

C0. Introduction

C0.1

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

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 3,515 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 2017-19, supported the TFCD, 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 2020, BTG Pactual generated Total Revenues of R\$ 9.3 billion, Adjusted Net Income of R\$ 4 billion, R\$ 26.7 billion in Equity, a total of R\$ 377.1 billion of assets under management and administration and R\$ 258.4 billion of wealth under management. The Economic Value Added distributed in salary and payroll expenses was R\$ 1.1 billion, payments to government R\$ 1.9 billion, operating expenses R\$ 1.1 billion and to providers of capital R\$ 1.0 billion.

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	No	<Not Applicable>

C0.3

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

- Argentina
- Brazil
- Chile
- Colombia
- Luxembourg
- Mexico
- Peru
- 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 organizational activities does your organization undertake?**

- Bank lending (Bank)
- Investing (Asset manager)
- Investing (Asset owner)
- Insurance underwriting (Insurance company)

**C1. Governance**

**C1.1**

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

Yes

**C1.1a**

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

Position of individual(s)	Please explain
Board-level committee	The Board of Directors is the highest governing authority in ESG integration and risk management as well as sustainability matters. The duties of the Board of Directors include: providing general business guidance; appointing executive officers; providing strategic guidance; and approving financial information in the annual report and risk management policies and practices, including strategies for the ESG & Impact Investing area. The Board is supported in its duties by a complete structure of committees. These include the: Audit Committee, Remuneration Committee, Risk & Capital Committee, Compliance Committee, and ESG Committee (the first two are statutory committees). It is also responsible to provide guidance on and improve BTG Pactual's ESG strategy and policy, and oversee implementation at all business units.
Chief Executive Officer (CEO)	The CEO is responsible for climate change matters and he has access to this information in different opportunities during our daily routines, mainly at BTG's ESG Committee, that is linked to the Board of Directors. The ESG Committee (i) meets monthly; (ii) is chaired by the CEO; (iii) composed by the president of the Board of Directors as well as other C-levels (CFO, CRO, CSO, CCO, head of Human Resources, ESG). Such committee is responsible to (i) support the Board of Directors in carrying out their responsibilities related to defining strategy, policies and best practices related to climate, environmental and social risks; (ii) develop strategies related to climate risk management (including physical and transitional risks), environmental and social risks management and ESG integration; (iii) ensure that BTG Pactual Group actions are in compliance with applicable climate, environmental and social regulations. Examples of climate-related decision made by the CEO: approval of BTGP participation on Investor of Climate (aims to enable and engage professional investors to manage climate change); validation of the Climate Risk Sensibility Assessment Tool (tool that allows an analysis of the sensitivity of the banks' credit portfolio to climate risks); approval of compensation of the 2020's GHG emissions; revision of 2020's GHG Inventory which includes a test of the category 15 (Financed emissions), approval 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.
Chief Sustainability Officer (CSO)	Chief Sustainability Officer is responsible for recommending to the board of directors the strategic ESG priorities for its business units, as well as leading the process of implementing the approved strategy with socio-environmental impact indicators. The CSO is also responsible for approve some transactions that might represent a social and environmental risk for the bank. 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 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. In 2020 we conducted a total of 562 social and environmental risk assessments, 45% more than the 388 we conducted in 2019, reflecting the expansion of BTG Pactual's lending portfolio.

**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 strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our bank lending activities Climate-related risks and opportunities to our investment activities The impact of our own operations on the climate The impact of our bank lending activities on the climate The impact of our investing activities on the climate	The CEO is responsible for climate change matters and he has access to this information in different opportunities during our daily routines, mainly at BTG’s ESG Committee, that is linked to the Board of Directors. The ESG Committee (i) meets monthly; (ii) is chaired by the CEO; (iii) composed by the president of the Board of Directors as well as other C-levels (CFO, CRO, CSO, CCO, head of Human Resources, ESG). Such committee is responsible to (i) support the Board of Directors in carrying out their responsibilities related to defining strategy, policies and best practices related to climate, environmental and social risks; (ii) develop strategies related to climate risk management (including physical and transitional risks), environmental and social risks management and ESG integration; (iii) ensure that BTG Pactual Group actions are in compliance with applicable climate, environmental and social regulations

**C1.2**

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

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Other committee, please specify (ESG Committee)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly
Chief Executive Officer (CEO)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly
Chief Financial Officer (CFO)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly
Chief Sustainability Officer (CSO)	CEO reporting line	Managing climate-related risks and opportunities	Risks and opportunities related to our investing activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly

**C1.2a**

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

- Board of Directors: (i) the highest governance body for ESG strategy, (ii) sets our strategic vision for ESG, (iii) Responsible for approving ESG Policies and ESG strategy on aspects including corporate sustainability, climate risk, and social and environmental risk
- ESG Committee (i) meets monthly; (ii) is chaired by the CEO; (iii) composed by the president of the Board of Directors as well as other C-levels (CFO, CRO, CSO, CCO, head of Human Resources, ESG). Such committee is responsible to (i) support the Board of Directors in carrying out their responsibilities related to defining strategy, policies and best practices related to climate, environmental and social risks; (ii) develop strategies related to climate risk management (including physical and transitional risks), environmental and social risks management and ESG integration; (iii) ensure that BTG Pactual Group actions are in compliance with applicable climate, environmental and social regulations.
- Chief Finance Officer: this position also has a responsibility to approve and recommend climate change strategy. It is part of ESG Committee and leading the category 15 initiative, measurement and disclosure of GHG emissions associated of loans and investments. Our CFO is also leading an United Nations initiative called CFO Taskforce which aims to build a framework for SDGs investing.
- Chief Sustainability Officer is responsible for recommending to the board of directors the strategic ESG priorities for its business units, as well as leading the process of implementing the approved strategy with socio-environmental impact indicators
- Head of ESG: (i) responsible to communicate activities regarding climate change issues. (ii) responsible for recommending, implementing and monitoring the ESG strategy for all business units. (iii) struct action plans aimed at reducing the environmental impact as well as evolutions towards more sustainable and innovative practices related to climate change and ensuring compliance. Its activities are in line with the strategic plan defined and approved by the Board of Directors and ESG Committee, which defined goals and indicators for monitoring them
- Head of Sustainable & Impact Investing: (i) is responsible to connect global investors to sustainable investing opportunities in Latin America, supporting the UN Sustainable Development Goals by actively developing financial products adhering to best environmental, social, governance and business practices while delivering strong financial returns, (ii) support companies and projects that are working to achieve positive environmental and social impacts in areas such as waste management and the circular economy, sustainable agribusiness and food security, energy efficiency and renewable energy, sanitation, housing, healthcare, and financial education and inclusion.
- ESG & Impact Investing function: (i) a team of environmental, occupational health and safety, economics, legal and financial management experts, (ii) this function is responsible for conducting social and environmental risk assessments, developing procedures, and training other employees on ESG & Impact Investing. Training is regularly provided to all members of the organization, helping to develop their knowledge about social and environmental risks, impact investing, and related topics.

2020 highlights: (i) In 2020 we expanded our framework of ESG policies to include guidelines on responsible investing for Asset Management and social and environmental risks for Lending. A Responsible Investing Policy has also been developed for our Timberland Investment Group (TIG), establishing nine principles on decision making and selecting forestry assets. (ii) In 2020 BTG Pactual subscribed to several sustainability frameworks including the Equator Principles, the Brazilian Coalition on Climate, Forests and Agriculture, the Global Impact Investing Network, the United Nations Environment Program Finance Initiative (UNEP FI), and the Principles for Responsible Banking, (iii) As a result of our "B" CDP rating, we have been named to the CDP Brazil Climate Resilience index, which will be introduced on 4/30/2021. BTG Pactual is the only investment bank to be part of the 2021 ICDPR-70 index portfolio, showing itself at the forefront of the sustainability path, (iv) As a significant improvement in 2020, our inventory included emissions from independent agents' offices, which totaled 289.09 t-CO2e in the year. BTG Pactual was the first Brazilian bank to inventory and offset emissions produced by independent agents. (v) In December 2020, we became the first Brazilian bank to receive a climate loan of US\$ 140 million from European institutions Proparco and DEG. The proceeds will be used to finance climate mitigation initiatives (vi) In 2020, our sustainable finance issuances totaled more than R\$ 6.46 billion

**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	Chief Sustainability Officer is a senior partner and statutory director responsible for ESG. CSO's targets include: implement process and tools to manage GHG emissions; increase and achieve better quality related to GHG data; implement GHG strategies; calculate GHG emissions avoided and establish reductions goals; periodically review the emission sources; identify initiatives to measure climate change impact and/or implement climate change management; integrate ESG in the bank's operations, as efficiency programs; improve ESG controls at the business areas.

**C1.3a**

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

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Chief Sustainability Officer (CSO)	Monetary reward	Emissions reduction target Efficiency project Efficiency target Behavior change related indicator Environmental criteria included in purchases Portfolio/fund alignment to climate-related objectives	Chief Sustainability Officer is a senior partner and statutory director responsible for ESG. CSO's targets include: implement process and tools to manage GHG emissions; increase and achieve better quality related to GHG data; implement GHG strategies; calculate GHG emissions avoided and establish reductions goals; periodically review the emission sources; identify initiatives to measure climate change impact and/or implement climate change management; integrate ESG in the bank's operations, as efficiency programs; improve ESG controls at the business areas. 2020 highlights: (i) In 2020 we conducted a total of 562 social and environmental risk assessments, 45% more than the 388 we conducted in 2019, reflecting the expansion of BTG Pactual's lending portfolio, (ii) In 2020 we expanded our framework of ESG policies to include guidelines on responsible investing for Asset Management and social and environmental risks for Lending (iii) In 2020 BTG Pactual subscribed to several sustainability frameworks including the Equator Principles, the Brazilian Coalition on Climate, Forests and Agriculture, the Global Impact Investing Network, the United Nations Environment Program – Finance Initiative (UNEP FI), and the Principles for Responsible Banking. (iv) 100% of counterparties and suppliers were assessed on social and environmental criteria. (v) in 2020 BTG Pactual launched a Sustainable & Impact Investing Strategy within its established ESG & Impact Investing function

**C-FS1.4**

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

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	No	BTG will conduct an analysis to check what retirement scheme based on ESG principles others players are offering.

**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) development a strategy to a 1.5°C scenario - target to 2030, (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?

The risk appetite refers to the types and levels of risks that BTG Pactual, in the entire conglomerate of which it is the leading company, is willing to assume (admit) in the conduct of its business according to its strategic objectives. The Risk Appetite Statement (RAS) is an important instrument that synthesizes BTG Pactual's risk culture and guides strategic and business plans, guiding budget planning and allowing Top Management to optimize capital allocation acceptable levels and types of risk, considering the markets and regulatory environments in which it operates .

In order to achieve its strategic objectives, BTG Pactual assumes risks of different types and natures inherent in banking practice, and, for this, it defines the acceptable levels of risks that it is willing to take and maintains strict controls for their identification, measurement, mitigation, monitoring and reporting, in addition to managing them through specific processes that emphasize integrity, effectiveness, prudence and public responsibility. These processes are inserted in the institution's risk management structure and culture, which is composed of several committees and regular forums / meetings held by the risk management areas that subsidize the Board of Directors, the Chief Executive Officer, the Risk Director (Chief Risk Officer - CRO) and the Executive Board in decision making at BTG Pactual. All risk taking and management are done in close correlation with corporate strategies, considering their strategic planning.

As described in the Risk Appetite Statement, BTG Pactual defined, observing its processes, structures and operations, the qualitative appetites for each different type of risk. With this, and establishing a standard approach, levels were defined for certain types of risk that BTG Pactual understands to be preponderant and compatible with its corporate strategy, due to the size, nature and complexity of its operations and businesses:

Credit Risk – Medium

Social and environmental (ESG) Risk – Medium

Market Risk – Medium

Operational Risk – Medium

Liquidity Risk – Low

Reputational Risk – Low

Cyber Risk – Low

Social and environmental (ESG) Risk

When identifying or assessing climate – related risks, BTGP understands that “substantive financial or strategic impact” is an impact that can (i) reduce demand and /or shift customer demands of certain BTG Pactual's products and services (ie: low demand for funds composed by oil and gas companies, increase of the demand green bonds or funds composed by companies with low GHG emissions) (ii) increase in operating and/or litigation costs of the companies invested by BTGP (credit loans, asset management).

Description of quantifiable indicator used to define substantive financial or strategic impact: (i) % of BTG portfolio faces high risks from carbon regulation (ii) % of BTG portfolio may be facing reduced demand for high emitting products (iii) % of BTG portfolio facing reduced operational activity due to newer competing technologies (iv) % of BTG portfolio has faced social license to operate controversies.

BTG Pactual understands that the governance structure of this risk is sufficiently robust and compatible with the nature of its operations, enabling the development of a framework for green, social and sustainable financing in 2020, in line with the best market practices, which subsidized the issuance of green bonds in early 2021. Net proceeds will be allocated as established in the Framework towards financing or refinancing of new and existing projects creating environmental and social benefits in areas such as solar power, wind power, biofuels, small hydropower, energy efficiency, water stewardship, clean transportation, green buildings, access to housing, and basic infrastructure.

Regarding risk analysis, BTG Pactual has a medium appetite for Socioenvironmental Risk associated with its operations, taking into account that about 52% of the analyzes of credit operations were categorized as B (Medium Socioenvironmental Risk).

## C2.2

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## (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  
Downstream

### 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

Corporate & SME Lending: social and environmental risk analysis for 100% of our credit clients. 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 which includes climate risks. Such process is conducted by our Credit Risk team. In addition to that, the ESG team evaluates risks from the reputational, operational, and legal perspectives, and then present recommendations to mitigate these issues during the transaction term. 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). Besides these general rules, BTGP has 19 sectorial policies that explains how we conduct E&S analysis. Regarding SME loans to small and medium local farmers, we developed an internal credit risk "robot" which establishes the rules below that automatically denies the credit transaction. These rules were based in public information. 100% of these counterparties are SME farmers and all the process will be digitalized. Besides verifying the E&S risks for all the transactions, ESG team periodically applies frameworks developed by FEBRABAN and UNEP FI. Examples: (i) application of Climate Risk Sensibility Assessment Tool (tool that allows an analysis of the sensitivity of the banks' credit portfolio to climate risks aligned with TCFD recommendations) on the credit portfolio (ii) report during the investors' presentation of how much our credit portfolio is exposed to the Green Economy Sectors (as of UNEP-FI' definition). In order to continuously improving our initiatives, BTGP's team is studying new frameworks. 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, BTGP helps clients to integrate ESG into their business strategy developing a roadmap and actions plans for them. Asset Management: (i) in 2020, we made an exercise in one investment fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios. The exercise findings have allowed us to define the steps to follow in our portfolio decarbonization strategy (ii) internal study of carbon footprint from a fund managed by BTG versus bench IBOV (iii) participation on investor of Climate (aims to enable and engage professional investors to manage climate change). ESG Committee (composed by C-levels – including CEO) discuss the results of this tools (iv) we joined the initiative "Investidores pelo Clima" (Investors for Climate in English). 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 this context we developed a collective engagement campaign to engage companies on this theme. The collective engagement is focused on highly intensive carbon emission sectors in Brazil and in the world, as agriculture, cattle, electricity, mining, steel, aviation and oil and gas. Project's has 9 stages of campaign, for the first phase, BTG Pactual, supported by SITAWI, led the campaign. For next phases, the leader could be exchanged, elected or replaced by members of IPC, during a teleconference and duly registered on meeting notes. The collaborative platform will be kept up to date with the name and contact of the Campaign Leader. A representative of the PRI signatories must exercise the leadership. Sales & Trading: social and environmental risk analysis performed for operations that may represent reputational risk. Social and environmental risk policy with automatic exclusions for Agro Insurance (deforestation), (i) Carbon credits: We launched a carbon credits platform, including the underwriting, trading and retirement of Decarbonization Credits (CBIOs), contributing to increasing the bioenergy share in the Brazilian mix throughout the development of the regulated and voluntary market.(iii) BTG's Energy Desk received the Green Energy Certification from Única (National Union of Sugarcane Industry) and joined the I-REC Platform. Also, they considerate precipitation in the decision-making process of some of its products since 60% of the energy generation in Brazil comes from hydroelectric power (highly water depended). Regarding BTGP'S own operations, we manage greenhouse gas (GHG) emissions in our operations through voluntary, independently audited annual inventories using the GHG Protocol methodology. In 2019, we offset 100% of direct emissions and all the relevant categories of our indirect emissions except from investments. As a significant improvement in 2020, our inventory included emissions from independent agents' offices, which totaled 289.09 t-CO2e in the year. BTG Pactual was the first Brazilian bank to inventory and offset emissions produced by independent agents. Also, in 2020 we took a step further and incorporated carbon management criteria into our assessments of critical suppliers, including whether they publish GHG inventories and offset emissions. BTGP has a Business Impact Analysis which also considers impacts to our physical operations (data centers and offices) due natural disasters (that be can caused by climate change). Annually BTG Pactual conducts business continuity tests which evaluate possibility of natural disasters and unavailability of main technology systems (data centers) and contingency structure in Santana de Parnaíba (located in SP). More than 60% of BTG Pactual's administrative operations are located in environmentally certified buildings, with LEED Platinum. Geared towards operation and maintenance, the certification attests to the building's eco-efficiency, which includes waste segregation, water recycling and cultivating an underground allotment. BTG Pactual's office in Medellín, Colombia, has also been making a name for itself in energy efficiency thanks to installing solar panels to produce electricity in 2019, which has even enabled it to sell energy surpluses to the rest of the city. All of the activities mentioned above are reported and discussed at the ESG Committee.

