



Annual Report **2021**

Business, strategy and performance.
With effective integration of ESG.



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Partnership letter

[GRI 102-14]

At a new – and even higher – level. This was BTG Pactual's position at the end of 2021, a unique year both in terms of business performance and the strengthening of our commitment to sustainable development. The Company overcame a great deal in the midst of a complex moment in history that was even more challenging due to the prolonged Covid-19 pandemic.

Over the year we experienced fluctuations in pandemic-related conditions with alternating periods of relief (decrease in contagiousness and flexible levels of restriction) and sharp periods of resurgence, as evidenced in Brazil in the third quarter. Just as in 2020, we have remained engaged in tackling the pandemic and its effects, directing around R\$ 9 million to the support of entities and projects focused on supporting groups at risk of social vulnerability. From basic food hampers to oxygen cylinders and materials used in vaccination, we made a wide range of donations intended to reduce the impact of the health crisis in Brazil, benefiting more than 160,000 people in 12 states.

In addition to our social function, we have continued to work hard to boost the economy of the regions where we are present, supporting our customers both in their ability to overcome challenges and in

the seizing of opportunities inherent to this context. This is because for BTG Pactual, ensuring that we provide excellent levels of customer service is an absolutely fundamental commitment, regardless of the scenario we find ourselves in.

With this commitment in place, we can mobilize our team to overcome the uncertainties and volatility of the market. We delivered exceptional performance, generating the highest levels of revenue and profit in our history, with a greater market share in all the segments in which we operate. With a total revenue of R\$ 13.9 billion (almost 50% more than that registered in 2020) our adjusted net income hit R\$ 6.5 billion, an increase of 60.3%. We closed the year with R\$ 980 billion in customer funds under our management and administration, whilst our Corporate and SME (small and medium-sized companies) grew 45% against the previous year, reaching R\$ 106.6 billion. We accelerated the expansion of our loans portfolio for small and medium-sized companies which represent an important part of the GDP and jobs generated in the country.

Over the course of this challenging year, BTG Pactual focused on the expansion of customer franchises and maintained a solid balance sheet. To take advantage of market opportunities and maintain

“It was an exceptional year in every sense, marked by the expansion of our principal areas of business.”

strong metrics of capital and liquidity, we raised equity capital twice through public offerings, raising more than R\$ 5.5 billion in funds. Furthermore, we issued our first green bond, worth US\$ 500 million; the lowest rate ever registered for a Brazilian financial company. Over the year we also consolidated our position as leader in Investment Banking and significantly expanded our position in the retail market.

In a year noted for expansion in all of our leading business areas, it is natural that we should have recorded a rise in costs, associated, in particular, with the higher levels of investment in new products and services. However, our cost-to-income ratio remained stable throughout the period, proving the efficiency of our business model.

Partnership letter

All of our achievements in 2021 reflect a set of structured decisions and actions developed with a long-term vision that has always been a feature of our story. Our robust investments in technology, that were accelerated in 2016 and even more in recent years, have allowed BTG Pactual to foresee the trends towards digitization and the demand for increasingly sophisticated products. This in turn enabled us to safely and reliably offer our customers the best and most innovative experience.

Together with our technological advances, we have prioritized the development of our team, which has grown year over year. At the end of 2021 we had 4,900 employees, including 288 partners. Spread across different countries, they all share our objectives, aspirations and, especially, our culture. We have the conviction that it is this culture, carefully constructed over the last 40 years, that makes BTG Pactual an organization and workplace differentiated. In addition, we have reinforced our belief in the Partnership model as a pillar of our structure, allowing us to align long-term interests between our partners and shareholders.

In 2021, we attracted a large amount of new talent – there were almost 2,300 new hires, the majority of which were in the technology area. Together, we form a strong team that has been able to thrive despite the necessity of remote work and restrictive health protocols. Regardless of the format or distance, we are united by our interests, with our feet on the ground and an eye on the future.

To build a better future, our approach to environmental, social and governance issues comes even further to the forefront. As the world becomes more attuned to the urgency of ESG issues, we are confident about the policies and practices developed by BTG Pactual – a construction that started long before the movement that has now engaged investors and other stakeholders.

We have been committed to building ESG actions into absolutely all of our business areas for many years now. We have done this through a single policy focused on the close management of risks for the Bank and for our customers, in the drive for impact investments and in the increased presence of good practices throughout our value chain.

Certain that this is a strategic agenda, upon which the continuity of the long-term business depends, we have been accelerating initiatives relating to this issue.

As a result, our positioning and performance in relation to ESG, measured by various different indicators, has been recognized by the market, evidenced by the awards the Bank received in 2021. In addition to confirming that we are on the right path, these recognitions increase our responsibility to strengthen our commitments, establishing the positive impact that BTG Pactual can have on society. Despite the scale of our achievements, what we have done so far is just the beginning. We are fully prepared to continue along this sustainable cycle of growth. Over the course of this Report, we will be looking to demonstrate that for BTG Pactual, ESG is not just another part of the business, but a fundamental component of our strategy.

Roberto Sallouti
CEO of BTG Pactual

Nelson Jobim
Chairperson of the Board of Directors

2021 Highlights



R\$ **13,9 billion**
in Total Revenue.



R\$ **6.5 billion**
in Net income.



R\$ **980 billion**
in assets under management/administration.



4,900
employees, in 9 countries.



96,000
hours of training.



1st
Diversity Census performed.



Compensation of
100% of the **direct and indirect carbon emissions** arising from air travel, transportation of our employees and waste generated by the Bank.



100%
of the operations and relationships assessed for their environmental and social risks.



R\$ **542 million**
raised through the Impact Investment Fund (IIF).

Awards and recognitions - 2021



Asset Management

Awards / Recognition	Awarding entity	Coverage
Real Estate Master Award 2021 - BTG Pactual Logística (BTLG11)	O Estado de S. Paulo	Brazil



Investment Banking

Awards / Recognition	Awarding entity	Coverage
Best Investment Bank	<i>Euromoney</i>	Brazil
Best Performing Bank		Brazil
Nº 1 in Growth		Brazil
Nº 1 in Profitability		Brazil
Nº 1 in Operational Efficiency	<i>The Banker</i>	Brazil
Nº 1 in Quality of Assets		Brazil
Nº 1 in Return on Risk		Brazil
Nº 1 in Liquidity		Brazil
Bank of the Year		Latin America
Bank of the Year	<i>LatinFinance</i>	Brazil
Investment Bank of the Year		Brazil



Sales and Trading

Awards / Recognition	Awarding entity	Coverage
Best Equity Sales Team in Brazil		Brazil
Best Equity Sales Team in Brazil		Latin America
Best Research Team in Brazil		Brazil
Best Research Team in Latam	<i>Institutional Investor</i>	Latin America
Best Trading Team in Latam		Latin America
Best Corporate Access Team in Latam		Latin America
Best ESG Research Team Brazil		Brazil



BoostLAB – Innovation

Awards / Recognition	Awarding entity	Coverage
<i>Best Financial Innovation Centers in the World</i>	<i>Global Finance</i>	Compact
100 most innovative companies	100 <i>Open</i>	Brazil
<i>Open Innovation Challenger</i>	<i>Mind the Bridge and ICC (International Chamber of Commerce)</i>	Compact



Wealth Management

Awards / Recognition	Awarding entity	Coverage
Best Global Private Bank for Business Owners		Compact
Best Private Bank in Latin America	Global Finance	Latin America
Best Private Bank in Brazil		Brazil
Best Private Bank	World Finance	Brazil
Wealth Management Bank of the Year	Latin Finance	Latin America
Best Private Bank for Digital Customer Service		Latin America
Best Private Bank	PWM	Brazil
Best Private Bank		Colombia



ESG and Impact Investment

Awards / Recognition	Awarding entity	Coverage
Impact Initiative of the Year	Environmental Finance	Latin America and The Caribbean
Notable in Sustainable Finances	Global Finance	Emerging Markets
Corporate Sustainability Index (ISE)	B3	Brazil
Brazil Climate Resilience Index - CDP (ICDPR-70)	CDP	Brazil
Best ESG Team - Latam	Institutional Investor	Latin America



SME Lending – BTG Pactual Empresas*

Awards / Recognition	Awarding entity	Coverage
Best SME Bank	Global Finance	Brazil



Consumer Banking – BTG Pactual Banking*

Awards / Recognition	Awarding entity	Coverage
Most Customer-Centric Bank – Brazil	The Global Economic Awards	Brazil
Best Customer Experience in 2021	Brazilian Association of Data Marketing (ABEMD)	Brazil
Excellence in Customer Services	Brazilian Supermarkets Association (ABT)	Brazil
Card Not Present New Flows	Mastercard Excellence Program	Brazil
Best Bank for New Financial Products	Global Finance	Brazil
Excellence in Loyalty and Retention of Clients	Best Performance	Brazil
Excellence in People Management – Training and Qualification of Leaders		

* Following the focus period of this report, in February 2022, the BTG+ and BTG+ Business brands, current in 2021, were merged (see more information on page 83).



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Corporate conduct

[GRI 102-1; 102-2; 102-3; 102-4; 102-6; 102-7; 102-8; 102-12; 102-16]

[Target for the 2030 Agenda: 16.6]

Headquartered in Brazil, BTG Pactual (Banco BTG Pactual S.A) is the biggest investment bank in Latin America, with a strong presence in the region and operations spanning the globe. Active in this segment since 1983, including operations in asset and wealth management, we have become a benchmark in services for large corporations, institutional investors, governments and high net equity customers. Over recent years, in an accelerated diversification of the business, we have extended our offer of products and services to high income retail and, more recently in 2021, to small and medium sized companies. (Read more about all our businesses in Chapter 3.)

Founded in 1983, BTG Pactual is one of the leading investment banks in Latin America.

Benefiting from a platform with a high distribution capacity, we provide a wide range of financial products and solutions for our customers. Focused on providing fast, excellent services with a long-term vision, 4,900 professionals¹ were working at the bank at the end of 2021, sharing our commitment to sustainable development as well as our corporate values and objectives.

BTG Pactual is a company based upon meritocracy (Partnership), that had a total of 288 partners at the end of 2021 (read more about this on page 12.) With this model, we are physically present in six of Brazil's principal cities including São Paulo and Rio de Janeiro, and in Chile, Colombia, Mexico, Peru and Argentina. Our global presence in New York, Miami, London and Lisbon is strategic for us to be able to guarantee the distribution of our portfolio throughout the Latin American market, as well as to manage the funds of our customers worldwide.

¹ Number of direct employees, considering operations in the following countries: Brazil, Argentina, Chile, Colombia, United States, Mexico, Peru, Portugal and the United Kingdom. For more details, see Chapter 4.

Our culture

Values



Intensity



Dedication



Empathetic



Together

Foundations

- 1 Focus on the customer
- 2 Innovative and enterprising spirit
- 3 High performance with excellence
- 4 *Hard Work and Hands On*
- 5 Long-term vision and ambition
- 6 Working as a team

Our units*

In 2021, BTG Pactual maintained its leading position in the Brazilian market and as a result of its expansion and strategic focus on Latin America, saw its volume of business growing in Chile and Colombia.



* Cities in which BTG Pactual has physical offices.
We have employees working from home in other locations.

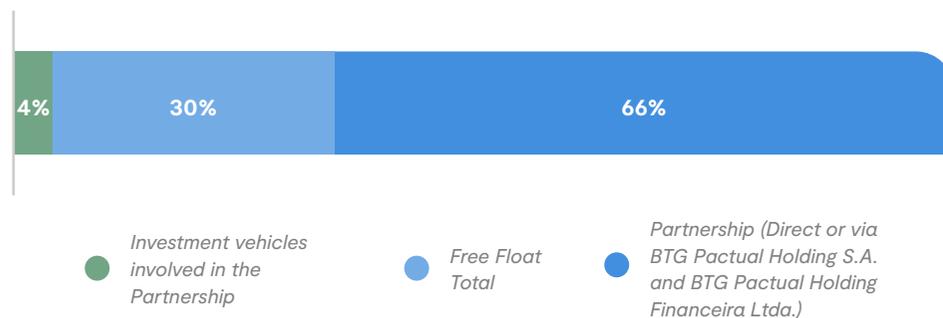


Corporate structure

[GRI 102-5]

Banco BTG Pactual is the head company within the BTG Pactual Group that includes 89 direct and indirect subsidiaries, all of which are listed in the [Consolidated Financial Statements](#) for the fiscal year ending December 31, 2021. A publicly held company, the Bank has units³ that are regularly traded on the Brazilian stock exchange - 'B3' (under the code BPAC11) and operates under a meritocratic Partnership model, in which the partners perform executive functions⁴.

Corporate structure (on 31-Dec-2021)



² This Report provides information on the companies mentioned in BTG Pactual S.A.'s Financial Statements for the fiscal year ending 31-Dec-2021, except for those companies that have independent human resources management and their own processes – see the report of companies included in [Annex I](#). In accordance with Technical Opinion CPC 36, we are required to consolidate the FSs for all those entities in which we hold a shareholder control or shareholding.

Read more about our corporate structure in items 15.4 and 15.5 of the Reference Form sent to the Brazilian Securities Commission (CVM).

For more information on Banco Pan, please refer to [page 53](#), in [Chapter 3](#).

For TTG Brasil Investimentos Florestais and TTG Forest Services, we provide information in [Chapter 5](#) relating to the connection of the activities of companies to the business of management and administration of forest asset funds (Timberland).

Banco BTG Pactual

	(# of shares)	(% of the total)
BTG Pactual Holding Financeira Ltda.,	7,209,326,428	62.7%
BTG Pactual Holding S.A.	362,302,028	3.1%
Banco BTG Pactual S.A.*	0	0.0%
Investment vehicles involved in the Partnership	456,186,961	4.0%
<i>Free Float Total</i>	3,478,304,512	30.2%
Total:	11,506,119,929	100%

* Treasury shares arising from the Banco BTG Pactual S.A. Repurchase programs

Composition of the units



List of Shares	(# of shares)	(# of shares in the unit)
Banco BTG Pactual S.A.	11,506,119,929	3

³ Each unit is composed of a common share and two preferred shares.

⁴ Making up the Partnership are individuals who, directly or indirectly, hold equity interests in Banco BTG Pactual and who operate as employees in one or more of the subsidiaries. Find out more on [page 12](#). As communicated to the market on 31-Dec-2021, all corporate and regulatory approvals have been obtained in relation to the alteration of the BTG Pactual controlling group, through the entry of André Esteves at G7 Holding. The controlling group of BTG Pactual therefore comes to be composed of André Esteves, Antonio Porto, Guilherme Paes, Renato Santos and Roberto Sallouti.

Our Partnership model

BTG Pactual operates in the form of a *Partnership*, in which the Partners, people who make up the group of controlling shareholders of the business, are also Bank executives. This model, based on meritocracy, molds the corporate culture and drives the success on our different action fronts. Among the Partnership's benefits and differentials, of special note are:

- A long-term commitment to the corporate goals, meaning that the evolution of the career accompanies the construction of sustainable results;
- An effective synergy between the different business areas, encouraging team work to maximize the offer of solutions that are integrated into the market;
- An intense focus on the customer, in order to identify and capitalize on market opportunities;
- Maintenance of an organizational, lean and efficient structure in relation to costs; and
- Attraction and development of talent who see in the Bank the opportunity to construct successful careers.

The adoption of the Partnership model results in a good alignment of long-term interests –, leading BTG Pactual to results that are better than those presented by other players in the market. Unlike approaches taken

by other *Investment Banking* and *Asset Management* institutions which made public offers in the past, the Bank defined a series of measures to ensure that the Partnership model could continue.

One example is the definition of the partners' right to sell all or part of their respective share in the business at any time or for any reason. This right is to remain in place indefinitely, being applicable to the total sum of the Partnership capital – which prevents the sale of the entire market share or that of third parties except in certain situations, such as the entire sale of the Bank or a new public share offering.

Maintaining this model and the significant share held by the Partners in the Bank's capital guarantees the continued commitment of the executives to the success of the business all while strengthening our culture, consolidating competitive advantages, and ensuring the current and future formation of highly qualified and engaged leaders. As the majority of the partners have a significant portion of their personal equity tied in with the Bank, the alignment of interests is obvious, meaning there is an even more rigorous analysis of the risks assumed in our sales and trading activities. In addition to the continued execution of strategies that emphasize long-term, consistent and profitable growth, this alignment bolsters our ability to provide excellent customer service and consequently, our reputation in the market.

Business model

[GRI 102-2; 102-6]

BTG Pactual's business model reflects our commitment to offering innovative solutions to our customers. We aim to meet client expectations while seizing opportunities that arise from changes in the market due to accelerated digitization, the increased penetration of financial services and the process of financial disintermediation. As investors are becoming increasingly sophisticated, this transformation creates a favorable opportunity for expansion of the business.

Based upon these premises, in 2021, we operated in the following segments⁵:

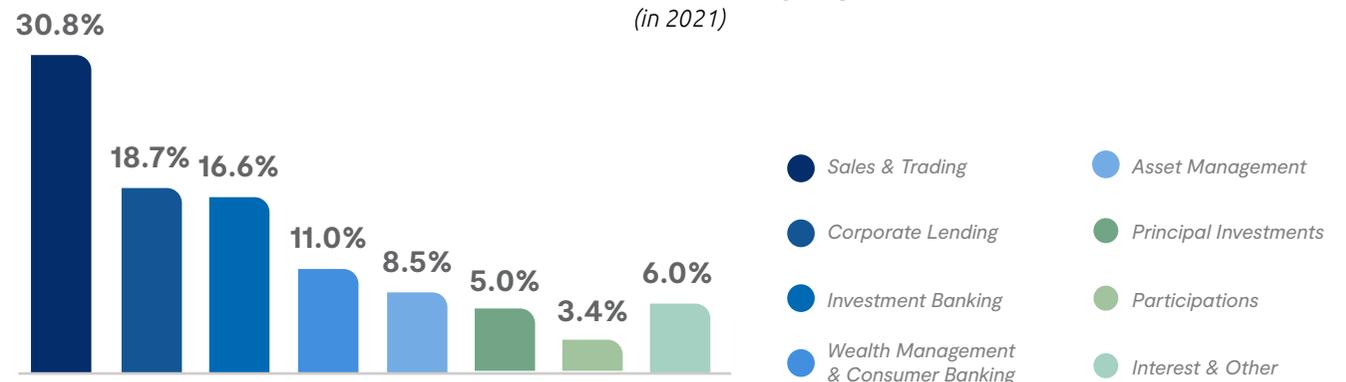
- **Investment Banking:** Services offering financial support and guidance in the capitals market.
- **Corporate & SME Lending:** Financing, structured credit and guaranteed loans to large, medium-sized and small companies, as well as Special Situations business.
- **Sales & Trading:** Financial products and services offered to a diverse group of institutional customers both in Brazil and overseas, including market making, brokerage, compensation and research services. This also covers the annual desks focused on proprietary share operations, derivatives, interest rates, exchange rates, energy and commodities, as well as insurance and reinsurance products and services.
- **Asset Management:** Services involving the management and administration of funds in an extensive portfolio of products in the Officer classes of international assets, especially in Latin America, for local and global customers.
- **Wealth Management & Consumer Banking:** Investment management and financial planning services, as well as financial products focused on individuals, private segments and high income retail. Furthermore, as part of our Consumer Banking department we have a full transactional platform offering an integrated range of products and services that are open to personal adjustment.
- **Equity Interest⁶:** Equity Interest in financial institutions in the Brazilian and international markets – Banco Pan, Too Seguros and EFG.

