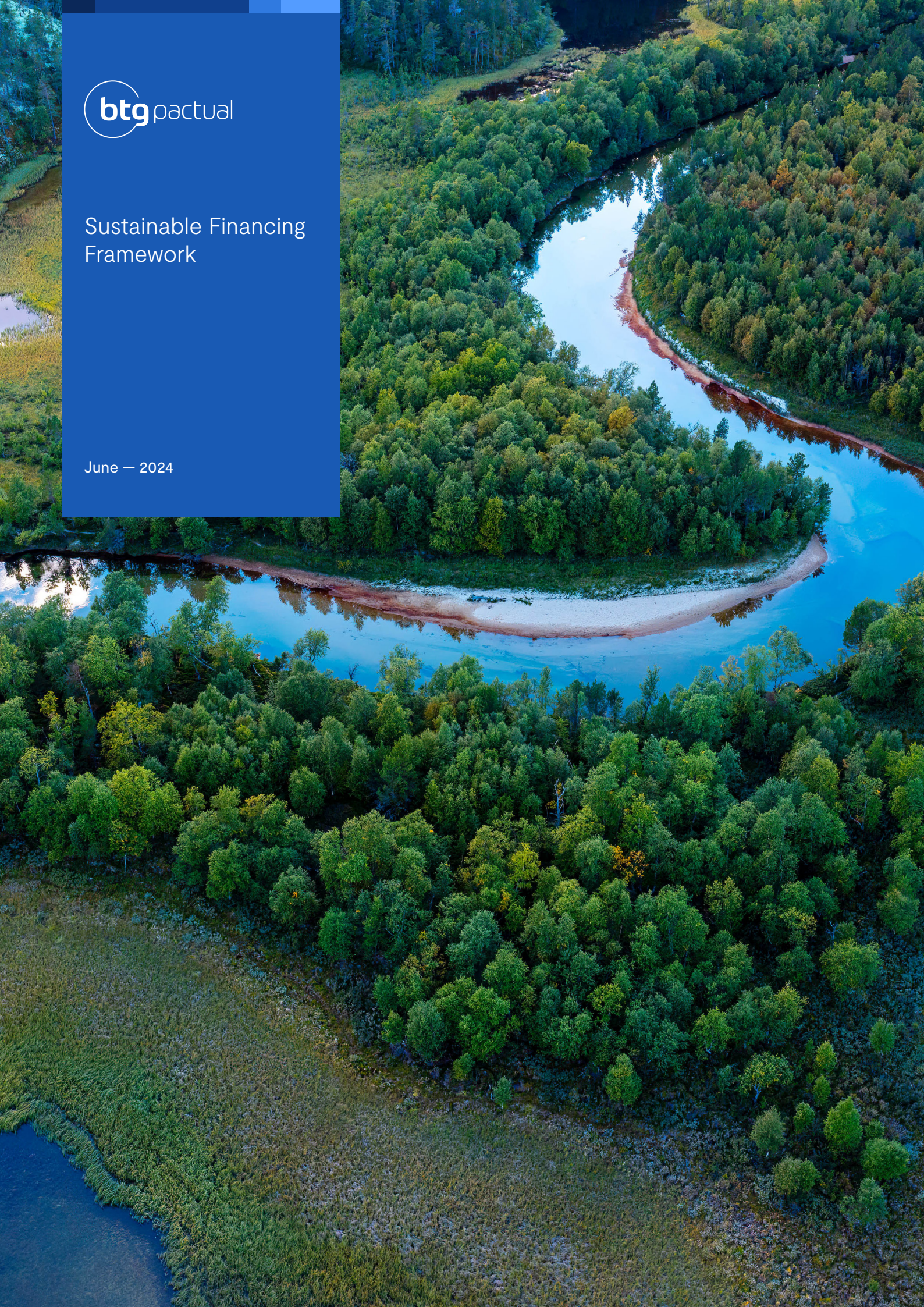




Sustainable Financing Framework

June — 2024



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1

Background

1.1. Company overview

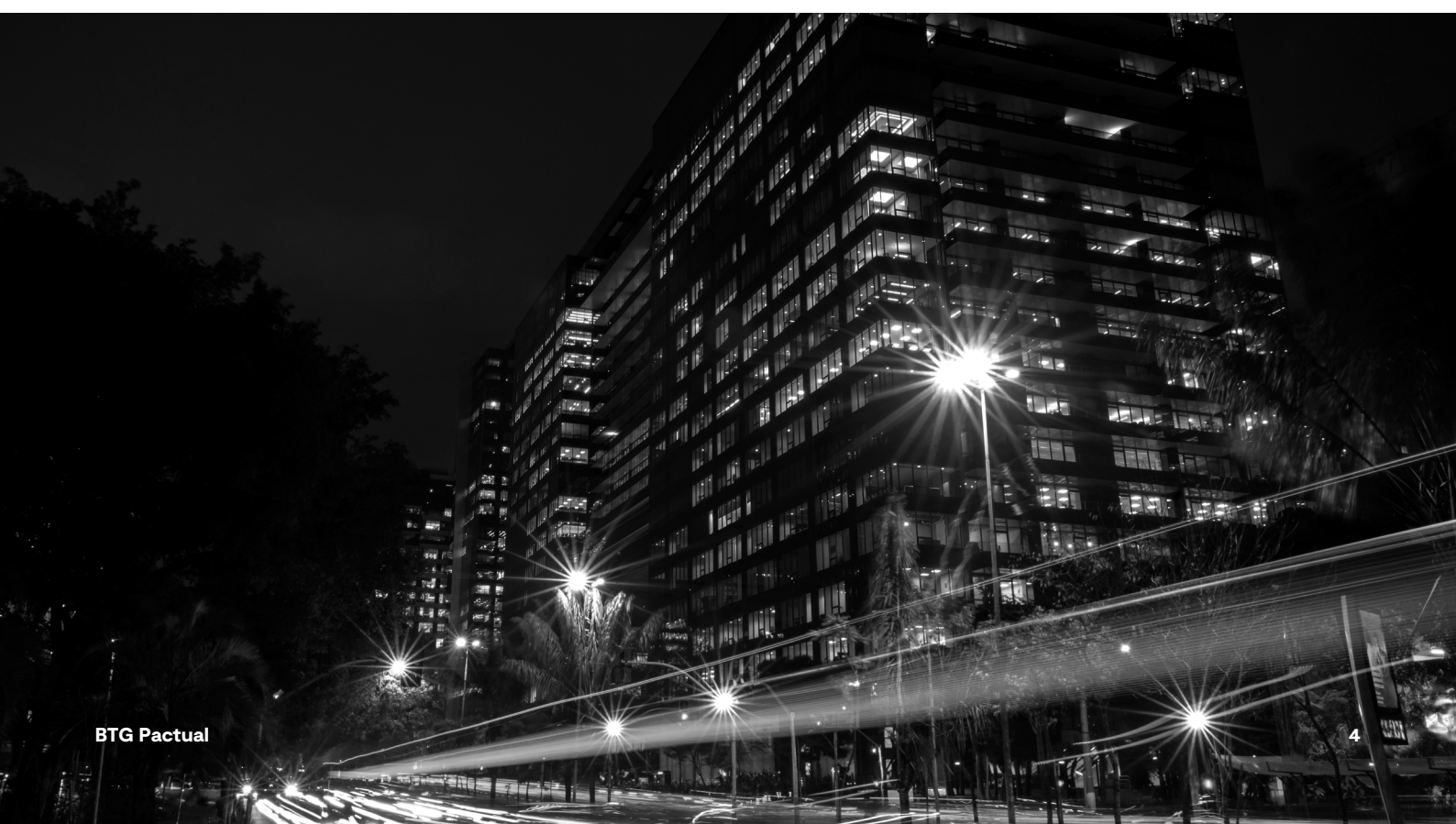
With a 40-year track record, BTG Pactual (Banco BTG Pactual S.A.) is the largest investment bank in Brazil and Latin America. The bank has achieved a growing volume of business in several countries due to its strategic focus on expanding operations worldwide. Via a platform with a vast international reach, we offer a wide range of financial services to a regional and global client base. With its HQ in Rio and its main offices in São Paulo, the bank is also present in Belo Horizonte, Brasília, Curitiba, Fortaleza, Salvador, and Recife, along with BTG Advisors offices in +15 cities across Brazil. We are also present in Latin American countries such as Chile, Colombia, Mexico, Peru, and Argentina. In addition, we have a strategic presence in the US, UK, Portugal, Spain, Luxembourg, and Saudi Arabia, with a focus on distributing an extensive range of financial products and managing funds for global clients.

Since 1983, BTG Pactual has operated in Investment Banking, Asset Management, and Wealth Management, and is a benchmark in serving large corporations, institutional investors, governments, and high net worth clients. Starting in 2016, we ventured into the retail

market to explore new opportunities, providing numerous financial products and services to high-income individuals. Due to the investments made, especially in technology, we were able to further leverage the quality of our services, increasing the satisfaction of traditional clients, which led to significant growth in already established segments of the bank, such as Investment Banking, Sales and Trading, Wealth Management, and Asset Management.