## 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	More than 60% of BTG Pactual's administrative operations are located in environmentally certified buildings. The building that houses BTG Pactual's head office, in São Paulo, received LEED Platinum EB O&M V4 certification in 2019, recognizing efforts in the area of sustainability. Geared towards operation and maintenance, the certification attests to the building's eco-efficiency, which includes waste segregation, water recycling and cultivating an underground allotment. BTG Pactual's office in Curitiba also operates from out of a LEED-certified building. If these two facilities are considered together, over half of BTG Pactual's employees are now working in buildings with this certification. BTG Pactual's office in Medellín, Colombia, has also been making a name for itself in energy efficiency thanks to installing solar panels to produce electricity in 2019, which has even enabled it to sell energy surpluses to the rest of the city.
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 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
Market	Relevant, always included	Climate change can change the demand of energy generation source since 60% of the energy generation in Brazil comes from hydroelectric power (highly water depended). BTG's Energy Desk uses models of rain predication, rain transformation into energy capacity, weather temperature. Examples of this models: Atmospheric Administrativo from the US Department of Commerce (NOAAH); COSMO; European Centre for Medium-Range Weather Forecasts (ECMWF). Daily, BTG's Energy Desk considers climate risks into their planning process. In the medium and long term, the change in the behavior of investors who show a growing interest in Sustainable & Impact Investing. Thereby we are advancing sustainable and impact investing as a way to invest in the future, recognizing that companies seeking to solve the world's biggest challenges may be best positioned to grow and deliver better financial results.
Reputation	Relevant, always included	Reputational risk may involve issues related to judicial claims filled 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 of counterparties mentioned above.
Acute physical	Relevant, always included	1. We have already identified risks related to water, whether to its scarcity, that may adversely impact counterparty's power supply continuity and it's costs (considering that Brazil's main energy source is hydroelectric), whether to its abundance, translated in rainstorms that may damage infrastructures, crops, cause soil erosions and other negative impacts. 2. Credit loan analysis of project includes the uses of a tool called Think Hazard that identifies the occurrence of earthquake and cyclone on a specific location (ie: city where the project is located). Beyond that 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. For some specific sectors more linked to climate (i.g.: Agribusiness, Energy, etc.), CRC Team also evaluates 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.). 3. For Timberland Investment Group - Property managers and portfolio managers work closely to track any potential for significant occurrences of fire, storms. 4. BTGP insurance desk considerate on its decision – making the precipitation levels as well as the occurrence of extreme weather events. BTG has an insurance product called rural insurance which guarantees economic loss at the agriculture activity due to the occurrence of extreme weather events. BTG consults periodically climate models such as European Centre for Medium-Range Weather Forecasts (ECMWF); National Oceanic and Atmospheric Administrativo from the US Department of Commerce (NOAAH).
Chronic physical	Relevant, always included	1. We have already identified risks related to water, whether to its scarcity, that may adversely impact counterparty's power supply continuity and it's costs (considering that Brazil's main energy source is hydroelectric), whether to its abundance, translated in rainstorms that may damage infrastructures, crops, cause soil erosions and other negative impacts. 2. Credit loan analysis of project includes the uses of a tool called Think Hazard that identifies the occurrence of earthquake and cyclone on a specific location (ie: city where the project is located). Beyond that 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. For some specific sectors more linked to climate (i.g.: Agribusiness, Energy, etc.), Credit Risk Team also evaluates 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.). 3. For Timberland Investment Group - Property managers and portfolio managers work closely to track any potential for significant occurrences of fire, storms. 4. BTG insurance desk considerate on its decision – making the precipitation levels as well as the occurrence of extreme weather events. BTG has an insurance product called rural insurance which guarantees economic loss at the agriculture activity due to the occurrence of extreme weather events. BTG consults periodically climate models such as European Centre for Medium-Range Weather Forecasts (ECMWF); National Oceanic and Atmospheric Administrativo from the US Department of Commerce (NOAAH).

C-FS2.2b



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

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	Yes	BTGP evaluates exposure to climate-related risks on the credit portfolio. We have already identified risks related to water, whether to its scarcity, that may adversely impact counterparty's power supply continuity and its costs (considering that Brazil's main energy source is hydroelectric), whether to its abundance, translated in rainstorms that may damage infrastructures, crops, cause soil erosions and other negative impacts. Beyond that 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. Climate risks of the corporate lending operations are also analyzed 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. We also apply a Climate Risk Sensibility Assessment Tool developed by FEBRABAN which identifies the sensitivity of our credit portfolio to sectors which high exposure to climate risk. Regarding climate opportunities, BTG measures annually the financial resources allocated in a Green Economy sectors that contributes to a low carbon – intensity economy.
Investing (Asset manager)	Yes	BTGP's evaluate exposure to climate-related risks on the asset managers portfolio. Regarding climate opportunities, BTG is part of an initiative called "Investidores pelo Clima" (Investors for Climate in English) and it's coordinated by SITAWI, in partner with PRI Brazil and CDP and supported by iCS (Institute for Climate and Society), 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. It also has an alignment to the Sustainable Development Goals (SDG), climate change is directed related to SDG 13 that aims to "Take urgent action to combat climate change and its impacts". In this context we developed a collective engagement campaign to engage companies on this theme. The collective engagement is focused on highly intensive carbon emission sectors in Brazil and in the world, as agriculture, cattle, electricity, mining, steel, aviation and oil and gas. Project's has 9 stages of campaign, for the first phase, BTG Pactual, supported by SITAWI, led the campaign. For next phases, the leader could be exchanged, elected or replaced by members of IPC, during a teleconference and duly registered on meeting notes. The collaborative platform will be kept up to date with the name and contact of the Campaign Leader. A representative of the PRI signatories must exercise the leadership. Furthermore, we made an exercise in one fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios. The exercise findings have allowed us to define the steps to follow in our portfolio decarbonization strategy (Transitional risk).
Investing (Asset owner)	Yes	BTGP's evaluate exposure to climate-related risks on the asset managers portfolio. Regarding climate opportunities, BTG is part of an initiative called "Investidores pelo Clima" (Investors for Climate in English) and it's coordinated by SITAWI, in partner with PRI Brazil and CDP and supported by iCS (Institute for Climate and Society), 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. It also has an alignment to the Sustainable Development Goals (SDG), climate change is directed related to SDG 13 that aims to "Take urgent action to combat climate change and its impacts". In this context we developed a collective engagement campaign to engage companies on this theme. The collective engagement is focused on highly intensive carbon emission sectors in Brazil and in the world, as agriculture, cattle, electricity, mining, steel, aviation and oil and gas. Project's has 9 stages of campaign, for the first phase, BTG Pactual, supported by SITAWI, led the campaign. For next phases, the leader could be exchanged, elected or replaced by members of IPC, during a teleconference and duly registered on meeting notes. The collaborative platform will be kept up to date with the name and contact of the Campaign Leader. A representative of the PRI signatories must exercise the leadership. Furthermore, we made an exercise in one fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios. The exercise findings have allowed us to define the steps to follow in our portfolio decarbonization strategy (Transitional risk).
Insurance underwriting (Insurance company)	Yes	BTG Pactual activities with insurance business is recent (only 2 years) and is basically related to rural and energy insurances. Despite that, BTG Pactual is fully aware that some activities are more exposed to climate-related risks than others, and that this exposure, if not previous evaluated, may adversely impact the initial parameters used to calculate the numbers and obligations under the insurance policy, what may lead to unpredictable losses. In view of that, for those activities more exposed to climate-related risks (hydroelectric, agriculture etc.) BTG Pactual's Insurance Team access ESG Team to evaluate 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. 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 applicable to 19 different sectors of the economy. These policies identified the most relevant issues in each of those 19 sectors and brought information on how to evaluate if the insured have actions, programs, and policies to manage/address those issues. If is verified that the insured is not capable to manage the climate risks related to his activities, ESG Team may recommend (i) an action plan to be adopted by the insured in order to mitigate those risks, and/or (ii) hiring an independent engineer to monitor the activities of the insured during the credit exposure, through periodic reports containing information and data about the environmental conditions (including climate risks) of those activities. Gladfully, in Brazil, the environmental licensing of activities highly exposed to climate change usually brings environmental conditions to be fulfilled by the insured during its operation that embraces monitoring matters directly or indirectly related to climate risks, such as water level and quality, soil erosion, air emissions, deforestation, amongst others. In these situations, we also request insured to send us the monitoring reports sent to the competent environmental authority.
Other products and services, please specify	Not applicable	

**C-FS2.2c**

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

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	All of the portfolio	Qualitative and quantitative	1. BTGP's evaluate exposure to climate-related risks on the credit portfolio. We apply a Climate Risk Sensibility Assessment Tool developed by FEBRABAN which identifies the sensitivity of our credit portfolio to sectors which high exposure to climate risk. a) 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, this issues will be taken into account in the analysis of the CRC Team). For some specific sectors more linked to climate (i.g.: Agribusiness, Energy, etc.), CRC Team also evaluates 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 analyzed 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 (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 credit risk "robot" which establishes the rules below that automatically denies the credit transaction. These rules were based in public information. 100% of these counterparties are SME farmers and all the process will be digitalized. 1. Overlap between the are an indigenous land according to FUNAI's database 2. Individuals or companies that exploit slave-like labor, 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 3. Overlap with embargo lists according to federal and local environmental agencies (IBAMA at federal level, and states of MT, GO and PA) 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 2. Regarding climate opportunities, BTG measures annually the financial resources allocated in a Green Economy sectors 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 10 billion reais related to companies in the Green Economy Sector .

	Portfolio coverage	Assessment type	Description
Investing (Asset manager)	Majority of the portfolio	Qualitative and quantitative	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. For all the strategies except the (iii) we apply an ESG integration assessment which includes the analysis of climate risks. We conducted an exercise in one fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios. (i) understand how one of the funds in our investment portfolio is exposed to carbon-intensive sectors and how it could suffer losses in a transition scenario, in which such intensive sectors would arouse less consumer interest or suffer taxation due to its carbon emissions; (ii) understand how one of the funds in our investment portfolio would behave in different transition scenarios related to the increase in the average temperature of the planet, including sudden and disordered or long-term changes, to contain a temperature increase below 2° C by 2100; or, still, the scenario in which there is no transition and current policies are maintained, resulting in an increase in temperature above 4° C by 2100; The exercise findings have allowed us to define the steps to follow in our portfolio decarbonization strategy (Transitional risk). (iii) carry out carbon footprint simulations of our investment funds and assess the impact on the earnings of investees, as a result of an eventual carbon tax. Regarding of a carbon tax, we have looked an internal price on carbon, based on current carbon taxes in the Argentina, México and Sweden legislation associated and market prices of carbon. In the timberland strategy (asset owner and asset management), 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 the all client portfolios to assess financial and environmental risks to the assets. The choice of discount rates and the measurement and modeling 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. To provide one recent example from the end of 2019, TIG evaluated an investment opportunity in what is becoming a drought-prone area eastern Washington state in the U.S. TIG took a conservative approach and modeled lower growth rates for the asset to account for this risk. This assumption ultimately led TIG to decide that the investment was not viable and did not pursue the acquisition. Regarding climate opportunities, BTG is part of an initiative called We joined the initiative "Investidores pelo Clima" (Investors for Climate in English) and it's coordinated by SITAWI, in partner with PRI Brazil and CDP and supported by iCS (Institute for Climate and Society), 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. It also has an alignment to the Sustainable Development Goals (SDG), climate change is directed related to SDG 13 that aims to "Take urgent action to combat climate change and its impacts". In this context we developed a collective engagement campaign to engage companies on this theme. The collective engagement is focused on highly intensive carbon emission sectors in Brazil and in the world, as agriculture, cattle, electricity, mining, steel, aviation and oil and gas. Project's has 9 stages of campaign, for the first phase, BTG Pactual, supported by SITAWI, led the campaign. For next phases, the leader could be exchanged, elected or replaced by members of IPC, during a teleconference and duly registered on meeting notes. The collaborative platform will be kept up to date with the name and contact of the Campaign Leader. A representative of the PRI signatories must exercise the leadership.
Investing (Asset owner)	Majority of the portfolio	Qualitative and quantitative	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. For all the strategies except the (iii) we apply an ESG integration assessment which includes the analysis of climate risks. We conducted an exercise in one fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios. (i) understand how one of the funds in our investment portfolio is exposed to carbon-intensive sectors and how it could suffer losses in a transition scenario, in which such intensive sectors would arouse less consumer interest or suffer taxation due to its carbon emissions; (ii) understand how one of the funds in our investment portfolio would behave in different transition scenarios related to the increase in the average temperature of the planet, including sudden and disordered or long-term changes, to contain a temperature increase below 2° C by 2100; or, still, the scenario in which there is no transition and current policies are maintained, resulting in an increase in temperature above 4° C by 2100; The exercise findings have allowed us to define the steps to follow in our portfolio decarbonization strategy (Transitional risk). (iii) carry out carbon footprint simulations of our investment funds and assess the impact on the earnings of investees, as a result of an eventual carbon tax. Regarding of a carbon tax, we have looked an internal price on carbon, based on current carbon taxes in the Argentina, México and Sweden legislation associated and market prices of carbon. In the timberland strategy (asset owner and asset management), 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 the all client portfolios to assess financial and environmental risks to the assets. The choice of discount rates and the measurement and modeling 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. To provide one recent example from the end of 2019, TIG evaluated an investment opportunity in what is becoming a drought-prone area eastern Washington state in the U.S. TIG took a conservative approach and modeled lower growth rates for the asset to account for this risk. This assumption ultimately led TIG to decide that the investment was not viable and did not pursue the acquisition. Regarding climate opportunities, BTG is part of an initiative called We joined the initiative "Investidores pelo Clima" (Investors for Climate in English) and it's coordinated by SITAWI, in partner with PRI Brazil and CDP and supported by iCS (Institute for Climate and Society), 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. It also has an alignment to the Sustainable Development Goals (SDG), climate change is directed related to SDG 13 that aims to "Take urgent action to combat climate change and its impacts". In this context we developed a collective engagement campaign to engage companies on this theme. The collective engagement is focused on highly intensive carbon emission sectors in Brazil and in the world, as agriculture, cattle, electricity, mining, steel, aviation and oil and gas. Project's has 9 stages of campaign, for the first phase, BTG Pactual, supported by SITAWI, led the campaign. For next phases, the leader could be exchanged, elected or replaced by members of IPC, during a teleconference and duly registered on meeting notes. The collaborative platform will be kept up to date with the name and contact of the Campaign Leader. A representative of the PRI signatories must exercise the leadership.
Insurance underwriting (Insurance company)	Majority of the portfolio	Qualitative and quantitative	Regarding deforestation risks, BTG Pactual verifies if insured activities/real estate: (i) has embargoes/fines/judicial demands related to illegal deforestation; (ii) holds environmental authorization for vegetal suppression, if applicable; (iii) is in compliance with the National Forestry Code parameters for permanent preservation areas and legal reserves; (iv) overlaps Environmental Protection Areas; and also (v) has actions and policies related to forest protection. For insured with activities in the Amazon Region, we apply a tool developed by the Public Prosecutor Office that identify the existence of judicial demand related to illegal deforestation. BTG Pactual does not verify forest opportunities for this business.
Other products and services, please specify	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

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

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	All of the portfolio	Credit loan analysis of project includes the uses of a tool called Think Hazard that identifies the occurrence of urban/river/coastal flood and water scarcity on a specific location. Beyond of tool, we have already identified risks related to water, whether to its scarcity, that may adversely impact counterparty's power supply continuity and its costs (considering that Brazil's main energy source is hydroelectric), whether to its abundance, translated in rainstorms that may damage infrastructures, crops, cause soil erosions and other negative impacts
Investing (Asset manager)	Yes	Minority of the portfolio	Under the timberland division, we consider water management aspects during the technical and legal due diligence, as well as the monitoring of the assets. For the real state strategy, we also consider the use and consumption of water resources during our analysis. These 2 strategies contemplates 12% of the total AuM (as of 2020).
Investing (Asset owner)	Yes	Unknown	Under the timberland division, we consider water management aspects during the technical and legal due diligence, as well as the monitoring of the assets. For the real state strategy, we also consider the use and consumption of water resources during our analysis. These 2 strategies contemplates 12% of the total AuM (as of 2020).
Insurance underwriting (Insurance company)	Yes	Minority of the portfolio	BTG insurance desk considerate on its decision – making the precipitation levels as well as the occurrence of extreme weather events. BTG has an insurance product called rural insurance with guarantees extreme weather events. BTG consults periodically climate models such as European Centre for Medium-Range Weather Forecasts (ECMWF); National Oceanic and Atmospheric Administrativo from the US Department of Commerce (NOAAH). The rural insurance product represents % of the total insurance.
Other products and services, please specify	Yes	All of the portfolio	BTG Energy Desk considerate perception in the decision-making process of some of its products since 60% of the energy generation in Brazil comes from hydroelectric power (highly water depended). Examples of this models: Atmospheric Administrativo from the US Department of Commerce (NOAAH); COSMO; European Centre for Medium-Range Weather Forecasts (ECMWF). We completed 10 years of activities in the energy trading market, with a wide focus on renewable energy. We received the Green Energy Certification from Unica (National Sugarcane Industry Association) and adhered to the I-REC Platform, a global electricity environmental attribute system.