⁵ As well as the listed segments, BTG Pactual has legacy investments in companies originating from its activities in principal investments, represented, mainly, by its equity interest in Eneva and Prime Oil & Gas (formerly PetroAfrica).

⁶ Following the transfer of our majority share in EFG to BTG Pactual Holding, in April 2021, we continued to hold approximately 2.64% of the equity capital of EFG and 1.97% via TRS.

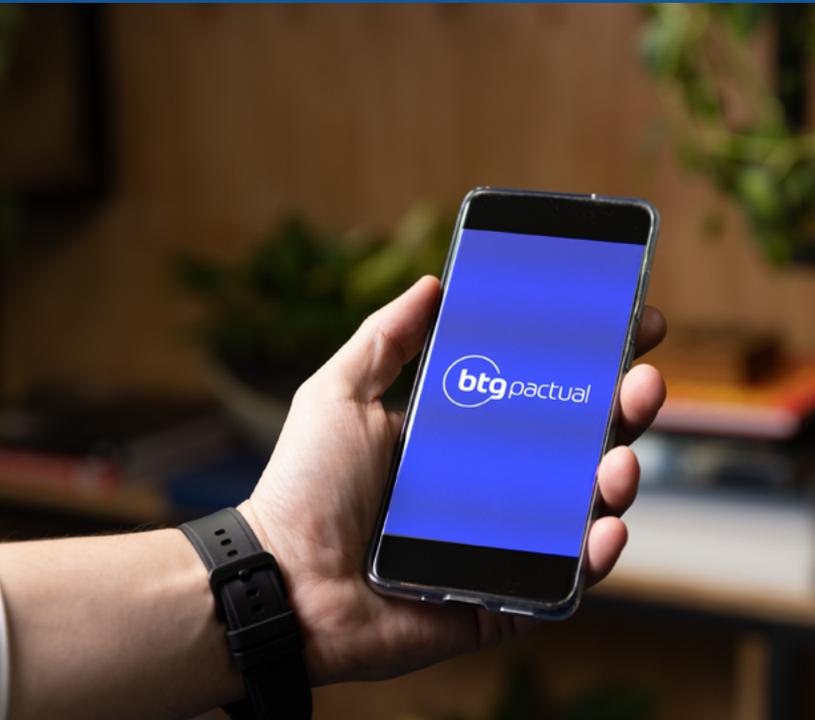
Distribution of Revenue by segment

(in 2021)



Customer-centric

BTG Pactual seeks to fully meet its customers' current and future needs in all areas. With unique products and services, we engage a cycle of sustainable growth that generates and shares value.

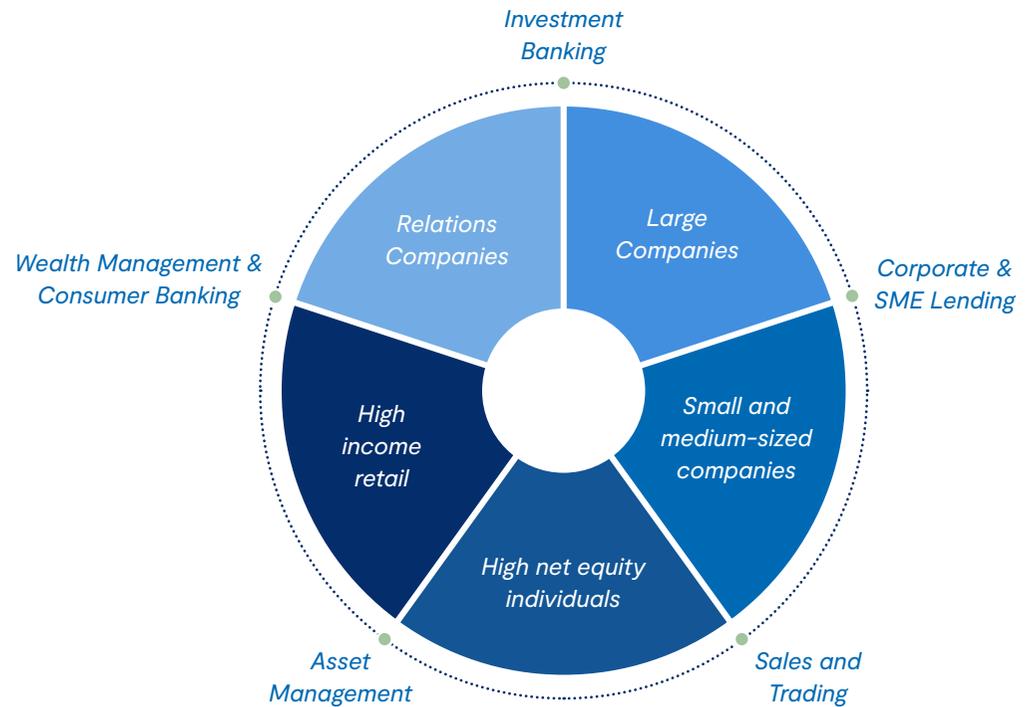


In continuation of the strategic direction started the year before, in 2021 BTG Pactual intensified its activities dedicated to the expansion of its digital operations in retail. We continued to strengthen the BTG+ digital banks, designed for individuals, and BTG+ Business⁷ which is focused on small and medium sized companies. While continuing our guarantee to provide excellent service to the retail segment, we now offer these groups of customers platforms with credit, insurance and investment

solutions – including support and training in the investment of funds. We were able to merge our strength and experience in the financial market with innovative technology in order to provide continued improvement of the user experience. (see more in [Chapter 3](#)).

⁷ Following the focus period of this report, in February 2022, the BTG+ and BTG+ Business brands, current in 2021, were merged (see more information on [page 83](#)).

Virtuous cycle



Overview of capitals: Business model and value generation



Financial

- *_Managed assets in Wealth Management (WuM) and Asset Management (AuM).*
- *_Corporate Lending, Research, Investment Banking, Sales and Trading.*
- *_Digital Retail Unit.*
- ▶ *_Total Revenue: R\$ 13.9 billion*.*
- ▶ *_Adjusted net income: R\$ 5 billion.*
- ▶ *_Adjusted ROE: 20.3%*
- ▶ *_Unsecured funding: R\$ 153.9 billion.*
- ▶ *_Basel Index: 15.7%*
- ▶ *_Strengthening of the National Financial System.*
- ▶ *_A solid presence in the investment market.*
- ▶ *_Boosting of the economy.*
- ▶ *_Offering liquidity to the Brazilian financial and capitals market.*

* Data consolidated on 31-Dec-2021.



Manufactured

- *_89 direct or indirect subsidiaries, with offices in 19 cities and nine countries.*
- *_Technologies and systems: control of cyber-risks, security and protection of data and compliance control systems.*
- ▶ *_Controlled risks, operations security and data protection.*
- ▶ *_Focus on the customer: agile, humanized and personalized service.*
- ▶ *_Expansion and loyalty of the customer portfolio.*
- ▶ *_Reputation: awards and recognition related to our quality of service and assistance.*
- ▶ *_Stimulation of the financial market through secure transactions.*
- ▶ *_Security in transactions and protection of customers' data.*
- ▶ *_Control and combating against illegal activities through the compliance and control systems.*



Intellectual

- *_Expertise in the financial market and in assistance on investments.*
- *_Expertise in ESG analysis and in the development of sustainable and impactful products.*
- *_Organizational culture and structure.*
- ▶ *_Market presence.*
- ▶ *_Profitability of investments.*
- ▶ *_Expansion of education initiatives and assistance on investments.*
- ▶ *_Presence in low-carbon economy transition segments.*
- ▶ *_Encouragement for the financial education of individuals and companies.*
- ▶ *_Financial guidance for the competitive standing of small and medium sized companies (through consultation).*
- ▶ *_Promotion of sustainable development, with investments in projects with a positive impact on the environment and society.*

■ **Inputs**
Capitals used

▶ **Results for the business**
Outputs

▶ **Impacts beyond the business**
Outcomes

Overview of capitals: Business model and value generation (continued)



Human

- **Inputs**
 - _ Partnership model: Partners have an executive function.
 - _ Highly qualified professionals, providing specialized consultation for customers.
 - _ A diverse team, combining experience, technical ability, talent, empathy, entrepreneurship and a mindset focused on innovation.
 - _ Attractiveness and development: investments in training, remuneration and wellbeing.
- ▶ **Results for the business**
 - _ Development of a portfolio of qualified products and services to meet (or exceed) customer expectations.
 - _ Professional training of the team: workshops, training and courses for the different functional categories and business partners.
 - _ Reputation: awards and recognition related to our quality of service and assistance.
- ▶ **Impacts beyond the business**
 - _ Generation of employment and income.
 - _ Continuous education of professionals for the financial market.
 - _ Promotion of health and wellbeing of the employees and their families.



Social and Relationship

- **Inputs**
 - _ Presence in Brazil and eight other countries.
 - _ Equity interest in institutions that increase access to financial services (Banco Pan and Too Seguros).
 - _ Policies for investment with a socio-environmental impact.
 - _ Around 1,000 active suppliers in the value chain.
 - _ We have invested in community initiatives involving sponsorships and social projects.
 - _ Engagement in corporate and sectoral initiatives focused on sustainable development.
- ▶ **Results for the business**
 - _ The biggest Investment Bank in Latin America.
 - _ Mitigation of risks related to ESG in the financed enterprises.
 - _ Positive influence in the value chain, with the identification of socio-environmental risks related to suppliers and recommendations of good practices.
 - _ Reputation: recognition related to social activities.
 - _ Sectoral and corporate alignment and leadership.
- ▶ **Impacts beyond the business**
 - _ Generation of jobs and income in different countries.
 - _ Reduction of inequality in access to financial services.
 - _ Support for sustainable enterprises, with a reduction of risks to the communities and the environment.
 - _ Strengthening of the value chain and the local economy.
 - _ Encouragement of education, entrepreneurship and environmental conservation.
 - _ Social inclusion.



Natural

- **Inputs**
 - _ Energy (electricity and fuels).
 - _ Water (for consumption in the offices).
 - _ Materials used in the operations (paper, plastics and others used in the issuing of cards, for example).
- ▶ **Results for the business**
 - _ Use of renewable energy sources, such as photovoltaic energy to power the offices.
 - _ Reduction in the consumption of resources and materials, due to the lean services structure (focus on the digital channels) and the decentralized operation.
- ▶ **Impacts beyond the business**
 - _ Reduction of Greenhouse Gas Emissions (GHG) with the use of renewable energy sources and compensation of 100% of the global carbon emissions (Scopes 1, 2 and 3).
 - _ Digitization of processes, bank services and customer services.

■ **Inputs**
Capitals used

▶ **Results for the business**
Outputs

▶ **Impacts beyond the business**
Outcomes

Strategy and competitive standing

Strategy

In the midst of structural changes in the market brought upon by digitization and new investor profiles, BTG has established its business strategy in the sustainable expansion of its operations. Bridging our already solid market positions and new opportunities based on local and global trends, the Bank has been implementing measures to ensure the strengthening of its liquidity and preservation of its capital. This is done with a prudent approach and an investment of resources in its principal activities: *Investment Banking, Asset Management, Wealth Management & Consumer Banking, Sales and Trading, and Corporate & SME Lending.*

In this sense, the Bank has intensified the launch of its products, services and digital channels, allowing it to expand its portfolio of customers served without the need for large investments in physical assets

or distribution networks. This shift contributes to leveraging another strategic initiative: the geographical expansion of its operations, consolidating its position in Latin America and other markets.

A driving success in our business, the meritocratic Partnership model⁸ supports the execution of the corporate strategy. This model ensures the executives' continued commitment to the constant growth of BTG Pactual, based upon the effective sharing of interests between the partners and investors. In addition to attracting talents and contributing to an efficient organizational structure, this model has established our culture as an important competitive advantage.

⁸To better understand this model, see [page 12](#).

Strategic pillars



Market growth and sophistication.



Expansion of the market share, principally in *Investment Banking, Asset Management, and Wealth Management & Consumer Banking.*



Expansion of activities in Latin America, based upon acquired expertise in Brazilian operations and upon conditions favorable to business in the region – especially investments in infrastructure in countries such as Brazil, Chile, Colombia, Mexico, Peru and Argentina.



Constant technological evolution that allows for the geographical expansion of our activities – including global customers interested in opportunities related to emerging markets.



Proficiency in the fast identification of market trends and opportunities which, linked to the agile and qualified internal structure, allows us to offer our customers innovative solutions.

Competitive advantages

- ◉ **An integrated and diversified business model:** In order to maximize opportunities for strengthening the relationship with customers in our different business areas, BTG Pactual maintains a successful portfolio of products and services, diversifying operations and sources of income. This diversification is the result of our integrated business model, characterized by technological innovation and complementary activities operating in synergy.
- ◉ **Control over the Latin American market:** With a large presence in the region, BTG Pactual is among the leaders in the Latin American financial services market, offering enormous business potential to be explored both now and in the future. The experience acquired over more than three decades of local activity, in conjunction with a strong capital base and a horizontal administrative structure allows us to identify and seize opportunities more quickly, precisely and efficiently. In addition to its achievements as one of the biggest investment banks in Latin America, BTG Pactual is also:
 - ◉ One of the leaders in the region's capitals market rankings.
 - ◉ One of the best Equities Research teams as recognized by Institutional Investor (in Brazil since 2006, and in Latin America since 2012.) In the same *ranking* from 2021, the Bank was recognized as having the Best team in *Research* and *Sales* in Brazil and in Latin America; the Best *Trading* team in Latin America; an the Best *Corporate Access* in Latin America.
 - ◉ One of the biggest securities and equity managers in Brazil, with R\$ 980.5 billion in customer funds under its management/administration at the end of 2021⁹.

As well as attracting talents and contributing to an efficient organizational structure, the Partnership model has established our culture as an important competitive differential.

⁹ Following the focus period of this report, in February 2022, this sum reached the R\$ 1 trillion mark.

› **Global reach:** Our global network of contacts and the reputation achieved in the international financial market provides business opportunities beyond the borders of Latin America. With important counterparts in Asia, the Middle East, Europe and North America. BTG Pactual has sought to use this reach to strengthen its principal businesses and generate additional revenues.

› **A history of strong growth and profitability:** Over the course of various economic cycles (including extremely challenging scenarios), the Bank has generated consistent return for its shareholders, always recording positive financial and operational results. These results are rooted in management that is focused on the combination of healthy capital coefficients and the maintenance of a suitable risk profile.

› **Corporate culture:** Focused on the development of intellectual capital, meritocracy and entrepreneurship, the Partnership model is characterized by a horizontal administrative structure, notable for its autonomy and alignment of interests. The Bank is administrated by its senior partners, who make up the group of majority shareholders, and provide the Bank with its most valuable asset, (A more detailed outline of the model and its benefits can be found on [page 12.](#))

› **Innovation:** For BTG Pactual, innovation is an essential tool in the continual evolution of products, processes and services – both to meet present market demands and foresee those that will arise in the future. We invest in projects dedicated to creating innovative solutions that use technology while maintaining a human touch with our customers in a way that is increasingly agile, reliable and decisive. We have adopted an open innovation model that integrates startups and other partners, enabling them to overcome technological and organizational challenges. A special mention goes out to BoostLAB, our ‘scale-ups’ acceleration program. (read more about this in [Chapter 5](#)).

› **ESG practices:** Along with rigorous control of the risks associated with our customers’ activities and businesses, our long-term vision includes our commitment to good environmental, social and governance practices among BTG Pactual’s operational bases. The Bank performs rigorous analysis of socio-environmental impacts in processes involved in opening of accounts, credit operations and selection of assets for investment. In addition, BTG Pactual includes sustainability in its business strategy through initiatives that run from employees to customers, including suppliers and other partners.

Technology as a driver

BTG Pactual's 38 years of experience together with its status as an established brand allows us to successfully explore new opportunities in the retail banking market, focusing on technological innovations. As such, since 2016 we have invested strongly in the infrastructure necessary for digital transformation, including the migration of our entire banking ecosystem to the cloud and performing digital 'onboarding' of our customers (institutional and private).

In addition to the gains in operational efficiency, these investments allow innovative solutions to be developed for the market. One example of this was the Bank's first foray into high income retail, made in 2017 through a digital investment app, which initially provided products such as investment funds and fixed-income. The following year saw an important advance: the launch of BTG Pactual Digital, our more modern and complete digital investment platform. The fast development of technology led to a succession of innovations, one of special note being *Banking as a Service* (BaaS), through which, in 2020, we started offering our own financial infrastructure as a service for large institutional customers. In 2021, the process of digitization allowed us to launch new transaction platforms focused on both individuals and small to medium sized companies.

To continue with this successful digital transformation journey, we have been working on a number of other fronts, with one of the highlights being BoostLAB, a scale-ups accelerator that has received numerous awards for its potential to create business. During the same period, we expanded our equity capital in Banco Pan, a publicly traded retail bank focusing on accessibility to lower income market segments, thereby increasing the financial inclusion of this sector of the public (see more on page 53).

In 2021, the process of digitization allowed us to launch new transaction platforms focused on both individuals and small to medium sized companies.