With speed and excellence, we have broadened our business model through technological innovations, allowing us to expand our services both regionally and internationally. We have a team of 6,575 highly qualified employees¹ who are aligned with our culture and dedicated to upholding the high standards of our products and services, providing our clients with solid results.

¹ Number of direct employees, considering operations in the following countries: Brazil, Argentina, Chile, Colombia, the United States, Mexico, Peru, Portugal, United Kingdom, and Spain related to the 4Q2023.



1.2. Our culture

A key factor in our success is our culture, which is based on our Partnership model. This model combines commitment, agility, client focus, excellence, and autonomy. The sense of ownership created by the Partnership encourages a thorough risk assessment of all operations and the pursuit of innovative solutions to meet the different needs of our clients. Driven by an entrepreneurial spirit and empathy, we strive to put ourselves in our clients' shoes to gain a better understanding of their needs, prioritizing their interests and providing a comprehensive service that is both efficient and fosters long-term relationships.

We act with integrity, responsibility, nonconformity, intensity, and dedication, always based on the best ESG (Environmental, Social, and Governance) practices and striving to create positive social and environmental impact for our clients and society.

It is part of our culture to promote an atmosphere of synergy, collaboration, and trust, with fundamental practices to attract and retain the best talent. We have highly qualified and renowned professionals, among the best in the industry, as we invest in the development of our employees. These actions ensure a cohesive team that is able to envisage great businesses opportunities.

As of 2023, our Partnership had 319² partners. This meritocracy-based model shapes the corporate culture and drives success, leading BTG Pactual to exceptional results versus other market players.



VALUES GRI 2-23 A

-
- INTENSITY
 - DEDICATION
 - EMPATHY
 - COLLABORATION



FOUNDATIONS GRI 2-23 A

-
- CLIENT FOCUS
 - TOP-NOTCH
 - PERFORMANCE
 - LONG-TERM VISION AND AMBITION
 - INNOVATIVE, ENTREPRENEURIAL SPIRIT
 - TEAMWORK
 - HARD-WORKING AND HANDS-ON

1.3. Our business model

BTG Pactual has a unique and integrated business model, based on our commitment to provide our clients with innovative solutions and explore opportunities in the markets where we operate. Our operational strategy focuses on Investment Banking, Corporate & SME Lending, Sales & Trading, Asset Management, Wealth Management, and Consumer Banking.

² Number of partners at BTG Pactual S.A. as of December 31, 2023

Our business areas:



· INVESTMENT BANKING

financial and capital markets advisory services.



· ASSET MANAGEMENT

management and administration services provided for a variety of international asset classes, particularly in Latin America, to domestic and international clients.



· SALES & TRADING:

financial products and services offered to different types of clients in domestic and international markets, including market making, brokerage and clearing, research and equities, derivatives, interest rates, foreign exchange, energy, commodity transactions for hedge and trading purposes, insurance, and reinsurance.



· CORPORATE & SME LENDING

financing, structured credit, and guaranteed loans to companies.



· WEALTH MANAGEMENT AND CONSUMER BANKING

investment advisory services, financial planning, investment products, and banking services for private wealth and high-income retail individuals.

1.4. ESG commitment

At BTG Pactual, our commitment to sustainability involves incorporating ESG practices into our culture, strategy, and business, in a manner that is crosscutting, effective, and in line with our obligations to shareholders and other stakeholders.

In addition, we aspire to be more than just financial advisors; we want to be a leading source of climate change in Latin America. To that end, we seek to guide our clients on ESG and climate agendas, helping them transition to a low-carbon economy whilst also offering financial instruments.

By combining positive social and environmental impacts with a commitment to providing consistent financial returns to our clients, we contribute to the Sustainable Development Goals (SDGs) outlined by the UN in its 2030 Agenda. Besides guiding our impact investments and social responsibility initiatives, SDGs are considered in other aspects of our business strategy, so that the goals of the 2030 Agenda are progressively integrated into the development of new products, services, and solutions.

Internally, the ESG theme prompted the bank to undertake various initiatives related to cybersecurity, financial education, reporting, training, and carbon credit offsetting.

1.5. Materiality Assessment & Sustainable Finance Commitments

In 2023, BTG Pactual conducted an in-depth materiality assessment to understand the main sustainability-focused risks and opportunities faced by the bank. This process included the engagement of 970 people representing the main stakeholders across the market, from specialists in financial and sustainability matters, investors, suppliers, customers, and members of BTG Pactual's Board of Directors. This was BTG Pactual's third exercise, and on this occasion, we conducted the materiality assessment following the Global Reporting Initiative guidelines – Standard 2021 and the concept of dual materiality matrix, as well as those of the Brazilian Superintendence of Private Insurance.

This process helped identify the main issues for the Bank that can influence its sustainability strategy and support greater alignment with the SDGs. As a result of this materiality process and based on Global Reporting Initiative Standards (GRIs), BTG Pactual set the main themes as priorities for its sustainable and integrated disclosure and annual reports. For each main theme, we included the related SDG that it can positively impact.



Commitments & Memberships



Amazonia Financial Network

In 2023, BTG Pactual also became one of the founding members of the Amazon Finance Network, an alliance launched during the United Nations Climate Change Conference (COP28) by IDB Invest and IFC.



The initiative brings together financial institutions with the aim to generate sustainable impact across the Amazon region while increasing investment flows, mobilizing capital, sharing knowledge on innovative financial solutions, and generating synergies with the public sector.



1.6. Sustainable and Impact Investing Division

Beyond constantly improving the ESG analysis in the management of its assets, BTG Pactual took a step further in engaging investors and companies in environmental and social innovation. Acknowledged by its excellence, in early 2020 BTG Pactual enforced its commitment to sustainable practices and created its Sustainable & Impact Investing division.

Within the new division, BTG Pactual became a hub to connect global investors to ESG & Impact Investing opportunities in Latin America. Leveraging BTG Pactual's consolidated platforms towards such initiatives, it relies on the solid structure that BTG Pactual has in place regarding traditional investments. The Sustainable & Impact Investing division works together with other business units on strategies related to its core businesses, developing innovative financial products with a serious ESG and Impact approach, seeking and structuring new business opportunities that generate strong long-term financial, environmental, and social value for our stakeholders.

In that direction, BTG Pactual has already developed several new products, also becoming the first financial institution in Brazil to join the Global Impact Investing Network (GIIN), the first consolidated institution to become a signatory of the Operating Principles for Impact Management, and the first in Latin America to be included in the Nasdaq Sustainable Bond Network.

→ Investment Banking

In 2016, BTG Pactual signed a public declaration to foster the Green Bond market (The Brazil Green Bonds Statement³), showing its intention to move towards a low-carbon and climate resilient economy. Since then, it has structured and coordinated several green, social, sustainability, sustainability-linked and transition issuances for its clients – including important innovative sustainable finance transactions, such as the first sustainability, the first transition and the first blue bonds in Brazil.

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

· Asset Management

BTG Pactual structures and manages funds that have Negative Screening, ESG Integration and Impact Investing strategies. These different vehicles give clients the opportunity to invest responsibly and sustainably to promote intentional and measurable positive E&S impacts. As of December 2023, BTG Pactual has already launched these strategies:

- **Impact Investing Fund:** a private equity fund focused on impact alongside financial returns, which invested in four assets from different sectors such as education, sustainable agriculture, circular economy, recycling, and pollution prevention. The four investee companies are Gran Cursos, an edtech with a robust and enabling technology that contributes to quality education in Brazil; Aliare, responsible for developing ERM and CRM products that help small farmers in professionalizing their business and optimizing their production, and Bioelements, a company specialized in bioplastics that offers an alternative to reduce the usage of virgin plastics in the packaging industry. The last investee is in the açai/healthy food sector, Oakberry, with the main impact on its supply chain, working with a vulnerable population in the Amazon responsible for a sustainable agriculture;
- **ESG Emerging Markets Bond Fund:** a fixed income fund that is focused on investing in labelled bonds, with SPO provided by renowned third parties, included but not limited to green, social, sustainable, and sustainability-linked bonds issued by companies in Emerging Markets;
- **Corporate Debt ESG Fixed Income Bond Fund:** a fixed income fund that is focused on investing in labelled bonds, with SPO provided by expert third parties, including green, social, sustainable, and sustainability-linked bonds issued by Brazilian companies; and
- **Venture Debt Funds I and II:** two Chilean funds focused on financing startups that require regional expansion and can contribute directly or indirectly to the UN's Sustainable Development Goals.

→ **Wealth Management and Digital Retail Unit**

BTG Pactual actively works on growing its portfolio of products focused on ESG & Impact Investing and democratizing access to such opportunities to its clients. It not only develops and distributes its own products, but also offers other sustainable products available in the market through its distribution platforms.

