

Banco BTG Pactual

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Introduction

In 2020 and 2021, Banco BTG Pactual (“BTG” or the “Bank”) issued two green financing instruments (the “2020 and 2021 Green Financing Instruments”) based on the Banco BTG Pactual Green, Social and Sustainable Financing Framework (the “Framework”) aimed at financing and refinancing projects that are focused on delivering positive environmental outcomes. Sustainalytics provided a Second Party Opinion¹ on the Framework. In November 2021, BTG engaged Sustainalytics to review the projects funded through the issued 2020 and 2021 Green Financing Instruments and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2020 and 2021 green issuances based on whether the projects and the lending:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Banco BTG Pactual Green, Social and Sustainable Financing Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Banco BTG Pactual Green, Social and Sustainable Financing Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Renewable Energy	Renewable energy projects that generate from: <ul style="list-style-type: none"> • Solar² • Wind³ • Biofuel⁴ • Small-scale hydro energy plants⁵ 	<ul style="list-style-type: none"> • Installed capacity in MW • Annual renewable energy generation in MWh • Annual Greenhouse Gas (GHG) emissions reduced/avoided in tons of CO₂ equivalent
Energy Efficiency	<ul style="list-style-type: none"> • Energy storage • District heating • Smart grid technology • New and refurbished buildings that lead to a minimum of 30% improvement in efficiency 	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tons of CO₂ equivalent
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Infrastructure for clean/ drinking water • Wastewater treatment • Urban drainage and river training systems for flood mitigation 	<ul style="list-style-type: none"> • Estimated water savings in gallons per year • Annual gross amount of wastewater treated, reused or avoided pre- and post-project in m³/a and PE/a and as %

¹ Banco BTG Pactual Green, Social and Sustainable Financing Framework, available at:

<https://www.btgpactual.com/assets/documents/citizenship/environment/sustainable-impact-investing/btg-framework.pdf>

² Solar and wind energy plants shall not have more than 15% of energy from non-renewable sources.

³ Solar and wind energy plants shall not have more than 15% of energy from non-renewable sources.

⁴ Biofuel project emissions will be restricted to 100g CO₂/kWh and the plant will rely on sustainable feedstock certified under best practices such as Bonsucro, RSB, FSC, and ISCC, such that it does not deplete existing terrestrial carbon stocks or compete with food production

⁵ Hydro-energy plants will be restricted to a maximum capacity of 25MW and/or will have lifecycle emissions lower than 100g CO₂e/kWh

		<ul style="list-style-type: none"> • Annual water savings: gross water use before and after the project in m³/a, reduction in water use in %
Clean Transportation	<ul style="list-style-type: none"> • Rail • Non-motorised transport • Infrastructure for clean energy vehicles 	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tons of CO₂ equivalent
Green Buildings	<p>Building projects that meet internationally recognized standards:</p> <ul style="list-style-type: none"> • LEED Gold & Platinum certificate • EDGE certification 	<ul style="list-style-type: none"> • Number of Buildings & Building Certification • Annual GHG emissions reduced/avoided in tons of CO₂ equivalent
Affordable Housing	<ul style="list-style-type: none"> • Affordable housing project and mortgage lending for affordable homes targeting at low-moderate income individuals 	<ul style="list-style-type: none"> • Number of units provided/beneficiaries supported • Average housing price / Rental costs compared to the national/regional rent index
Affordable Basic Infrastructure	<p>Water and sanitation infrastructures for underserved population including:</p> <ul style="list-style-type: none"> • Clean drinking water • Sewers • Sanitation 	<ul style="list-style-type: none"> • Number of people provided access to clean drinking water • Number of people provided access to improved sanitation facilities • Number of water infrastructure projects built/upgraded

Issuing Entity’s Responsibility

BTG is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of BTG’s green financing Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from BTG employees and review of documentation to confirm the conformance with the Banco BTG Pactual Green, Social and Sustainable Financing Framework.

Sustainalytics has relied on the information and the facts presented by BTG with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by BTG.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,⁶ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects, funded through proceeds of BTG’s Green, Social and Sustainable Financing Framework, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Banco BTG Pactual Green, Social and Sustainable Financing Framework.

⁶ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the green financing instruments issued in 2020 and 2021 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Banco BTG Pactual Green, Social and Sustainable Financing Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the green financing instruments issued in 2020 and 2021 determine if impact of projects was reported in line with the KPIs outlined in the Banco BTG Pactual Green, Social and Sustainable Financing Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

Appendices

Appendix 1: Impact and Allocation Reporting by Eligibility Criteria

BTG raised 3.01 billion Brazilian Real (R\$) and extended R\$2.15 million in financing and refinancing to 27 companies across 2 green categories. See below a summary of the reported allocated amounts with corresponding projects.

Use of Proceeds Category	Number of Projects	Allocated Amount (R\$)	Impact Reported
Renewable Energy – Biofuel	11	857,321,755.37	<ul style="list-style-type: none"> 4,115,193.15 tCO₂eq avoided 3,133,097.00 MWh generated from renewable energy sources
Renewable Energy – Wind/Solar Energy	4	455,956,224.26	<ul style="list-style-type: none"> 407,677.91 MWh generated from renewable energy sources 15,450.70 MW renewable energy capacity
Sustainable Water and Wastewater Management	58	836,341,305.46	<ul style="list-style-type: none"> 19.9 million people provided with access to clean drinking water and improved sanitation facilities 58 water infrastructure projects built/upgraded
Total Allocated			R\$ 2,149,619,285.07
Unallocated Proceeds			R\$ 861,880,714.93
Total Proceeds Raised			R\$ 3,011,500,000.00

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