ESG commitments

[GRI 102-20; 102-26; G4-FS1]

[Target for the 2030 Agenda: 10.6]

At BTG Pactual, the transversal and effective integration of ESG topics into the different business areas reflects the Bank's commitment to sustainable development. In order for this approach to guide our activities in a structured manner, an ESG Department was created in 2015 with the aim of developing the ESG for the entire Bank. The ESG Department is responsible for implementing the socio-environmental directives applicable to the Bank's business units and companies as well as for the products and services offered. This work positively influences the value chain, especially customers, investors, suppliers and collaborators among other stakeholders.

Since 2020, the *Sustainable & Impact Investing* division has been reinforcing this structure, connecting global investors with sustainable investment opportunities in Latin America. To merge positive social and environmental impacts with the guarantee of consistent return for customers, BTG Pactual contributes to the Sustainable Development Goals (SDGs) established by the United Na-

tions (UN) as part of its 2030 Agenda. As well as providing a foundation for the Bank's impact investments and socially responsible initiatives (see more in [Chapter 4](#)), the SDGs are considered in relation to other areas of the business strategy, meaning that the 2030 Agenda goals are taken increasingly more into consideration for the development of new products, services and solutions.

Supported by the ESG Committee (that is chaired by the CEO and made up of a multi-disciplinary team), the Board of Directors, responsible for the Bank's long-term vision, constitutes the highest level of management in relation to ESG matters. The Board approves the policies that guide the integration of sustainability into the corporate strategy and analyzes the climate and socio-environmental risks (find out more about this in [Chapter 2](#).) The ESG program is managed internally using a clear definition of attributes, guided by specific directives and voluntary commitments assumed by BTG Pactual, as can be seen in the infographic below.

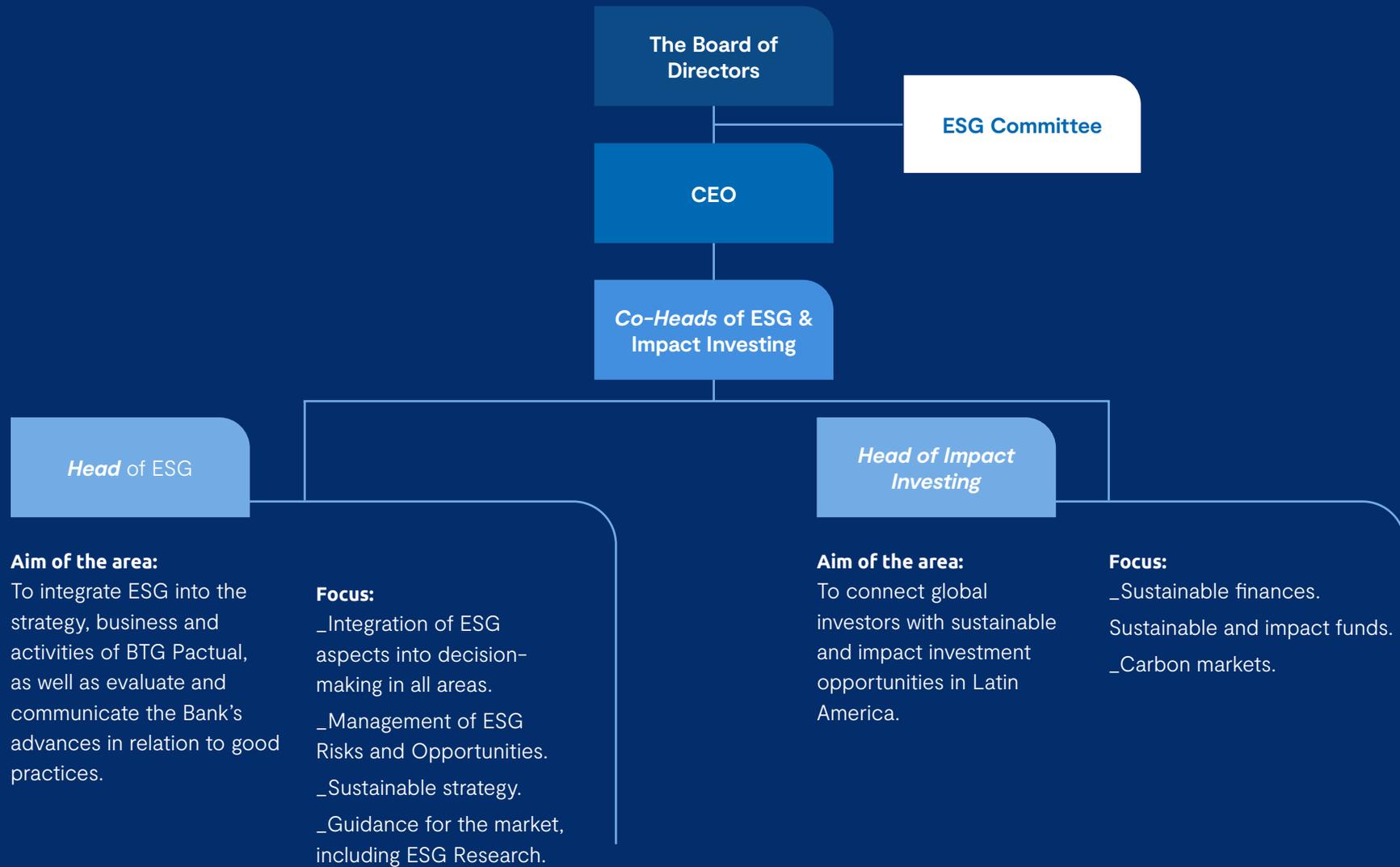
Integrated operations

Over the course of this Report, we will be presenting examples of the integration of aspects of ESG into the Bank's different areas and activities, especially in the development of business.

The aim of this is to demonstrate the effective insertion of these aspects into our strategy in a way that is both transversal and aligned with the commitments we have assumed with our shareholders and other stakeholders.

ESG Management Structure & Impact Investment

(on 31-Dec-2021)



ESG bases of activity

Responsible bodies

- The Board of Directors
- ESG Committee
- ESG & Impact Investment Department
- Business units

Dedicated directives

- Sustainability Policy
- Socio-environmental Risk Policy
- Responsible Investment Policy

Voluntary commitments and initiatives

- The UN Global Compact
- *Principles for Responsible Investment* (PRI)
- United Nations Environmental Program (UNEP UNDP)
- Principles for Responsible Banking (PRB)
- *Task Force on Climate-related Financial Disclosures* (TCFD)
- *Disclosure Project* (CDP)
- Brazil Climate, Forestry, and Agriculture Coalition
- *Partnership for Carbon Accounting Financials* (PCAF)
- *International Corporate Governance Network* (ICGN)
- *Task Force for Nature-Related Financial Disclosure* (TFND)

The program is managed internally using a clear definition of attributes, guided by specific directives and voluntary commitments assumed by BTG Pactual.





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Governance Structure

[GRI 102-18; 102-22; 102-23; 102-26; 102-28]

With the [Partnership](#) model forming the basis of its management structure, BTG Pactual is striving to continually evolve towards the best practices of corporate governance, in order to ensure ethical and transparent conduct, avoid conflicts of interest and mitigate risks. Its activities are therefore in line with the Brazilian Corporate Governance¹⁰ Code, and it voluntarily adheres to the requirements made of companies listed on Level 2 of the B3, which adopt practices in addition to those required by legislation. Amongst our governance practices, we want to highlight:

- The definition of clear regulations in the Bylaws on the procedures for the calling, installation, voting and registration of General Shareholders' Meetings and Board of Directors' meetings, including the offering of documentation as of the date of the first call;
- Establishment in the Bylaws of mechanisms for the resolution of possible disputes involving shareholders, administrators and/or BTG Pactual Bank, through arbitration;
- the Bank's Bylaws;
- Contracting of an Independent External Audit for analysis of the BTG Pactual Bank's Financial Statements; and
- Prohibition of the use of privileged information.

More detailed information on the rights and advantages

The creation of the Audit Committee in accordance with

provided for BTG Pactual shareholders are available in the Investor Relations pages of our [website](#).

¹⁰ Developed and published by the Brazilian Institute of Corporate Governance (IBGC).

The Board of Directors

As established in our Bylaws, the General Shareholders' Meeting acts as the supreme decision-making body in the BTG Pactual governance structure, followed by the Board of Directors and the Executive Board. Formed by up to 11 members, the principal attributes of the Board of Directors are the definition of the management directives, guidance of the business strategy and assessment of the risks and opportunities - including social, environmental and governance aspects - in addition to those of an economic and operational nature. The members are also responsible for approving the Financial Statements and electing the Executive Board.

Mandates are for one year, with the possibility of reelection. At the end of 2021, the Board of Directors was composed of eight members, all of whom were elected, or reelected, at the General Meeting held on April 9 of the same year, with three of the members (37.5% of the total) being independent.

To access the members' curricula, [click here](#).

Composition of the Board of Directors

(on 31-Dec-2021)

Name	Position
Nelson Azevedo Jobim	Chairperson
John Huw Gwili Jenkins	Vice-Chairperson
Cláudio Eugênio Stiller Galeazzi	Independent Board Member
Eduardo Henrique de Mello Motta Loyo	Board Member
Guillermo Ortiz Martínez	Board Member
Mark Clifford Maletz	Independent Board Member
Roberto Balls Sallouti*	Board Member
Sofia de Fátima Esteves	Independent Board Member

* Also performs an executive function, as CEO of BTG Pactual.

Committees

The work of the Board of Directors is supported by committees focusing on strategic issues. These include:

- **Audit Committee** A statutory and permanent organ, this committee was created to comply with the regulations published by the National Monetary Council (CMN), the Central Bank of Brazil (Bacen) and the Brazilian Securities Commission (CVM)¹¹. The Committee is responsible for monitoring and supervising the internal control processes and the risk management, the creation of the Financial Statements, and the auditing activities performed internally or independently, by contracted companies. The Committee is also responsible for recommending policies, practices and procedures identified within the sphere of its attributes and ensuring compliance with all laws, norms and regulations – informing the relevant organs of any possible irregularities and the respective corrective measures. At the end of 2021, the BTG Pactual Audit Committee was composed of three members: Pedro Paulo Longuini, Sidnei Correa Marques and Eduardo Henrique de Mello Motta Loyo. The conclusions of the inspection performed by the Audit Committee are sent to the Board of Directors for continual improvement of the internal controls, so that weaknesses can be monitored by experienced professionals and reported periodically until the respective corrective actions are implemented and evidence of their effectiveness is recognized. It should be noted that one of the members of the Audit Committee is also a member of the Board of Directors, thus making communication between the organs that much faster and easier.

- **Compliance Committee:** This is a non-statutory body that is responsible for analyzing financial and reputational risks resulting from non-compliance with laws, regulations (including Money Laundering Prevention and Financing of Terrorism), and applicable best practices, as well as ethical principles and internal regulations. Its principal function is to support the Board of Directors in the adoption of compliance risk management strategies, including monitoring financial risk, reputational risk due to non-compliance with laws, regulations, rules or best practices, including BTG Pactual's ethical principals and internal regulations. In December 2021, the Committee was made up of six members, amongst whom were the Chairman of the Board of Directors, Nelson Azevedo Jobim.

Our committees are tasked with supporting the Board of Directors in its assessments and decisions concerning strategic issues.



¹¹ In accordance with CMN Ruling n° 4.910, dated 2021, CVM Ruling n° 23, dated 2021, and CNSP Ruling n° 321, dated 2015.



🔗 **Risks and Capital Committee** This is a non-statutory, permanent body, responsible for assessing tolerance in the Company's risk taking, and supporting the Board of Directors in the management of financial, operational and socio-environmental risks, as well as capital, market, credit and liquidity risks. As such, the Bank meets the regulatory requirements established by Central Bank of Brazil Resolution no. 4,557, and defined in the Risk Appetite Statement (RAS). All risk departments, such as those addressing credit risk, socio-environmental and climate risk, operational risk and market risk, are invited to participate in the meetings to explain the appetites for risk and the principal events.

🔗 **Remuneration Committee:** This is a statutory and permanent body, that discusses and approves decisions relating to remuneration, preserving the Partnership model, and aligning the long-term interests of our collaborators and shareholders. Made up of three members, the Committee provides a forum to facilitate the interaction of Human Resources, the Directors of the Business Areas, and representatives from BTG Pactual's Board of Directors and Executive Board.

🔗 **ESG Committee (*Environmental, Social and Governance*):** This is a statutory and permanent body, responsible for supporting the Board of Directors in relation to ESG matters. The ESG Committee supervises the implementation of the ESG policies and practices, and the socio-environmental and climate risk processes and procedures, ensuring the Bank's adherence to these directives. It is made up of 'C-Level' representatives and other members of the Executive Board. At the end of 2021, the ESG Committee was composed of 11 members.

ESG Committee

[SASB FN-CB-410a.2]

Integrated into BTG Pactual's governance structure, the ESG Committee supports the Board of Directors and the Management in defining the strategies, directives and measures focused on the adoption of best practices in order to identify and mitigate social, environmental, climate and regulatory risks. Given the importance of the issues addressed, the Committee is made up of 'C-Level' representatives and members of the Senior Management, and is responsible for supervising and managing the execution of the ESG policies and their repercussions, including the related programs, projects and actions. Amongst the principal duties of this body, of special note are:

- Suggesting to the Board of Directors the candidacy of a statutory director to assume responsibility for socio-environmental risk before the Central Bank of Brazil;
- Formulating the socio-environmental risk strategies, including climate risk;
- Assessing the most important sustainability commitments and/or indexes, as well as external initiatives - corporate or sectoral, for example - related to ESG, for decisions on adherence;
- Examining and validating the annual budget proposed by the ESG area, as well as the work plan suggested by the same department for the period;
- Evaluating the quarterly reports on development of the programs and procedures received from the Bank's ESG department, including its subsidiaries and controlled companies;
- Analyzing the reports issued by the regulators and the internal and external audits on the efficacy of the internal controls concerning all procedures that involve ESG;
- Approving and disseminating strategic global policies related to the BTG Pactual Group's sustainability, socio-environmental risk, responsible investment and climate risk; and
- Participating in the decision-making process in transactions and operations that may present a socio socio-environmental risk, including acquisitions, private equity investments, formation of joint ventures and commercial relationships with individuals or organizations that present a potential for risk relating to social, environmental or climate issues.

In 2021, the ESG Committee worked hard on the approval of the 19 sector policies that support the Bank's operations, as well as on assessment of critical suppliers, engagement of managers for the funds administrated by the Bank, analysis of materiality, and monitoring of the training provided on the Sustainability Policy. On another front, it supported the improvement of the risk management mechanisms, listing the most pressing threats and the respective mitigating actions implemented for the 13 companies from the Corporate and SME Lending portfolio classified as presenting a high social, environmental and climate risk (these operations account for 16% of the Bank's Corporate and SME Lending portfolio¹² - more information can be found on page 67).

¹² This name corresponds to that adopted in the Earnings Release issued by BTG Pactual. BTG Pactual's loans portfolio represents the Banking Book, excepting the Energy Desk, Merchant Banking, Partnership Office, Treasury and WM.

Executive Board

Guided by the Board of Directors, the BTG Pactual Executive Board is responsible for representing the Company (legally and institutionally), executing the business strategy and steering the team towards achieving the corporate objectives and goals in order to ensure the generation of value and return for the shareholders. In 2021, it was made up of 15 members, all of whom were elected the previous year – with mandates running through until 2023, as established in the Bylaws.

The performance of the Board of Directors, the Executive Board and the Committees is evaluated annually based upon the methodology developed by the Human Resources department. This methodology includes a collective discussion of the results (coordinated by the chairperson of the Board of Directors), in order to identify those actions necessary to improve performance. Among other aspects, this evaluation includes criteria related to value generation, encompassing strategy, compliance, people and culture, and management of external relations. Any conflicts of interest are handled using a specific policy that addresses the matter, guiding the identification and management of potential or real cases (see more on [page 37](#)). Furthermore, the Bank has policies to address the use of non-public information and unauthorized disclosures, as well as policies that regulate the personal investments of its employees.

Composition of the Board of Directors

(on 31-Dec-2021)

Name	Position
Roberto Balls Sallouti	Chief Executive Officer (CEO)
Renato Monteiro dos Santos	Senior Vice-President
Mariana Botelho Ramalho Cardoso	Compliance Director
José Miguel Vilela Junior	Investor Relations Director
João Marcello Dantas Leite	Chief Financial Officer (CFO)
Iuri Rapoport	Chief Sustainability Officer (CSO)
Alexandre Camara e Silva	Executive Director
André Fernandes Lopes Dias	Chief Risk Officer (CRO)
Antonio Carlos Canto Porto Filho	Senior Vice-President
Bruno Duque Horta Nogueira	Executive Director
Guilherme da Costa Paes	Executive Director
Marcelo Flora Sales	Executive Director
Oswaldo de Assis Filho	Executive Director
Rogério Pessoa Cavalcanti de Albuquerque	Executive Director
Christian Flemming	Executive Director

Ethics and integrity

[GRI 306-16; 306-17; 306-1; 306-2; 306-3]

[SASB FN-CB-510a.2; FN-AC-510a.2; FN-IB-510a.2]

[Targets for the 2030 Agenda: 16.5; 16.6]

Integrity is a fundamental value for BTG Pactual, reflected in the practice of all our business and relationships. To mitigate ethical risks (including fraud and money laundering), we adopt various different awareness-raising and control mechanisms, including directives and programs that are shared with the principal stakeholders, compliance with internal and external audits, and channels open for dialog and complaints on such issues.

Regularly revised and validated by the Board of Directors, the BTG Code of Conduct and Ethics is the document that supports corporate conduct in relation to this issue and is available on the Bank's website. The Bank's employees are required to participate in annual training sessions on the provisions set forth in the Code, with their participation being duly monitored by the Compliance team (see the box on this page).

The team works to ensure that BTG Pactual's values, principles, standards and behavioral norms are followed and respected by all of our employees, business partners and customers. As such, it independently supports the Board of Directors in the effective identification, evaluation, mitigation and management of risks relating to the matter, as well as in the correction, reporting and training that arise from these tasks. This work guarantees the Bank full compliance with all laws, regulations, rules and best market practices. The Partnership model and other corporate governance mechanisms undergo constant review with the aim of establishing and maintaining the highest global standards of ethical and professional behavior amongst our employees, partners and customers.