→ **Corporate Lending and Sales & Trading**

BTG Pactual has a credit portfolio and an extensive pipeline of loans and other transactions supporting projects and assets that promote positive social and environmental impacts. In 2020-23, we already raised over US\$1.3bn for E&S purposes. In November 2020, the Bank raised US\$50mn in its first Green Private Placement. In December 2020, it became the first Brazilian bank to receive a climate loan of US\$140mn from the European institutions Proparco and DEG, with proceeds used to finance climate mitigation initiatives. The

US\$500mn Green Bond issued by BTG Pactual in January 2021 was the first ever issued by a Brazilian financial institution in public markets at the lowest coupon ever achieved within the segment in Brazil, and was included in IDB's Green Bond Transparency Platform. It was also the first bank in Latin America to join the Nasdaq Sustainable Bond Network, highlighting its pioneering approach to the ESG & Impact Investing agenda. In the same year, it launched the first Sustainable Time Deposit Program in Latin America. BTG Pactual also received a US\$300mn loan from DFC (U.S. International Development Finance Corporation), with proceeds used to support the growth of its SME portfolio. In 2022, we received a US\$200mn loan from JICA (Japanese International Cooperation Agency), also to support the growth of our SME portfolio. Both DFC and JICA loans aim to support the financing of SMEs located in the North and Northeast of Brazil and/or support the 2x Challenge, catalyzing capital to advance gender equality.



Awards & Recognitions

Year	Award	Category
2021	Environmental Finance Impact Awards	<ul style="list-style-type: none"> · Impact Initiative of the Year – Latin America and Caribbean
	Global Finance Sustainable Finance Awards	<ul style="list-style-type: none"> · Outstanding Sustainable Financing in Emerging Markets
	Global Finance	<ul style="list-style-type: none"> · Best SME Bank in Brazil
	Institutional Investor	<ul style="list-style-type: none"> · Best ESG Team in Latin America · Best ESG Research Team in Brazil
2022	Environmental Finance Impact Awards	<ul style="list-style-type: none"> · Impact Initiative of the Year – Latin America and Caribbean · Investment Team of the Year – Asset Manager
	Environmental Finance Sustainable Investment Awards	<ul style="list-style-type: none"> · ESG Investment Initiative of the Year – Latin America
	Global Finance Sustainable Finance Awards	<ul style="list-style-type: none"> · Outstanding Leadership in Sustainable Finance in Latin America · Outstanding Leadership in Green Bonds in Latin America · Outstanding Leadership in Sustainable Bonds · Outstanding Leadership in Sustainability Transparency · Sustainable Finance Leadership in Brazil
	Global Finance	<ul style="list-style-type: none"> · Best SME Bank in Brazil · Best SME Bank in Latin America · Best SME Bank in the World

Awards & Recognitions

Year	Award	Category
2023	Global Finance – Sustainable Finance Awards 2023	<ul style="list-style-type: none"> · Outstanding Leadership in Sustainable Finance in Latin America · Outstanding Leadership in Sustainability Transparency in Latin America · Outstanding Sustainable Financing in Emerging Markets in Latin America · Outstanding Leadership in Sustainable Bonds in Latin America · Sustainable Finance Leadership in Brazil
	Global Finance – The Innovators 2023	<ul style="list-style-type: none"> · Top Financial Innovations: Sustainability/ESG
	Latin Finance – Project & Infrastructure Finance 2023	<ul style="list-style-type: none"> · Sustainable Infrastructure Financing of the Year
	Latin Finance Awards	<ul style="list-style-type: none"> · Banks of the Year
	Global Finance	<ul style="list-style-type: none"> · Best SME Bank in Brazil · Best SME Bank in Latin America · Best SME Bank in the World
	Institutional Investor	<ul style="list-style-type: none"> · Best ESG Research team in Brazil · Best ESG Research team in Latin America
	World Finance	<ul style="list-style-type: none"> · Most Sustainable Bank in Brazil
	Environmental Finance – Impact Awards 2023	<ul style="list-style-type: none"> · Impact Project/Investment of the Year: Biodiversity and Ecosystems
Environmental Finance – Sustainable Investment 2023	<ul style="list-style-type: none"> · Investment Initiative of the Year – Latin America 	
2024	Environmental Finance – Sustainable Debt Awards 2024	<ul style="list-style-type: none"> · Initiative of the Year – Sustainability Bond
	Global Finance – Sustainable Finance Awards 2024	<ul style="list-style-type: none"> · Best Bank for Sustainable Finance in Latin America · Best Bank for Sustainable Finance in Brazil · Best Bank for Sustaining Communities in Latin America · Best Bank for Sustainable Financing in Emerging Markets in Latin America

1.7. ESG Governance

BTG Pactual's ESG performance encompasses several instances of governance – with a clear definition of duties and responsibilities – guided by specific guidelines and voluntary commitments assumed by the Bank, to ensure the effective implementation of ESG criteria in our activities and business.

→ Board of Directors: the highest authority on ESG integration and risk management related to the business, including approval of ESG & Impact Investing strategies. Supported by the ESG Committee, it approves the policies that guide the incorporation of the theme into our corporate strategy, as well as the assessments of climate and socio-environmental risks. It is also responsible for guiding and improving BTG Pactual's ESG strategy and policy and overseeing its implementation across all business units. Its operation is supported by a defined structure.

→ ESG Committee: chaired by the CEO and meeting monthly, it supports the Board of Directors in setting strategies, guidelines, and measures to adopt best practices and identify and reduce social, environmental, climate, and regulatory risks. Given the importance of the topics discussed, the Committee is made up of C-Level (CFO, CRO, CSO, CCO, heads of HR, co-heads of ESG and Impact Investing), as well as the head of ESG, who are responsible for supervising and managing implementation of ESG policies and their outcomes. It also acts in coordination with the Bank's Risk and Capital Committee and Audit Committee.

→ Chief Sustainability Officer: recommends strategic ESG priorities for the business units to the Board of Directors, and leads the implementation process of the approved guidelines, based on socio-environmental impact indicators. Other duties include approving transactions with a high potential for socio-environmental risk for the Bank. All loans and transactions undergo socio-environmental due diligence based on the principles of relevance⁴ and proportionality⁵.

→ ESG Team: (i) develops policies, procedures, and tools to perform and ensure socio-environmental and climate risk analysis of the credit and investment portfolio; (ii) develops an ESG framework to analyze socio-environmental and climate risks of counterparties; (iii) supports the integration of Environmental, Social, and Governance (ESG) criteria into the selection of Asset Management assets and Investment Banking transactions, as well as in other business lines of the Bank.

In recent years, BTG Pactual consolidated the ESG area in Chile and Colombia. In Chile, we replicated the ESG governance structure and roles from Brazil and, since 2022, we have a local Sustainability Committee chaired by the local CEO, with the presence of other C-Level members from different areas. The committee supports the Chilean Board of Directors, which is the ultimate authority on local ESG strategy.

⁴ Relevance: degree of exposure to environmental, social and climate risks, in addition to factors related to the governance of the economy sector to which the counterparty belongs or to the activity carried out by it.

⁵ Proportionality: compatibility of the analysis with the size and complexity of the investment strategy, with the nature of the operation and with the estimated period of permanence of the resources in the fund under management.

1.8. Social Responsibility

BTG Pactual is dedicated to enhancing society by supporting causes related to education, entrepreneurship, and environment, aiming to promote economic inclusion and generate greater value for clients, employees, and partners.

Our commitment extends to driving social development in regions and communities where we operate, mainly in Brazil, our primary base. Recognizing our responsibility, we promote Social Responsibility practices that benefit all stakeholders, including clients, investors, suppliers, and employees.

To meet these goals, we manage a Social Responsibility division, overseeing initiatives across four key areas. We engage our employees in volunteer activities to reinforce our dedication to these causes. We also extend this commitment by offering expert guidance to clients in their philanthropic endeavors via our advisory services. We use legal frameworks to garner additional resources and amplify our transformative influence via incentive laws. Additionally, we design and execute projects in alignment with our vision and dedication to the supported causes. Here are a few examples:

BTG SOMA is a social acceleration program that supports the institutional strengthening of social organizations and businesses, helping to strengthen their management and achieve financial sustainability, thereby increasing their impact on society. The program seeks to empower leaders and organizations, providing them with access to management tools and technical expertise. In addition, during their participation in the program, each social organization receives individualized mentoring from BTG employees. In 2023, we accelerate 35 organizations with around 80 hours of training through 3 editions – Education, Environment and Entrepreneurship.

Ela Empreende is a 27-hour business training designed to qualify and strengthen female entrepreneurship, covering topics such as sales, pricing, and digital marketing. In 2023, 87 workshop participants were elected for individualized mentoring with BTG Pactual employees and some of them also participated in bank events.

