



External Review

Second Opinion

BTG Pactual appointed Sustainalytics, an experienced and qualified Second-Party Opinion Provider, to provide a Second-Party Opinion on the Framework, evaluating the environmental and/or social impact of BTG Pactual Green, Social and Sustainable Financing and their alignment with the Green Loan Principles (GLP), Green Bond Principles (GBP), Social Bond Principles (SBP) and the Sustainability Bond Guidelines (SBG). This Second-Party Opinion document will be made available on Sustainalytics and BTG's website.

External Verification

An external verification on the allocation of the loans and securities proceeds will be provided, on an annual basis and until the complete allocation of proceeds by BTG Pactual's auditors. The external auditor / verifier will verify that the proceeds of the loans and securities are either allocated to Eligible Projects or invested in approved financial instruments. This will be published on BTG Pactual's website.



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