Shared commitment

Revised in 2021, the **BTG Pactual Code of Conduct and Ethics** guides managers, employees and other publics with whom we interact in relation to ethical principals and behavior. Complementing this, we have other corporate directives and programs that address specific aspects relating to the theme, especially:

- Compliance Manual;
- Anti-corruption and Anti-bribery Policy; and
- Anti-Money Laundering Program.

To ensure that our teams remain continually updated in relation to these documents, we provide annual obligatory training cycles on the issue, in which the board members and directors also take part. In 2021, 2,242 employees were trained in matters related to Compliance. It is worth highlighting that these training sessions were made available to the entire staff over the course of 2021, through the 'MyLearning' platform.

Together with the Compliance Committee, BTG Pactual has a team dedicated to applying the Integrity Program, which focuses on three principal fronts: regulatory processes, prevention of money laundering and monitoring of risk. To advance the culture of compliance, we have adopted regular practices designed to check compliance, including due diligence processes, internal and external audits, training sessions and awareness-raising campaigns,

contractual provisions, and other mechanisms that ensure internal control of the Bank's activities. The awareness-raising also extends to commercial partners, such as Autonomous Investment Agents and Correspondents, who receive specific orientation manuals that are attached to the service provision agreements that they sign with BTG Pactual. They are also trained in relation to our internal policies and regulatory and self-regulatory agents.

Regulatory processes, prevention of money laundering and monitoring of risks form the focus of the Integrity Program.

Pillars of the Integrity Program



Responsible leaders

CEO participation in the Compliance Committee, reporting directly to the Board of Directors.



Standards and Policies

Directives and practices based upon international Governance and Compliance standards, defining the practice of high ethical standards and rigid internal policies on the matter.



Proactive cooperation

Voluntary collaboration with authorities and regulators to achieve and maintain a favorable standard of risk, administration, respect and transparency.



Periodic reviews

Policies and procedures are frequently reviewed in order to update them and offer training to employees in compliance with legal and regulatory demands, as well as good market practices.



Due diligence

Performance of due diligence and monitoring procedures in the value chain, especially in relation to customers and suppliers who present greater risks in terms of compliance.

Anti-corruption

[GRI 205-1; 205-1; 205-3]

Based upon our Anti-corruption and Anti-bribery Policies, BTG Pactual makes use of a series of mechanisms to combat irregularities of conduct, being aware of the damage that such practices can cause to society, and of the legal, economic and reputational risks involved. In this sense, the Compliance area works hard to monitor and combat illegal practices in order to ensure that our employees, commercial partners and customers share this commitment with full compliance in all their operations.

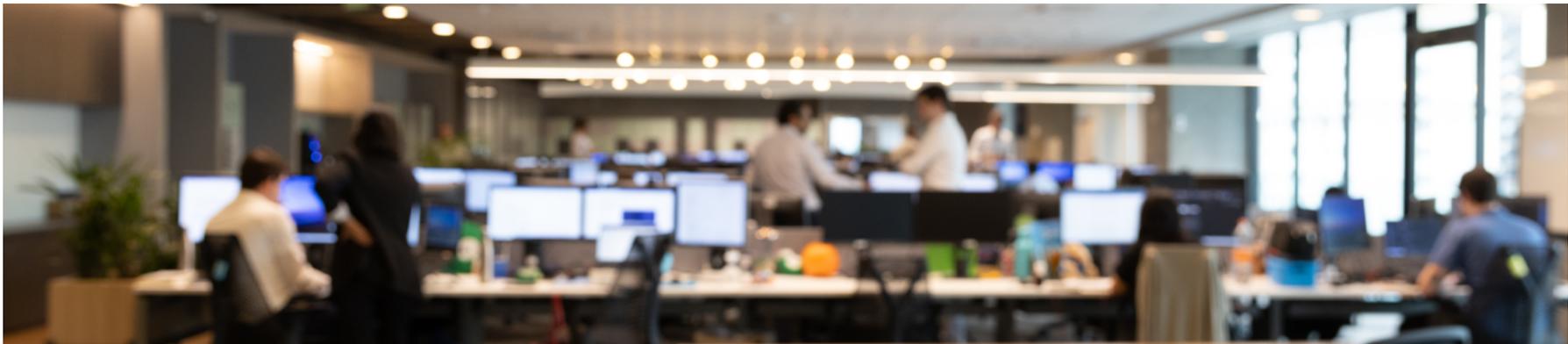
All of the financial service providers with which BTG Pactual intends to establish relations undergo a multi-disciplinary assessment process that involves different areas of the Bank – Compliance, ESG, legal, Onboarding and Documentation, among others. The scope of the due diligence covers a series of surveys and studies, design-

ned to calculate the greatest possible amount of information on the technical and commercial conduct of the service provider, analyzing their ability to fulfill regulatory requirements, as well as mitigate any legal and reputational risks that may arise from the relationship. Once approved, the review of the due diligence process on this service provider takes place within a maximum of 36 months, depending upon their risk classification.

In relation to our customers, the Compliance team monitors the movements that take place in the accounts that involve transfers of funds to or from the same account holder or third parties, using regulations set forth in legislation and in internal procedures, always with the intention of preventing money laundering. Aligned with the premise that it is important to fully understand each customer, the procedures for opening an

account with the Bank require the provision of information that allows for a proper analysis of the risks presented by our counterparts in business, including those relating to corruption.

We work to raise awareness of this issue to our employees as a preventative measure. In addition to periodic and obligatory training, communications are sent out to our internal public summarizing our principal policies, including anti-corruption practices. We use the monitors located in the common areas in the offices and the computer screensavers at work stations as channels to further communicate these directives. Complementing this, as part of the onboarding process, new employees are offered specific training on the issue in our “New Hire Training” program.



Prevailing rule

As our policies set forth, none of BTG Pactual's employees or partners can be involved in any cases of corruption anywhere in the world.

The Bank entirely forbids the offering, promising, payment, receipt or organization of payment of bribes of any sort, either directly or indirectly. This rule, which prevails over all other corporate directives, is applicable to any commercial transaction or relationship to which BTG Pactual is a party – either itself or through third parties.

Over the course of 2021, 100% of our employees received communications on anti-corruption policies and procedures, in the form of internal bulletins, and 60.3% participated in training that included anti-corruption practices. The training sessions and bulletins on the subject extended to the Board of Directors and the Executive Board, who are also responsible for evaluating and approving the Anti-corruption, Anti-bribery, Prevention of Money Laundering and Financing of Terrorism Policies. Furthermore, all of our business partners – around 2,700 at the end of 2021 – receive training on these issues.

Following the same methodology adopted for the analysis of risks in 100% of our operations and relationships (see more on [page 45](#)), 9,220 counterparties were thoroughly evaluated in relation to corruption in 2021, after our analysis systems had identified high potentials of risk.

Related accusations

[GRI 102-17]

[SASB FN-CB-510a.2; FN-AC-510a.2; FN-IB-510a.2]

It is the responsibility of the Compliance Committee to ascertain, assess and handle the reports made to the BTG Pactual Compliance Hotline. Managed by a select Compliance team, thus guaranteeing independence, this Channel receives accusations, complaints or other reports concerning corruption, discrimination, harassment and conflicts of interest and suspected fraud among other issues highlighted in our Code of Conduct and Ethics. Once recorded, those (anonymous or identified) reports that represent legal, regulatory and/or reputational risks, are sent to the Committee for analysis and further measures and, depending upon the content, investigation of the case may be performed internally or by a contracted specialist. Any other violations of internal

regulations are analyzed by the Compliance team and by the respective Line Manager. Accusations received through other channels such as the Ombudsman follow the same handling procedure, being assigned to the Compliance team for investigations and handling.

The Accusations Policy and its respective procedures can be found and accessed by employees on the intranet in both Portuguese and English. As well as the abovementioned officer channels, our employees can also report related situations to their direct superiors or heads of department, who should forward the matter to the Compliance team. Over the course of 2021, no accusations concerning corruption were received.

A reliable channel

Any accusations or other types of reporting about ethics and integrity can be made through the contacts below:



Website: **Access the electronic form [here](#).**



Email: **OL-whistleblowing@btgpactual.com** ou **ol-canaldedenuncia@btgpactual.com**



Tel: **(+55 21) 3262-4258** and **(+55 11) 3383-4258.**

Directly to the Head of Compliance

All situations reported are kept in absolute secrecy, with full guarantee of non-retaliation.

Privacy and data protection

[GRI 103-1; 103-2; 103-3; 418-1]

[SASB FN-CB-230a.1; FN-CB-230a.2; FN-CF-220a.1; FN-CF-220a.2; FN-CF-230a.1; FN-CF-230a.3]

Ensuring data protection and customer privacy is a commitment made by BTG Pactual in all of the segments in which it operates. To fulfill this commitment, the Bank has developed a series of processes and procedures focused on controlling risks of information being leaked. The responsibility for Cyber-defense falls to the Information Security department which operates the *Security Operations Center* (SOC), that is focused 24 hours per day, seven days per week, on the prevention of external cyber attacks. The SOC works on identifying activities and systems that present any potential to harm our digital assets, as well as quickly correcting any irregularities, providing an immediate response to all possible incidents.

Monthly sweeps are performed on the Bank's work stations, servers and networks, aimed at detecting potential vulnerabilities. In the event a weakness is detected, these vulnerabilities are corrected depending upon their criticality, with any vulnerability possibly already being exploited corrected as a matter of urgency. On another front, a specialist team carries out security tests on the infrastructure and on the applications under development, correcting errors before they enter into production.

In 2021, we moved ahead with the adaptation of our procedures and systems to the provisions of the General Data Protection Law (LGPD) and of the National Monetary Council's Resolution n°. 4,658/2018. This resolution focuses on cybersecurity and cloud storage policies applicable to financial institutions and other institutions authorized to operate by the Central Bank. We protect our customers' personal data and do not allow it to be used in digital marketing campaigns, always acting in compliance with the applicable legislation and our [Privacy Policy](#).

The Risk and Information Security Committees along with other Internal Controls sustain our cybersecurity structure by monitoring security aspects and performing periodic assessments. Other teams focused on cybersecurity such as Governance, Cyber Defense Center, Application Security, Identity Management and Red Team collaborate in this process. As a result of this coordinated work, we seek to:

- Maintain proper governance over all personal data processed, always considering the requirements of privacy in the conception and implementation of products, services and systems;
- Protect the personal data in such a way as to minimize the risk of leaks and their possible impacts;
- Maintain transparent communication with the data subjects concerning our privacy management practices, providing them with access to the information and the purposes of its use, and complying with any possible requests for the alteration or exclusion of data; and
- Comply with all regulatory demands in the different regions where we operate.

In addition to this, external audits are performed periodically by specialist companies and regulators. As a result of this work, no data leaks were identified during the verification processes or services in 2021 nor any preceding years. In the same way, over the course of the same period, no grounded complaints on the matter were registered.

Prevention of conflicts of interest

[GRI 102-25]

BTG Pactual has a structured policy for the identification and administration of situations involving conflicts of interest which are assessed by the Compliance Committee and, whenever they have a bearing on the Bank's decision-making or on its stakeholders, by the Board of Directors. Among the principal measures adopted to mitigate this risk, of special note are:

- The implementation of processes and procedures designed to check on potential conflicts of interest;
- Periodic training sessions for those professionals who manage sensitive information, covering ethical conduct and legal requirements related to the matter.
- Rigorous control of all operations performed by BTG Pactual, by both our employees and our customers. Using specialized systems, harmful practices like insider trading, front running and piggybacking and illegal transfers of resources can be identified.
- The requirement that all of the bank's employees formally declare their own personal investment intentions, as well as any equity holdings in private companies and any possible external activities validated by the Compliance department.
- Operational areas that present a greater potential for conflict are separated physically, with technological tools and written and telephonic communication channels being duly monitored; as an example, we can highlight the total separation of the Investment Banking, Asset Management and Research activities.
- Clear rules governing donations and endorsements: members of the Partnership are prohibited from making political donations of any type and they should request approval from the Compliance Committee before joining organizations or movements of a party-political nature. Other employees are permitted to make donations to political parties, without prior communication, up to the limit of R\$ 1,000.00, with any donation above this sum needing to be approved by the Compliance Committee. Institutional donations to non-political social organizations, made by BTG Pactual must be approved in line with requirements that have been pre-defined by the Bank.
- Removal of any direct connections of remuneration between any persons primarily involved in activities where a potential conflict of interest has been identified.



- Elimination of potentially conflicting functions that are to be performed by a single employee or department, as well as the installation of blocks on inappropriate influence on the manner in which regulated business is conducted.

If required by the applicable laws and regulations, or when the provisions outlined above for the management of conflicts of interest are not sufficient to ensure the mitigation of risks relating to the matter, BTG Pactual has the right to clearly communicate to the customer the general nature and the sources of the conflict, prior to undertaking any business by or with them. This communication is performed within a reasonable period of time and includes sufficient information for the counterparty to take a decision.

To guarantee the application of all these measures, our employees are encouraged to report any real or potential conflict of interest using the form made available on the intranet. This report is assessed by the Compliance team, which identifies the measures to be taken to mitigate or control such conflict, in the event it is confirmed.

Anti-trust practices

[GRI 206-1]

[SASB FN-IB-510a.1]

As established in our Code of Conduct and Ethics, BTG Pactual strives to stimulate free and fair competition in the markets in which it operates, the majority of which have specific and forceful legislation designed to curb monopolies, cartels and other practices that create competitive imbalances. As such, the Bank has established policies and procedures that are applicable to all of our employees and other representatives, in order to ensure the legal compliance of its operations.

As an example of the evolution of the processes reported in our last Annual Report, in 2019, the São Paulo Court of Appeal had dismissed a request filed by XP that BTG Pactual should desist from approaching or negotiating with investment advisers linked to XP due to alleged practices of unfair competition. In February 2021, BTG Pactual and XP Investimentos signed an agreement to dismiss the lawsuit. This agreement was ratified the following month, with XP fully waiving the claims it had filed against BTG Pactual in the judicial proceeding based upon accusations of unfair competition.

The case filed by Geraldiscos Comércio, Indústria e Representações de Cortiça Ltda. (against BTG Pactual and another six financial institutions, for alleged practice of a cartel during the period between 2008 and 2012) was at the end of 2021 being assessed by the judge after the banks involved had presented their defense. A decision

is now being awaited on the preliminary defense arguments presented and the possible need for the production of evidence.

Over the course of the year, two new processes questioned practices relating to a supposed cartel formed by banks in exchange operations performed between 2008 and 2012, both involving suits filed against a number of different financial institutions including BTG Pactual. One of them, filed by the Brazilian Association of Exporters (AEB), was dismissed, based upon an opinion declared by the Public Prosecutor's Office of the State of São Paulo in 2021. In the other, filed by Petrobras S.A., the banks cited (nine, in all) presented their challenges and, on December 31, the case was awaiting the reply from the plaintiff company.

Committed to transparency, BTG Pactual will be reporting the outcome of these cases in the year in which they receive a final and unappealable decision, against which no more appeals may be filed.

Human rights

[GRI 412-1; 412-3]

BTG Pactual strives hard in the promotion and defense of Human Rights, in accordance with the UN's 'Guiding Principles on Business and Human Rights,' as well as the voluntary commitments to which we are signatories including the Global Compact. We demonstrate this commitment through our relationships with our employees, customers, commercial partners, suppliers, communities and the other publics with which we interact. Furthermore, 100% of our operations are submitted to an analysis of impacts related to the matter.

As such, we reject any type of exploitation of people in the form of compulsory, forced, sexual, slave or child labor, as well as any type of discrimination. We apply a series of policies and procedures designed especially to identify and prevent modern slavery or human trafficking over the course of the value chain, including due diligence and the monitoring of corporate customers and suppliers.

In this report we detail different policies and practices developed by BTG Pactual in relation to Human Rights – find out more about these on pages [31](#), [45](#), [47](#) and [89](#).



Risk Management

[GRI 102-15; 102-30; 408-1; 409-1; G4-FS2; G4-FS3]

At BTG Pactual, our risk analysis goes beyond the bank's own operations and extends to evaluating the activities of borrowing organizations and companies recommended to investors. Risk is assessed at all business units in these institutions, using criteria suitable for the nature of each activity. This complexity, inherent to the financial sector, requires strong and sophisticated management, with mechanisms that, in full compliance with all laws and regulations, ensure the Bank's integrity, preservation of the invested capital and identification of the best opportunities for the investment of funds.