The **Finanças para o Futuro** Financial Awareness Workshop is a training program aimed at young people, aged 17-30, who are assisted by BTG Pactual's partner social organizations. The purpose is to raise awareness on personal financial management as a transformative tool for social inclusion and citizenship, with the potential to effectively contribute to people's ability to pursue their own journey with autonomy, dignity, and an improved quality of life.



1.9. BTG's approach to nature-based solutions

In 2021, BTG Pactual developed, via its US subsidiary the Timberland Investment Group, an impact-oriented reforestation investment strategy in Latin America. TRF (The Reforestation Fund) seeks to acquire approximately 300,000 hectares of degraded land in Brazil, Uruguay and Chile and protect and restore natural forest on 50% of the acquired land, and plant FSC-certified sustainably managed commercial tree farms on the other 50% – taking over five years for the reforestation strategy, with an aim to deliver substantial climate, environmental and social benefits and to generate close to 35mn metric tons of carbon sequestration over 15 years, with an attractive financial return for investors. 2023 was a key year for us, as we joined important initiatives, adopted disclosures, and made investments that help drive the sustainable development to which we seek to contribute. In May 2023, BTG signed an investment agreement for a minority stake in Systemica, a company that structures, develops, and commercializes carbon projects and other environmental assets. The purpose of the transaction is to contribute to a transition economy and join efforts to promote the carbon market.

Later that year, we also joined the Amazon Finance Network, an alliance launched by IDB Invest and IFC during the United Nations Climate Change Conference (COP28) that brings together financial institutions with the aim of increasing investment flows, mobilizing capital, promoting financial inclusion, sharing knowledge on innovative financial solutions, and generating synergies with the public sector. The initiative aims to generate positive impacts across the Amazon region.

By the end of the year, we also became an early adopter of the Taskforce on Nature-related Financial Disclosures (“TNFD”). The TNFD Adopters are organizations (report preparers) that register their intention to start making public disclosures aligned with the TNFD Recommendations in their corporate reporting with respect to the financial years 2023, 2024 or 2025. BTG Pactual committed to publish its first TNFD-aligned disclosures alongside financial statements regarding the financial year 2025.

2

BTG Pactual's Rationale for updating the Sustainable Financing Framework

2.1 Dedicated Sustainability Plan

The policies of Social, Environmental and Climate Responsibilities, Responsible Investment, and the 20 sector policies consolidate the guidelines of social, environmental and climate considerations to be observed by entities within the BTG Pactual Prudential Conglomerate in their business, activities, and operational processes. These policies guide the relationship with clients and other stakeholders, aiming to reduce the social, environmental, and climate risks to which the bank may be exposed.

In addition, they ensure that processes adhere to the standards of the Central Bank of Brazil (BACEN), the Brazilian Securities and Exchange Commission (CVM), the Brazilian Superintendence of Private Insurance (SUSEP), the Brazilian Federation of Banks' (FEBRABAN) banking self-regulation, the Brazilian Association of Cereal Exporters (ANEC), and the Brazilian Association of Vegetable Oil Industries (ABIOVE), as well as commitments made by the bank, such as the International Finance Corporation's (IFC) Performance Standards, the United Nations Global Compact, the Sustainable Development Goals, and the United Nations Guiding Principles on Business and Human Rights.

The 20 sector policies encompass principles, guidelines, and best practices of a social, environmental, and climate nature that must be incorporated into all the bank's activities and guide decision-making in all our relationships. In loans, for example, any type of relationship with companies or individuals involved in cases of slave or child labor and activities that breach international treaties is prohibited and included in assessment operations.

2.1.1 Know Your Client (KYC) analysis

KYC analyses are primarily conducted through automated systems that have an extensive public database of socio-environmental and climate risks and standardized rules of identification of findings specifically applicable to each type of relationship. If any discrepancies are identified with the BTG Pactual Code of Conduct⁶, Social, Environmental and Climate Responsibilities Policy⁷, and other internal procedures and policies, the ESG and Compliance areas are automatically called to manually analyze the case, depending on the related topic. Both areas have veto and approval power, and double approval is required to continue the relationship.

2.1.2 Structured and relevant operations

Operations involving any type of disbursement, loan, investment, commitment, and/or acquisition are subject to socio-environmental and climate due diligence. This is characterized by a more rigorous analysis conducted by the ESG team, and its depth may vary depending on the sector of the economy, the type of transaction, and the findings identified in the KYC analysis, in accordance with the principles of relevance and proportionality. Some of the factors considered in the socio-environmental due diligence:

- Compliance with social standards and environmental regulations
- Climate impacts
- Likelihood of extreme weather events (such as floods, droughts, or wildfires)
- Adherence to occupational health and safety standards
- Procedures for assessing the risks and impacts caused by disrespect of human rights, such as child, degrading or forced labor
- Procedures for assessing administrative proceedings related to illegal deforestation
- Project restrictions due to protected areas (e.g. conservation units, indigenous territories, and quilombos)
- Gender risk assessments (nondiscrimination policies, measures taken to mitigate the risk of sexual exploitation of minors and gender-based violence)
- Capacity for socio-environmental and climate management of the supply chain
- IFC performance standards for some types of transactions

⁶Policy available here: <https://www.btgpactual.com/us/our-dna/governance>.

⁷Policy available here: <https://www.btgpactual.com/us/esg-and-impact-investing/esg-down-load-center>.

2.1.3 ESG integration in Corporate & SME Lending

100% of the Corporate & SME Lending portfolio undergoes differentiated ESG analyses based on the modality of the operation and potential impacts inherent to the sector in which the counterparty operates, as well as any relevant issues identified in the KYC analysis.

Within the principles of proportionality and relevance that govern our activities, we categorize our operations of the Corporate & SME portfolio into two distinct groups.

- No Risk or High-Risk KYC: operations in which the risk is linked to the client's own reputational issues (e.g.: alleged involvement with slave labor, various environmental and social crimes, negative socio-environmental media, among others).
- Socio-environmental categorization based on IFC standards (high, medium, or low risk⁸).

Regarding this business, BTG Pactual joined Equator Principles, a financial industry benchmark framework to assess E&S risks and impacts of project finance and project-related corporate loans. BTG Pactual adopted the Equator Principles to ensure that the projects we finance and advise on are developed in a manner that is socially responsible and reflect sound environmental management practices. As a signatory, BTG Pactual aims to work in partnership with its clients to identify, assess and manage E&S risks and impacts in a structured way, and on an ongoing basis.

Besides applying Performance Standards of the International Finance Corporation (IFC) of the World Bank for transactions under the Equator Principles scope, since 2021 we have applied the IFC P.S. for transactions over US\$30mn with a maturity of 36 months. These standards are tools that enable us to identify the socio-environmental and climate risks and impacts in our loans and investment operations, and, if applicable, create an action plan to be implemented by the client to prevent, mitigate, and/ or offset the identified impacts and risks. The ESG area and business units are responsible for identifying these operations, and the former is responsible for technical analysis and monitoring of the client's compliance.

BTG Pactual has an existing pipeline of loans supporting projects related to Green, Blue, Biodiversity and Social activities, such as those listed below, and accessing the sustainable financing market is a way to further support this sustainable development strategy.

- Renewable Energy
- Electricity Networks
- Energy Efficiency
- Clean Transportation
- Green Buildings
- Resource Efficiency, Pollution Prevention and Control

- Sustainable Water and Wastewater Management

- Environmentally Sustainable Management of Living Natural Resources and Land Use
- Investments in Biodiversity Conservation and/or Restoration as the Primary Objective
- Investment Activities that Seek to Generate Biodiversity Co-Benefits

- Affordable Housing
- Affordable Basic Infrastructure
- Micro Enterprises Financing and Microfinance
- Socioeconomic Advancement and Empowerment

⁸According to BTG Pactual's internal procedure, which guides socio-environmental analyses, risks are classified into three categories: "A" – high socioenvironmental risk, due to the potential for the activity to generate significant, adverse environmental or social impacts, which are diverse, irreversible or unprecedented "B" – medium socio-environmental risk, due to the potential for the activity to generate limited, small in number, usually site-specific adverse environmental or social impacts that are largely reversible and easy to correct through mitigation measures; "C" – low socio-environmental risk, due to the potential for the activity to generate minimal or non-existent adverse environmental or social risks and/or impacts.

1.2.4. ESG Integration in the Chilean Corporate Lending Portfolio

Similar to Brazil, 100% of the Corporate & SME Lending portfolio in Chile undergoes differentiated ESG analyses. BTG Pactual Chile has a growing pipeline to contribute to Sustainable Financing, and one of its most emblematic transactions was the financing of the largest solar plant in Latin America, Cerro Dominador. This project was financed with a special credit line granted by CORFO⁹ (Corporación de Fomento de la Producción), dedicated to financing renewable energy projects.