**C-FS2.2e**

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

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	All of the portfolio	During our ESG credit loan analysis we verify if the client has embargoes/fines/judicial demands related to illegal deforestation and/or existence of environmental authorization for vegetal suppression. For clients that has activities in the Amazon region, we apply a tool developed by the Public Prosecutor Office that identify the existence of judicial demand related to illegal deforestation. For economic sectors that we understand that forest risks are material, we manage to understand how our clients accesses these risks in the supply chain, if the client have certifications that attests the sustainability of their production process, and we also verify the production process itself, to understand, even in the absence of a specific certification, if the process is sustainable and manage to address environmental and climate risks. The 19 sector policies are used as references for theses analysis.
Investing (Asset manager)	Yes	All of the portfolio	Regarding risk management: 1. Every counterparty of BTG Pactual is subjected to a Know Your Client Process which verifies the existence of fines or judicial demands regarding deforestation issues. 2. 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. For all the strategies except the (iii) we apply an ESG integration assessment which includes the analysis of preservation of preserved areas (legal reserves, conservation units). Regarding opportunities: 1.BTG is part of an initiative called Investors for Climate which is coordinated by SITAWI that aims to enable and engage professional investors to manage climate change, accelerating investment portfolio decarbonization, contributing to the achievement of Brazil's commitment to the Paris Agreement. It also has an alignment to the Sustainable Development Goals (SDG), climate change is directed related to SDG 13. In this context we developed a collective engagement campaign to engage companies on this theme. The collective engagement is focused on highly intensive carbon emission sectors in Brazil and in the world, as agriculture, cattle, electricity, mining, steel, aviation and oil and gas. BTG already engaged with Marfrig. 2.BTG has a sectorial questionnaire for beef companies. In this questionnaire BTG asks specific questions about deforestation. 3.BTG is part of a PRI Working Group named Deforestation, which aims to engage with companies from sectors that historically are linked to deforestation (palm oil, beef, soil). In February, 2020 a meeting with Brazilian companies (JBS, Marfrig and Minerva) took place at BTG's office 4.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. By investing in climate-positive forestry, Landscape Capital seeks to help bridge the gap between nature's potential and what has been delivered on-the-ground to date, accelerating the transition to the renewable economy of the future.
Investing (Asset owner)	Yes	All of the portfolio	Regarding risk management: 1. Every counterparty of BTG Pactual is subjected to a Know Your Client Process which verifies the existence of fines or judicial demands regarding deforestation issues. 2. 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. For all the strategies except the (iii) we apply an ESG integration assessment which includes the analysis of preservation of preserved areas (legal reserves, conservation units). Regarding opportunities: 1.BTG is part of an initiative called Investors for Climate which is coordinated by SITAWI that aims to enable and engage professional investors to manage climate change, accelerating investment portfolio decarbonization, contributing to the achievement of Brazil's commitment to the Paris Agreement. It also has an alignment to the Sustainable Development Goals (SDG), climate change is directed related to SDG 13. In this context we developed a collective engagement campaign to engage companies on this theme. The collective engagement is focused on highly intensive carbon emission sectors in Brazil and in the world, as agriculture, cattle, electricity, mining, steel, aviation and oil and gas. BTG already engaged with Marfrig. 2.BTG has a sectorial questionnaire for beef companies. In this questionnaire BTG asks specific questions about deforestation. 3.BTG is part of a PRI Working Group named Deforestation, which aims to engage with companies from sectors that historically are linked to deforestation (palm oil, beef, soil). In February, 2020 a meeting with Brazilian companies (JBS, Marfrig and Minerva) took place at BTG's office 4.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. By investing in climate-positive forestry, Landscape Capital seeks to help bridge the gap between nature's potential and what has been delivered on-the-ground to date, accelerating the transition to the renewable economy of the future.
Insurance underwriting (Insurance company)	Yes	All of the portfolio	Regarding deforestation risks, BTG Pactual verifies if insured activities/real estate: (i) has embargoes/fines/judicial demands related to illegal deforestation; (ii) holds environmental authorization for vegetal suppression, if applicable; (iii) is in compliance with the National Forestry Code parameters for permanent preservation areas and legal reserves; (iv) overlaps Environmental Protection Areas; and also (v) has actions and policies related to forest protection. For insured with activities in the Amazon Region, we apply a tool developed by the Public Prosecutor Office that identify the existence of judicial demand related to illegal deforestation. BTG Pactual does not verify forest opportunities for this business.
Other products and services, please specify	Not applicable	<Not Applicable>	

**C-FS2.2f**

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

	We request climate-related information	Please explain
Bank lending (Bank)	Yes, for some	Climate risks of the corporate lending operations are analyzed by ESG and CRC teams. 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). 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)]. 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 (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. Gladfully, in Brazil, the environmental licensing of activities highly exposed to climate change usually brings environmental conditions to be fulfilled by the borrower during its operation that embraces monitoring matters directly or indirectly related to climate risks, such as water level and quality, soil erosion, air emissions, deforestation, amongst others. In these situations, we also request borrower to send us the monitoring reports sent to the competent environmental authority. In the end, both ESG and CRC analysis are included in a common memorandum drafted by all teams related to the structuring of the corporate lending operation, which is jointly discussed by all in a virtual meeting held to evaluate the operation risks and opportunities that may lead to its approval - or not - and the required conditions to disbursement (e.g.: action plan, independent engineer, legal and technical due diligence, etc.).
Investing (Asset manager)	Yes, for some	BTG is part of an initiative called "Investidores pelo Clima" (Investors for Climate in English) and it's coordinated by SITAWI, in partner with PRI Brazil and CDP and supported by iCS (Institute for Climate and Society), 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. It also has an alignment to the Sustainable Development Goals (SDG), climate change is directed related to SDG 13 that aims to "Take urgent action to combat climate change and its impacts". In this context we developed a collective engagement campaign to engage companies on this theme. The collective engagement is focused on highly intensive carbon emission sectors in Brazil and in the world, as agriculture, cattle, electricity, mining, steel, aviation and oil and gas. Companies already engaged - Marfrig (beef), Petrobras (oil and gas), Engie (energy). Project's has 9 stages of campaign, for the first phase, BTG Pactual, supported by SITAWI, led the campaign. For next phases, the leader could be exchanged, elected or replaced by members of IPC, during a teleconference and duly registered on meeting notes. The collaborative platform will be kept up to date with the name and contact of the Campaign Leader. A representative of the PRI signatories must exercise the leadership
Investing (Asset owner)	Yes, for some	BTG is part of an initiative called "Investidores pelo Clima" (Investors for Climate in English) and it's coordinated by SITAWI, in partner with PRI Brazil and CDP and supported by iCS (Institute for Climate and Society), 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. It also has an alignment to the Sustainable Development Goals (SDG), climate change is directed related to SDG 13 that aims to "Take urgent action to combat climate change and its impacts". In this context we developed a collective engagement campaign to engage companies on this theme. The collective engagement is focused on highly intensive carbon emission sectors in Brazil and in the world, as agriculture, cattle, electricity, mining, steel, aviation and oil and gas. Companies already engaged - Marfrig (beef), Petrobras (oil and gas), Engie (energy). Project's has 9 stages of campaign, for the first phase, BTG Pactual, supported by SITAWI, led the campaign. For next phases, the leader could be exchanged, elected or replaced by members of IPC, during a teleconference and duly registered on meeting notes. The collaborative platform will be kept up to date with the name and contact of the Campaign Leader. A representative of the PRI signatories must exercise the leadership
Insurance underwriting (Insurance company)	Yes, for some	BTG Pactual activities with insurance business is recent (only 2 years) and is basically related to rural and energy insurances. Despite that, BTG Pactual is fully aware that some activities are more exposed to climate-related risks than others, and that this exposure, if not previous evaluated, may adversely impact the initial parameters used to calculate the numbers and obligations under the insurance policy, what may lead to unpredictable losses. In view of that, for those activities more exposed to climate-related risks (hydroelectric, agriculture etc.) BTG Pactual's Insurance Team access ESG Team to evaluate 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. 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 applicable to 19 different sectors of the economy. These policies identified the most relevant issues in each of those 19 sectors and brought information on how to evaluate if the insured have actions, programs, and policies to manage/address those issues. If is verified that the insured is not capable to manage the climate risks related to his activities, ESG Team may recommend (i) an action plan to be adopted by the insured in order to mitigate those risks, and/or (ii) hiring an independent engineer to monitor the activities of the insured during the credit exposure, through periodic reports containing information and data about the environmental conditions (including climate risks) of those activities. Gladfully, in Brazil, the environmental licensing of activities highly exposed to climate change usually brings environmental conditions to be fulfilled by the insured during its operation that embraces monitoring matters directly or indirectly related to climate risks, such as water level and quality, soil erosion, air emissions, deforestation, amongst others. In these situations, BTG Pactual may also request insured to provide the monitoring reports sent to the competent environmental authority.
Other products and services, please specify	Not applicable	

**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?**

Downstream

**Risk type & Primary climate-related risk driver**

Emerging regulation	Carbon pricing mechanisms
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**Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

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

Policy and legal risk

**Company-specific description**

BTGP uses a tool to understand how one of the funds in our investment portfolio is exposed to carbon-intensive sectors and how it could suffer damage in a transition

scenario, in which intensive sectors arouse less consumer interest or suffer taxation due to their carbon emissions. BTGP's evaluate exposure to climate-related risks on the asset managers portfolio. We made an exercise in one fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios. (i) understand how one of the funds in our investment portfolio is exposed to carbon-intensive sectors and how it could suffer losses in a transition scenario, in which such intensive sectors would arouse less consumer interest or suffer taxation due to its carbon emissions; (ii) understand how one of the funds in our investment portfolio would behave in different transition scenarios related to the increase in the average temperature of the planet, including sudden and disordered or long-term changes, to contain a temperature increase below 2° C by 2100; or, still, the scenario in which there is no transition and current policies are maintained, resulting in an increase in temperature above 4° C by 2100; The exercise findings have allowed us to define the steps to follow in our portfolio decarbonization strategy (Transitional risk). (iii) carry out carbon footprint simulations of our investment funds and assess the impact on the earnings of investees, as a result of an eventual carbon tax. Regarding of a carbon tax, we have looked an internal price on carbon, based on current carbon taxes in the Argentina, México and Sweden legislation associated and market prices of carbon. This is the first year that we are using the internal carbon pricing for guide our ESG strategies and the exercise findings have allowed us to define the steps to introduce the number in our operations, investments and instruments of education our clients. BTG Pactual have being monitoring which a high-level perspective the of the decisions taken at the COP 21 and the resulting of Paris Agreement including the goal of limiting global warming to well below 2°C. The internal price for carbon isn't applied yet on BTG operations

**Time horizon**

Medium-term

**Likelihood**

More likely than 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)**

46.1

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

Carbon footprint simulations of our investment funds and assess the impact on the earnings of investees, as a result of an eventual carbon tax. Regarding of a carbon tax, we have looked an internal price on carbon, based on current carbon taxes in the Argentina, México and Sweden legislation associated and market prices of carbon. Scenarios: - carbon price USD 10/ton co2e – most distributed average cost in the world - carbon price USD 40/ton co2e – estimated minimum cost for stabilizing climate temperature as the Paris Agreement - carbon price USD 80/ton co2e - estimated maximum cost for stabilizing climate temperature as the Paris Agreement - carbon price USD 127/ton co2e - maximum cost value of BRL 46,1 (USD 10 using the currency rate of 4.61)

**Cost of response to risk**

1507604

**Description of response and explanation of cost calculation**

Our Sustainability Policy 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, ecoefficiency 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 published by UNEP FI. As of the 3rd quarter of 2020, BTG Pactual's exposure to these sectors was BRL 15,9 billion. 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. Value is related of Capex and projects

**Comment**

**Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Upstream

**Risk type & Primary climate-related risk driver**

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
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**Primary potential financial impact**

Increased credit risk

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

Systemic risk

**Company-specific description**

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. We have already identified risks related to water, whether to its scarcity, that may adversely impact counterparty's power supply continuity and it's costs (considering that Brazil's main energy source is hydroelectric), whether to its abundance, translated in rainstorms that may damage infrastructures, crops, cause soil erosions and other negative impacts. Climate risks of the corporate lending operations are also analyzed 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 applicable to 19 different sectors of the economy. 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)]. For some specific sectors described in the TCFD list as highly exposed to climate change, we analyze the borrower's management on issues and opportunities related to climate, in order to verify its ability to mitigate and/or take advantage of the situation. 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 (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.

**Time horizon**

Medium-term

**Likelihood**

Very likely

**Magnitude of impact**

High

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

BTGP is unable to provide an estimated financial impact in absolute values. Any regulatory change that potentially creates new obligations in the structure and control systems of industries may require additional investments. The ESG department encompasses responsible for advising the business and the ESG Committee on new laws, rules and regulations related to environmental and social issues.

**Cost of response to risk**

1507604

**Description of response and explanation of cost calculation**

BTGP 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: 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: 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: Questionnaires sent to clients, Considers IFC Performance standards, management system and E&S controls, Contaminated land questionnaire applicable for mortgages - FCC: ESG points included at the Final Credit Committee, Confirmation of the ESG Categorization, Set environmental and social contractual clauses -ESG points included at the Final Credit Committee, Confirmation of the ESG Categorization, Set environmental and social contractual clauses -Monitoring: 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. The analysis is part of the ESG department routine and the cost of this activity is integrated to the area's costs Value is related of Capex and projects

**Comment**

**Identifier**

Risk 3

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Market	Changing customer behavior
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**Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

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

Market risk

**Company-specific description**

In the medium and long term, the change in the behavior of investors who show a growing interest in Sustainable & Impact Investing and ESG matters. Thereby we are advancing sustainable and impact investing as a way to invest in the future, recognizing that companies seeking to solve the world's biggest challenges may be best positioned to grow and deliver better financial results. Following a comprehensive, multi-year effort in response to growing international investor demand and increased engagement on this front in the financial services industry, in 2020 BTG Pactual launched a Sustainable & Impact Investing Strategy. This will enhance BTG Pactual's ability to engage investors, entrepreneurs, suppliers and other counterparties around a sustainable and impact investing agenda. Recognizing the responsibility we have to provide and inject money in the economy, we want to increasingly channel funding to activities and operations that are sustainable and create a positive impact—an increasingly core part of BTG Pactual's culture.

**Time horizon**

Short-term

**Likelihood**

Likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

6046000

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

The estimated financial implications would be R\$ 6.46 million, accounting for the financing that we generated in 2020 in Sustainable & Impact Investing.

**Cost of response to risk**

1507604

**Description of response and explanation of cost calculation**

Our Sustainability Policy 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, ecoefficiency 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 published by UNEP FI. As of the 3rd quarter of 2020, BTG Pactual's exposure to these sectors was BRL 15,9 billion. 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. Sustainable Finance: As a leading investment bank in Latin America, BTG Pactual has worked to drive growth in sustainable finance in the region by structuring, arranging and distributing green, social, sustainable, transition and sustainability-linked (linked to the UN Sustainable Development Goals) bond issuances. The Green, Social and Sustainable Financing Framework has the objective to ensure transparency and quality of Green, Social and Sustainable Financing issuances. The 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). Value is related of Capex and projects

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

Yes

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

Opp1

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

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) and agricultural machinery insurance (scope of this insurance is to guarantee economic loss in the machinery due to extreme weather events). BTG started with the rural insurance program 2 years ago, and is already one of the 5 biggest players in the market. BTG tends to access the agricultural machinery insurance and rural insurance (for fruits, today it is focused in grains).

**Time horizon**

Short-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

210000000

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

BTG plans to increase the demand of rural insurance (grains and fruits) [this will be the first time that BTG will sell rural insurance for fruits plantations] and agricultural

machinery insurance. BTG estimates 210MM for these products in the next years.

**Cost to realize opportunity**

1507604

**Strategy to realize opportunity and explanation of cost calculation**

BTG plans to increase the demand of rural insurance (grains and fruits) [this will be the first time that BTG will sell rural insurance for fruits plantations] and agricultural machinery insurance. Our Sustainability Policy 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, ecoefficiency 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 published by UNEP FI. As of the 3rd quarter of 2020, BTG Pactual's exposure to these sectors was BRL 15,9 billion. 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. Value is related of Capex and projects

**Comment**

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**Identifier**

Opp2

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Use of lower-emission sources of energy

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

In 2019, BTG installed solar panel at its Medellin office located in Colombia (this office has 183 employees). The solar panels correspond to 30% of the energy consumed at 2 of 5 building floors occupied by BTG. In 2020 the total of solar energy produced by the panels were: 24.45MWh. Avoided emissions due to solar generation: 4.02TCO2. ESG strategy approved by the Board contemplates the development of new ecoefficiency programs at BTG offices.

**Time horizon**

Long-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

2073

**Potential financial impact figure – maximum (currency)**

2263

**Explanation of financial impact figure**

Financially, the energy efficiency project pays for itself through the reduction in energy consumption, on average 20%. Savings in MWh is a single value, however, the financial impact varies according to energy tariff variations, as: minimum, in reais (R\$): 2,073 (considering average energy price 0.78 R\$ / MWh) maximum , in reais (R\$): 2,262.78 (considering average energy price 0.85R\$ / MWh) The financial impact varies according to energy tariff variations. They correspond to the lowest and highest amount of energy paid/estimated in the year 2020. The annual savings amount in MWh is fixed, it is a sum of the savings target of all projects currently in operation. They represent the difference between the reference consumption (before the solar panels) and the current consumption The project costs approximately \$91,000,000 Colombian pesos value in reais BRL 2,073 and BRL 2,2263 ( using the currency rate of \$ 0.0013 Colombian pesos)

**Cost to realize opportunity**

1507604

**Strategy to realize opportunity and explanation of cost calculation**

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. 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. The ESG specialist team run an in-depth due diligence to select carbon projects certified with wellknown 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. 5. As a significant improvement in 2020, our inventory included emissions from independent agents' offices, which totaled 289.09 t-CO2e in the year. BTG Pactual was the first Brazilian bank to inventory and offset emissions produced by independent agents. 6. In our physical operations (including our offices and data centers), climate risks are assessed via Business Impact Analyses (BIA). Each year we conduct business continuity tests for scenarios such as natural disasters and especially outages of key information technology (IT) systems and resources, such as our main data center in São Paulo, southeastern Brazil.

**Comment**

ESG strategy (2020/2021) approved by the Board contemplates the development of new ecoefficiency programs at BTG offices.