The monitoring of risks is a permanent practice at the Bank, involving partners, managers and other employees, operating jointly in a multi-disciplinary way. These analyses are structured and monitored by the Risk Committee, through periodic measures including:

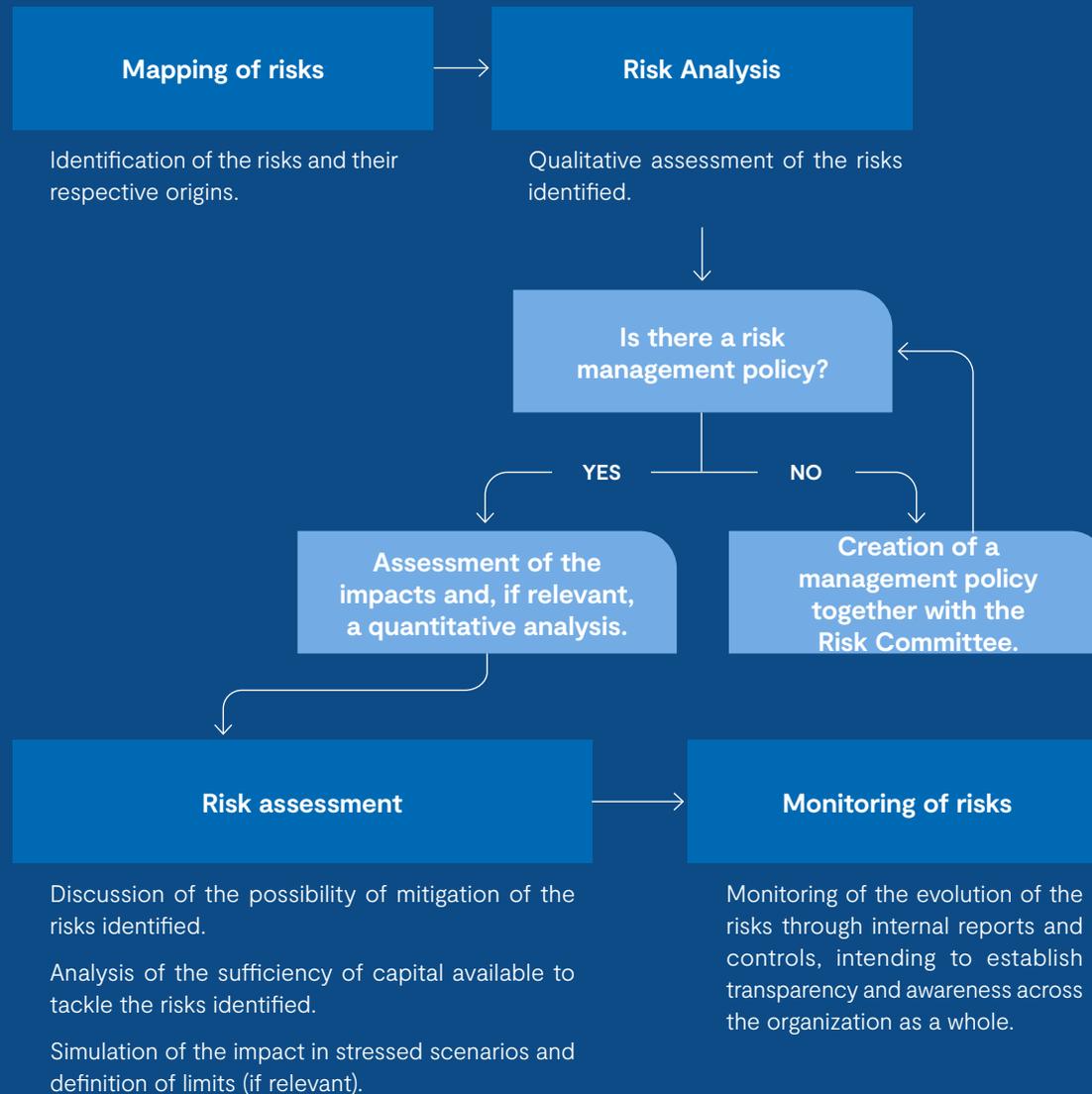
- The identification and assessment of risks;
- Simulation of the evolution of the important risk elements and their impact on both the capital and the results;
- The planning of capital and liquidity;
- The drafting of technological and operational contingency plans, with a view to the continuity of the business; and
- The creation of viability plans.

Independently, each line of business manages the risks related to the respective operating sector, reporting the evolution to the Board of Directors and to the Risk Committee¹³. For more information on this Committee, see [page 28](#). Forming part of this management structure are the Credit Risk, Market, Liquidity, Socio-environmental, Climate and Operational Management Bodies - which provide support to the other areas in the identification, gauging, monitoring and scaling of the risk factors that could possibly impact our operations.

A permanent and continual practice within the Bank, the monitoring of risks involves the partners, managers and other employees operating jointly in a multi-disciplinary way.

¹³ In compliance with the CMN's Resolution n°. 4,557, BTG Pactual has created a Risk Committee, the objective of which is to support the Senior Management in supervising tolerance in the decisions the Bank takes, as well as in the management of both the financial and non-financial risks.

Our risk management process



In 2021, the most critical risks monitored and mitigated by BTG Pactual were:

- 🕒 **Market Risk:** Losses related to adverse swings in market prices that affect the portfolio positions.
- 🕒 **Mitigation:** BTG Pactual's trading areas are those responsible for the management, in the first instance, of market risks, but they are all (whether they arise from trading activities or any other area of business) duly identified, gauged, monitored and controlled with the objective of protecting the institution from undesirable exposure.
- 🕒 **Credit risk:** Inability of a debtor or counterparty to fulfill their obligations in accordance with the agreed terms. This can lead to financial losses arising from the depreciation of a contract (given the drop in the classification of the risk taker) and from a reduction in the gains or remuneration. This is inherent in the activity of loans and is found in certain derivatives products, as well as in a portion of the structured operations.
- 🕒 **Mitigation:** In 2015, the Bank incorporated the Counterparty Credit Risk in the pricing of its derivatives instruments, as outlined in the *Credit Valuation Adjustment (CVA) Policy* for derivatives. For the principal derivatives, the CVA is incorporated into the balance sheet figures and updated every month.

🔗 **Operational Risk:** Losses resulting from internal processes, unsuitable personnel or systems, or errors, or those arising from external sources or causes (deliberate, accidental or natural). Included in this category are fraud, safety at work factors, unsuitable practices (relating to customers, products and services), damages to physical assets, errors in information technology systems, and defects in the execution and management of the institution's activities, including defaulting on deadlines.

○ **Mitigation:** The mission of the BTG Pactual Bank's Operational Risk department is to monitor the organization's level of exposure to operational risk (considering the limits established in the Risk Appetite Statement [RAS]), reduce operational losses, identify and manage the various risks inherent in the processes, effectively take advantage of opportunities, and improve the investment and measurement of capital.

🔗 **Liquidity Risk:** Discrepancy between the flows of payment and receipt, making it impossible for the Bank to honor the commitments it has assumed in a timely manner – considering that its reserves and availability of funds would be insufficient to cover such an eventuality.

○ **Mitigation:** The Liquidity Risk Management Policy, approved and revised periodically by the Management Committee and by the Board of Directors, establishes the set of practices that support the strategy designed to control this risk. The strategy is based upon legal provisions and voluntary commitments and aligned with the best global practices on the matter that are subject to a firm management structure, periodic stress tests, and the drafting of the BTG Pactual Liquidity Contingency Plan. By means of this, the Bank identifies, evaluates, monitors and controls the risks associated with each institution individually and the prudential conglomerate¹⁴. This process also considers the possible impacts on the liquidity of this conglomerate arising from the risks associated with the other affiliates and their members.

🔗 **Contagion Risk:** Possibility of losses in financial institutions due to the occurrence of adverse events in affiliated companies and/or relevant equity interests.

○ **Mitigation:** The companies participating in the Group operate with the same governance structure as the BTG Pactual Bank and their operations are entirely integrated into the controls and processes for the monitoring of risks. Despite each company having its own directing body, these managers report to the Bank's directors, heads of business areas and control organs.

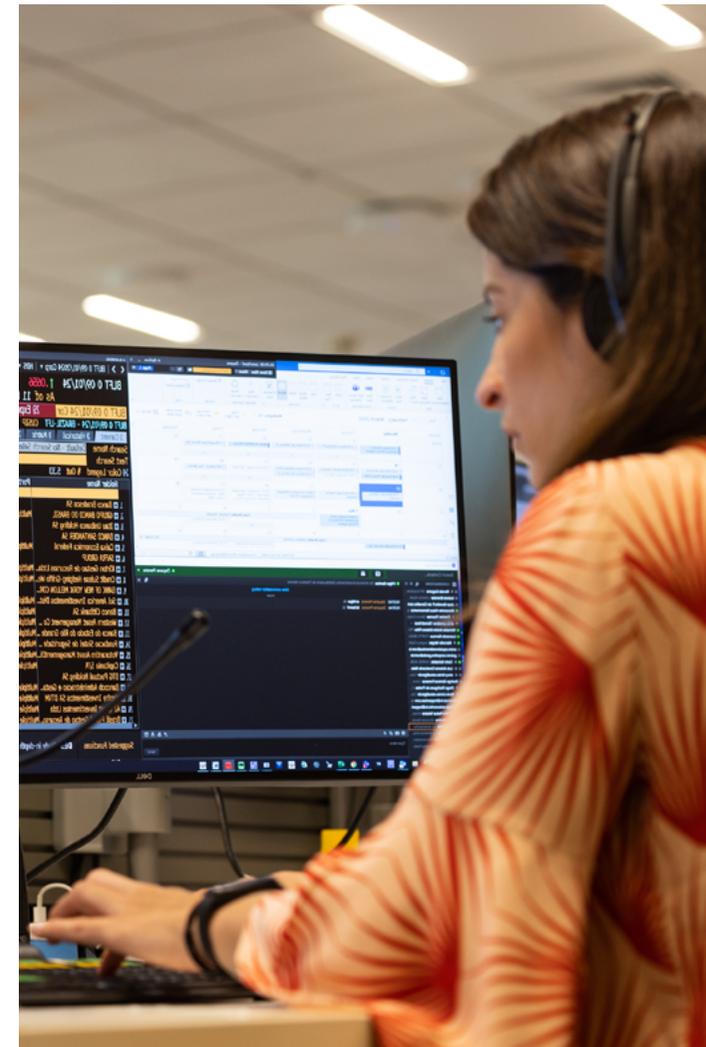
🔗 **Concentration Risk:** The risk of individual credit concentration (also known as a risk of lack of granularity in portfolios) is a recurring cause of bank crises. This is because, when credit institutions concentrate their portfolios in small borrowers, even small defaults are enough to serially affect the solvency and future viability of the creditor.

○ **Mitigation:** BTG Pactual always aims to minimize losses due to tail risk, which are generally of high intensity. The risk is controlled by the Group Controlling department, while consolidated monitoring is performed for those institutions forming part of the same conglomerate, analyzed by business group and economic sector.

¹⁴ Defined under the terms of Resolution no. 4,280, dated October 31, 2013.

- ◉ **Compliance Risk:** The occurrence of legal or regulatory non-compliance, as well as the potential financial impacts arising from damages to the organization's image and reputation.
- ◉ **Mitigation:** The Compliance department, together with the relevant Committee, is responsible for the development and maintenance of internal controls concerning regulatory matters, such as combating money laundering, information barriers and restrictions on the trading of securities, as well as provision of training sessions concerning ethics and integrity. More information on this management can be found on [page 31](#).
- ◉ **Legal Risk:** Non-enforceability of the rights of BTG Pactual arising from a contract or other provisions, which could lead to financial losses.
- ◉ **Mitigation:** The Bank's Legal Department is responsible for the mapping, control and prevention of this risk, providing support to all the business and administrative areas. As such, it is divided into groups that are specialized in the different operating sectors: investment banking, asset management, principal investments, trading and management of assets, as well as litigation and corporate matters.

- ◉ **Tax Risks:** This includes exposure to fines, penalties, court decisions, damages and agreements in connection with regulatory assessment, as a result of non-compliance with the applicable legal and regulatory requirements.
- ◉ **Mitigation:** To determine the impact on the consolidated financial statements arising from tax accounting, including the provision of income tax and deferred tax assets, BTG Pactual is committed to compliance with the corresponding tax legislation in all the countries in which it has operations and, therefore, has a team with a comprehensive understanding of the matter. Furthermore, the Bank has external advisors specializing in the issues of most importance, and provides governance in the form of internal committees for approval of interpretations on issues that carry more than one understanding. In complement to this, these committees circulate any and all notifications received from the tax authorities ensuring that the Management is made aware of all developments.



- ◉ **Cyber Risk:** Defaulting or errors in the planning, management or security of Information and Communication Technology resources and services, that come to have a negative impact on the continuity of the Bank's operations and image. This also includes adjustment to the legislation on the issue, such as the LGPD. More information on this subject can be found on page 36.
- ◉ **Mitigation:** The process of Self-Risk Identification aims to map out and analyze the threats, vulnerabilities and risk factors. Once identified, action plans are defined to minimize the exposure to these risk factors and, consequently, to the likelihood of occurrence of an adverse event. The processes undertaken are divided as follows:
 - › Identification and assessment of risks based upon internal and external factors;
 - › Recurrent identification of cyber threats globally;
 - › Evaluation of the possible financial, operational and reputational impacts;
 - › Definition and prioritization of the responses to the risks identified; and
 - › Periodic reviews of the processes.

As this is an ongoing process, the review stage, executed once the action plans have been defined and implemented, aims to assess whether the controls that have been implemented continue to be correct and functional for the risks that have been mapped. Furthermore, during this stage a follow-up is performed for the action plans that are underway, ensuring that they have been executed and included in the monitoring agenda.

- ◉ **Social, Environmental and Climate Risks:** Financial losses or damages to the image and reputation due to socio-environmental irregularities. This includes the possibility of losses to the institution caused directly or indirectly by events associated with the process of transition to a low carbon economy, in which the emissions of greenhouse gases are reduced or compensated; and by events associated with extreme environmental conditions, which can be related to changes in weather patterns.
- ◉ **Mitigation:** Identification, measurement and monitoring of the socio-environmental and climate risks relating to the Bank's activities and/or those of its customers. This management is outlined in more detail on the following page. In relation to risk management, BTG Pactual is committed to identifying, assessing and managing climate risks and impacts (in terms of the environmental aspects) related to financed and assisted projects. The ESG area is responsible for analyzing the operation's compliance with the Equator Principals, based upon public documents or those specifically requested from the counterparty due to the need for complementary clarifications. Projects classified as a potential high climate risk may be submitted to periodic monitoring by the Bank. For more detailed information on this assessment, please see [page 66](#).

Social, environmental and climate risk

As part of the Bank's fiduciary duties, as well as our responsibility to invest our customers' funds ethically and responsibly, BTG Pactual is continually improving its social, environmental and climate risk assessment processes, applicable to all its relationships, loans and investments. To manage these risks and consolidate the information arising from the analyses, BTG Pactual has established an Environmental Social and Governance Management System (ESGMS), structured horizontally throughout the entire institution.

The activities of the ESGMS are tied in with the principle and directives of the corporate policies, specifically addressing the social, environmental and climate risks involved in each line of business, so that they are properly identified, assessed, classified, monitored and mitigated.

The System covers:

- An automated socio-environmental analysis of the processes involved in the opening of an account, with the aim of checking any possible risks that the relationship with the counterparty could present to BTG Pactual in accordance with its internal policies and the principle of proportionality and relevance;

- Whenever applicable, assessment of the environmental, climate, social and corporate governance aspects of potential investments and financing to be made by BTG Pactual. This is done to guide the decision-making in the businesses, as well as map and monitor socio-environmental and climate aspects present in the contracts already signed with customers or which may come to be signed;
- The social, environmental and climate risk management training programs; and
- The ESG communication channels, both those designed for the dissemination of information and training, and those prepared to receive suggestions and complaints.

The socio-environmental analysis of potential counterparties and customers is performed using a technological tool. This tool searches different previously mapped sources for information that could discredit practices and expose customers' non-alignment with the Code of Business and Ethical Principles, the Sustainability Policy, the Responsible Invest Policy and the [Socio-environmental Risk Policy](#). Amongst the bases consulted for ESG information, of special note are:

- The Employers' Register, in order to check whether there either has been or currently is any registration of the counterparty in the list of companies that have forced workers to work in conditions akin to slavery, according to the list published by the Ministry of Labor and Social Security;
- List of areas embargoed by the Brazilian Institute for the Environment and Renewable Natural Resources (Ibama);
- A tool that checks the list of sanctions imposed by international environmental organs (United States, Canada and Colombia);
- Automated research on the open Internet using words combining the name of the counterparty with terms such as "pornography", "prostitution", "child labor", "slave labor", "racism", "environmental crime", amongst others; and
- Automated research in the file base of state, federal and supreme court cases, combining the name and/or document of the counterparty with procedural categories and subjects that hold relevance for BTG Pactual's internal policies, such as environmental crime and working conditions analogous to slavery, amongst others.

Sector policies

[GRI G4-FS1]

Given the importance of the environmental, social and climate risks in certain economic activities, we have developed 19 Sector Policies designed to coordinate the analysis of these risks in certain businesses. These policies are grounded in international studies and frameworks, such as those published by the International Finance Corporation (IFC). To access these documents, [click here](#).

When the investigation of information suggests socio-environmental risks according to the rules previously specified for each type of relationship, the Bank's ESG department is called into action. At this point it becomes involved in the analysis of the counterparty, checking the nature and potential impacts of the risk, based upon more in-depth studies of public information or by requesting clarifications and documents from the counterparty. At the end of this process, the ESG department issues a favorable or unfavorable expert opinion as to whether the relationship should continue, with the ESG classification of the counterparty continuing to be monitored. For those operations classified as "High Socio-environmental Risk," the Head of the ESG department assumes responsibility for approving the opening

of the account, together with the relevant heads of business. It is important to highlight that should the counterparty indeed appear on the Slave Labor List published by the Brazilian Ministry of Labor and Social Security, BTG Pactual automatically rejects the partnership. The same action is taken in any cases in which final and unappealable decisions have been made on infant or slave labor, pornography, inducement of prostitution and racism.

Likewise, all credit operations undergo processes involving the analysis and monitoring of social, environmental and climate risks. These processes are conducted with a focus on relevance and proportionality as it pertains to the category of the operation and the potential impacts inherent in that sector. Some noteworthy aspects assessed in this analysis are:

- Compliance with socio-environmental legislation, including judicial or administrative claims;
- Impacts on human rights: potential use of child or slave labor; respect for the health and safety in the workplace regulations; policies and practices of non-discrimination, combating the sexual exploitation of minors and gender violence;
- Restrictions against projects in specially protected areas, such as Areas of Permanent Preservation, Legal Reserves, Conservation Units, Indigenous Lands and Quilombola Communities;

- Capacity for effective socio-environmental and/or climate management by clients¹⁵;
- Physical and climate risks connected to the occurrence of events such as floods, heat-waves and forest fires;
- Risk connected to illegal deforestation; and
- Risks connected to the supply chain.

Following the preliminary analysis of the counterparty, depending upon the mode of operation and the destination of the funds, detailed socio-environmental and climate analyses are performed. The frequency and terms of the monitoring depend upon the level of risk, nature of the operations, the environmental licensing conditions and the deadlines for implementation of projects, amongst other factors. More information on these processes can be found in [Chapter 3](#), and information of climate risk analysis can be found in [Chapter 5](#).

¹⁵ The Performance Standards of the International Finance Corporation (World Bank) are applied to certain operations, these being the global benchmark for analysis and monitoring of socio-environmental risk. The threshold used by the Bank for application of the IFC is more restrictive than the Equator Principles.

The ESG department also forms part of the New Products Committee, responsible for making decisions on the creation of products by the Bank. This Committee assesses the risks and opportunities connected to such products, including the analysis of socio-environmental and climate impact.

Policies, practices and procedures relating to the management of socio-environmental and climate risks are periodically assessed by the Internal Audit department, that checks the compliance of our work with the directives of the Bank and the voluntary commitments assumed, identifying opportunities for improvement.