1.2.5. ESG Integration in the Colombian Asset Management

Through a joint venture between Inverlink Estructuras Inmobiliarias and BTG Pactual, Visum Capital was established as one of the five largest real estate funds in Colombia, with AuM of US\$445mn (R\$2.4bn). Although highly significant, financial return is not the primary goal of Visum Capital, but instead its ESG performance. Launched in 2020, in the following year it became a signatory of PRI. In 2022, it was the first fund in Latin America to participate in the Green Pathways for Real Estate Institutional Portfolio (GRIP), an initiative of the International Finance Corporation (IFC), which aims to reach carbon neutrality in the medium term and ensured to have access to preferential financing lines for investments undertaken from 2022 to 2024.

Currently, the fund has 30% of its portfolio certified, with 96% of the certifications being EDGE and 4% being LEED. By the end of 2024, it expects to reach 40%. In 2022, Visum also prioritized Sustainable Development Goals among all its integrations with ESG initiatives. In 2024, the organization is focused on strengthening its sustainability commitments with the goal of continuing to implement the strategies established in the decarbonization plan. Thus, a sustainability consulting firm was appointed to assess the assets, and an environmental engineer from the fund itself is conducting this work. The entire process is overseen and supported by the ESG team in Brazil to ensure full alignment with BTG Pactual's strategic guidelines in the management of environmental, social and governance matters.

⁹Chilean government agency that supports entrepreneurship and innovation

2.2. ESG Integration in the Asset Management

BTG Pactual considers the principles of responsible investing and ESG integration in the financial sector to be an essential component of its work. Whether it be in providing advice, offering products and services to our clients, or helping them reach their financial goals, we always strive to create value whilst preserving capital and adhering to the best market practices and sustainable growth.

The ESG integration process in Asset Management is guided by a Responsible Investment Policy, which was revised in 2022 and approved by the Board of Directors. This policy sets forth a set of principles that guide the selection and management of fund assets in accordance with BTG Pactual's ESG criteria.

We understand Responsible Investing to mean, besides acting in accordance with our policy, the application of our ESG Framework in investment decisions. In the decision-making process, principles of relevance and proportionality are considered, as well as risks and return, considering the particularities of each investment strategy.

- Relevance: degree of exposure to environmental, social, and climate risks, as well as factors related to the governance of the economic sector to which the counterparty belongs or the activity it carries out; and
- Proportionality: compatibility of the analysis with the size and complexity of the investment strategy, the nature of the operation, and the estimated duration of the resources in the fund under management

3

Sustainable Financing Framework

BTG Pactual has been a pioneer and one of the leading financial institutions in sustainable finance in the past years. Highlights such as structuring the first transition bond in 2019 and the first sustainability bond in Brazil in 2020, launching the first sustainable time deposit program in Latin America in 2021, structuring and distributing the first blue bond in the country, the first 'blue' one by a private issuer in Latin America and the first one globally in the water supply and sanitation sector in the capital markets in 2022, are examples of its milestones in the past years. BTG Pactual was also the first Brazilian bank to be a member of ICMA¹⁰ Principles as issuer member.

To expand its contribution to developing sustainable finance in the region, BTG Pactual intends to update the Sustainable Financing Framework ("Framework") by not only including the latest updates in international guidance, but also aligning it to IFC's Guidelines for Blue Finance¹¹ and to ICMA's Guidance on Blue-Themed Bonds . In terms of Eligible Categories, we also included three new categories which the bank can contribute positively through its own corporate lending business and acquiring Banco PAN's¹³ credit portfolio.

The effort to update this Framework is to maximize our impact, in alignment with the most recent market practices and reinforce and provide further transparency on its commitment to the sustainable finance market. Serving as BTG Pactual's Framework, this document aims to ensure transparency and quality of Green, Blue, Biodiversity, Social and/or Sustainability local and international bonds, notes, loans, credit transactions, deposits, and derivatives. This Framework has been developed in line with the four key pillars of the Green Bond Principles, 2021 ("GBP"), the Green Loan Principles 2023 ("GLP"), the Social Bond Principles 2023 ("SBP"), Social Loan Principles 2023 ("SLP") and the Sustainability Bond Guidelines 2021 ("SBG") (Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting) and is also in alignment to IFC's Guidelines for Blue Finance 2022 and Biodiversity Finance Reference Guide 2023 and to ICMA's Guidance on Blue-Themed Bonds 2023.

Additionally, this Framework is also observing and in alignment with the "Guia para Ofertas de Títulos ESG"¹⁴, published by the Brazilian Financial and Capital Markets Association ("ANBIMA") in December 2022 and providing best practices for ESG issuances in Brazil.

3.1 Use of Proceeds

An amount equal to the net proceeds of the local and international bonds, notes, loans, credit transactions, deposits and ESG derivatives issued under the BTG Pactual Sustainable Financing Framework will be allocated towards the financing and/or refinancing of new and existing projects that meet the following Eligibility Criteria:

- Loans and securities dedicated to investments in the development, construction, and operation of the following eligible project categories
- Loans and securities to and direct investments in companies deriving at least 90% of their revenues from the eligible investment categories
- Derivatives with proceeds earmarked for green or social projects/assets/expenditures that have a positive impact on the environment and society, pursuant to the eligibility criteria defined below

Eligible projects should have had a disbursement (i) made during the thirty-six months preceding the issue date of the Instruments and/or (ii) following the issue date of the Instruments and until the maturity date of the Instruments with the intention of full disbursement and allocation of proceeds within thirty-six months.

¹⁰Green Bond Principles (GBP), the Social Bond Principles (SBP), the Sustainability Bond Guidelines (SBG) and the Sustainability-Linked Bond Principles (SLBP) - collectively known as "the Principles".

¹¹Available at: <https://www.ifc.org/content/dam/ifc/doc/mgrt/ifc-guidelines-for-blue-finance.pdf>

¹²Available at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/Bonds-to-Finance-the-Sustainable-Blue-Economy-a-Practitioners-Guide-September-2023.pdf>

¹³Banco PAN is a financial institution licensed and operating in Brazil. Headquartered in São Paulo and with more than 3,204 employees, PAN operates mainly in the segments of credit and transactional financial services for individuals. Banco PAN is part of BTG Pactual's Prudential Conglomerate, which controls the institution with 72% of total shares.

¹⁴Available at: https://www.anbima.com.br/data/files/52/25/36/43/9AA-158103F642158882BA2A8/GUIA_PARA_OFERTAS_DE_TITULOS_ESG.pdf

GREEN PROJECT CATEGORY	USE OF PROCEEDS	ELIGIBILITY CRITERIA	OBJECTIVES	BENEFITS	SDG ALIGNMENT
Renewable Energy	Solar Energy	Solar facilities should have 100% of electricity generated from renewable sources, except for CSP projects that shall not have more than 15% of electricity generated from non-renewable sources Or Solar facilities for individuals or distributed generation	Enhance the energy transition to a low carbon economy	Climate change mitigation and adaptation GHG emissions reduction Pollution reduction	  
	Wind Energy	Wind facilities shall have 100% of own electricity generated from renewable sources			
	Small run-of-river hydro plants	Small run-of-river hydro plants that have the capacity to deliver up to 25MW and/or facilities operating at life cycle emissions lower than 100g CO ₂ e/ kWh ¹⁵ and Hydropower projects in which an environmental and social impact assessment has been carried out by a credible body (for example: Environmental Impact Assessment - EIA) and Simplified Environmental Report- RAS in Portuguese) Or Run-of-river power plants with no reservoir			
	Biofuel	Limited to projects with life-cycle emissions of less than 100g CO ₂ /kWh using sustainable feedstock that does not deplete existing terrestrial carbon stocks or high-biodiversity areas or compete with food production Or			

¹⁵For facilities becoming operational during 2020 or after the thresholds: 50g CO₂e/ kWh and 10W/m² plus a good score from the ESG Gap Analysis assessment (assessed by an IHA consultant).

GREEN PROJECT CATEGORY	USE OF PROCEEDS	ELIGIBILITY CRITERIA	OBJECTIVES	BENEFITS	SDG ALIGNMENT
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Electricity generation coming from biofuel and biofuel production (non-blended) shall be eligible
 Non-waste feedstock will be certified under approved best practices standards, such as: Bonsucro, RTRS (Round Table on Responsible Soy), RSPO (Round Table on Sustainable Palm Oil), RSB (Roundtable on Sustainable Biomaterials), FSC (Forest Stewardship Council), and ISCC Plus, and its production does not take place on land with high biodiversity¹⁶

Electricity Networks	Transmission and distribution networks (Grids), Electricity Storage facilities, Grid Flexibility Measures, and Dedicated supporting infrastructure	Grid and storage assets that meet the following criteria: i) dedicated to connecting renewables to the grid, or ii) connected to a network that generates 90% or more of renewable energy, for Brazilian projects. Or Capacity complies with the 100g CO ₂ e/ kWh threshold (measured on a PCF basis over a rolling five-year average period) Or Energy production and storage units for wind energy, solar energy, marine energy, and hydropower	Increasing efficiency and reducing GHG emissions	Climate change mitigation and adaptation GHG emissions reduction
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¹⁶ "Land with high biodiversity" is defined as a territorial space and its environmental resources, including jurisdictional waters, with relevant natural characteristics, legally established by the Government (Federal, State or Municipal), in accordance with Federal Law No. 9.985/2000. These areas must be approved by a Decree of the competent Executive Authority (Mayor, Governor, or President), and contains defined limits and protection objectives, which may vary according to its intended use, which must be established in its approval Decree and be in accordance with the Federal Law. The intended use of a UC may vary between full protection and/or sustainable exploitation. Additionally, any intended use must be approved by the UC managing council and must be permitted by UC Management Plan.