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**Identifier**



Opp3

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

Markets

**Primary climate-related opportunity driver**

Access to new markets

**Primary potential financial impact**

Increased diversification of financial assets

**Company-specific description**

Alongside continuous improvement of our approach to ESG assessment in asset management, we are also advancing sustainable and impact investing as a way to invest in the future, recognizing that companies seeking to solve the world's biggest challenges may be best positioned to grow and deliver better financial results. Following a comprehensive, multi-year effort in response to growing international investor demand and increased engagement on this front in the financial services industry, in 2020 BTG Pactual launched a Sustainable & Impact Investing Strategy within its established ESG & Impact Investing function. The goal of our new Sustainable & Impact Investing strategy is to connect global investors to sustainable investing opportunities in Latin America, supporting the UN Sustainable Development Goals by actively developing financial products adhering to best environmental, social, governance and business practices while delivering strong financial returns. Our Sustainable & Impact Investing function works with other business units at BTG Pactual to implement strategies related to our core business, including new financial products, advisory, product distribution, client management, origination and commercial relations. We support companies and projects that are working to achieve positive environmental and social impacts in areas such as waste management and the circular economy, sustainable agribusiness and food security, energy efficiency and renewable energy, sanitation, housing, healthcare, and financial education and inclusion.

**Time horizon**

Medium-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

6046000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

We distributed the first sustainable and transition bonds in Brazil, supporting growth in the local and international sustainable finance market. In 2020, our sustainable finance issuances totaled more than R\$ 6.46 billion

**Cost to realize opportunity**

1507604

**Strategy to realize opportunity and explanation of cost calculation**

Our Sustainability Policy 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, ecoefficiency 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 published by UNEP FI. As of the 3rd quarter of 2020, BTG Pactual's exposure to these sectors was BRL 15,9 billion. 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. Sustainable Finance: As a leading investment bank in Latin America, BTG Pactual has worked to drive growth in sustainable finance in the region by structuring, arranging and distributing green, social, sustainable, transition and sustainability-linked (linked to the UN Sustainable Development Goals) bond issuances. The Green, Social and Sustainable Financing Framework has the objective to ensure transparency and quality of Green, Social and Sustainable Financing issuances. The 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). Value is related of Capex and projects

**Comment**

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**Identifier**

Opp4

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Ability to diversify business activities

**Primary potential financial impact**

Increased diversification of financial assets

**Company-specific description**

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. 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. 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 Statement), 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.

**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)**

6046000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

Investment Banking: We distributed the first sustainable and transition bonds in Brazil, supporting growth in the local and international sustainable finance market. In 2020, our sustainable finance issuances totaled more than R\$ 6.46 billion 1. Energy Industry | Geography Onshore 1.1 BTG coordinate a Sustainable Bond by Faro. Use the processes: photovoltaic plant and restricted interest transmission system- R\$ 15 milhões 1.2 BTG coordinate a Transition Bond by Eneva, with potential for reducing the derivative of greenhouse gases, aligned with a transition to a low-carbon economy. Use the processes: implementation of two thermal energy generation projects - R\$ 948 milhões. 1.3 BTG coordinate a Sustainable Bond by Isa CTEEP. Use the processes: categories of GBP contamination prevention water and soil bodies, biodiversity conservation and sustainable environmental management of bodies water. In addition, the issue falls into the SBP infrastructure promotion category basic for populations in situations of poverty and vulnerability. - R\$ 1.6 milhões 2. Logistics Industry | Geography Offshore 2.1 BTG coordinate a green bond issuance by Rumo S.A. Use the processes: finance new investments in accordance with the Green Bond Framework, which include the replacement of rolling stocks and railway modernization, providing higher fuel efficiency and fewer greenhouse gas emission. - US\$ 500 million 3 Sanitation Industry | Geography Onshore 3.1 BTG coordinate a Sustainability Bond by Paranaguá Saneamento, Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bonds Guidelines(SBG), UN Sustainable Development Goals (SDGs) and International Finance Corporation (IFC).Use the processes: investments in the expansion of the water treatment and distribution network- R\$ 259.8 million 3.2 BTG coordinate a Sustainable Bond by BRK Ambiental, Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bonds Guidelines(SBG), UN Sustainable Development Goals (SDGs) and International Finance Corporation (IFC).Use the processes: investments in the expansion of the water treatment and distribution network. - R\$ 1.1 million

**Cost to realize opportunity**

1507504

**Strategy to realize opportunity and explanation of cost calculation**

Our Sustainability Policy 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, ecoefficiency 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 published by UNEP FI. As of the 3rd quarter of 2020, BTG Pactual's exposure to these sectors was BRL 15,9 billion. 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. Sustainable Finance: As a leading investment bank in Latin America, BTG Pactual has worked to drive growth in sustainable finance in the region by structuring, arranging and distributing green, social, sustainable, transition and sustainability-linked (linked to the UN Sustainable Development Goals) bond issuances. The Green, Social and Sustainable Financing Framework has the objective to ensure transparency and quality of Green, Social and Sustainable Financing issuances. The 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). Value is related of Capex and projects

**Comment**

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**Identifier**

Opp5

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Development of climate adaptation, resilience and insurance risk solutions

**Primary potential financial impact**

Increased diversification of financial assets

**Company-specific description**

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. 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. In December 2020, we became the first Brazilian bank to receive a climate loan of US\$ 140 million from European institutions Proparco and DEG. The proceeds will be used to finance climate mitigation initiatives. As a return to this transfer, we undertake to apply some more publicized rules during the ESG analysis process of the operations of our credit portfolio: - Credit Portfolio: Do not operate with activities that do not comply with

international environmental treaties or counterparties involved in cases related to slave labor, child labor and racist practices - Lending for Project Value ≥ USD 30 millions  
Deadline ≥ 36 months : Apply the 8 IFC Performance Standards. The Performance Standards are presented as a tool to manage the social and environmental risks and impacts of an operation - Lending not earmarked for Project Value ≥ USD 30 millions Deadline ≥ 36 months: Apply the IFC Performance Standards 1 and 2: (i) Assessment and Management of Social and Environmental Risks and Impacts and (ii) Labor and Working Conditions.

**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)**

140000000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

In December 2020, we became the first Brazilian bank to receive a climate loan of US\$ 140 million from European institutions Proparco and DEG. The proceeds will be used to finance climate mitigation initiatives.

**Cost to realize opportunity**

1507604

**Strategy to realize opportunity and explanation of cost calculation**

Our Sustainability Policy 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, ecoefficiency 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 published by UNEP FI. As of the 3rd quarter of 2020, BTG Pactual's exposure to these sectors was BRL 15,9 billion. 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. Value is related of Capex and projects

**Comment**

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**Identifier**

Opp6

**Where in the value chain does the opportunity occur?**

Upstream

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Use of lower-emission sources of energy

**Primary potential financial impact**

Increased diversification of financial assets

**Company-specific description**

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.

**Time horizon**

Medium-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

5535000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

At our corporate lending front, BTG Pactual highlights 2 transactions that caused a positive impact in the mitigation of climate change. 1. BTGP financed a distributed energy generation company that generates energy from solar panels. The costs of this transaction were in the value of BRL 600,000.00 and the revenue in 2020 was BRL 5,535,000.00. ESG team elaborated an action plan that helped the client to develop an environmental and social management program. 2. BTG Pactual participated in a

transaction that allowed the recapitalization of Enviva Holdings, LP ("Enviva"). Enviva is the world's largest supplier of utility grade renewable biomass fuel in the form of wood pellets, which serve as a replacement for coal in power generation. BTGP revenue in this transaction was in the value of BRL 8,643,750.00 (USD 1,875,000.00 using the currency rate of 4.61) For further information please access: <https://markets.ft.com/data/announce/full?dockey=1323-14625690-70IOI58L26GKMERUQBSOMVKO1N>.

**Cost to realize opportunity**

2107604

**Strategy to realize opportunity and explanation of cost calculation**

Our Sustainability Policy 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, ecoefficiency 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 published by UNEP FI. As of the 3rd quarter of 2020, BTG Pactual's exposure to these sectors was BRL 15,9 billion. 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. 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. Value is related of Capex , projects and due diligences technical and legal

**Comment**

**C3. Business Strategy**

**C3.1**

**(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?**

Yes, and we have developed a low-carbon transition plan

**C3.1a**

**(C3.1a) Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?**

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	Yes	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. We have been 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, we 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. We aim to bridge the gap between nature's potential to help address climate change, and what has been delivered on-the-ground to date, through investments that leverage the multiplier benefits of climate-positive reforestation. "Natural climate solutions" are actions to protect, sustainably manage and restore natural and modified ecosystems in ways that mitigate climate change, while also addressing other societal challenges. By investing in climate-positive forestry, Landscape Capital seeks to help bridge the gap between nature's potential and what has been delivered on-the-ground to date, accelerating the transition to the renewable economy of the future. Apart from that, we integrate ESG aspects into many asset management strategies such as real state, timberland, equity. - 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.

**C3.2**

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

Yes, qualitative and quantitative

**C3.2a**

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

Climate-related scenarios and models applied	Details
Other, please specify (Precipitation)	BTG Pactual energy desk considers rainfall precipitation scenarios, rain transformation into energy capacity, weather temperature as part of our trade strategy. Examples of this models: Atmospheric Administrativo from the US Department of Commerce (NOAAH); COSMO; European Centre for Medium-Range Weather Forecasts (ECMWF).
Other, please specify (This scenario analysis is based on a combination of scenarios developed by the IEA in the World Energy Outlook (WEO) and the Energy Technologies Perspective (ETP).)	BTG used a tool to understand how one of the funds in our investment portfolio would behave in different transition scenarios related to the increase in the average temperature of the planet, including sudden and disordered or long-term changes, to contain a temperature increase below 2° C by 2100; or, still, the scenario in which there is no transition and current policies are maintained, resulting in an increase in temperature above 4° C by 2100. Boundaries: Andromeda FIA. Time horizons: Portfolio Timestamp Q4 2018
Other, please specify (Stress Test BoE (Bank of England) and PACTA)	We made an exercise in one fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios, and Stress Test BoE (Bank of England) to analyze losses of portfolio value in three climate scenarios due to climate and transition risks

**(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	ESG strategy for the next 2 years (which includes climate change matters) was approved by the Board. Such strategy includes: (i) incorporation of the climate risk in the decision-making process (asset management) (ii) develop new products with an ESG bias (clean energy sectors, impact investing that allocated capital do solve climate change, environmental and social problems, new ESG funds). For example: (i)BTGP coordinate a Sustainable Bond by Faro. Use the proceeds: photovoltaic plant and restricted interest transmission system (ii)BTG coordinate a Transition Bond by Eneva, with potential for reducing the derivative of greenhouse gases, aligned with a transition to a low-carbon economy. Use the proceeds: implementation of two thermal energy generation projects (ii)BTG coordinate a Sustainable Bond by Isa CTEEP. Use the proceeds: categories of GBP contamination prevention water and soil bodies, biodiversity conservation and sustainable environmental management of bodies water. In addition, the issue falls into the SBP infrastructure promotion category basic for populations in situations of poverty and vulnerability (iv)BTG coordinate a green bond issuance by Rumo S.A. Use the proceeds: finance new investments in accordance with the Green Bond Framework, which include the replacement of rolling stocks and railway modernization, providing higher fuel efficiency and fewer greenhouse gas emission (v)BTG coordinate a Sustainability Bond by Paranaguá Saneamento, Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bonds Guidelines(SBG), UN Sustainable Development Goals (SDGs) and International Finance Corporation (IFC).Use the proceeds: investments in the expansion of the water treatment and distribution network 8.BTG coordinate a Sustainable Bond by BRK Ambiental, Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bonds Guidelines(SBG), (SDGs) and International Finance Corporation (IFC).Use the proceeds: investments in the expansion of the water treatment and distribution network
Supply chain and/or value chain	Yes	ESG strategy for the next 2 years (which includes climate change matters) was approved by the Board. Such strategy includes: engage with clients and services providers on climate change matters. For example, BTG request GHG inventory and existence of compensation measures for all the critical services providers. [climate change mitigation measure] For the clients: 1.BTG is engaging together with Investors for Climate (that seeks to activate and train local professional investors to advance the escalating agenda in their portfolios) with companies in order to understand its climate change policies and practices. BTG already engaged with Marfrig. [climate change adaption measure] 2. BTG is part of a PRI Working Group named Deforestation, which aims to engage with companies from sectors that historically are linked to deforestation (palm oil, beef, soil). In February 2020 a meeting with Brazilian carbon intensive companies took place at BTG's office. [climate change adaption measure] 3. ESG Committee (chaired by the CEO and composed by the chairman of the Board of Directors as well as other c-levels) periodically monitors all ESG activities. 4. 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
Investment in R&D	Yes	ESG strategy for the next 2 years (which includes climate change matters) was approved by the Board. Such strategy includes periodically use of the Climate Risk Sensibility Assessment Tool (tool that allows an analysis of the sensitivity of the banks' credit portfolio to climate risks) [credit activities]. Also, in the Asset management level Timberland International Group ("TIG") is subsidiary of BTG Pactual is a member of the Forest Productivity Cooperative ("FPC").FPC which is a partnership of forestry faculty at North Carolina State University and Virginia Polytechnic Institute and State University in the U.S., the Universidad de Concepcion in Chile, and the Universidade Federal de Santa Catarina in Brazil along with dozens of forestry related companies throughout the Americas. FPC conducts both basic research into tree growth and applied research into how forests respond to silvicultural management practices. Current lines of research are examining how the resilience and sustainability of forests facing variable climates can be enhanced, how carbon sequestration by forests can be increased, and how to improve the efficiency of nitrogen and other fertilizer inputs. The Instituto de Pesquisas e Estudos Florestais ("IPEF"), a similar research cooperative in Brazil, has installed a rainfall exclusion study on a TIG managed property in the state of Minas Gerais. This study focuses on how trees respond to water and thermal stresses and what mechanisms allow them to respond differently to these different stresses. The more we understand how trees respond to stress, the better we will be able to adapt our management to changing climatic conditions. ESG Committee (chaired by the CEO and composed by c-levels) periodically monitors all ESG activities.
Operations	Yes	ESG strategy for the next 2 years was approved by the Board. Such strategy includes (i) creation of a Committee for the Latin American offices to disseminate ecoefficiency programs. 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. The ESG specialist team run an in-depth due diligence to select carbon projects certified with wellknown 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. 5. As a significant improvement in 2020, our inventory included emissions from independent agents' offices, which totaled 289.09 t-CO2e in the year. BTG Pactual was the first Brazilian bank to inventory and offset emissions produced by independent agents. 6. In our physical operations (including our offices and data centers), climate risks are assessed via Business Impact Analyses (BIA). Each year we conduct business continuity tests for scenarios such as natural disasters and especially outages of key information technology (IT) systems and resources, such as our main data center in São Paulo, southeastern Brazil. In 2019, BTG installed solar panel at its Medellin office located in Colombia. In 2020 the total of solar energy produced by the panels were: 24.45MWh. Avoided emissions due to solar generation: 4.02TCO2. ESG strategy approved by the Board contemplates the development of new ecoefficiency programs at BTG offices.

**(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	Indirect costs	<p>Up to this moment, compensation of GHG emissions affected our indirect costs (known as expenses incurred in order to maintain the business including wages, rent, transport, energy). In 2020 BTG Pactual launched a Sustainable &amp; Impact Investing Strategy . 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. As a significant improvement in 2020, our inventory included emissions from independent agents' offices, which totaled 289.09 t-CO2e in the year. BTG Pactual was the first Brazilian bank to inventory and offset emissions produced by independent agents. Since 2017, we have offset our direct and indirect (Scope 1 and 2) emissions by purchasing carbon credits. We are using climate change risk tools (1. Climate Risk Sensibility Assessment Tool - tool that allows an analysis of the sensitivity of the banks' credit portfolio to climate risks [credit] 2. validation of Scenario Analysis Tool – PACTA in a fund managed by BTG [asset management] ) to verify the impact of the climate change matters in our credit and asset management portfolios (i.e.: risk high of default in some carbon intensive sectors) that could lead, in the future, to the divestment and/or capital allocation in some carbon high/low intensive sectors. In our physical operations (including our offices and data centers), climate risks are assessed via Business Impact Analyses (BIA). Each year we conduct business continuity tests for scenarios such as natural disasters and especially outages of key information technology (IT) systems and resources, such as our main data center in São Paulo, southeastern Brazil. In 2019, BTG installed solar panel at its Medellin office located in Colombia (this office has 183 employees). The solar panels correspond to 30% of the energy consumed at 2 of 5 building floors occupied by BTG. In 2020 the total of solar energy produced by the panels were: 24.45MWh. Avoided emissions due to solar generation: 4.02TCO2. ESG strategy approved by the Board contemplates the development of new ecoefficiency programs at BTG offices. Regarding SME loans to small and medium local farmers, we developed an internal credit risk "robot" which establishes the rules below that automatically denies the credit transaction. Social and environmental risk assessments are carried out before entering into any relationship with counterparties. In these assessments, automated search systems assess social and environmental information and query databases such as the Brazilian Ministry of the Economy's slave labor blocklist and the list of areas embargoed by the Brazilian environmental protection agency, IBAMA. BTG Pactual's cyber defense strategy is designed to ensure we are a step ahead of emerging risks and threats. The objectives of the strategy are to identify, protect, detect, respond to, and recover our IT environment from, any incidents. BTG Pactual's Security Operations Center (SOC) operates 24/7 and has automated IT monitoring processes to identify and remediate vulnerabilities, and internal and external intelligence services that monitor information about cyber threats and coordinate defense actions. In 2020 we hired 1,400 people amid the pandemic, mostly in the areas of technology and digital retail. We also onboarded a large number of programmers, with approximately 80 now working fully remotely from locations across Brazil. Our team succeeded in not only keeping our operations running but also launching a range of new products.</p>

**C3.4a**

**(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

As part of our fiduciary duty and responsibility to invest our clients' assets ethically and responsibly, at BTG Pactual we work to continuously improve our approach to social and environmental risk assessment in all lending and investment transactions.

