



Equator Principles

Implementation
Report 2024 ESG
BTG Pactual



Please find below the implementation report for BTG Pactual. Such report refers to BTG’s transactions in the periodic between of January 1, 2023, to December 31, 2023.

1. The mandate of the Equator Principles Reviewers

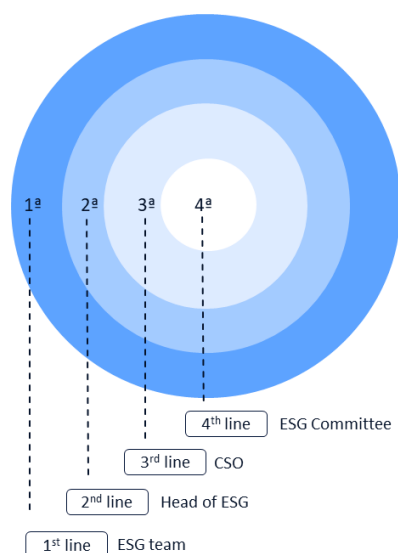
(e.g. responsibilities and staffing)

The table below describes the mandate of the Equator Principles Reviewers:

TEAM	RESPONSIBILITIES
ESG team/head of ESG/CSO/ESG committee	→ Approve the transactions.
ESG team	<ul style="list-style-type: none"> → Perform the classification of BTG Pactual’s operations as EP operations. → Classify such operations into High, Medium and Low Socioenvironmental Risk. → Perform a socioenvironmental risk analysis. → Hire independent socioenvironmental consultants if necessary. → Forward the standard ESG clauses to the EP operations. → Conduct socioenvironmental monitoring. → Develop corrective action plan. → Hold periodic trainings with BTG Pactual’s teams involved in the process. Perform internal EP application refresher training with the involved teams whenever deemed necessary.
Business team	<ul style="list-style-type: none"> → Present the credit operations in the committees. → If a transaction does not follow the normal process (i.e. no Initial Credit Committee is held) and is classified as Equator Principles, inform the business team. → When necessary, provide information to the ESG Area for reporting as required by the Equator Principles Secretariat.
Legal team	→ Use the standard clauses provided by the ESG team and when necessary, involve the ESG team in the drafting of the contracts.
Back Office team	<ul style="list-style-type: none"> → Support in controlling the disbursement conditions of the operation. → When necessary, provide information to the ESG Area for reporting as required by the Equator Principles Secretariat, including those transactions classified as EP that had Financial Transaction → Closure during the requested period, defined as the date when all conditions precedent for initial disbursement of the debt were satisfied or waived.

2. The respective roles of the Equator Principles Reviewers, business lines, and senior management in the transaction review process

BTG Pactual has four successive lines of defense for the analysis and approval of credit transactions: ESG Team, Head of ESG, Chief Sustainability Officer (CSO), and ESG Committee. The Board of Directors, the highest governance body of the Bank, acts indirectly through the ESG Committee, which operates in alignment with the Risk and Capital Committees and the Audit Committee.



1st line - ESG team: it is responsible for developing and implementing policies, procedures, and tools to ensure the adequate management of socioenvironmental and climate risks embedded in the credit portfolio. As the first line of defense in credit operations approval, it must manage the socioenvironmental and climate risks assumed by BTG Pactual through identification, measurement, control, reporting, and mitigation, while adhering to the principles of relevance and proportionality. This area reports to the CSO.

2nd line - Head of ESG: responsible for managing socioenvironmental and climate risks, as well as assuming the second line of approval for operations classified as high risk.

3rd line - Chief sustainability officer (CSO): the CSO is responsible for submitting strategic ESG priorities proposals to the board for deliberation across business units, as well as participating in the approval of operations

with high potential for socioenvironmental and climate risks.

4th line - ESG Committee: chaired by the CEO and meeting monthly, the committee supports the Board of Directors in defining strategies, guidelines, and measures to adopt best practices, identify and mitigate social, environmental, climate, and regulatory risks. Given the importance of the topics discussed, the Committee consists of C-level representatives (CFO, CRO, CSO, CCO, Head of Human Resources, ESG) and members of Senior Management. For operations with high levels of criticality and risk, decision-making falls under the responsibility of the ESG Committee. In more critical cases, the Board of Directors may be involved as the final approval authority.

3. The incorporation of the Equator Principles in BTG's credit and risk management policies and procedures.

All BTG Pactual's relationships and transactions undergo a socio-environmental due diligence process based on the principles of relevance and proportionality. This process is conducted through the Environmental, Social and Governance Management System (ESGMS), which is structured transversally throughout the institution.

For each line of business and sector of the economy, the ESGMS specifically addresses ESG risk, ensuring that it is identified, assessed, classified, monitored, and mitigated appropriately.

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:

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

Under the ESGMS process, if a transaction falls into the Equator Principles classification, the ESG team will be responsible for the assessment and mitigation of the environmental, social and climate risks.

Therefore, action plans will be defined in accordance with the Equator Principles.

- Equator Principles Action Plan: Description and prioritization of actions necessary to address any gaps identified in the socio-environmental assessment, ESMP, socio-environmental management system, or Stakeholder Engagement Documentation, so that the Project can align with the standards defined in the Equator Principles. The Equator Principles Action Plan is typically structured in table form to list various actions, ranging from mitigatory measures to studies or monitoring plans that complement the assessment.

Furthermore, contract drafts will incorporate standard clauses ensuring compliance with socio-environmental legislation, the latest version of the Equator Principles, and adherence to the Equator Principles Action Plan. The contracts will also include provisions for early termination in cases of non-compliance with the Action Plan.

Additional Information

Please find below BTG Pactual's ESG Policies:

- [Social, Environmental and Climate Responsibilities Policy](#)
- [Diversity Policy](#)
- [Code of Ethics](#)
- [Responsible Investment Policy](#)
- [Tax Policy](#)
- [Health and Safety Policy](#)
- [Sector Policies for ESG Risk Management](#)

For further information, please access [BTGP's Annual Report](#) and/or [BTG's website](#) or contact ol-esg@btgpactual.com