GREEN PROJECT CATEGORY	USE OF PROCEEDS	ELIGIBILITY CRITERIA	OBJECTIVES	BENEFITS	SDG ALIGNMENT
Energy Efficiency	Energy storage, District heating, Cogeneration, Smart grids ¹⁷	<p>Exclusive to refurbishments that meet 30% energy efficiency gains or 30% CO2 emission reduction</p> <p>Or</p> <p>For energy storage, projects may consider: (1) Battery storage; (2) Power-to-hydrogen storage based on water electrolysis and powered by renewables; (3) power-to-gas storage for which CO2 is not sourced from fossil fuel operation</p> <p>Or</p> <p>For powered district heating: projects systems will be all electric and will rely on 100% renewables</p> <p>Or</p> <p>Cogeneration projects based on CSP with > 85% electricity generated from solar energy sources</p>	Increasing efficiency and reducing GHG emissions	Climate change mitigation and adaptation --- GHG emissions reduction	  
Clean Transportation ¹⁸	Electric, hybrid, public, rail, non-motorized, multi-modal transportation, electric vehicle charging stations	<p>Rail: construction and operation of low-carbon passenger and freight transportation that individually meet direct emission threshold of <50g CO2e /p-km (for passenger) and <25g CO2/t-km (for freight) and Investments to hybrid passenger vehicles limited to below the threshold of 75g CO2/km, based on lab test (“NEDC”) procedure</p>	<p>Increasing efficiency and reducing GHG emissions</p> <p>Provide access to clean transportation to low-income population</p>	Climate change mitigation and adaptation GHG emissions reduction Pollution reduction	  

¹⁷Financing smart grid components and related infrastructure. Fossil-fuel-powered equipment is excluded.

¹⁸In the Clean Transportation category, the eligibility criteria for “Investments in limited hybrid passenger vehicles below the 75g CO2/km threshold, based on the laboratory test procedure (“NEDC”) specifically mention “hybrids.” For 100% electric vehicles, the operation would be classified as eligible since electric vehicles are considered zero-emission, and it is not necessary to apply the limit set in the framework.

GREEN PROJECT CATEGORY	USE OF PROCEEDS	ELIGIBILITY CRITERIA	OBJECTIVES	BENEFITS	SDG ALIGNMENT
	Financing Electric, Hybrid, Flex, and non-motorized vehicles for low-income individuals in Brazil ¹⁹ , Colombia ²⁰ and Chile ²¹	Or Multi-modal transportation ²² , including rivers and ports, shall consider only low-carbon fuel ships ²³ and for rail and port, freight transportation emitting less than 25g CO2/t-km will be considered Or For low-income individuals, only vehicles limited to a threshold of 75g CO2/Km are eligible ²⁴			
Green Buildings	Efficient commercial and residential buildings meeting regional, national, or internationally recognized standards or certifications ²⁵	Expenditures directly related to buildings' certification to the following programs and levels: <ul style="list-style-type: none"> · LEED Gold or Platinum · EDGE · BREEAM "excellent" or above · GBC Casa & Condominio level "Green" or above · Acqua-HQE levels Excellent and above 	Enhance the energy transition to a low carbon economy	Climate change mitigation and adaptation GHG emissions reduction Pollution reduction	 

¹⁹Brazilians with monthly income equal or lower to a minimum wage.

²⁰In accordance with DANE's (Departamento Administrativo Nacional de Estadística) definition for the current year




²¹In Chile, Poverty by income is defined as homes that have a monthly income that does not surpass the value of the line of poverty, published monthly by the Ministry of Social Development and Family.




²²Multi-modal facilities must demonstrate 25% emissions reduction to be eligible.

²³Ships that are either fully electric or run on biofuel or hydrogen and cannot be primarily dedicated to transporting fossil fuels.

²⁴Based on lab test ("NEDC") procedure

²⁵In this category, companies that own, use, and maintain buildings with LEED gold/platinum certification can be included. In these cases, it must be proven that the earmarked funds are allocated to projects with certification, or in the case of working capital (without earmarking courses), 95% of the company's portfolio must have LEED certification.

GREEN PROJECT CATEGORY	USE OF PROCEEDS	ELIGIBILITY CRITERIA	OBJECTIVES	BENEFITS	SDG ALIGNMENT
Resource Efficiency, Pollution Prevention and Control	Projects that improve sustainability at production and industrial processes, preventing pollution and emissions to water, air, and soil Or Waste collection, Circularity and Material recovery from waste	Plastic production if: > 90% of recycled, renewable, and/or bio-based inputs AND > 90% not intended for single use consumer products AND all products are recyclable Or Waste collection projects will consider exclusively source segregation Chemical recycling will be excluded ²⁶	Improve the resilience of ecosystems to climate change	Climate change mitigation and adaptation GHG emissions reduction Pollution reduction	  

BLUE PROJECT CATEGORY	USE OF PROCEEDS	ELIGIBILITY CRITERIA	OBJECTIVES	BENEFITS	SDG ALIGNMENT
Sustainable Water and Wastewater Management	Infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training	No net GHG emissions impact is expected or a negative net GHG emissions impact is expected ²⁷ either in terms of decreased emission or increased sequestration relative to a business-as-usual baseline For river training, shall show evidence of measures carried towards Climate Adaptation and Resilience ²⁸	Increasing efficiency of water services	Climate change mitigation and adaptation GHG emissions reduction Pollution reduction	  

²⁶Mixed residue waste intended to be transferred to waste-to-energy facilities is excluded.

²⁷Estimated impact will be delivered over the operational lifetime of the project or asset.

²⁸Vulnerability Assessment: an assessment of climate risks to find whether climate change will significantly impact the project or asset Adaptation Plan Evaluation: If significant climate risks are defined, the issuer needs to supply a corresponding Adaptation Plan. Usually, demonstrating compliance with local regulatory regime can satisfy these Adaptation and Resilience requirements.

BIODIVERSITY PROJECT CATEGORY	USE OF PROCEEDS	ELIGIBILITY CRITERIA	OBJECTIVES	BENEFITS	SDG ALIGNMENT
Environ- mentally Sustainable Management of Living Natural Resources and Land Use ³⁰	<p>Certified agricultural production ensuring sustainable/organic practices and responsible sourcing</p> <p>Native vegetation conservation, restoration and recovery</p> <p>Protection and oversight for protected marine areas</p> <p>Recovery of degraded areas</p> <p>Certified fishing and aquaculture through recognized certifications</p> <p>Certified sustainable agriculture through recognized certifications³¹</p>	<p>Commercial and sustainable forest management certified FSC/ PEFC/SFI for largescale projects and for smallholder³² forest, sustainable forest management plan in place if not certified</p> <p>Low carbon agriculture activities that deliver at least 20% reduction in GHG emissions³³</p>	<p>Improve the resilience of ecosystems to climate change</p> <p>Ecosystem protection</p> <p>Forest conservation</p>	<p>Climate change mitigation and adaptation</p>	  




³⁰ Livestock activities will be excluded. It is possible to apply this category to companies that do not plant forests, if the bank can track information regarding the volume of raw materials acquired from suppliers with FSC certification or even the planted area of these suppliers.







³¹ Certifications in accordance with Annex 1

³² In accordance with FSC, smallholder is a producer who has a small area of forest, harvests timber at low-intensity, or is a part of a community who owns and/or manages a forest.

³³ Considering length of the project or asset, 20% for ten years and 30% above ten years. Activities must be in accordance with criteria described in Annex 1 and deliver at least 20% reduction in the GHG emissions.

