



Equator Principles

Implementation
Report 2023
ESG BTG Pactual



Please find below the implementation report for BTG Pactual. Such report makes reference to BTG's transactions in the periodic between of January 2022 and December 2022.

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. → 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

The ESG team approves all the credit transactions of BTGP. This process includes 4 levels of analysis and approval from the ESG team, the head of ESG, the Chief Sustainability Officer and the ESG Committee.

ESG Committee: chaired by the CEO and meeting monthly, it supports the Board of Directors in defining strategies, guidelines, and measures to adopt best practices and identify and reduce social, environmental, climate, and regulatory risks. Given the importance of the topics discussed, the Committee is made up of C-Level representatives (CFO, CRO, CSO, CCO, head of Human Resources, ESG) and members of Senior Management, who are responsible for supervising and managing the implementation of ESG policies and their outcomes. GRI 2-12 | FN-CB-410a.2 It also acts in coordination with the bank's Risk and Capital Committee and Audit Committee. The CEO is responsible for steering and deciding on climate change issues that permeate the Committee's discussions but unfold in daily routines.

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

All of 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.

Additional Information

Please find below BTG Pactual's ESG Policies:

- [Social, Environmental and Climate Responsibilities Policy](#)
- [Diversity Policy](#) (only available in Portuguese)
- [Code of Ethics](#)
- [Responsible Investment Policy](#)
- [Tax Policy](#)
- [Health and Safety Policy](#) (only available in Portuguese)
- [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