Engagement of suppliers

[GRI 102-9; 308-1; 407-1; 408-1; 409-1; 412-3; 414-1]

[Targets for the 2030 Agenda: 8.7; 8.8]

One of the Bank's commitments is to strengthen the responsible relationship with the entire value chain, thus ensuring legal compliance and the promotion of good sustainable practices. We have therefore developed our own Suppliers Evaluation Policy, applicable to all the operations, establishing directives for evaluation, management supervision and continual control of the companies that provide commodities and services to BTG Pactual. This approach includes risks associated with outsourcing, which are duly identified and managed in line with the specific laws and regulations of each region of operation.

As a standard practice, 100% of new suppliers are analyzed using the socio-environmental criteria as a base. The Third Parties Management team, as part of its due diligence process, categorizes the suppliers, evaluates the respective risks and considers possible adjustments. The suppliers are classified as critical or not, with specific contractual clauses and shared conduct being defined. In 2021, the Third Parties Management team assessed technology products and services (SaaS, PaaS e IaaS), BPO (*Business Proces-*

ses Outsourcing). In addition, security items and anti-fraud services were assessed, as well as consultants, bodyshops, technical support, hardware/software licensing institutions and commercial partners, amongst others. Of these, seven were classified as critical and as a result advised that they should align themselves with the provisions of our Critical Suppliers ESG Code of Conduct. Created in 2021, this Code of Conduct contains recommendations relating to socio-environmental and governance aspects.

Amongst these recommendations are the (obligatory) training of the contracted company's professionals in our Sustainability Policy, adherence to the Global Compact, contributions to the 2030 Agenda and the performance of Greenhouse Gas emissions inventories. In parallel, the contracts entered into with all suppliers include standard clauses containing obligations on socio-environmental good-standing, including climate and Human Rights matters, and outline the process for contractual rescission in the event of non-compliance with these obligations.



3. Operations and performance

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Macroeconomic context

Over the course of 2021, the global economy remained susceptible to the pandemic, with new variants of COVID-19 presenting health risks to the public. Two serious waves of infection occurred over the year: first the Delta variant and then Omicron. Advances in vaccination meant that despite the increase in the number of cases, the mortality rate fell. With excessive demand and restrictions on production chains, both emerging and developed countries experienced near historically high levels of inflation. These effects, while initially considered to be temporary, ended up lasting longer than expected. This led central banks to bring forward their monetary tightening cycles or to signal that they would be more intense than previously predicted.

Monetary authorities in the United States, the United Kingdom, Europe and other countries

With excessive demand and restrictions on production chains, both developing and developed countries are facing persistently high levels of inflation.

started adopting more restrictive policies, on different scales, promising asset repricing and volatility.

The rise in geopolitical tensions in Europe complicated energy supplies to the continent and accentuated the inflationary process, mainly in those countries highly dependent on Russian natural gas. In China, the government implemented regulatory measures in strategic sectors that ended up reducing growth expectations and increasing investor uncertainties. Consequently, and in contrast to how the rest of the world acted, the Chinese government started promoting policies designed to stimulate the fiscal, monetary and credit areas in order to support economic growth.

Chile

After dropping 5.8% in 2020, Chile's GDP rose 12% in 2021. However, this excellent recovery was largely based upon transitory factors, principally the ample liquidity received by families following three pension fund withdrawals between July 2020 and May 2021, which injected US\$51bn (17% of GDP) into the economy in 10 months. Fiscal spending rose 33% in real terms, representing 31% of GDP – of note here are the transfers of US\$22bn (7% of GDP), delivered by the government via the Emergency Family Support program (IFE). Internal demand grew 21%, mainly boosted by 21% growth in private consumer spending, while private investment rose 18.5%.

At the end of 2021, the IMACEC (proxy for monthly GDP) was 7.5% higher than pre-pandemic levels (Feb/20), and the trade sector grew 22%. The fast rise in domestic demand was steadily followed by a rise in inflation, which ended 2021 at 7.2% y/y, from 3% at YE20. The Central Bank thus started removing the extraordinarily high monetary stimuli, first stopping all unconventional monetary measures and then aggressively increasing interest rates in the second half of the year, which rose from 0.5% in mid-2021 to 4% at the end of the year. Successive pension fund withdrawals and threats of future withdrawals affected long-term interest rates, with nominal 10-year swaps jumping from 2.5% in January to 5.4% in December.

Colombia

With respect to politics, 2021 was notable for the Constitutional Convention elections, in which the left-wing and extreme left-wing parties and organizations were the most successful. More specifically, the extreme left-wing *Apruebo Dignidade* and *Lista del Pueblo* parties won 1/3 of seats. Adding the 25 seats held by center-left *Lista del Apruebo*, the 17 held by indigenous reserves and other left-wing independent parties, and this political wing has enough votes to draw up the majority of the constitution, the first draft of which should be concluded by April 2022, with the final version due by July 4, 2022. Gabriel Boric, from *Apruebo Dignidade*, was elected President in December 2021, despite the make-up of the Congress – where the Senate is evenly split (50/50 between left and right) providing little chance for radical reforms to be implemented.

The Colombian economy grew 10.6% in 2021, after falling 7.0% in 2020. This result demonstrated a clear pattern of economic recovery driven by consumer spending. However, the statistical base effect was also an underlying factor in this performance. Family spending showed growth of 14.6% y/y, consistent with the dynamic of retail sales, the gradual recovery of payroll jobs and advances in the implementation of vaccinations, including a third dose. Government spending also rose 12.1% y/y and Gross Fixed Capital Formation (i.e. investment) grew 11.2% y/y. Looking overseas, exports rose 14.2% y/y and imports 27.5% y/y, reflecting stronger domestic demand. On the supply side, all sectors posted growth.

The recovery of domestic demand was not accompanied by equivalent growth in local supply, accelerating inflation to 5.62% in 2021. The factors behind the rise in domestic prices were higher international prices of commodities due to breaks in the supply chain; domestic strikes; the risk of new COVID-19 variants and peaks in infection cases; and the reopening of the economy due to the gradual easing of the measures taken to limit COVID-19. Taking a look at the annual IPC figures, food and non-alcoholic beverages (17.23% y/y) posted the highest inflation in 2021.

Despite inflationary pressures having been influenced by both external and internal factors, their seasonality and persistence created an upward trajectory in inflation expectations. The cycle of normalization of monetary policy started in September and the basic interest rate reached 3.0% in 2021. The Central Bank of Colombia took into consideration the acceleration of inflation and the possible disengagement of the inflationary expectations for the gradual rise in its interest.

The prolonging of the pandemic through to 2021 created additional spending pressures and the fiscal deficit was 7.1% of GDP in 2021. The outlook for the fiscal accounts deteriorated over the course of the year due to the need to maintain social incentives designed to support the economic recovery, leading to a downgrade by S&P and Moody's. The country lost its investment grade status and had to implement new tax reforms in order to start remedying public finances. The high fiscal deficit had its counterpart in the current account, which recorded a deficit of US\$17.8bn in 2021 (5.7%P). This was explained principally by the rise in the trade deficit to US\$ 14 bn.

Brazil

In Brazil, 2021 IPCA inflation was 10.06%, surpassing the upper range of the inflation target. This was one of the highest levels since the start of the inflation targeting regime in 1999, only lower than in 2002 and 2015. The unprecedented fiscal and monetary expansion as a response to the effects of the pandemic, including generous financial aid measures for families in Brazil and around the world, exerted major pressure on global production chains. In Brazil, the effect of supply restrictions and the rise in commodities prices were magnified by significant FX devaluation. Furthermore, the drought created by *El Niña* caused shortfalls in the harvest and a risk of electricity shortages, resulting in high rates of food and energy inflation. Finally, the

rise in global demand for energy commodities in the midst of the reopening of economies and limited supply drove up fuel inflation.

2021 closed with a rise in GDP of 4.6% y/y, boosted by higher-than-expected Q4 GDP. On the supply side, services (sector contributing most to GDP) started expanding again after a decline in 2020, reflecting the improvement in the pandemic scenario and the reopening of the economy. The industrial sector also recovered part of its 2020 losses. But with higher demand for commodities and bottlenecks in supply chains, it suffered from a lack of components and inputs. A big negative was the agricultural sector, which was impacted by *La Niña*. On the demand side,

domestic absorption, in the form of investments and consumer spending by families and the government, made an enormous contribution to GDP. With the impressive expansion of economic activity in the fourth quarter, the carry-over effect for 2022 was 0.3%. The labor market also recorded a higher rate of recovery in the rate of employment, closing the year with an unemployment rate of 11.1% (according to PNAD), the same level as Dec/19, and net creation of 2.7mn payroll jobs (according to CAGED)¹⁶.

¹⁶ PNAD: Continuous National Household Sample Survey, published by the Brazilian Institute of Geography and Statistics (IBGE). / CAGED: The Labor Ministry's General Registry of Employed and Unemployed.

The public sector recorded a surplus of R\$64.7bn in 2021 (0.7% of GDP). The result was made up of a deficit of R\$35.9bn (0.4% of GDP) for the central government and a surplus of R\$97.7bn (1.1% of GDP) for states and municipalities. The first surplus since 2013 was the result of a combination of a strong recovery of public revenues, along with the reduction of spending related to COVID-19 and the policy of freezing the salaries of public employees which extended through to the end of 2021. The gross debt dropped from 88.6% to 80.3% of GDP and the net debt fell from 62.5% to 57.2%, influenced by the strong growth of nominal GDP. Importantly, the approval of the '*PEC dos Precatórios*' (a constitutional proposal concerning the government's debt repayment of legal disputes) created 'free room' of R\$111bn in the spending ceiling. A large part of this amount was used to make room for obligatory expenses created by inflation and the new '*Auxílio Brasil*' aid program that replaced the '*Auxílio Emergencial*' and '*Bolsa Família*' programs. The circumstantial easing of the ceiling regulation placed the credibility of Brazil's fiscal discipline in check, with impacts on financial conditions and long-term growth.

The current account deficit totaled US\$28bn (1.7% of GDP) in 2021, slightly above 2020, but far below the pre-pandemic level. Despite the trade surplus rising and the expenses with services dropping, the biggest deficit of the year arose from higher remittances of profits and dividends (such as those paid out by Petrobras). Foreign Direct Investment (FDI) followed a path towards recovery and totaled US\$45bn (2.9% of GDP) in 2021 which while higher than 2020 was lower than

pre-pandemic levels. FDI more than covered the current account deficit. Foreign investment in portfolios hit US\$24bn in 2021, the highest flow since 2015. The main highlight was fixed income bond inflows, explained by the rise in domestic interest rates, foreign investment inflow into equities after three years of outflow. Over 2021, the Brazilian currency depreciated 7%, closing the year at R\$5.57/US\$. The lower level reflects risk factors that are not related directly to the Balance of Payments and to external indebtedness, such as the deterioration of the domestic fiscal framework with the changes made to the spending ceiling.

Over the year, the Monetary Policy Committee (Copom) started a cycle of strong monetary tightening, raising the Selic base interest rate from 2% to 9.25% p.a. The communication over the year suggested a "hawkish" posture. Initially, the Committee opted to remove the "extraordinary" level of monetary stimulus, then abandoned its strategy of normalization only "partially" before finally leading the monetary policy to a "highly restrictive" level. Despite this, the inflationary pressures have shown themselves to be more persistent than expected, with a deterioration in expectations regarding inflation and, moreover, little unfixing in more long-term timeframes, triggered by uncertainty in relation to the fiscal framework. As such, the balance of risks was increasingly unstable at the close of 2021. The Committee released a statement that it would be persevering with its strategy until the consolidation (i) of the deflationary process and (ii) the anchoring of expectations around the targets.

In Brazil, foreign investment in portfolios reached US\$24bn in 2021, the highest flow since 2015, with fixed income bond inflows the highlight.



Business performance

[GRI 201-1; G4-FS8]

For BTG Pactual, 2021 was notable for the growth of all its principal areas of business, despite the continuously challenging macroeconomic scenario. We recorded an historical performance with record revenues and net income – an adjusted ROAE of 20.3% – and an increased market share in all client segments. At the same time, we also maintained our strong and well-capitalized balance.

We focused on the expansion of our client franchises – business areas that generate recurring revenues and are less dependent on the volatility of the capitals markets. We have implemented a selective agenda of proprietary acquisitions to accelerate our growth and generate value to our shareholders. During the year we also consolidated and integrated partners, technology providers and top of the line independent investment advisers. By doing so, we have improved our ability to distribute and offer our products, thus leveraging our digital retail platform.

As a result, the client assets under our management and administration rose from R\$ 635 billion in December 2020 to R\$ 980 billion at the close of 2021. This was an impressive growth of

54%, reflecting a record net new money of R\$ 326 billion during the year, a rise of 157% in relation to the previous year. Similarly, we expanded our Corporate and SME (small and medium-sized companies) portfolio (that reached R\$ 106.7 billion). We closed the year with R\$ 13.9 billion in revenue, almost 50% higher than 2020.

In 2021 we launched numerous innovative products designed for the local high income retail segment. Featured among these products were our Consumer Banking for individual customers launched in January, and our transactional bank for small and medium-sized companies launched in the second half of the year. We also announced the acquisition of several companies including Kinvo, Elite, Planner and Empiricus, all while we continued to provide the best possible experience for all of our customers. Furthermore, we also increased our presence in the Brazilian retail segment, expanding our equity interest in Banco Pan to 71.2% (see the box on this page).

The following infographics show the annual evolution of some of BTG Pactual's main performance indicators over 2021.

Banco Pan

In May 2021, BTG Pactual concluded the acquisition of the total sum of the Banco Pan shares held by Caixa Participações, a subsidiary of Caixa Econômica Federal. With this acquisition, BTG Pactual holds 71.2% of the shares in the financial institution, in which it has been a shareholder since 2011.

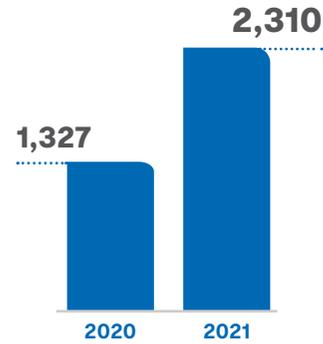
Banco Pan offers a complete platform of financial solutions focused on the social classes C, D and E. With extensive experience in granting credit in Brazil, this is the bank's most important tool in the attraction, engagement and monetization of its customers.

Also committed to good social environmental and governance practices, Banco Pan has made financial education and inclusion one of the pillars of its ESG activities. More detailed information on these activities, the business model and results achieved by Banco Pan can be found in the bank's Annual Report, available through this [link](#).

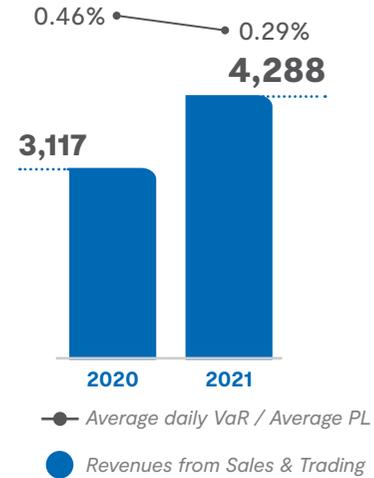
2021

was a record year, presenting impressive growth

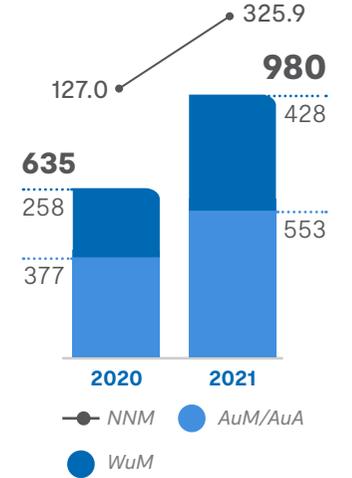
Revenues from Investment Banking
(R\$ mn)



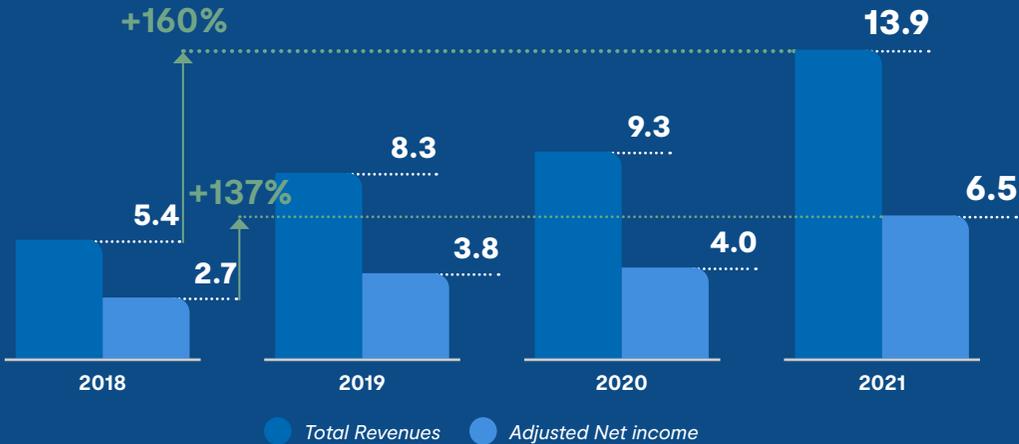
Revenues from Sales & Trading and VaR
(R\$ mn and %)



AuM, WuM and NNM
(R\$ bn)



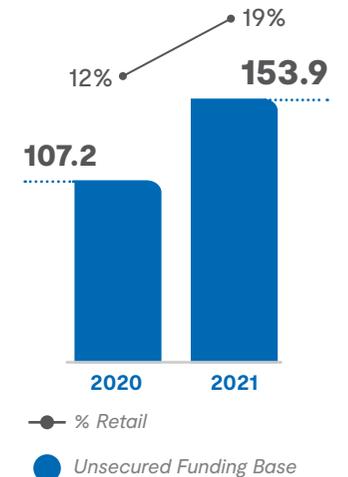
Net income and revenues
(R\$ bn)



Corporate and SME portfolio
(R\$ bn)