BIODIVERSITY PROJECT CATEGORY	USE OF PROCEEDS	ELIGIBILITY CRITERIA	OBJECTIVES	BENEFITS	SDG ALIGNMENT
Investments in Biodiversity Conservation and/or Restoration as the Primary Objective	Conservation land use and terrestrial habitat conservation and/or restoration Or Commercial and sustainable forest management certified FSC/ PEFC/SFI for largescale projects and for smallholder forest, sustainable forest manage plan in place if not certified	Projects that observe Verra, PlanVivo or ART Trees criteria for REDD+ carbon credits	Conservation land use/ terrestrial habitat conservation	Climate change mitigation and adaptation GHG emissions reduction	 
Investment Activities that Seek to Generate Biodiversity Co-benefits	Investment in activities that generate biodiversity co-benefits such as production of certified crops/ commodities in line with robust sustainability certifications which follow audit protocols that confirm biodiversity and potential climate benefits	Production with Bonsucro, RTRS (Round Table on Responsible Soy), RSPO (Round Table on Sustainable Palm Oil), RSB (Roundtable on Sustainable Biomaterials), FSC (Forest Stewardship Council), or ISCC Plus certification	Productive Land Use/Agriculture	Climate change mitigation and adaptation GHG emissions reduction	 

SOCIAL PROJECT CATEGORY	USE OF PROCEEDS	ELIGIBILITY CRITERIA	OBJECTIVES	BENEFITS	SDG ALIGNMENT
Affordable Housing	Development and construction of, or mortgage loans for affordable urban and rural housing	Low-and moderate income individuals and families as defined by state housing policies → Brazil: The Ministry of Cities and the Federal Government and in line with the MCMV Program ³⁴ Or As low-and-moderate income individuals as defined by IBGE ³⁵ → Colombia: Construction of VIS “Vivienda de Interés Social” or VIP “Vivienda de Interés Prioritario” as defined by the Ministry of Housing, Cities and Territory of Colombia → Chile: Housing qualifying under the outstanding Emergency Housing Plan of the Housing Ministry ³⁶	Provide decent and affordable housing	Promote access to housing for everyone Foster equal access to essential services Reduce social exclusions and inequalities	  





Affordable Basic Infrastructure	Affordable basic infrastructure such as clean drinking water, sewers, sanitation, transport, energy, and telecom munication Construction and operation	Underserved population as defined by region ³⁷	Provide access to basic infrastructure Provide and improve connectivity for the underserved population	Foster equal access to essential services Reduce social exclusion and inequality	     
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³⁴Minha Casa Minha Vida (MCMV; in English “My House My Life”) is Brazil’s first-ever effort at large-scale public housing, an ambitious nationwide program tasked with constructing 3.4mn homes as part of a broader effort to upgrade and modernize the nation’s cities. MCMV is funded primarily through the Growth Acceleration Program (PAC), a federal infrastructure-upgrading program. Groups 1, 1.5 and 2 of the program are eligible to the Framework. Please find the eligible categories here: <https://www.gov.br/cidades/pt-br/assuntos/materias/programa-minha-casa-minha-vida>

³⁵low-income individuals are those who have monthly income from R\$122,67 to R\$667,86. Moderate income individuals are those that have monthly income from R\$667,87 to R\$3755,76.

³⁶All of the people that apply to housing subsidies have to be registered in the Social Registry of Households (RSH = Spanish acronym) and not exceed the socioeconomic qualification (CSE = Spanish acronym - Orientaciones-complementarias-N8_cálculo-CSE_VF.pdf (registrosocial.gob.cl)) level required by the subsidy alternative to which you wish to apply. For all the subsidies given by the Housing Ministry the target population varies for family units that range between the 40% and the 90% of most vulnerable families according to the CSE (vivienda (chileatiende.gob.cl)). In the current government, the principal housing subsidies are given in the context of the Habitational Emergency Program (PEH for Spanish Acronym - Plan de Emergencia Habitacional.pdf (minvu.gob.cl)).

³⁷Definition from BNDES: Underserved populations – habitants that access public health/education facilities or those living in municipalities with Human Development Index (HDI) below the total of Brazilian municipalities’ HDI average.

SOCIAL PROJECT CATEGORY	USE OF PROCEEDS	ELIGIBILITY CRITERIA	OBJECTIVES	BENEFITS	SDG ALIGNMENT
Micro Enterprises Financing and Microfinance	Micro, small and medium enterprises	<p>i. SMEs</p> <p>→ Brazil: Revenues of up to R\$300mn³⁸</p> <p>And Located in states from the North and Northeast regions in Brazil as listed in Annex 2; or at least 51% of the shares or other ownership interests in the enterprise are held directly by women</p> <p>Or</p> <p>At least 51% of the shares or other ownership interests in the enterprise are held directly by minorities (indigenous/afro communities)</p> <p>→ Colombia: Definition in accordance with Decree 957 of 2019 – Trade, Industry and Tourism Ministry³⁹</p> <p>→ Chile: Definition in accordance with Law 20,416</p> <p>Microenterprise: annual revenue up to 2,400 UF</p> <p>Or</p> <p>Small business: annual revenue between 2,400 and 25,000 UF</p> <p>Or</p> <p>Medium-sized company: annual revenue between 25,000 and 100,000 UF⁴¹</p> <p>Business in controversial sectors are excluded⁴²</p>	Financial Inclusion	<p>Reduce social exclusion and inequality</p> <p>Improve financial inclusion</p>	   

³⁸ In accordance with BNDES definition of MSME that can be found here: <https://www.bndes.gov.br/wps/portal/site/home/financiamento/guia/porte-de-empresa>

³⁹ Thresholds based on the enterprise's revenues and industries of operation. The size of the enterprise is classified into ranges, based on the calculation of revenues from Tax Value Units (UVT) multiplied by the following coefficients: 1) in the service industry; i) microenterprises range from 0.01x to 32,988 times the UVT (USD 396,000), ii) small businesses range from 32,988x-131,951x (USD 1.6mn) and iii) medium-sized companies range from 131,951x-483,034,000x (USD 5.8mn), 2) in the manufacturing industry; i) microenterprises range from 0.01x to 23,563 times the UVT (USD 283,000), ii) small businesses range from 23,563x-204,995x (USD 2.5mn) and iii) medium-sized companies range from 204,995x-1,736,565x (USD 20.8mn), and 3) in the trade industry; i) microenterprises range from 0.01x to 44,769 times the UVT (USD 538,000), ii) small businesses range from 44,769x-431,196x (USD 5.2mn) and iii) medium-sized companies range from 431,196x-2,160,692x (USD 25.9mn). Definition of Administrative Department of Civil Service Decree 957 of 2019 at: <https://www.funcionpublica.gov.co/eva/gestornormativo/norma.php?i=94550>

⁴⁰ <https://www.bcn.cl/leychile/havegar?idNorma=1010668>

⁴¹ Unidad de Fomento: Chilean indexed currency published daily. As of December 18, 2023, the exchange rate was 1 UF = \$36,681.90 (app. USD 42).

⁴² Tobacco, Child Labor, and Fossil Fuel

SOCIAL PROJECT CATEGORY	USE OF PROCEEDS	ELIGIBILITY CRITERIA	OBJECTIVES	BENEFITS	SDG ALIGNMENT
Socio-economic Advancement and Empowerment	Motorcycle financing ⁴³ , FGTS-linked ⁴⁴ Backed and payroll Loans to social-economically vulnerable groups	Economically vulnerable population as defined by either income ⁴⁵ , gender minorities, marginalized communities (black and indigenous people) or victims from natural disasters	Provide equitable participation and integration into the market and society, including reduction of income inequality	Promote financial inclusion Reduce social exclusion and inequality	  

EXCLUSIONARY CRITERIA

In addition to the categories excluded by BTG Pactual’s Social, Environmental and Climate Responsibilities Policy and social, environmental and climate risk analysis, projects that support the following activities are not eligible under this Framework:

- Exploration, production, and dedicated transportation of fossil fuels;
- Fossil fuel-based power generation or a hybrid plant with more than 15% fossil fuel backup; powered district heating projects or wastewater coming from fossil fuel operations;
- Generation of nuclear power;
- Production or trade in any activity deemed illegal under national laws or regulations or international conventions and agreements; and
- This exclusion list is not exhaustive, and projects not included in these categories may also be considered ineligible in certain circumstances by BTG Pactual.

⁴³ Low displacement motorcycles, between 50 and 150 cc

⁴⁴ Brazil: FGTS. Colombia: FOSFEC. Chile: Seguro de Cesantía

⁴⁵ Brazilians with monthly income equal or lower to a minimum wage

3.2 Process for Project Selection and Evaluation

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

As part of BTG Pactual's regular credit approval process, potential Eligible Assets are assessed by the ESG Analysis Process described in Section 2.1.3. 100% of the Corporate & SME Lending portfolio undergoes differentiated ESG analyses based on the modality of the operation and potential impacts inherent to the sector in which the counterparty operates, as well as any relevant issues identified in the KYC analysis. After the analysis, the ESG team is responsible for classifying the project as Eligible or Not Eligible, pursuant to this Framework, considering it is already in compliance with all BTG's requirements. The ESG team regularly consults with the Sustainable and Impact Investing team for guidance and may seek external evaluations from experts when needed. Internal and external audits ensure our ESG procedures remain effective.