**C-FS3.6**

**(C-FS3.6) Are climate-related issues considered in the policy framework of your organization?**

Yes, climate-related issues are integrated into our general policy framework that relates to our financing activities

**C-FS3.6a**

**(C-FS3.6a) In which policies are climate-related issues integrated?**

Type of policy	Portfolio coverage of policy	Description
Bank lending (Bank) Credit policy Risk policy Policy related to other products and services Other, please specify (Internal capital adequacy assessment process (ICAAP))	All of the portfolio	The Sustainability Policy is public available ( <a href="https://static.btgpactual.com/media/sustainability-policy.pdf">https://static.btgpactual.com/media/sustainability-policy.pdf</a> ) and states as fundamental principle the identification of environmental impacts resulting from our own operations including those related to climate change. The Sustainability Policy was approved by the Board of Directors, BTG Pactual's highest level of governance. The Sustainability Policy is applied to BTG's activities and business. Our Social Environmental and Corporate Governance Policy ("ESG") is aligned with our Business Principles and reflects our long-term ambition, further to the unconditional commitment to responsible and sustainable development. Risk Policy: BTG has a socio and environmental risk internal procedures for sectors (based on Environmental Health and Safety IFC Guidelines) that have environmental and social issues that aims to guide the analyses conducted by the ESG team. Procedures includes points to be verified during ESG analysis for credit loans and examples of best practices in the referred sector. For sectors that are considered as exposure to climate change risk, BTG has special comments on this subject. Sector Policies: ESG Team is conducted under the observation of a framework of ESG policies that includes guidelines on social, environmental and climate risks applicable to 19 different sectors of the economy. 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)]. The report refers to the ICAAP of the Prudential Conglomerate of BTG Pactual (hereinafter BTG Pactual or Conglomerate), therefore covering all the companies that comprise it. The information contained in this report is intended to provide both the Management of the companies of the BTG Pactual Conglomerate and Bacen with an overview of the Institution's risk and capital management structures, the initiatives for improving these structures and the action plan for the improvements considered necessary, including correction of any inefficiencies identified in the ICAAP course. In the Risk Appetite Statement, BTG Pactual defined, observing its processes, structures and operations, the qualitative appetites for each different type of risk. With this, and establishing a standard approach, levels were defined for certain types of risk that BTG Pactual understands to be preponderant and compatible with its corporate strategy, due to the size, nature and complexity of its operations and businesses: credit, social and environmental (ESG), liquidity, market, Operational, Reputational and Cyber.
Investing (Asset manager) Policy related to other products and services Engagement policy Other, please specify (Internal capital adequacy assessment process (ICAAP))	All of the portfolio	The Sustainability Policy is public available ( <a href="https://static.btgpactual.com/media/sustainability-policy.pdf">https://static.btgpactual.com/media/sustainability-policy.pdf</a> ) and states as fundamental principle the identification of environmental impacts resulting from our own operations including those related to climate change. The Sustainability Policy was approved by the Board of Directors, BTG Pactual's highest level of governance. The Sustainability Policy is applied to BTG's activities and business. Our Social Environmental and Corporate Governance Policy ("ESG") is aligned with our Business Principles and reflects our long-term ambition, further to the unconditional commitment to responsible and sustainable development. Risk Policy: BTG has a socio and environmental risk internal procedures for sectors (based on Environmental Health and Safety IFC Guidelines) that have environmental and social issues that aims to guide the analyses conducted by the ESG team. Procedures includes points to be verified during ESG analysis for credit loans and examples of best practices in the referred sector. For sectors that are considered as exposure to climate change risk, BTG has special comments on this subject. Engagement policy/responsible policy/investment policy: BTG has a Responsible Investment Policy (available at BTG's website: <a href="https://www.btgpactual.com/us/esg-e-impact-investing/esg-governance">https://www.btgpactual.com/us/esg-e-impact-investing/esg-governance</a> ) that guides all the investment activities conducted by the Timberland Investment Group (TIG). TIG is a subsidiary of BTG Pactual. According to this policy, TIG takes into account environmental, social, and governance attributes ("ESG") before making any investment decision, and therefore, considers ESG to be an integral part of its fiduciary oversight. TIG is committed to the enhancement of biodiversity in all regions where it manages property and promotes this initiative through the forest management supply chain by ensuring preferred positions to companies who demonstrate their commitment to ESG matters. The report refers to the ICAAP of the Prudential Conglomerate of BTG Pactual (hereinafter BTG Pactual or Conglomerate), therefore covering all the companies that comprise it. The information contained in this report is intended to provide both the Management of the companies of the BTG Pactual Conglomerate and Bacen with an overview of the Institution's risk and capital management structures, the initiatives for improving these structures and the action plan for the improvements considered necessary, including correction of any inefficiencies identified in the ICAAP course. In the Risk Appetite Statement, BTG Pactual defined, observing its processes, structures and operations, the qualitative appetites for each different type of risk. With this, and establishing a standard approach, levels were defined for certain types of risk that BTG Pactual understands to be preponderant and compatible with its corporate strategy, due to the size, nature and complexity of its operations and businesses: credit, social and environmental (ESG), liquidity, market, Operational, Reputational and Cyber.
Investing (Asset owner) Policy related to other products and services Other, please specify (Internal capital adequacy assessment process (ICAAP))	All of the portfolio	The Sustainability Policy is public available ( <a href="https://static.btgpactual.com/media/sustainability-policy.pdf">https://static.btgpactual.com/media/sustainability-policy.pdf</a> ) and states as fundamental principle the identification of environmental impacts resulting from our own operations including those related to climate change. The Sustainability Policy was approved by the Board of Directors, BTG Pactual's highest level of governance. The Sustainability Policy is applied to BTG's activities and business. Our Social Environmental and Corporate Governance Policy ("ESG") is aligned with our Business Principles and reflects our long-term ambition, further to the unconditional commitment to responsible and sustainable development. Risk Policy: BTG has a socio and environmental risk internal procedures for sectors (based on Environmental Health and Safety IFC Guidelines) that have environmental and social issues that aims to guide the analyses conducted by the ESG team. Procedures includes points to be verified during ESG analysis for credit loans and examples of best practices in the referred sector. For sectors that are considered as exposure to climate change risk, BTG has special comments on this subject. Engagement policy/responsible policy/investment policy: BTG has a Responsible Investment Policy (available at BTG's website: <a href="https://www.btgpactual.com/us/esg-e-impact-investing/esg-governance">https://www.btgpactual.com/us/esg-e-impact-investing/esg-governance</a> ) that guides all the investment activities conducted by the Timberland Investment Group (TIG). TIG is a subsidiary of BTG Pactual. According to this policy, TIG takes into account environmental, social, and governance attributes ("ESG") before making any investment decision, and therefore, considers ESG to be an integral part of its fiduciary oversight. TIG is committed to the enhancement of biodiversity in all regions where it manages property and promotes this initiative through the forest management supply chain by ensuring preferred positions to companies who demonstrate their commitment to ESG matters. The report refers to the ICAAP of the Prudential Conglomerate of BTG Pactual (hereinafter BTG Pactual or Conglomerate), therefore covering all the companies that comprise it. The information contained in this report is intended to provide both the Management of the companies of the BTG Pactual Conglomerate and Bacen with an overview of the Institution's risk and capital management structures, the initiatives for improving these structures and the action plan for the improvements considered necessary, including correction of any inefficiencies identified in the ICAAP course. In the Risk Appetite Statement, BTG Pactual defined, observing its processes, structures and operations, the qualitative appetites for each different type of risk. With this, and establishing a standard approach, levels were defined for certain types of risk that BTG Pactual understands to be preponderant and compatible with its corporate strategy, due to the size, nature and complexity of its operations and businesses: credit, social and environmental (ESG), liquidity, market, Operational, Reputational and Cyber.
Insurance underwriting (Insurance company) Policy related to other products and services Other, please specify (Internal capital adequacy assessment process (ICAAP))	All of the portfolio	The Sustainability Policy is public available ( <a href="https://www.btgpactual.com/quem-somos/sustentabilidade/politica-global-esg">https://www.btgpactual.com/quem-somos/sustentabilidade/politica-global-esg</a> ) and states as fundamental principle the identification of environmental impacts resulting from our own operations including those related to climate change. The Sustainability Policy was approved by the Board of Directors, BTG Pactual's highest level of governance. The Sustainability Policy is applied to BTG's activities and business. Our Social Environmental and Corporate Governance Policy ("ESG") is aligned with our Business Principles and reflects our long-term ambition, further to the unconditional commitment to responsible and sustainable development. Risk Policy: BTG has a socio and environmental risk internal procedures for sectors (based on Environmental Health and Safety IFC Guidelines) that have environmental and social issues that aims to guide the analyses conducted by the ESG team. Procedures includes points to be verified during ESG analysis for credit loans and examples of best practices in the referred sector. For sectors that are considered as exposure to climate change risk, BTG has special comments on this subject. The report refers to the ICAAP of the Prudential Conglomerate of BTG Pactual (hereinafter BTG Pactual or Conglomerate), therefore covering all the companies that comprise it. The information contained in this report is intended to provide both the Management of the companies of the BTG Pactual Conglomerate and Bacen with an overview of the Institution's risk and capital management structures, the initiatives for improving these structures and the action plan for the improvements considered necessary, including correction of any inefficiencies identified in the ICAAP course. In the Risk Appetite Statement, BTG Pactual defined, observing its processes, structures and operations, the qualitative appetites for each different type of risk. With this, and establishing a standard approach, levels were defined for certain types of risk that BTG Pactual understands to be preponderant and compatible with its corporate strategy, due to the size, nature and complexity of its operations and businesses: credit, social and environmental (ESG), liquidity, market, Operational, Reputational and Cyber.
Other products and services, please specify	Please select	Please select

**C-FS3.7**

**(C-FS3.7) Are climate-related issues factored into your external asset manager selection process?**

Yes, for all assets managed externally

**C-FS3.7a**

**(C-FS3.7a) How are climate-related issues factored into your external asset manager selection process?**

	Process for factoring climate-related issues into external asset management selection	Comment
Row 1	Review asset manager's climate-related policies	Climate – change issues are considered into BTG’s process for selecting external asset managers. Examples of questions related to climate change matters: (i) environmental risks are considered during the credit risk analysis; (ii) external asset managers monitors new applicable laws/regulations; (iii) describe how each credit operation is analyzed, approved and monitored; (iv) describe proceeding and/or policies related to the selection and monitoring of service providers related to the activity of asset managers including the brokers. Risk Policy: BTG has a socio and environmental risk internal procedures for sectors (based on Environmental Health and Safety IFC Guidelines) that have environmental and social issues that aims to guide the analyses conducted by the ESG team. Procedures includes points to be verified during ESG analysis for credit loans and examples of best practices in the referred sector. For sectors that are considered as exposure to climate change risk, BTG has special comments on this subject. Engagement policy/responsible policy/investment policy: BTG has a Responsible Investment Policy (available at BTG’s website: <a href="https://www.btgpactual.com/us/esg-e-impact-investing/esg-governance">https://www.btgpactual.com/us/esg-e-impact-investing/esg-governance</a> that guides all the investment activities conducted by the Timberland Investment Group (TIG). TIG is a subsidiary of BTG Pactual. According to this policy, TIG takes into account environmental, social, and governance attributes (“ESG”) before making any investment decision, and therefore, considers ESG to be an integral part of its fiduciary oversight. TIG is committed to the enhancement of biodiversity in all regions where it manages property and promotes this initiative through the forest management supply chain by ensuring preferred positions to companies who demonstrate their commitment to ESG matters.

**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	Despite BTG Pactual be the first Brazilian bank to inventory and offset emissions produced by independent agents the operational emissions are increasing, from the next five years it expects an increase related 8% of our global emissions. At the moment, the most representative emissions were indirect, as Scope 3. Due to the pandemic, employee commuting was reduced since many employees worked from their homes (home office), hence, had no commuting. To reflect that, in 2020, this category was reviewed to include the emissions from remote work of the employees during home office. Also, the number of employees has raised from 2019, by 30%. Since 2017, we have offset our direct and indirect (Scope 1 and 2) emissions by purchasing carbon credits. In 2019, for example, we offset 100% of our global emissions, including Scope 3 emissions. In 2020 we went a step further and incorporated carbon management criteria into our assessments of critical suppliers, including whether they publish GHG inventories and offset emissions	Demonstrating our commitment to Climate Change global effort and aligned with market best practices and aiming to manage our Greenhouse Gas (GHG) Emissions, since 2015 BTG Pactual has elaborated GHG Inventory in our operations through voluntary, independently audited annual inventories using the GHG Protocol methodology. 2016’s 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). 2018’s inventory excluded of operation control BTG Birmingham, Monticello, Stamford, Winston Salem, Columbus, Columbia and Seattle offices. This resulted in 2018 being defined as our base year. Thus, BTG implemented programs aiming to reduce GHG emissions: (i) use of video conferencing over the use of air or land travel and measured avoided emissions (10488.45 tCO2e in 2019); (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, Bogota, Medellin, Santiago and New York City office – that represents 80% of BTG’s employees; (iv) discussion of use of alternative energy sources at BTG’s offices. For the following years, we tend to reach the following targets (i) improve data collection (specially at the regional offices); (ii) calculate GHG emissions avoided other mitigation practices than video conferencing and establish reduction goals; (iii) review annually emissions sources of the inventory. Because of the pandemic, in 2020 our emissions from air travel declined by 76.53% (down to 1,096.83 t-CO2e from 4,482.88 t-CO2e in 2019). Our second largest source of emissions—commuting—increased by 80.2% as a result of emissions from remote working and a 87% increase in our headcount. As a significant improvement in 2020, our inventory included emissions from independent agents’ offices, which totaled 289.09 t-CO2e in the year.

**C4.2**

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

No other climate-related targets

**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		
To be implemented*		
Implementation commenced*		
Implemented*	2	577.39
Not to be implemented		

### 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 consumption	Solar PV
-------------------------------	----------

**Estimated annual CO2e savings (metric tonnes CO2e)**

4.02

**Scope(s)**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

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

118300

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

>30 years

**Comment**

the total emissions avoided by BTG Pactual in the use of solar panels for energy generation in Medellín (CO). The information considered are described below: BTG in Medellín finished the construction of the solar panel in January of 2019 and started generating energy on 11th of February 2019. Since its installation, the solar panel has produced: In 2019: 17.42 MWh, equivalent to avoiding 2.86 tonnes CO2 emissions. In 2020: 24.45 MWh, equivalent to avoiding 4.02 tonnes CO2 emissions. Note: EF eGRID Colombia (tCO2/MWh): 0.16438 Financially, the energy efficiency project pays for itself through the reduction in energy consumption, on average 20%. Savings in MWh is a single value, however, the financial impact varies according to energy tariff variations, as: minimum, in reais (R\$): 2,073 (considering average energy price 0.78 R\$ / MWh) maximum, in reais (R\$): 2,262.78 (considering average energy price 0.85R\$ / MWh) The financial impact varies according to energy tariff variations. They correspond to the lowest and highest amount of energy paid/estimated in the year 2020. The annual savings amount in MWh is fixed, it is a sum of the savings target of all projects currently in operation. They represent the difference between the reference consumption (before the solar panels) and the current consumption The project costs approximately \$91,000,000 (R\$ 118.300 ) Colombian pesos. value in reais BRL using the currency rate of \$ 0.0013 Colombian pesos

**Initiative category & Initiative type**

Company policy or behavioral change	Resource efficiency
-------------------------------------	---------------------

**Estimated annual CO2e savings (metric tonnes CO2e)**

573.37

**Scope(s)**

Scope 3

**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**

1-3 years

**Estimated lifetime of the initiative**

3-5 years

**Comment**

total emissions avoided by BTG Pactual from the use of video conferencing. The information and assumptions considered are described below: - Total number of video conferencing: 12,342 - Only one person was considered in each meeting room - Emission considered the round-trip flight; - The records that presented only 1 room were reservations for meetings without connection or rooms that do not have a video conference. For this reason, they were not considered.