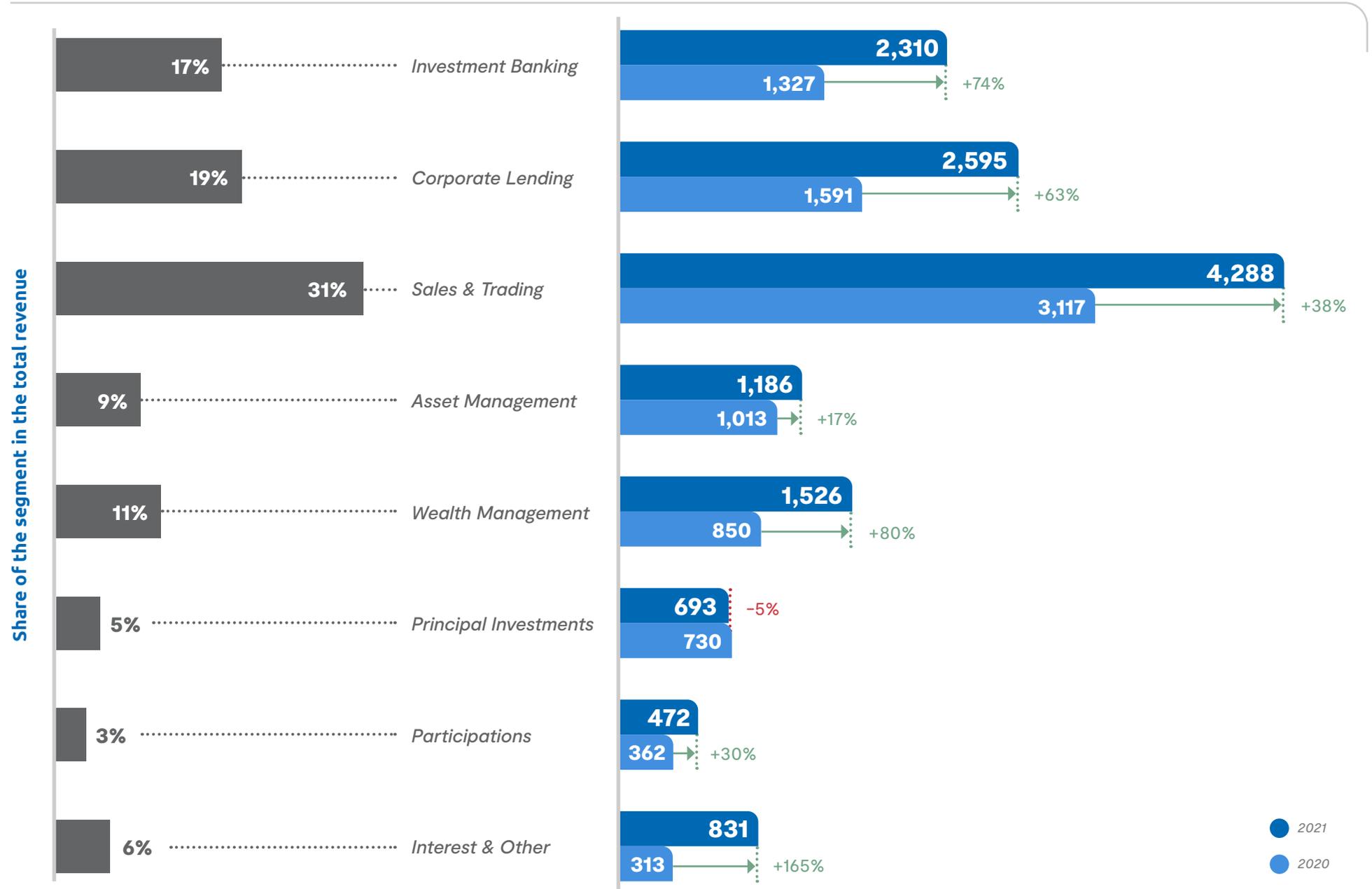


Unsecured Funding Base
(R\$ bn and %)



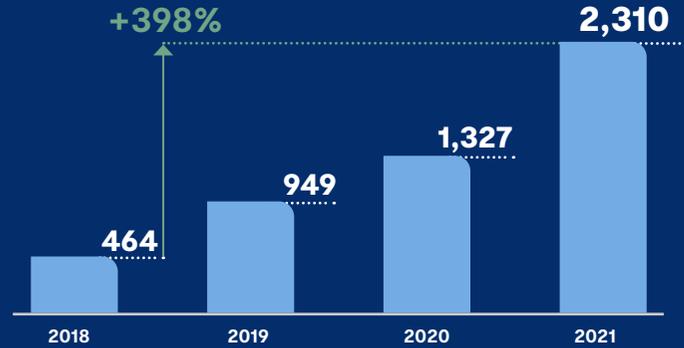
Detailed Revenues per business unit

(R\$ bn)



Investment Banking

Revenues (R\$ mn)



Rankings 2021



M&A
#1 in number of transactions in Brazil and LatAm

68
M&A transactions in 2021

Source: Dealogic



ECM
#2 in terms of volume and number of transactions in Brazil and LatAm

62
ECM transactions in 2021

Source: Dealogic



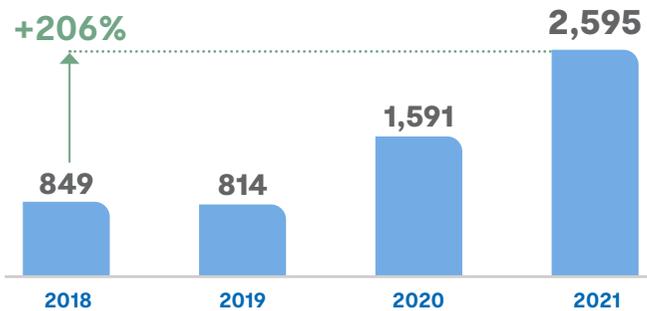
DCM
#3 in number of local DCM transactions

135
DCM transactions in 2021

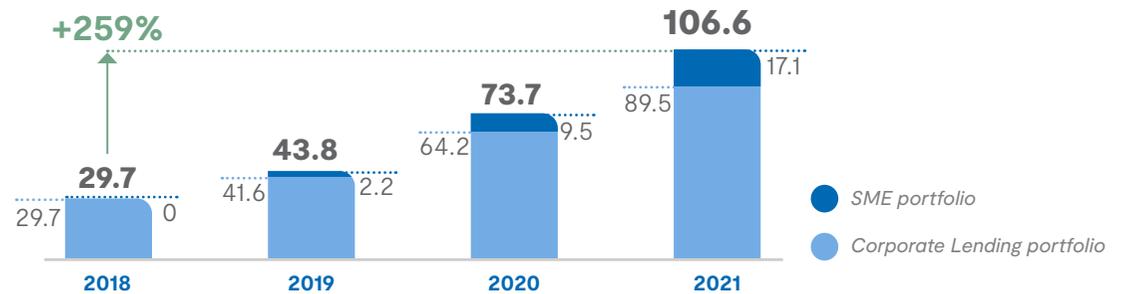
Source: Anbima

Corporate & SME Lending

Revenues (R\$ mn)

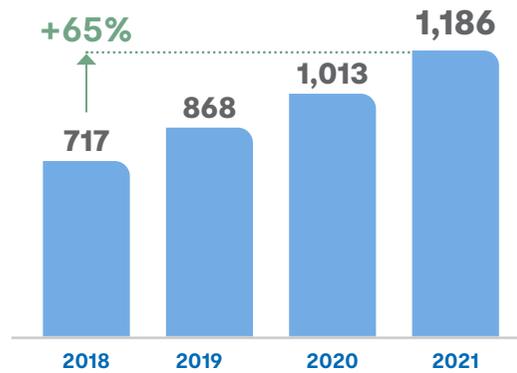


Corporate and SME portfolio (R\$ bn)



Asset Management

Revenues
(R\$ mn)

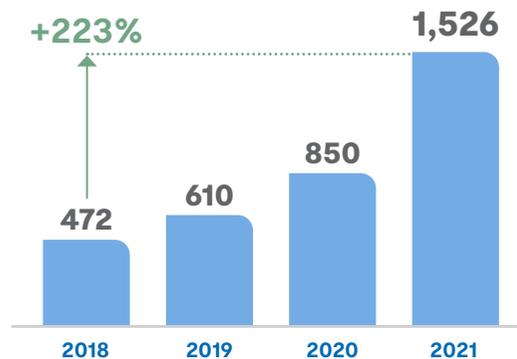


AuM/AuA and Net New Money
(R\$ bn)

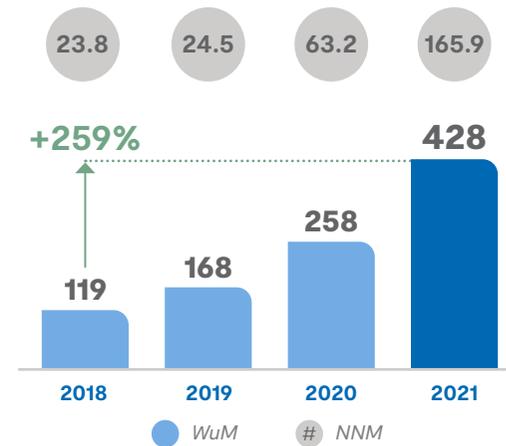


Wealth Management & Consumer Banking

Revenues
(R\$ mn)

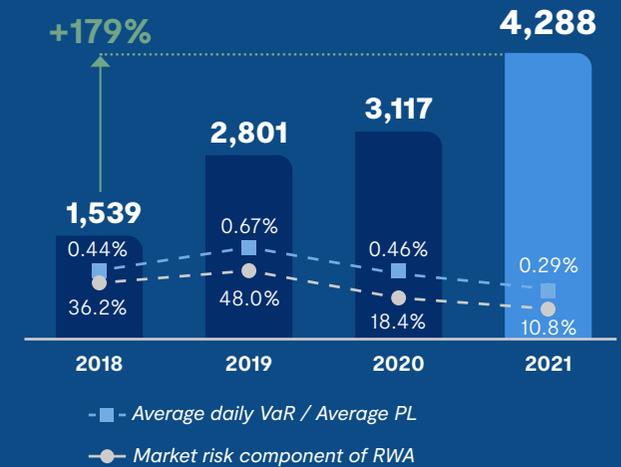


WuM and Net New Money
(R\$ bn)



Sales & Trading

Revenues
(R\$ mn)



Institutional Investor ranking 2021

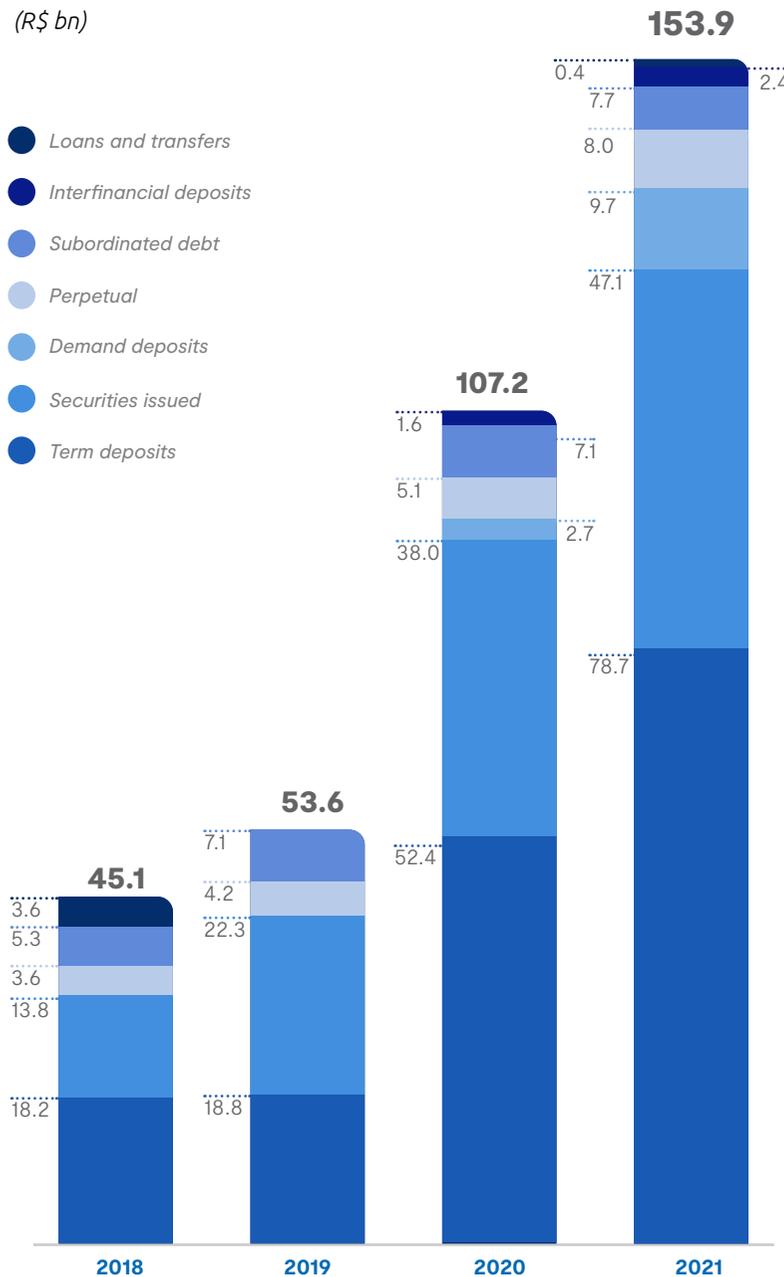
For the 1st time the bank took first place in all categories:

- #1 Research LatAm
- #1 Research Brazil
- #1 Trading LatAm
- #1 Sales LatAm
- #1 Sales Brazil
- #1 Corporate Access LatAm

Unsecured funding

(R\$ bn)

- Loans and transfers
- Interfinancial deposits
- Subordinated debt
- Perpetual
- Demand deposits
- Securities issued
- Term deposits



ESG Fundraising

BTG Pactual has been raising funds in different ways as a means of strengthening its commitment to its ESG strategy, those of special note being:

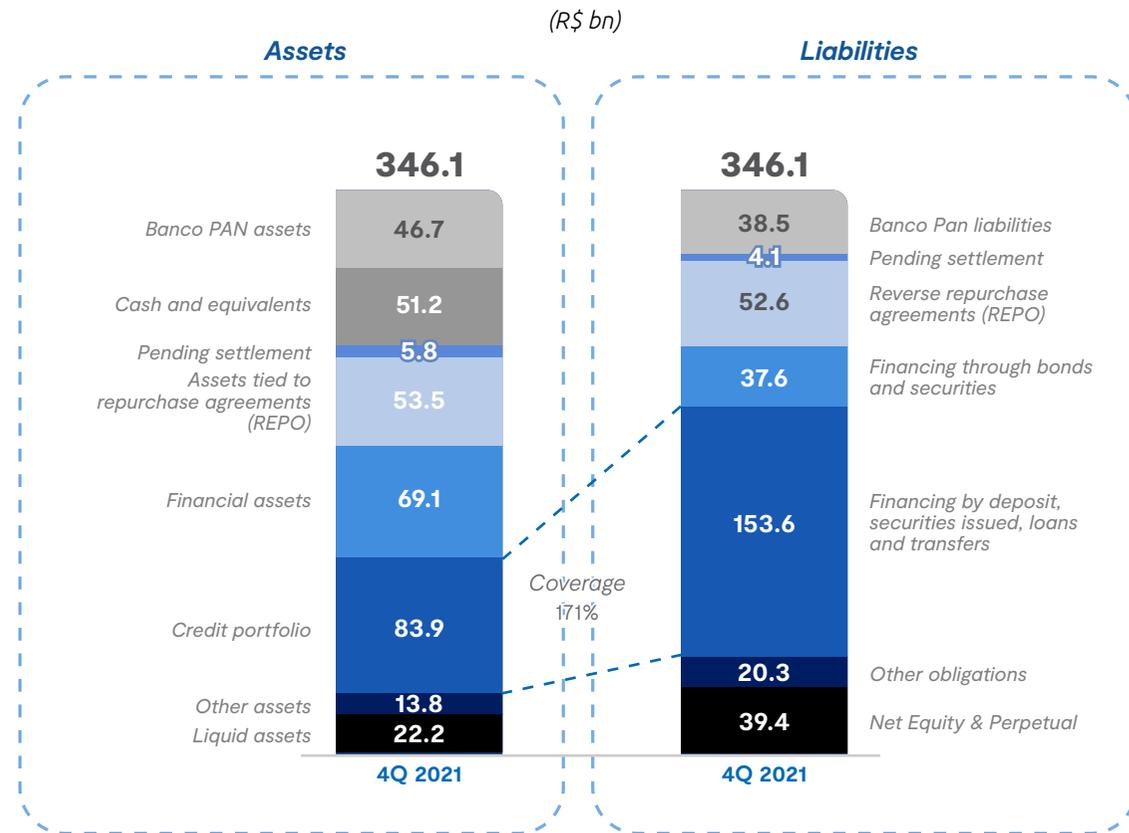
- An agreement with DEG and Proparco in 2020 in the sum of US\$ 140 million, intended to finance operations that contribute to the mitigation of climate change;
- Issuance in January 2021 of our first senior first green bond, worth R\$ 500 million at a fixed rate of 2.75% p.a. – the lowest rate ever practiced in the market by a Brazilian financial institution in an international placement;
- Agreement with the DFC (Development Finance Corporation) in September 2021 in the sum of US\$ 300 million, designed to expand the services the Bank provides to small and medium-sized companies in Latin America;
- Agreement with the JICA* (Japan International Cooperation Agency) in the sum of US 200 million, also with the intention of expanding our activities with small and medium-sized companies; and
- Issuance of R\$ 1.5 billion in the first phase of our sustainable CDBs (Bank Deposit Certificates) initiative.

* The agreement was signed in February 2022, a date following the focus period of this Report.

2021 Highlights

- 9.3x
 total assets / net equity.
- R\$ 51.2 bi
 in cash or cash equivalents
 (1.4x net equity).
- 183%
 LCR.
- 171%
 coverage ratio.
- 2.9x
 Corporate & SME Lending
 portfolio / net equity.

A summary of the Balance Sheet (not audited)



* Excluding demand deposits.