BTG Pactual's ESG performance encompasses several instances of governance (Board of Directors, ESG Committee, Chief of Sustainability Officer and ESG team) – with a clear definition of duties and responsibilities (described in section 1.9) – guided by specific guidelines and voluntary commitments assumed by the bank, to ensure the effective implementation of ESG criteria in our activities and business. In recent years, BTG Pactual consolidated the ESGs area in Chile and Colombia, replicating the ESG governance structure and roles from Brazil.

3.3 Management of Proceeds

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

In case of project divestment, BTG Pactual will use the net proceeds to finance other Eligible Projects which are compliant with the current Use of Proceeds. Pending the full allocation of proceeds, the balance of unallocated proceeds will be held in cash or cash equivalent instruments, in line with BTG Pactual's treasury management. Unallocated proceeds won't be used in any investment not consistent with achieving the goals of the Paris Climate Agreement and the rapid transition to a low carbon and climate resilient future.

For deposits, pending the full allocation of the proceeds, the balance of unallocated proceeds will also be held in cash or cash equivalent instruments in line with BTG Pactual's treasury management by BTG Pactual's Treasury team. BTG Pactual will also ensure no double-accounting for the assets financed through different instruments. The net proceeds of deposits will be earmarked by BTG Pactual to fund Eligible Projects, continuously monitoring the allocated funds thereafter.

The overall proceeds raised related to Green, Social and Sustainable deposits should not exceed the volume of Eligible Projects that are not already financed by any other instrument for a sustained period of over a quarter.

3.4 Reporting

3.4.1 Allocation Report

This report will be available to investors within approximately one year after the issue date of local and international bonds, notes, loans, credit transactions, deposits or ESG derivatives, and thereafter once a year until proceeds have been fully allocated.

The reporting or a dedicated section in BTG Pactual's Annual Report will disclose the total amount allocated to the various Eligible Projects. This information will be externally reviewed and will be publicly available on BTG Pactual's website.

For deposits, BTG Pactual will produce an annual report and make it available for the related deposit holders. For fixed-term deposits, reporting will be done until the end of these deposits.

For local and international bonds, notes, loans, credit transactions, deposits and ESG derivatives, BTG Pactual will ensure no double accounting across all allocation and impact reporting.



REPORTING INDICATORS:

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

3.4.2 Impact Report

On an annual basis and until the full allocation of the proceeds, BTG Pactual will provide an impact report on Eligible Projects or a dedicated section in BTG Pactual's Annual Report. The relevant metrics could include at least one of each category financed and listed in Appendix 3.

3.5 External Review

→ Second-Party Opinion

Version 1.0 of this Sustainable Financing Framework was developed in October 2020 by BTG Pactual in collaboration with Climate Bonds Initiative, an international organization working to mobilize capital for climate change solutions. The 2.0 version was developed in October 2021, also in collaboration with Climate Bonds Initiative. For the third time, BTG Pactual appointed Sustainalytics, an experienced and qualified Second-Party Opinion Provider, to provide a Second Party Opinion on version 3.0 of the Framework, evaluating the environmental and/or social impact of BTG Pactual Sustainable Financing and their alignment with the Principles, IFC's Guidelines and to ICMA's Guidance on Blue-Themed Bonds.

This Second-Party Opinion document will be made available on Sustainalytics and BTG Pactual's website.

→ External Verification

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

Disclaimer



The information contained in this Sustainable Financing Framework does not constitute a recommendation regarding any securities of BTG Pactual or any member of the BTG Pactual Group. This Sustainable Financing Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by BTG Pactual or any of its subsidiaries. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Although the information herein has been obtained from sources believed to be reliable, neither BTG Pactual nor any of its affiliates makes any representation or warranty, expressed or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of the information and opinions. Nothing in this document constitutes a representation that any investment strategy contained herein is suitable or appropriate to a recipient's individual circumstances.

Appendix 1:

Eligible Certifications for Sustainable Agriculture, Forestry and Aquaculture

AGRICULTURE

- Rainforest Alliance
- UTZ
- Round Table for Responsible Soy (RTRS)
- BONSUCRO Better Cotton Initiative
- Round Table on Sustainable Palm Oil (RSPO)
- Roundtable on Sustainable Biomaterials (RSB) Plan for Adaptation and Low Carbon Emission in Agriculture:

Criteria of ABC Plan:

Program 1: Recovery of Degraded Pastures;
Program 2: Crop-Livestock-Forestry Integration (ILPF) and Agroforestry Systems (SAFs);
Program 3: Direct Planting System (SPD);
Program 4: Biological Nitrogen Fixation (FBN);
Program 5: Planted Forests;
Program 6: Animal Waste Treatment; and
Program 7: Adaptation to Climate Change

FORESTRY

- Forest Stewardship Council (FSC)
- Program for the Endorsement of Forest Certification (PEFC)
- CERFLOR

AQUACULTURE

- Aquaculture Stewardship Council (ASC)
- Global GAP Aquaculture
- Global Aquaculture Alliance (minimum level of 2 stars)
- Marine Stewardship Council (MSC)

Appendix 2:

BTG Pactual will finance the following states that have i) medium Human Development Index (HDI) level as per the classification of the United States International Development Finance Corporation (DFC). We understand that Amapá and Roraima have a relatively high Human Development Index (HDI), whereas the other states in the North and Northeast regions have a medium HDI. However, these states are in remote regions away from developed centers (such as South and Southeast) and have many isolated cities with low HDI. In these areas, it is not expected that there will be a short-term absorption of development from adjacent areas, as could occur in states in more developed regions.

Eligible states for MSME financing in accordance with their low development/HDI:

Acre, Alagoas, Amapá, Amazonas, Bahia, Ceará, Maranhão, Pará, Paraíba, Pernambuco, Piauí, Rio Grande do Norte, Rondônia, Roraima, Sergipe, and Tocantins.

Appendix 3:

PROJECT CATEGORY	REPORTING INDICATORS
Renewable Energy	<ul style="list-style-type: none">· Installed capacity in MW· Annual renewable energy generation in MWh· Annual GHG emissions reduced/avoided in tons of CO2 equivalent
Electricity Networks	<ul style="list-style-type: none">· Renewable capacity connected to the grid (in GW and relative share of total capacity in %)· Annual output (GWh/y, split in renewable and conventional electricity in %)· Efficiency improvements in transmission and distribution (%)· Avoided emissions p.a. (kt CO2e/y)
Energy Efficiency	<ul style="list-style-type: none">· Annual GHG emissions reduced/avoided in tons of CO2 equivalent· Smart grid components installed (smart meters, smart stations, customers served, etc.)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none">· Estimated water savings (gallons per year)· Annual gross amount of wastewater treated, reused, or avoided pre- and post-project in m3/ and PE/a, and as a %· Annual water savings: gross water use before and after the project in m3/a, reduction in water use in %· Number of people provided with water and wastewater infrastructure
Clean Transportation	<ul style="list-style-type: none">· Annual GHG emissions reduced/avoided in tons of CO2 equivalent· Number of vehicles/ beneficiaries supported
Green Buildings	<ul style="list-style-type: none">· Number of Buildings & Building Certification· Annual GHG emissions reduced/avoided in tons of CO2 equivalent

Appendix 3:

PROJECT CATEGORY	REPORTING INDICATORS
Resource Efficiency, Pollution Prevention and Control	<ul style="list-style-type: none"> · Waste prevention, minimized, reused, or recycled. · Waste collected and treated or disposed · Annual GHG emissions reduced/avoided from waste and wastewater treatment · Annual volume of wastewater treated or reused · Increased GHG emission efficiency
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> · Planted, cultivated, or reforested area · Annual GHG emissions reduced/ avoided in tons of CO2 equivalent · Carbon sequestration in tons of CO2 equivalent
Biodiversity conservation and/or restoration	<ul style="list-style-type: none"> · Conserved/ restored area in ha
Production of certified commodities	<ul style="list-style-type: none"> · % of certified area · Volume of funded certified commodities
Affordable Basic Infrastructure	<ul style="list-style-type: none"> · Number of people given access to clean drinking water · Number of people given access to improved sanitation facilities · Number of water infrastructure projects built/ upgraded
Micro, Small and Medium Enterprise (MSME) Financing and Microfinance	<ul style="list-style-type: none"> · Number/volume of loans provided to target groups · Average loan size provided to target groups · Number of new businesses created · Number of enterprises reached that are run by women · Number of enterprises reached that are run by black and/or indigenous people

Appendix 3:

PROJECT CATEGORY	REPORTING INDICATORS
Socioeconomic advancement and empowerment	<ul style="list-style-type: none">· Number of loans provided to each target group· Average loan size provided to each target group· Number of loans provided to individuals in vulnerable communities
Sustainable supply chain	<ul style="list-style-type: none">· Number of certified suppliers financed· Number of certified suppliers located in states from the North and Northeast regions in Brazil, as listed in Annex 2· Number of certified suppliers with at least 51% of shares or other ownership interests in the enterprise are held directly by women· Number of certified suppliers with at least 51% of the shares or other ownership interests in the enterprise are held directly by minorities (indigenous/afro communities)