C4.3c

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

Method	Comment
Dedicated budget for energy efficiency	<ul style="list-style-type: none"> <li>Besides budget for energy efficiency we run other initiatives in compliance with our sustainability approach</li> </ul>
Employee engagement	<ul style="list-style-type: none"> <li>We use the screensavers on employees' computers to communicate our ESG &amp; Impact Investing initiatives</li> </ul>
Employee engagement	<ul style="list-style-type: none"> <li>Participation in FEBRABAN's, ANBIMA's, PRI, Equator Principles, Global Pact working groups that discuss sustainability measures, such as related to climate change.</li> </ul>
Internal price on carbon	In addition to our efforts, we have implemented tools to perform carbon footprint modeling for all our investment funds and assess impacts from carbon taxation on the revenues of portfolio companies. We evaluated an internal carbon price to help us to identify if the price to be material enough to change business decisions and behavior, and technical analyses of the required measures to achieve the targets on reducing carbon footprint and the associated investments. More information in the question C11 – carbon pricing

C4.5

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

Yes

C4.5a

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

**Level of aggregation**

Product

**Description of product/Group of products**

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. 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. 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. 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, 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. BTG ESG strategy for 2020-2021 included the development of new financial products with an ESG bias (clean energy sectors, impact investing that allocated capital do solve climate change, environmental and social problems). For the last year, BTG coordinate some bond issuance. BTG intends to increase the amount of new operations, as well as develop new ESG products. Regarding the calculation for the % of total portfolio value, BTG considered green bond and/or climate bond arranged for clients as a percentage of total bonds arranged or total bond underwriting commitments

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

Avoided emissions

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

Climate Bonds Taxonomy

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

11

**% of total portfolio value**

8

**Asset classes/ product types**

Bank lending	Other, please specify (green bond and/or climate bond )
--------------	---

**Comment**

BTGP coordinated the following issuances 1.A green bond issuance by Suzano Papel e Celulose (pulp and paper sector) which the use of proceeds was (i) restoration of native forest cover from degraded land (ii) development of projects that reduce GHG emissions through the substitution of fossil fuels with renewable sources and/or the generation of energy from renewable sources. 2.A green bond issuance by Janaúba Transmissora de Energia Elétrica S.A. (subsidiary of Transmissora Aliança de Energética S.A.). Use the proceeds of this bond: refinancing and future payments of a project related to electricity transmission, that will increase the availability of the Electrical National Interconnected System (Sistema Interligado Nacional) for renewable energy. 3. A sustainable Bond by Faro. Use the proceeds: photovoltaic plant and restricted interest transmission system 4.A Transition Bond by Eneva, with potential for reducing the derivative of greenhouse gases, aligned with a transition to a low-carbon economy. Use the proceeds: implementation of two thermal energy generation projects 5. A Sustainable Bond by Isa CTEEP. Use the proceeds: categories of GBP contamination prevention water and soil bodies, biodiversity conservation and sustainable environmental management of bodies water. In addition, the issue falls into the SBP infrastructure promotion category basic for populations in situations of poverty and vulnerability 6.A green bond issuance by Rumo S.A. Use the proceeds: finance new investments in accordance with the Green Bond Framework, which include the replacement of rolling stocks and railway modernization, providing higher fuel efficiency and fewer greenhouse gas emission 7.A Sustainability Bond by Paranaguá Saneamento, Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bonds Guidelines(SBG), UN Sustainable Development Goals (SDGs) and International Finance Corporation (IFC).Use the proceeds: investments in the expansion of the water treatment and distribution network 8.A Sustainable Bond by BRK Ambiental, Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bonds Guidelines(SBG), (SDGs) and International Finance Corporation (IFC).Use the proceeds: investments in the expansion of the water treatment and distribution network

## C5. Emissions methodology

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### C5.1

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

##### Scope 1

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

388

**Comment**

BTG Pactual is an investment bank and its activities are characterized by low direct GHG emissions: Scopes 1 and 2 sum up to 1,616tCO2e. Its most representative emissions occur in the value chain (Scope 3), totaling 5,786 tCO2e (78%) in 2020. 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 388 tCO2e. - 2020 direct emissions showed 28% increase compared to 2019. Main factors to explain this include: (i) Fugitive emissions, main sources of Scope 1, do not have annual regularity (ii) The distance traveled by own vehicles was greater than the previous year. The automobiles at the São Paulo office covered a distance of approximately five times greater than the previous year.

##### Scope 2 (location-based)

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

1.227

**Comment**

BTG Pactual is an investment bank and its activities are characterized by low direct GHG emissions: Scopes 1 and 2 sum up to 1,616tCO2e. Its most representative emissions occur in the value chain (Scope 3), totaling 5,786 tCO2e (78%) in 2020. 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 63%. 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****Base year end****Base year emissions (metric tons CO2e)****Comment**

### C5.2

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#### (C5.2) 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

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol: Scope 2 Guidance

## C6. Emissions data

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### C6.1

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### (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)

388

##### Start date

<Not Applicable>

##### End date

<Not Applicable>

##### Comment

BTG Pactual is an investment bank and its activities are characterized by low direct GHG emissions: Scopes 1 and 2 sum up to 1,616tCO2e. Its most representative emissions occur in the value chain (Scope 3), totaling 5,786 tCO2e (78%) in 2020. 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 388 tCO2e. - 2020 direct emissions showed 28% increase compared to 2019. Main factors to explain this include: (i) Fugitive emissions, main sources of Scope 1, do not have annual regularity (ii) The distance traveled by own vehicles was greater than the previous year. The automobiles at the São Paulo office covered a distance of approximately five times greater than the previous year.

## 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

BTG Pactual is an investment bank and its activities are characterized by low direct GHG emissions: Scopes 1 and 2 sum up to 1,616tCO2e. Its most representative emissions occur in the value chain (Scope 3), totaling 5,786 tCO2e (78%) in 2020. 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 63%. Even though the number of employees has increased, employees worked from home and offices energy use were reduced. BTG used the following data to calculate scope 2 emissions: 1) Electricity consumption data from bills (kWh considering peak and off-peak consumption) and application of the appropriate emission factor, country-specific; 2) Cost of Electricity from bills and application of appropriate factors to convert the costs in consumption and the consumption in emissions, country-specific (Brazilian operations counts with electricity from renewable sources); 3) Electricity provided by condominium generators: Use of consumption data (liters of diesel and m3 of natural gas) compiled by the responsible area of all applicable offices considering the proportional contractual liability of BTG Pactual (ideal fraction).

## C6.3

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

#### Reporting year

##### Scope 2, location-based

1227

##### Scope 2, market-based (if applicable)

<Not Applicable>

##### Start date

<Not Applicable>

##### End date

<Not Applicable>

##### Comment

BTG Pactual is an investment bank and its activities are characterized by low direct GHG emissions: Scopes 1 and 2 sum up to 1,616tCO2e. Its most representative emissions occur in the value chain (Scope 3), totaling 5,786 tCO2e (78%) in 2020. 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 63%. Even though the number of employees has increased, employees worked from home and offices energy use were reduced.

## C6.4

### (C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.****Purchased goods and services****Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

289.09

**Emissions calculation methodology**

Consolidates Scopes 1 and 2 emissions from services offered by autonomous agents, for the company. Scope 1 includes fugitive emissions and Scope 2 considers electricity generation emissions.

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

0

**Please explain**

Refers to Scopes 1 and 2 of services offered by autonomous agents.

**Capital goods****Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

&lt;Not Applicable&gt;

**Emissions calculation methodology**

&lt;Not Applicable&gt;

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

&lt;Not Applicable&gt;

**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**

Relevant, calculated

**Metric tonnes CO2e**

169.09

**Emissions calculation methodology**

For emissions related to the production chain of fuels, which were purchased by BTG Pactual in 2020, the methodology is based on the application of Ecoinvent's cradle-to-gate emission factors for fuels. For emissions related to electricity T&D losses, the methodology is based on the application of emission factors for T&D operation or percentage of electricity losses applied to the total energy consumption.

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

0

**Please explain**

Once it is a relevant emission source, BTG started performing the information collection in 2017 based on company's total consumption of fuel and electricity.

**Upstream transportation and distribution****Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

325.81

**Emissions calculation methodology**

Use of financial data (R\$) used in motorcycles transportation services, compiled by the responsible area of all applicable offices. Converted to liters using ANP (National Agency of Petroleum, Natural Gas and Biofuels) data of market average tariffs (R\$/l) and fuel production of petrol and ethanol by state

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

0

**Please explain**

Refers to motorcycles transportation services.

## Waste generated in operations

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

158.37

### Emissions calculation methodology

Considered climate average data of Brazil southeast region (precipitation  $\geq$  1.000 mm and temperature  $\leq$  20 oC). Use of waste generation data (converted to metric ton) compiled by each individual control of responsible area of all applicable offices considering the proportional contractual liability of BTG Pactual (ideal fraction of all offices analyzed).

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

100

### Please explain

Considers the BTG portion of the total waste generated in the condominium.

## Business travel

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

1096.83

### Emissions calculation methodology

Use of travel data (routes by employees) of all applicable offices, converted to mileage (km) using the geographic coordinates of airports by method of great-circle distance. Taxis + Uber + General Transportation: Use of financial data (R\$) used in taxi travels, compiled by the responsible area of all applicable offices. Converted to mileage (km) using regional data of average tariffs (in R\$/km, U\$/km or £/km). Costs with fuel: Use of financial data (R\$) used in fuel payment, compiled by the responsible area of all applicable offices. Converted to liters using ANP (National Agency of Petroleum, Natural Gas and Biofuels) data of market average tariffs (R\$/l) and fuel production of petrol and ethanol by state.

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

0

### Please explain

Refers to employees air and taxi travels.

## Employee commuting

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

324196

### Emissions calculation methodology

Use of emission factor (GHG emission/ number of employees) based on 2018 data. 2018 data was calculated according to employees address database to estimate the distance between home and office using 'Google Maps' tool. The distance obtained in address database is weighted by number of all São Paulo and Rio de Janeiro employees and multiplied by 2 (commute from home and to home) and also considered the business days of 2018. To define the transportation, it was used the IPEA study information ([ipea.gov.br/portal/images/stories/PDFs/SIPS/110124\\_sips\\_mobilidade.pdf](http://ipea.gov.br/portal/images/stories/PDFs/SIPS/110124_sips_mobilidade.pdf)), using the conservative approach, the public transportation was considered as municipal bus. Additionally, in 2020 the emissions from telework from BTG own employees that worked from home due to Covid-19 pandemic were also estimated.

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

0

### Please explain

Includes the emissions from the transportation of employees between their homes and their worksites.

## Upstream leased assets

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

504.76

### Emissions calculation methodology

Use of consumption data of electricity (kWh) in common condominium areas (electricity generation and equipment owned by third part), amount of refrigerant gas and extinguisher replaced compiled by the responsible area of all applicable offices considering the proportional contractual liability of BTG Pactual (ideal fraction).

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

70

### Please explain

It refers to the consumption of electricity (kWh) and fugitive emissions (fire extinguishers and refrigerant gases) in common condominium areas, considering the proportional contractual liability of BTG Pactual (ideal fraction).

## Downstream transportation and distribution

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<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 Pactual does not transport or distributes any physical product.

## Processing of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<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 Pactual does not sell any intermediate products

## Use of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<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 Pactual is a financial institution and so the emissions from the use of its sold products are not representative.

## End of life treatment of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<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 Pactual is a financial institution and so the emissions from the end-of-life treatment of its sold products are not representative

## Downstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<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 Pactual does not have downstream leased assets.

## Franchises

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

BTG Pactual does not has franchises

## Other (upstream)

### Evaluation status

Please select

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

## Other (downstream)

### Evaluation status

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

## 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

8.954e-7

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

1805

### Metric denominator

unit total revenue

### Metric denominator: Unit total

9304000000

### Scope 2 figure used

Location-based

### % change from previous year

49

### Direction of change

Decreased

### Reason for change

Increase of Gross revenue 2019: 8.300.000 due 2020: 9.304.000.000 Scope 1 emissions resulted in 388 tCO2e. - 2020 direct emissions showed 28% increase compared to 2019. Main factors to explain this include: (i) Fugitive emissions, main sources of Scope 1, do not have annual regularity (ii) The distance traveled by own vehicles was greater than the previous year. The automobiles at the São Paulo office covered a distance of approximately five times greater than the previous year. Scope 2 emissions resulted in 1227 tCO2e 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 63%. Even though the number of employees has increased, employees worked from home and offices energy use were reduced.

## C7. Emissions breakdowns



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	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption		<Not Applicable >		
Other emissions reduction activities		<Not Applicable >		
Divestment		<Not Applicable >		
Acquisitions		<Not Applicable >		
Mergers		<Not Applicable >		
Change in output		<Not Applicable >		
Change in methodology		<Not Applicable >		
Change in boundary		<Not Applicable >		
Change in physical operating conditions	1312.84	Decreased	45	In 2020, the GHG emissions of electricity consumption under offices in operational control of BTG Pactual decreased by 53%, thus contributing significantly to the 45% decrease of Scope 1+2 emissions combined. The main reasons for this are: Due to the pandemic, in 2020 more employees have worked from their homes, hence, reducing office energy consumption needs by 87%, even with the increased employee numbers; Grid Emission factor in Brazil has also decreased by 18%.
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	No

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	32.4	249.35	281.75
Consumption of purchased or acquired electricity	<Not Applicable>	5907.23	1947.37	7854.61
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>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	15648.49	5774.12	21253.47

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

Other, please specify (Emission(tCO2e)/employee)

**Metric value**

2.08

**Metric numerator**

7,295 total emissions

**Metric denominator (intensity metric only)**

3,515 employees

**% change from previous year**

59

**Direction of change**

Decreased

**Please explain**

2020: 7,295 total emissions / 3,515 employees = 2,08 2019: 12,922 total emissions / 2,538 employees = 5,09 BTG estimates the emission (TCO2e) by number of employees. Justifications of change: increase by 38% in the number of employees. Most emissions (59% of total emission) occurred in Brazil due to the highest number of employees, followed by LATAM, with 28% of total emissions. In Europe, only two regional offices were considered (57 employees). The operations emissions are decreased, like consumption of electricity (-87%) and Scope 3: emissions under offices in operational control of BTG Pactual decreased by 42%, due to Cat.3c – Decreased by 77%. This category is directly related to electricity consumption, which decreased 63% in 2020 / Cat. 4 – Decreased by 14%. The reduction in emissions is explained by the reduction of 39% for LATAM and zeroed emissions in 2020 for USA and Europe / Cat. 6 – Decreased by 76%. Due to the pandemic, business travel was reduced to minimum / Cat.8 – Decreased by 80%. As these are emissions related to the replacement of refrigerant gases and extinguishers in the condominium, they do not present a specific pattern year by year.

**Description**

Other, please specify (Emission(tCO2e)/million of reais (revenue))

**Metric value**

0.78

**Metric numerator**

7,295 total emissions

**Metric denominator (intensity metric only)**

R\$ 9,304,000,000 million of reais (revenue)

**% change from previous year**

49

**Direction of change**

Decreased

**Please explain**

2020: 7,295 total emissions / 9,304,000,000 revenue = 0,78 2019: 12,922 total emissions / 8,333,000,000 revenue = 1,56 BTG estimates the emission (TCO2e) by revenue (million of BRL). Justifications of change: increase by 12% in revenue and decrease by -44% in total emissions

**Description**

Other, please specify (Video conferencing avoided emissions (tCO 2 e))

**Metric value**

573.37

**Metric numerator**

573.37 tons of CO2 e

**Metric denominator (intensity metric only)**

**% change from previous year**

61

**Direction of change**

Decreased

**Please explain**

Video conferencing avoided emissions (tCO2) 2020: 573.37 tons of CO2 e 2019: 1,488.45 tons of CO2 e the total emissions avoided by BTG Pactual from the use of video conferencing. The information and assumptions considered are described below: - Total number of video conferencing: 12,342 - Only one person was considered in each meeting room - Emission considered the round-trip flight; - As informed by BTG, the records that presented only 1 room were reservations for meetings without connection or rooms that do not have a video conference. For this reason, they were not considered. - Total number of video conferencing 2019: 30,22 - Total number of video conferencing 2020: 12, 34

**Description**

Other, please specify (Emission(tCO2e)/million of reais (net profit))

**Metric value**

1.8

**Metric numerator**

7,295 total emissions

**Metric denominator (intensity metric only)**

R\$ 4,050,000 million of reais (net profit)

**% change from previous year**

47

**Direction of change**

Decreased

**Please explain**

Net profit (million of reais) 2020: 7,295 total emissions / R\$ 4,050,000million of reais = 1.80 2019: 12,922 total emissions / R\$ 3,800,000 million of reais = 3.30 BTG estimates the emission (TCO2e) by net profit (million of BRL). Justifications of change: (i) increase by 7% of the net profit and decrease by -44% in total emissions

**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**

Statement BR21.10957\_ING.pdf

**Page/ section reference**

page 1 of attached document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

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## C10.1b

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(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**

Statement BR21.10957\_ING.pdf

**Page/ section reference**

page 1 of attached document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

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## C10.1c

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(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 (upstream & downstream)

**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**

Statement BR21.10957\_ING.pdf

**Page/section reference**

page 1 of attached document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

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## C10.2

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**(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?**

No, we do not verify any other climate-related information reported in our CDP disclosure

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**C11. Carbon pricing**

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**C11.2**

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

Yes

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**C11.2a**

**(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.**

**Credit origination or credit purchase**

Credit purchase

**Project type**

Agriculture

**Project identification**

We manage greenhouse gas (GHG) emissions in our operations through voluntary, independently audited annual inventories using the GHG Protocol methodology. As a significant improvement in 2020, our inventory included emissions from independent agents' offices, which totaled 289.09 t-CO<sub>2</sub>e in the year. Since 2017, we have offset our direct and indirect (Scope 1 and 2) emissions by purchasing carbon credits. In 2019, for example, we offset 100% of our global emissions, including Scope 3 emissions. In 2020 we went a step further and incorporated carbon management criteria into our assessments of critical suppliers, including whether they publish GHG inventories and offset emissions. Bottom line, BTG Pactual is consistently expanding sustainability initiatives across the value chain. The project chose for offset were the Maisa REED+ Project, Agriculture Forestry and Other Land Use. REDD + is a mechanism that proposes a set of actions to combat deforestation through social activities, climate and biodiversity that result in R eduction E missions from D esmatamento and D Forest egradação plus (+) the conservation of carbon stocks forestry, sustainable forest management and increasing forest carbon stocks. REDD+ Maísa Project: Located in the endemic center of Belém, Pará, a region of great importance for Amazonian biodiversity, the REDD+ Maísa Project aims to promote the conservation and valuation of the forest through its multiple uses. The historical context of the region is marked by high deforestation rates, a fact that reinforces the importance of the project's strategies, which involve the improvement of monitoring processes in the area, providing protection for species in critical danger of extinction, such as the Chiropotes satanas ( Cuxiú-preto ) , in addition to promoting agricultural and extractive activities. REDD+ Projects contribute to the UN Sustainable Development Goals 13 and 15. - Location: Moju - Pará (PA) - 28,753 acre -128 flora species of which 8 are threatened with extinction - 350 fauna species, 29 of which are threatened with extinction - 67,458 tCO<sub>2</sub>e of reduced emissions per year - 6,103 hectares of deforestation avoided in 30 years <https://www.biofilica.com.br/projeto-redd-maisa/>

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO<sub>2</sub>e)**

7297

**Number of credits (metric tonnes CO<sub>2</sub>e): Risk adjusted volume**

7297

**Credits cancelled**

Yes

**Purpose, e.g. compliance**

Voluntary Offsetting

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**C11.3**

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

Yes

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**C11.3a**

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

**Objective for implementing an internal carbon price**

Navigate GHG regulations  
Identify and seize low-carbon opportunities

**GHG Scope**

Scope 1  
Scope 2

**Application**

We have looked an internal price on carbon, based on current carbon taxes in the Argentina, México and Sweden legislation associated and market prices of carbon. The internal price for carbon isn't applied yet on BTGP operations

**Actual price(s) used (Currency /metric ton)**

46.1

**Variance of price(s) used**

Scenarios: - carbon price USD 10/ton co2e – most distributed average cost in the world - carbon price USD 40/ton co2e – estimated minimum cost for stabilizing climate temperature as the Paris Agreement - carbon price USD 80/ton co2e - estimated maximum cost for stabilizing climate temperature as the Paris Agreement - carbon price USD 127/ton co2e - maximum cost value of BRL 46,1 (USD 10 using the currency rate of 4.61)

**Type of internal carbon price**

Other, please specify (This is the first year that we are using the internal carbon pricing for guide our ESG strategies)

**Impact & implication**

BTG's evaluate exposure to climate-related risks on the asset managers portfolio. We made an exercise in one fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios. (i) understand how one of the funds in our investment portfolio is exposed to carbon-intensive sectors and how it could suffer losses in a transition scenario, in which such intensive sectors would arouse less consumer interest or suffer taxation due to its carbon emissions; (ii) understand how one of the funds in our investment portfolio would behave in different transition scenarios related to the increase in the average temperature of the planet, including sudden and disordered or long-term changes, to contain a temperature increase below 2° C by 2100; or, still, the scenario in which there is no transition and current policies are maintained, resulting in an increase in temperature above 4° C by 2100; The exercise findings have allowed us to define the steps to follow in our portfolio decarbonization strategy (Transitional risk). (iii) carry out carbon footprint simulations of our investment funds and assess the impact on the earnings of investees, as a result of an eventual carbon tax. Regarding of a carbon tax, we have looked an internal price on carbon, based on current carbon taxes in the Argentina, México and Sweden legislation associated and market prices of carbon. This is the first year that we are using the internal carbon pricing for guide our ESG strategies and the exercise findings have allowed us to define the steps to introduce the number in our operations, investments and instruments of education our clients. BTG Pactual have being monitoring which a high-level perspective the of the decisions taken at the COP 21 and the resulting of Paris Agreement including the goal of limiting global warming to well below 2°C.

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**C12. Engagement**

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**C12.1**

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

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

**C12.1a**

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

**Type of engagement**

Information collection (understanding supplier behavior)

**Details of engagement**

Collect climate change and carbon information at least annually from suppliers

**% of suppliers by number**

100

**% total procurement spend (direct and indirect)**

0

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

14

**Rationale for the coverage of your engagement**

Cat. 8 - Upstream leased assets: Use of consumption data of electricity (kWh) in common condominium areas (electricity generation and equipment owned by third part), amount of refrigerant gas and extinguisher replaced compiled by the responsible area of all applicable offices considering the proportional contractual liability of BTG Pactual.

**Impact of engagement, including measures of success**

BTGP has 4429 (100%) suppliers in its system. The system includes all third parties subjected to an analysis of the Procurement team and does not mean if the supplier has an active contract. The amount of relevant suppliers that the ESG team engaged with is: 49( 1%)

**Comment**

Percentage of Scope 3 bases related to suppliers total emissions Scope 3: 5.785 total emissions related suppliers: 784 (14%) (Purchased goods and services, Fuel- and energy-related activities [not included in Scope 1 or 2] and Upstream transportation and distribution

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**Type of engagement**

Engagement & incentivization (changing supplier behavior)

**Details of engagement**

Other, please specify (ESG Team has elaborate a BTG Pactual's Critical Suppliers ESG Conduct Manual)

**% of suppliers by number**

100

**% total procurement spend (direct and indirect)**

0

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

14

**Rationale for the coverage of your engagement**

The expectation is to work with 100% of the Critical Suppliers.

**Impact of engagement, including measures of success**

BTG Pactual's Critical Suppliers ESG Conduct Manual was prepared based on BTG Pactual's Sustainability Policy and the Bank's commitment to deepening the responsible and sustainable relationship with our entire value chain. In the document has the best practice recommendations in terms of sustainability, as: - how to join a UN Global compact - 2030 agenda and SDG (The Sustainable Development Goals) - Orientation Children's Rights and Business Principles - Orientation Labour Rights Principles and Resources - Subjected Employees to Slave-like Conditions - Carbon Inventory In the end of the each year the critical suppliers will report some activities to support this engagement, like: - participation in BTG Pactual Sustainability Policy training - UN Global compact commitment - SDG (The Sustainable Development Goals) relevant - Result of Carbon Inventory As a result, the best rated suppliers will have a space on the BTG Pactual website

**Comment**

Percentage of Scope 3 bases related to suppliers total emissions Scope 3: 5.785 total emissions related suppliers: 784 (14%) (Purchased goods and services, Fuel- and energy-related activities [not included in Scope 1 or 2] and Upstream transportation and distribution

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**C12.1b**

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

**Type of engagement**

Other, please specify (For credit loans counterparties from sectors considered as TCFD as highly exposed to climate risk, BTG since 2018 requested information about climate change risk and opportunities)

**Details of engagement**

Other, please specify (For credit loans counterparties from sectors considered as TCFD as highly exposed to climate risk, BTG since 2018 requested information about climate change risk and opportunities)

**% of customers by number**

72

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

14

**Portfolio coverage (total or outstanding)**

Minority of the portfolio

**Please explain the rationale for selecting this group of customers and scope of engagement**

For credit loans counterparties from sectors considered as TCFD as highly exposed to climate risk, BTG since 2018 requested information about climate change risk and opportunities. Examples: (i) if conducts a GHG inventory and/or compensate its emission (ii) governance and strategy related to climate risk (iii) process to identify and manage climate risks (iv) if considerate climate scenarios (v) indication if company as aspiration to take these actions (I – IV) in the future. For projects (credit loans) we use a tool called Think Hazard which gives information on about river/urban/coastal flood, earthquake, cyclone, water scarcity, extreme heat, wildfire of a specific city, state, country (where the project is located).

**Impact of engagement, including measures of success**

In 2020 we conducted a total of 562 social and environmental risk assessments, 45% more than the 388 we conducted in 2019, reflecting the expansion of BTG Pactual's lending portfolio. Percentage of customers by number: 562/784 total risk assessment / 784 total emissions related suppliers = 72% Percentage of Scope 3 bases related to suppliers total emissions Scope 3: 5.785 total emissions related suppliers: 784 (14%) (Purchased goods and services, Fuel- and energy-related activities [not included in Scope 1 or 2] and Upstream transportation and distribution

**Type of engagement**

Engagement & incentivization (changing customer behavior)

**Details of engagement**

Other, please specify (Inside ESG, a series of ESG reports to educate our clients into the ESG matters)

**% of customers by number**

100

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

14

**Portfolio coverage (total or outstanding)**

Majority of the portfolio

**Please explain the rationale for selecting this group of customers and scope of engagement**

This recognition year after year proves the reliability and excellence of our reports in the international market. With Inside ESG, both teams Research and ESG prepared an exclusive report on the ESG agenda and our strategy in Brazil

**Impact of engagement, including measures of success**

Inside ESG: we started to elaborate a series of ESG reports to wealth management (private banking) and other clients from the digital retail unit. Such reports aim to educate our clients into the ESG matters. This recognition year after year proves the reliability and excellence of our reports in the international market. With Inside ESG, both teams Research and ESG prepared an exclusive report on the ESG agenda and our strategy in Brazil. 1) ESG Investments: Key Concepts Link <https://static.btgpactual.com/media/inside-esg-1.pdf> 2) ESG indices: good performances deserve a closer look Link <https://static.btgpactual.com/media/2021-05-31-inside-esg-indices-esg.pdf> 3) ESG Bonds, the market in expansion Link <https://static.btgpactual.com/media/inside-esg-3-esg-bondsvf.pdf> BTG Pactual assists its clients to integrate ESG into their business activities and reporting. <https://www.btgpactual.com/esg-e-impact-investing> Percentage of Scope 3 bases related to suppliers total emissions Scope 3: 5.785 total emissions related suppliers: 784 (14%) (Purchased goods and services, Fuel- and energy-related activities [not included in Scope 1 or 2] and Upstream transportation and distribution

**Type of engagement**

Education/information sharing

**Details of engagement**

Other, please specify (Financial education of the population / Research)

**% of customers by number**

100

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

100

**Portfolio coverage (total or outstanding)**

Minority of the portfolio

**Please explain the rationale for selecting this group of customers and scope of engagement**

BTG Pactual assists its clients to integrate ESG into their business activities and reporting. <https://www.btgpactual.com/esg-e-impact-investing>

**Impact of engagement, including measures of success**

a) Youtube channel: more than 337 thousand subscribers. Daily Lives: Morning Call, Analysis and Day Trade, Market Closing Weekly and Biweekly Lives: Lives with Andre Esteves. Cerbasi and Bona, "BTG Atualidades" Web series: Recommended Portfolios, Investor's Guide, Smart Investments, "Dicas de Economirna" with Mirna Borges, FIIs Guide, "Minuto BTG" Playlists with market concepts: Financial education, Fixed Income, LCI, LCA, CDBs. Funds, FII's, Treasury, Private Pension Plans and Income tax b) BTG Pactual Digital Blog: complete coverage of market concepts and investor's journey c) Exame academy: More than 24 thousand active students. 27 on-line courses on financial education: • Sustainability and ESG Investments (to be launched) • Stock Exchange for Beginners • Bitcoin 2.0 (to be launched)



## C12.1d

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

BTG is part of many groups that discuss climate change matters. Examples:

1. BTG Pactual is a member of the Green Economy; Climate Risk working groups. On the first group, mythology of green economy is being reviewed (activities connected or not to green economy). On the second group, we discuss TCFD recommendations and how Brazilian financial institutions can reach these recommendations. Currently, in some groups we are discussing TCFD Recommendations.

2. ANBIMA's role is to represent and defend the interests of its members while strengthening the local capital market as an efficient instrument to finance the country's socioeconomic development. The committee engage in several agendas related to green finance and climate change approach in asset level.

3. BTG Pactual is part of a PRI Working Group named Deforestation, which aims to engage with companies from sectors that historically are linked to deforestation (palm oil, beef, soil). In February 2020 a meeting with some carbon intensive Brazilian companies took place at BTG's office.

4. BTG Pactual is part of a initiative called Investors for Climate that seeks to activate and train local professional investors to advance the escalating agenda in their portfolios (apply to all the portfolio). Members of this initiative have the commitment to engage with invested company or asset manager (at least once company per year) in order to understand its climate change polices and practices. BTG Pactual facilitates the conversation between the project sponsor and the carbon intensive companies in Brasil.

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 this context we developed a collective engagement campaign to engage companies on this theme. The collective engagement is focused on highly intensive carbon emission sectors in Brazil and in the world, as agriculture, cattle, electricity, mining, steel, aviation and oil and gas. Project's has 9 stages of campaign, for the first phase, BTG Pactual, supported by SITAWI, led the campaign. For next phases, the leader could be exchanged, elected or replaced by members of IPC, during a teleconference and duly registered on meeting notes. The collaborative platform will be kept up to date with the name and contact of the Campaign Leader. A representative of the PRI signatories must exercise the leadership

5. Reinforcing our commitment to sustainability, we adhere to the Finance UNEP Initiative. The United Nations Environment Programme Finance Initiative (UNEP FI) was founded in a partnership between PNUMA and the global financial sector to mobilize private-sector financing for sustainable development. UNEP FI works with over 300 members – comprising banks, insurance companies and investors, and over 100 support institutions – to help create an environment that serves people and the planet whilst also producing positive impacts. It aims to inspire, inform and train the financial sector to improve people's quality of life without affecting future generations. By leveraging the role of the UN, UNEP FI accelerates sustainable financing.

6. 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.

## C12.3

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

Trade associations

## C12.3b

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

Yes

## C12.3c

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

**Trade association**

BTG Pactual is a member of the Green Economy; Climate Risk and Green Bonds working groups. On the first group, methodology of green economy is being reviewed (activities connected or not to green economy). On the second group, we discuss TCFD recommendations and how Brazilian financial institutions can reach these recommendations. Currently, in some groups we are discussing TCFD Recommendations. Last year, we coordinated the Green Bonds Working Group at FEBRABAN which released an Green Bond guide for Brazilian perspective.

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

FEBRABAN is the main entity which represents the banking sector in Brasil. The institution seeks to contribute to Brazil's sustainable economic and social development, representing its members and striving for continuous improvement of the financial system and its relations with society. FEBRABAN (i) promotes meetings aimed at calling financial institution and others stakeholders to social and environmental aspects (Café com Sustentabilidade); (ii) engages third parties to elaborate studies; (iii) represents banks before authorities and national and international entities; (iv) manages and enforces the banking self regulation system. ANBIMA's role is to represent and defend the interests of its members while strengthening the local capital market as an efficient instrument to finance the country's socioeconomic development. The committee engage in several agendas related to green finance and climate change approach in asset level.

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

At the Sustainability working group, BTG has the right to vote in all decisions of the group. BTG participates in the working groups that development the risk assessment tool.

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**C12.3f**

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

Under BTG ESG governance, BTG ensures that climate change matters are integrated to ESG analysis and are incorporated into its business strategy. ESG issues (including climate change) are integrated into our long-term business strategy, as well as its management and operations.

Regarding to ESG governance we would like to add this integration involves several internal tiers, since:

- Board of directors: As the highest level of the ESG Risk management, the Board of Directors is in charge of the strategic vision of the criteria and approval of the Global Policy.
- ESG Committee: As a support to the directors, the ESG Committee carries out the support actions to initiatives in responsible investment, sustainability, climate risk, and social and environmental risk.
- ESG area: The ESG area is composed of environmental, health, and occupational safety specialists, in charge of the social and environmental risk analysis, developing the procedures and training the associates of the Bank in ESG matters.
- Business Area: The business areas are focused on the routine identification of ESG risks and opportunities while working in line with the ESG area, to implement new procedures and ensure that the required actions are in conformity with BTG Pactual's policies.

To reinforce all those topic bellow we adopted sustainability and social and environmental risk management practices, always in line with our Code of Business Principles and Ethics, Global Social environmental and Corporate Governance Policy, Responsible Investment Policy, Sustainability Policy and Environmental and Social Risk Policy.

ESG & Impact Investing: This function is responsible for conducting social and environmental risk assessments, developing procedures, and training other employees on ESG & Impact Investing.

Coverage:

- Identify and mitigate ESG risks
- Participate on discussing with other financial institutions
- ESG team incorporates on BTG operational strategy, updating our internal procedures
- ESG team is responsible to communicate to ESG Committee last discussions in these committees/ working groups

**C12.4**

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**(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**

BTG-relatorio 2020-D3\_EN\_31052021.pdf

**Page/Section reference**

page 16 decision making page 20 risk management page 26 managing climate risks page 47 sustainable & impact investing

**Content elements**

Governance

Strategy

Risks & opportunities

Emissions figures

**Comment**

Annual & Sustainability Report is part of BTG Pactual's commitment to transparency and continuous improvement of our reporting practice. Our 2020 Report - the second published in accordance with the Global Reporting Initiative (GRI) Standards - Core Option - and its contents address our full range of material topics. This means that in addition to conventional information about our annual economic and financial performance, we also report on our sustainability practices, processes and initiatives. BTG Pactual's material topics—the economic, social and environmental aspects of our business that are most significant in terms of sustainability and are prioritized in our report —were determined through a survey of key stakeholders, including financial market and sustainability experts, BTG Pactual executives, employees, investors, suppliers, clients, shareholders, and industry representatives. The stakeholder survey included an online survey of 359 people and interviews with representatives from BTG Pactual's Board of Executive Officers. Our materiality exercise also considered the Sustainable Development Goals (SDGs) of the United Nations (UN) Agenda 2030 to ensure greater alignment with society's most crucial challenges today. The survey and materiality exercise generated a final list of seven material topics. These provided crucial inputs for our leadership team and helped to inform both our sustainability strategy for the coming years as well as the contents of this Report. This document is widely disseminated to all stakeholders, and is available for consultation on the website of the BTG Pactual, <https://www.btgpactual.com/>

**C-FS12.5**

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

	Industry collaboration	Comment
Reporting framework	Equator Principles Principles for Responsible Investment (PRI) Task Force on Climate-related Financial Disclosures (TCFD)	BTG Pactual joined the UN PRI initiative in June 2015, reiterating and reinforcing BTG's long-term ambition and commitment to responsible and sustainable development and have been integrating ESG aspect into decision making process in all strategies. In 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. 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. impact.
Industry initiative	Partnership for Carbon Accounting Financials (PCAF) UNEP FI Principles for Responsible Banking	BTG (i) signed the Principles for Responsible Banking which are a unique framework for ensuring signatory bank' strategy and practice align with the SDGs and the Paris Climate Agreement; (ii) Reinforcing our commitment to sustainability, we adhere to the Finance UNEP Initiative. The United Nations Environment Programme Finance Initiative (UNEP FI) was founded in a partnership between PNUMA and the global financial sector to mobilize private-sector financing for sustainable development. UNEP FI works with over 300 members – comprising banks, insurance companies and investors, and over 100 support institutions – to help create an environment that serves people and the planet whilst also producing positive impacts. It aims to inspire, inform and train the financial sector to improve people's quality of life without affecting future generations. By leveraging the role of the UN, UNEP FI accelerates sustainable financing. BTG Pactual joins the Partnership for Carbon Accounting Financials, Joining the PCAF will enable us to make an inventory of emissions not only from our own activities, but also from the businesses and investments in which we operate directly or indirectly, in a comparable way with that of our peers. By signing with the PCAF, BTG Pactual is committed to measuring and disclosing the greenhouse gas emissions of its portfolio companies within three years, while learning and sharing reliable carbon accounting methods and experience
Commitment	Please select	

**C14. Portfolio Impact**

**C-FS14.1**

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

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	Yes	Other, please specify (Climate Risk Sensibility Assessment Tool )	Climate Risk Sensibility Assessment Tool has two objectives (i) Enable the prioritization of actions related to climate risk management; (ii) Enable the materiality analysis of the TCFD Recommended Disclosures for the bank. The tool was developed together with Sitawi Finance for Good and the FEBRABAN Working Group on Climate Risks and tested on pilot mode by some banks. BTG applies this tools every 6 months. for further information: <a href="https://cmsportal.febraban.org.br/Arquivos/documentos/PDF/L07_Sitawi_re%CC%81gua_sensibilidade_ING_ONLINE.PDF">https://cmsportal.febraban.org.br/Arquivos/documentos/PDF/L07_Sitawi_re%CC%81gua_sensibilidade_ING_ONLINE.PDF</a>
Investing (Asset manager)	Yes	Other, please specify (Scenario Analysis Tool – PACTA )	We made an exercise in one investment fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios. The exercise findings have allowed us to define the steps to follow in our portfolio decarbonization strategy. The tools applied for asset management aimed to: 1)Understand how funds in our investment portfolio is exposed to carbon-intensive sectors and how it could suffer losses in a transition scenario, in which such intensive sectors would arouse less consumer interest or suffer taxation due to its carbon emissions; 2)Understand how the funds in our investment portfolio would behave in different transition scenarios related to the increase in the average temperature of the planet, including sudden and disordered or long-term changes, to contain a temperature increase below 2° C by 2100; or, still, the scenario in which there is no transition and current policies are maintained, resulting in an increase in temperature above 4° C by 2100; 3)Carry out carbon footprint simulations for our investment funds and assess the impact on investee companies' revenues as a result of an eventual carbon taxation
Investing (Asset owner)	Yes	Other, please specify (Scenario Analysis Tool – PACTA )	We made an exercise in one investment fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios. The exercise findings have allowed us to define the steps to follow in our portfolio decarbonization strategy. The tools applied for asset management aimed to: 1)understand how funds in our investment portfolio is exposed to carbon-intensive sectors and how it could suffer losses in a transition scenario, in which such intensive sectors would arouse less consumer interest or suffer taxation due to its carbon emissions; 2)Understand how the funds in our investment portfolio would behave in different transition scenarios related to the increase in the average temperature of the planet, including sudden and disordered or long-term changes, to contain a temperature increase below 2° C by 2100; or, still, the scenario in which there is no transition and current policies are maintained, resulting in an increase in temperature above 4° C by 2100; 3)Carry out carbon footprint simulations for our investment funds and assess the impact on investee companies' revenues as a result of an eventual carbon taxation
Insurance underwriting (Insurance company)	No	<Not Applicable>	
Other products and services, please specify	No	<Not Applicable>	

**C-FS14.1a**

**(C-FS14.1a) What are your organization's Scope 3 portfolio emissions? (Category 15 "Investments" total emissions)**

**Category 15 (Investments)**

**Evaluation status**

Relevant, calculated

**Scope 3 portfolio emissions (metric tons CO2e)**

336141

**Portfolio coverage**

More than 0% but less than or equal to 10%

**Percentage calculated using data obtained from client/investees**

5

**Emissions calculation methodology**

PCAF - methodology to assess and disclose greenhouse gas emissions of loans and investments. Widely tested by banks and investors, these methods assist in the measurement and disclosure of GHG emissions associated with six asset classes: Listed equity and corporate bonds, Business loans and unlisted equity, Project finance, Commercial real estate, Mortgages, Motor vehicle loans. Based in our lending portfolio, we chose utilities industry with business loan, which includes project finance .

**Please explain**

BTG Pactual joins the Partnership for Carbon Accounting Financials, Joining the PCAF will enable us to make an inventory of emissions not only from our own activities, but also from the businesses and investments in which we operate directly or indirectly, in a comparable way with that of our peers. By signing with the PCAF, BTG Pactual is committed to measuring and disclosing the greenhouse gas emissions of its portfolio companies within three years, while learning and sharing reliable carbon accounting methods and experience. We made an first exercise considering our lending portfolio, we chose utilities industry with business loan, which includes project finance its is represented 25% of the lending portfolio and 5% of the operations. This is an important milestone in our ESG agenda, reflecting the Bank's commitment to sustainability.

**C-FS14.1b**

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

**Metric type**

Exposure to carbon-related assets

**Metric unit**

Percentage portfolio value

**Scope 3 portfolio metric**

0

**Portfolio coverage**

More than 0% but less than or equal to 10%

**Percentage calculated using data obtained from clients/investees**

0

**Calculation methodology**

We made an exercise in one investment fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios.

**Please explain**

We made an exercise in one investment fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios. The exercise findings have allowed us to define the steps to follow in our portfolio decarbonization strategy. The tools applied for asset management aimed to: 1)Understand how funds in our investment portfolio is exposed to carbon-intensive sectors and how it could suffer losses in a transition scenario, in which such intensive sectors would arouse less consumer interest or suffer taxation due to its carbon emissions; 2)Understand how the funds in our investment portfolio would behave in different transition scenarios related to the increase in the average temperature of the planet, including sudden and disordered or long-term changes, to contain a temperature increase below 2° C by 2100; or, still, the scenario in which there is no transition and current policies are maintained, resulting in an increase in temperature above 4° C by 2100; 3)Carry out carbon footprint simulations for our investment funds and assess the impact on investee companies' revenues as a result of an eventual carbon taxation

**C-FS14.1c**

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

ESG area have conducted some initial climate related and scenario assessments on some portfolios under our ESG investment strategy in order to identify their alignment on a temperature specific increasing path and their repercussions. We are planning to continue conduct this type of assessment into all of our investment processes, we have been working with PRI, with 2 degrees PACTA methodology (Paris Agreement Climate Transition Assessment) and PCAF (Partnership for Carbon Accounting Financials).

**C-FS14.2**

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

	Scope 3 breakdown	Comment
Row 1	Yes, by asset class	We made an exercise in one investment fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios. The exercise findings have allowed us to define the steps to follow in our portfolio decarbonization strategy. The tools applied for asset management aimed to: 1)understand how funds in our investment portfolio is exposed to carbon-intensive sectors and how it could suffer losses in a transition scenario, in which such intensive sectors would arouse less consumer interest or suffer taxation due to its carbon emissions; 2)Understand how the funds in our investment portfolio would behave in different transition scenarios related to the increase in the average temperature of the planet, including sudden and disordered or long-term changes, to contain a temperature increase below 2° C by 2100; or, still, the scenario in which there is no transition and current policies are maintained, resulting in an increase in temperature above 4° C by 2100; 3) carbon footprint simulations for our investment funds and assess the impact on investee companies' revenues as a result of an eventual carbon taxation

**C-FS14.2a**

**(C-FS14.2a) Break down your organization's Scope 3 portfolio impact by asset class.**

Asset class	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Listed equity	Exposure to carbon-related assets	Percentage portfolio value	2	Less 2% of our corporate credit portfolio is exposed to carbon intensive assets in the industries covered by the PACTA Methodology

**C-FS14.3**

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

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	In addition to our efforts, we have implemented a tool for assess our lending portfolio's sensitivity to industries with high exposure to climate risk, with The Principles for Responsible Banking methodology. The Principles provide the framework for a sustainable banking system, and help the industry to demonstrate how it makes a positive contribution to society. They embed sustainability at the strategic, portfolio and transactional levels, and across all business areas.
Investing (Asset manager)	Yes	BTG applied tools to understand how the funds in our investment portfolio would behave in different transition scenarios related to the increase in the average temperature of the planet, including sudden and disordered or long-term changes, to contain a temperature increase below 2° C by 2100; or, still, the scenario in which there is no transition and current policies are maintained, resulting in an increase in temperature above 4° C by 2100; In Asset Management, Landscape Capital - "Natural climate solutions" are actions to protect, sustainably manage and restore natural and modified ecosystems in ways that mitigate climate change, while also addressing other societal challenges. They can cost-effectively provide a third of the climate action needed by 2030 and, unlike other carbon removal technologies, are available and proven now[1]. There is a growing understanding that we cannot limit the rise of global temperature below two degrees Celsius and achieve 'net-zero' emissions by mid-century – the goals set forth by the Paris Agreement – without major investments in natural climate solutions today. Research shows that restoration, protection and improved management of forests represent nearly 75% of the total global NCS opportunity. But, research also shows that when forests are planted, harvested and replanted sustainably, and the harvested wood is used in the right applications, the climate benefit of storing carbon in long-lived wood products and of displacing more carbon-intensive materials like concrete, steel or plastic can be 2-3x the benefit of the forest itself. We believe investment across the full value chain, from tree planting to climate-positive forest product manufacturing and end-use applications, allows Landscape Capital to generate these multiple climate benefits [6]. [1] Acquire deforested and degraded land [2] Restore and permanently protect natural forest [3] Plant FSC-certified commercial tree farms [4] Generate high-quality forest carbon offsets [5] Manufacture climate-positive forest products By investing in climate-positive forestry, Landscape Capital seeks to help bridge the gap between nature's potential and what has been delivered on-the-ground to date, accelerating the transition to the renewable economy of the future.
Investing (Asset owner)	Yes	BTG applied tools to understand how the funds in our investment portfolio would behave in different transition scenarios related to the increase in the average temperature of the planet, including sudden and disordered or long-term changes, to contain a temperature increase below 2° C by 2100; or, still, the scenario in which there is no transition and current policies are maintained, resulting in an increase in temperature above 4° C by 2100; In Asset Management, Landscape Capital - "Natural climate solutions" are actions to protect, sustainably manage and restore natural and modified ecosystems in ways that mitigate climate change, while also addressing other societal challenges. They can cost-effectively provide a third of the climate action needed by 2030 and, unlike other carbon removal technologies, are available and proven now[1]. There is a growing understanding that we cannot limit the rise of global temperature below two degrees Celsius and achieve 'net-zero' emissions by mid-century – the goals set forth by the Paris Agreement – without major investments in natural climate solutions today. Research shows that restoration, protection and improved management of forests represent nearly 75% of the total global NCS opportunity. But, research also shows that when forests are planted, harvested and replanted sustainably, and the harvested wood is used in the right applications, the climate benefit of storing carbon in long-lived wood products and of displacing more carbon-intensive materials like concrete, steel or plastic can be 2-3x the benefit of the forest itself. We believe investment across the full value chain, from tree planting to climate-positive forest product manufacturing and end-use applications, allows Landscape Capital to generate these multiple climate benefits [6]. [1] Acquire deforested and degraded land [2] Restore and permanently protect natural forest [3] Plant FSC-certified commercial tree farms [4] Generate high-quality forest carbon offsets [5] Manufacture climate-positive forest products By investing in climate-positive forestry, Landscape Capital seeks to help bridge the gap between nature's potential and what has been delivered on-the-ground to date, accelerating the transition to the renewable economy of the future.
Insurance underwriting (Insurance company)	No	
Other products and services, please specify	Please select	

C-FS14.3a

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

	We assess alignment	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	No	We joined the initiative "Investidores pelo Clima" (Investors for Climate in English) and it's coordinated by SITAWI, in partner with PRI Brazil and CDP and supported by iCS (Institute for Climate and Society), 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. It also has an alignment to the Sustainable Development Goals (SDG), climate change is directed related to SDG 13 that aims to "Take urgent action to combat climate change and its impacts". In this context we developed a collective engagement campaign to engage companies on this theme. The collective engagement is focused on highly intensive carbon emission sectors in Brazil and in the world, as agriculture, cattle, electricity, mining, steel, aviation and oil and gas. Project's has 9 stages of campaign, for the first phase, BTG Pactual, supported by SITAWI, led the campaign. For next phases, the leader could be exchanged, elected or replaced by members of IPC, during a teleconference and duly registered on meeting notes. The collaborative platform will be kept up to date with the name and contact of the Campaign Leader. A representative of the PRI signatories must exercise the leadership.(ii) We made an exercise in one fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios. The exercise findings have allowed us to define the steps to follow in our portfolio decarbonization strategy (Transitional risk).
Investing (Asset owner)	No	We joined the initiative "Investidores pelo Clima" (Investors for Climate in English) and it's coordinated by SITAWI, in partner with PRI Brazil and CDP and supported by iCS (Institute for Climate and Society), 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. It also has an alignment to the Sustainable Development Goals (SDG), climate change is directed related to SDG 13 that aims to "Take urgent action to combat climate change and its impacts". In this context we developed a collective engagement campaign to engage companies on this theme. The collective engagement is focused on highly intensive carbon emission sectors in Brazil and in the world, as agriculture, cattle, electricity, mining, steel, aviation and oil and gas. Project's has 9 stages of campaign, for the first phase, BTG Pactual, supported by SITAWI, led the campaign. For next phases, the leader could be exchanged, elected or replaced by members of IPC, during a teleconference and duly registered on meeting notes. The collaborative platform will be kept up to date with the name and contact of the Campaign Leader. A representative of the PRI signatories must exercise the leadership.(ii) We made an exercise in one fund using the PACTA methodology (Paris Agreement Climate Transition Assessment) to analyze the portfolio's exposure to different climate scenarios. The exercise findings have allowed us to define the steps to follow in our portfolio decarbonization strategy (Transitional risk).
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

**C-FS14.3b**

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

	We encourage clients/investees to set a science-based target	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	No	
Investing (Asset owner)	No	
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

**C15. Signoff**

**C-FI**

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

In 2020, BTG Pactual became the first bank in Latin America to neutralize 100% of its carbon emissions in 2019, including both direct and indirect emissions. We not only offset our own emissions but also measured and offset the carbon emissions of independent agents' offices, becoming the first bank to do so. We were also named to the Brazilian stock exchange's Corporate Sustainability Index (ISE B3), Carbon-Efficient Index (ICO2 B3), S&P/B3 Brazil ESG and the CDP Brazil – Climate Resilience Index (ICDPR-70). We expanded our ESG (Environmental, Social and Governance) function and created a new Sustainable & Impact Investing front, generating synergies in expertise and purpose that have already delivered the first of many more results to come. Going a step further, we were highly successful in our efforts to firmly embed ESG values into BTG Pactual's culture. More than an agenda, these values are increasingly an integral and inseparable part of our business.

BTG Pactual's credit portfolio reflects our commitment and intention to increasingly support projects and assets with social and environmental benefits. With the support of the Climate Bonds Initiative, a British organization that promotes the global sustainable finance market, we have developed a framework for green, social and sustainable debts that can be issued by BTG Pactual to encourage this type of financing, in segments such as renewable energy, energy efficiency, sanitation, clean transportation, green buildings, affordable housing and affordable basic infrastructure. With a second opinion by Sustainability consultancy, our framework was considered impactful and aligned with international standards.

**C15.1**

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

	Job title	Corresponding job category
Row 1	Chief Sustainability Officer is a senior partner and statutory director responsible for ESG	Chief Sustainability Officer (CSO)

**SC. Supply chain module**

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**SC0.0**

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**(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 3,515 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 2017-19, supported the TFCD, 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 2020, BTG Pactual generated Total Revenues of R\$ 9.3 billion, Adjusted Net Income of R\$ 4 billion, R\$ 26.7 billion in Equity, a total of R\$ 377.1 billion of assets under management and administration and R\$ 258.4 billion of wealth under management. The Economic Value Added distributed in salary and payroll expenses was R\$ 1.1 billion, payments to government R\$ 1.9 billion, operating expenses R\$ 1.1 billion and to providers of capital R\$ 1.0 billion.

**SC0.1**

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

	Annual Revenue
Row 1	9304000000

**SC0.2**

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**(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?**

No

**SC1.1**

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

**Requesting member**  
Itaú Unibanco Holding S.A.

**Scope of emissions**  
Scope 2

**Allocation level**  
Commodity

**Allocation level detail**  
<Not Applicable>

**Emissions in metric tonnes of CO2e**  
1823.58

**Uncertainty (±%)**  
0.14

**Major sources of emissions**  
energy sale from market based

**Verified**  
No

**Allocation method**  
Allocation based on the volume of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**  
Energy sold at Itaú by market based: - total energy (Mwh)/2020: 29,555.62 - Mwh / tonco2: 0.062 ( based on SIN / emission factor of Brazil - Mwh/tonco2) - total Mwh / tonco2: 1.823,58 Mwh/tonco2 Energy sold at Itaú by local based with no emission of co2: total energy (Mwh)/2020: 44, 667.47

**SC1.2**

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

BTG Pactual has an extensive lending portfolio and transaction pipeline supporting positive social and environmental 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.

In 2020 we sold energy from Itaú by market based and local based.

market based:

- total energy (Mwh)/2020: 29,555.62
- Mwh / tonco2: 0.062 ( based on SIN / emission factor of Brazil - Mwh/tonco2)
- total Mwh / tonco2: 1.823,58 Mwh/tonco2

local based with no emission of co2:

total energy (Mwh)/2020: 44, 667.47

**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.
- Our credit portfolio has an exposure of R\$ 15.9 billion in companies in the Green Economy.
- 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.
- In January 2020, we distributed the first sustainable debenture in Brazil, raising R\$ 15 million for a renewable energy and early childhood education project.
- In the past 5 years, we have distributed US\$4.5 billion in green, social, sustainable, transition and SDG-Linked debt in the local and international markets.

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.

#### Requesting member

Itaú Unibanco Holding S.A.

#### Group type of project

Relationship sustainability assessment

#### Type of project

Other, please specify (financed emissions of category 15)

#### Emissions targeted

Actions that would reduce our own supply chain emissions (our own scope 3)

#### Estimated timeframe for carbon reductions to be realized

3-5 years

#### Estimated lifetime CO2e savings

#### Estimated payback

Other, please specify (target for 2030 and 2050)

#### Details of proposal

Assess and disclose greenhouse gas emissions of loans and investments and manage risk and identify opportunities, with target align to zero emissions or support a greener economy.

SC2.2

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

No

SC4.1

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

No, I am not providing data

Submit your response

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In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain questions?
I am submitting my response	Investors Customers	Public	Yes, I will submit the Supply Chain questions now

Please confirm below

I have read and accept the applicable Terms