Adjusted Income Statement

(Not audited) / (in R\$ millions, unless indicated)

	2020	2021	Variation %
Total Revenue	9,304	13,901	49%
Bonus	1,333	2,019	51%
Salaries and Benefits	(909)	(1,230)	35%
Administrative and others	(1,056)	(1,485)	41%
Amortization of goodwill	(64)	(253)	294%
Tax expenditures, except income tax	(440)	(732.5)	66%
Total operational expenses	(3,802)	(5,719)	50%

Distribution of added value

(in R\$ thousands)

	2020		2021	
Employees	2,356,503	31%	4,010,941	30%
Government (taxes, interest, contributions and sector charges)	1,370,871	18%	2,895,997	21%
Rent	103,674	1%	206,005	2%
Retained	2,880,382	37%	4,867,156	36%
Shareholders	1,002,265	13%	1,565,632	12%
Distributed added value (total)	7,713,695	100%	13,545,731	100%

Big Numbers 2021

Net New Money (R\$)

326 bn
2021

Total AuC (R\$)

980 bn
2021

Total revenue (R\$)

13.9 bn
2021

49% y-o-y growth

Corporate & SME portfolio (R\$)

107 bn

45% y-o-y growth
SME: 17 bn

Basel Index

15.7%
2021

Adjusted ROAE

20.3%
2021

Adjusted net income (R\$)

6.5 bn
2021

60% y-o-y growth

Unsecured Funding (R\$)

154 bn

44% y-o-y growth

Investment Banking

[SASB FN-IB-000.A; FN-IB-410a.2; FN-IB-410a.3; G4-FS8]

BTG Pactual is one of the leading investment banks in Latin America. We provide a wide range of services in this segment, including subscription and placement of securities in the capital markets, both for debt and for shares, provision of financial consultation services for companies, financial institutions, funds, governments and individuals. While we typically provide services to customers located in the region, we also provide services to non-Latin-American customers including entities and individuals looking to participate in mergers, acquisitions or other operations - which may involve Latin-American securities or other financial instruments, including services for non-Brazilian customers wishing to list their securities on the B3.

Our Investment Banking activities are divided into two categories:

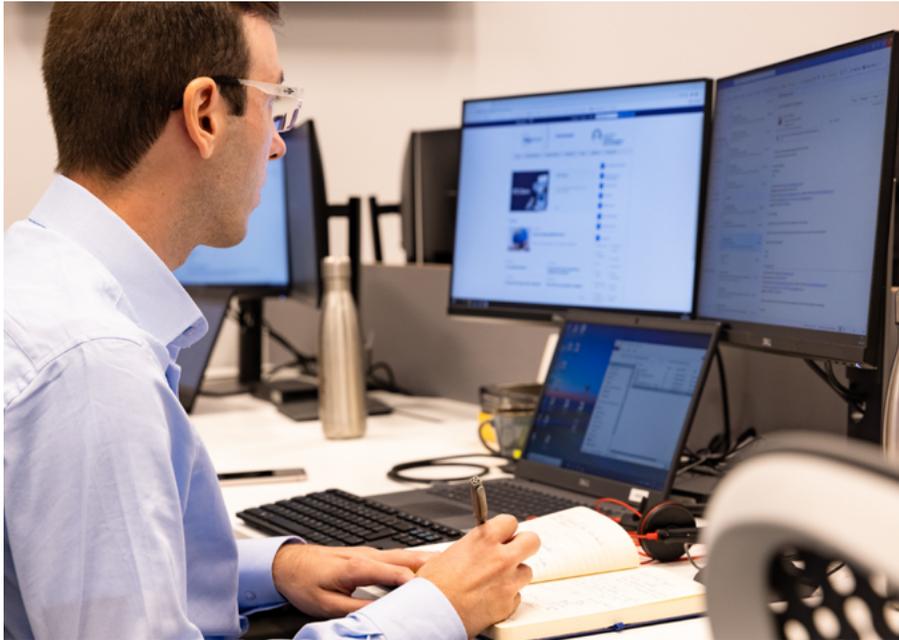
- **Capital Markets:** Advice on subscription and placement of public and private offers of shares and securities; and
- **M&A and Advisory:** This covers advisory services on mergers and acquisitions, divestments, restructuring, splits, reorganizations and other major corporate transactions.

In both categories, we provide direct and top quality advice along with the effective execution of transactions which has led to the formation and development of long-term relationships with our customers. The quality of our service has also provided us with a strong competitive advantage in Brazil and Latin America over regional retail banks with greater capital bases and foreign banks without scale or reach in the Latin American market. BTG Pactual therefore relies upon a team of professionals with extensive experience and recognition in the sector.

Sustainable finance

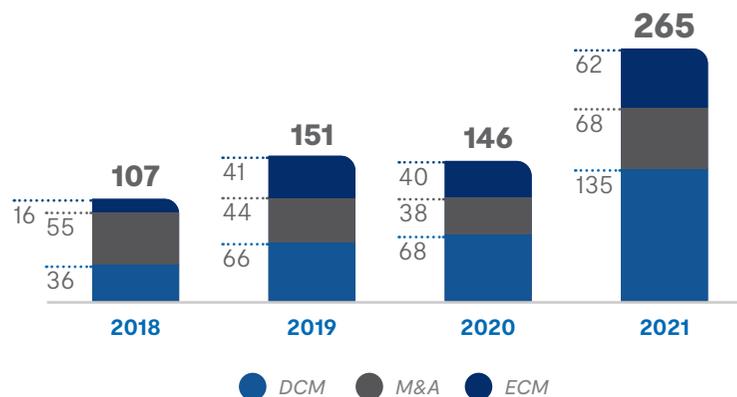
BTG Pactual has been actively working to promote the sustainable finance market in Latin America, through coordination, placement and advice on public and private green debt security, social, sustainable, transition and sustainability-linked offers on both the local and international markets.

Over the course of 2021, we contributed to the distribution of US 6.1 billion in debts bearing ESG labels, amounting to a total of 22 operations and achieving the biggest annual volume in our history. With this step forward, we have contributed with 32 operations and US\$ 8.6 billion in accumulated volume, since 2016.



We recently increased our presence in Latin America, mainly in Chile, Peru, Colombia and Mexico. The historical strength of BTG Pactual and our extensive local presence have reinforced our competitive position in the region. In 2021, we increased our market share in DCM, driven by the expansion of our distribution capacity and our client reach. As such, the Bank has established itself as a leader in all the segments in which it operates - both in the Brazilian market and in Latin America as a whole.

Number of transactions



Revenues

(R\$ mn)



Corporate & SME Lending

We offer companies financing, structured credit, loans and guarantees, mainly in Brazil, and increasingly in Latin America, with the expansion of the credit portfolio in Chile and the start of activities in Colombia. The main focus of our work in corporate credit lies in servicing the demands of large corporations and developing solutions that are suitable for the business profiles and objectives of each customer, including the management of cash flow and mismatches between assets and liabilities. More recently in Brazil, we started offering loans to small and medium sized companies (SMEs).

In our loan operations, we act as creditors for different profiles of customers, ranging from medium-size to companies with larger investments, all with the potential to be leaders in their respective segments and possibly conduct public share offers in the future. Based upon the significant synergy between this area and other business units, we seek to leverage our credit platform in order to both strengthen our relationship with the corporate customers that make up our portfolio and to expand the Bank's customer base.

Our corporate lending activities are divided into two principal lines of business: (i) origination and (ii)

treasury products. The first focuses on the identification of demand for loans from Latin American companies and multinationals with a presence in Latin America. Through our origination platform, we offer a wide range of credit products, including the transfer of lines of credit from the National Bank for Economic and Social Development (BNDES), lines of funding for exportation, loans for working capital and financing for acquisitions.

The second offers our customers a variety of treasury products, including sophisticated and innovative derivatives products to help them manage exposure to market risk, exchange rates and interest rates. Through our structured operations, we also offer additional products for risk management in the commodities market.

We provide our customers with comprehensive coverage to administrate their onshore and offshore cash positions, depending upon their liquidity needs and the risk profiles of their businesses. We are also experts in the structuring of exclusive funds for our customers, by means of which we can offer additional Asset Management products.

Other fronts

Through the Special Situations business, part of the Corporate & SME Lending unit, we also seek to identify cases of credit arbitration in loans and, acquire and capitalize defaulting loan portfolios and lawsuits. These arbitrations can appear in many different contexts, including the turnaround of large companies.

These transactions are characterized by higher returns and a greater likelihood of default than our principal business of corporate lending, with their risks being covered by comprehensive guarantee packages.

The BTG Pactual Empresas digital platform¹⁷

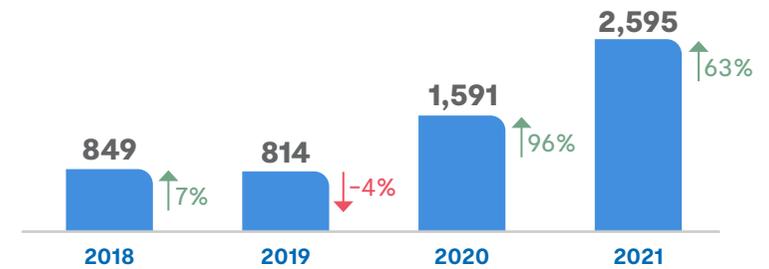
In addition to our traditional operations, we have created a digital platform to offer loan products to small and medium sized companies (which form a part of the supply chains of large companies) driven by intensive use of technology and strategic partnerships with our large corporate customers. We believe that our activities in this segment should expand over the coming years, due to investments in technology and the development of the market itself.

This integrated digital platform offers solutions to SMEs, by creating access to products and services provided by the Bank in the areas of credit, guarantees, insurance, investments, foreign exchange rates and derivatives, as well as access to our partners offering solutions for support in the management and productivity of these companies. Developed using cloud infrastructure and open source interfaces interfaces, it allows us to utilize technological integration to work with an even larger network of service providers and other strategic partners. By the end of 2021, we were operating in partnership with various *Enterprise Resource Planning* (ERP) and *Value Added Network* (VAN) systems, including Finnet, Accessstage, Opertext, Nexera, Monkey, Liber, Marketup, Nimbi, Vhsys, WK Sistemas, Senior, Alterdata, Conciliadora, Sige Cloud, Ramo Sistemas Digitais, Onclick, Dzyon Software, Golden IT and Aoki.

By automating our transactional activities, this platform delivers a more efficient solution to our customers, who have a more agile, reliable and efficient means of accessing credit. We use big data resources to automate the credit analyses of our counterparties, thus allowing us to offer better solutions depending upon the risk of each business and their financing needs. In this respect, the digital platform presents itself as an enormous opportunity to boost our operations, taking our knowledge and expertise in credit concessions to customers who can only be accessed by means of technological tools, thus expanding our presence both geographically and in segments of the market where we cannot operate organically.

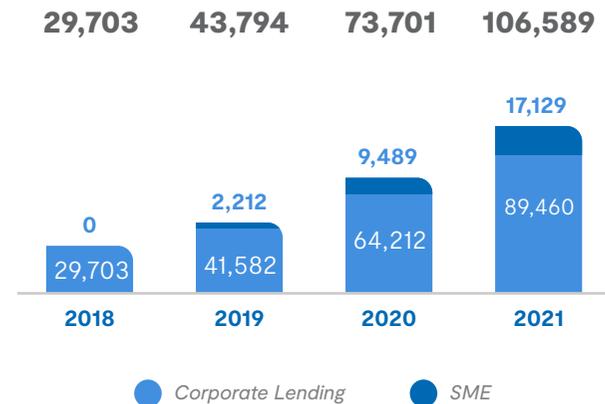
Revenue and growth – Corporate Lending & SME

(R\$ mn)



Corporate & SME Lending portfolio

(R\$ mn)



^{17*} Following the focus period of this report, in February 2022, the BTG+ and BTG+ Business brands, current in 2021, were merged (see more information on [page 83](#)).

A boost for SMEs

[GRI G4-FS14]

[SASB FN-CB-240a.1]

[Targets for the 2030 Agenda: 8.3; 9.3]

The promotion of small-scale enterprises has had a strong social impact in Brazil where micro, small and medium-sized businesses represent almost 90% of the country's companies and are the biggest source of job creation. By offering our services to this public (with lower costs and payment terms that are longer than the market average), BTG Pactual has been contributing to the recovery of those businesses most affected by the pandemic and providing a boost for SMEs with growth potential in different regions of Brazil.

The Bank has increasingly striven to create subsidized lines of credit and other solutions focused on supporting small and medium sized companies that promote the advancement of social causes important to the country, such as gender equality and the reduction of inequalities. Furthermore, whenever possible, we integrate this area with Social Responsibility initiatives (read more about this in [Chapter 5.](#))



Elected the Best Bank for SMEs in Brazil by Global Finance magazine, at the SME Bank Awards.

R\$ 17.1 billion
in loans granted

31,4 thousand
active clients

R\$ 15,2 thousand
average ticket per payment slip
(across the year)

45 thousand
operations per day, on average

Rigorous analysis

[GRI 412-3]

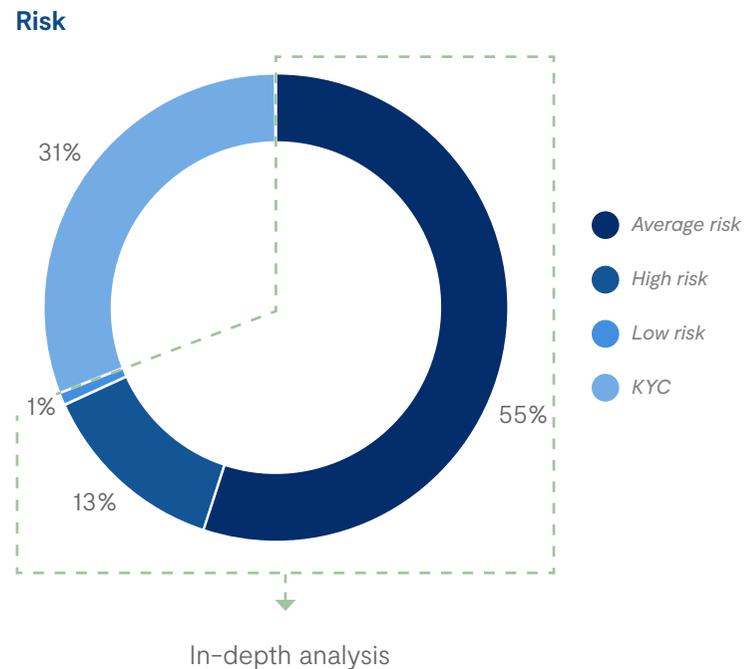
[SASB FN-CB-410a.1; FN-CB-410a.2]

[Targets for the 2030 Agenda: 8.7; 8.8; 9.4]

The activities of the Corporate & SME Lending area are anchored in our vision for long-term relationships, aligned with our perspective for sustainable growth – both for the Bank and for our customers. All of our operations are submitted to rigorous technical analyses in relation to compliance and socio-environmental and climate aspects (in accordance with the size of the customer and the nature of their activities). These analysis are based upon current legislation, good market practices, and the 19 political sectors developed by the Bank to identify the leading social, environmental and climate risks, as well as the related mitigating actions.

Furthermore, when the operation involves properties in rural areas, an automated tool verifies whether the area is subject to any environmental or deforestation embargoes, as well as interference in conservation units, indigenous lands and quilombola communities. With the aim of restricting the exposure to risk and developing effective action plans, depending upon the size of the customer and the nature of their activities, BTG Pactual applies the performance standards of the World Bank's International Finance Corporation (IFC) to transactions involving more than US\$ 30 million. These standards are even more rigorous than those established in the Equator Principles, which generally demand such analysis on operations that surpass US\$ 50 million.

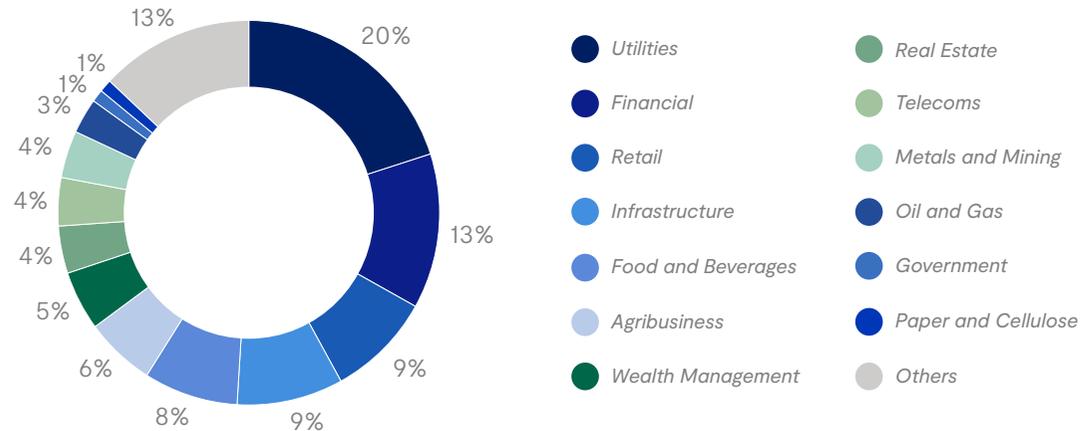
Corporate and SME portfolio, by socio-environmental category*



* This name corresponds to that adopted in the Earnings Release issued by BTG Pactual. The information contained in this graph relates to the operations performed by Banco BTG Pactual S.A., Banco Sistema S.A., Banco BTG Pactual Chile S.A., BTG Pactual Chile SPA, Banco BTG Colombia S.A., and BTG Pactual Cayman International Holding Limited.

In 2021, 100% of the *Corporate & SME Lending* portfolio underwent ESG analyses. Depending upon the risk identified, the analyses lead to more in-depth exams and periodic monitoring of the customers' practices to ensure compliance and identify opportunities for improvement. In relation to the risk analysis, BTG Pactual has an average appetite for Socio-environmental Risk associated with its portfolio, of which 55% corresponds to credit operations categorized as "B" (Medium Socio-environmental Risk)¹⁸.

Corporate & SME Lending portfolio, by sector*



* This name corresponds to that adopted in the Earnings Release issued by BTG Pactual. The information contained in this graph relates to the operations performed by Banco BTG Pactual S.A., Banco Sistema S.A., Banco BTG Pactual Chile S.A., BTG Pactual Chile SPA, Banco BTG Colombia S.A., and BTG Pactual Cayman International Holding Limited.

¹⁸ The categorization of socio-environmental risks is established in BTG Pactual's internal procedures that guide our analyses. According to these procedures, category "A" indicates a project with a high level of socio-environmental risk, due to the potential risk of the activity generating significant adverse environmental or social impacts that are diverse, irreversible or unprecedented. Category "B", meanwhile, indicates a project with an average level of socio-environmental risk, due to the potential risk of the activities generating potentially limited adverse environmental or social impacts that are not numerous, generally specific to the location, largely reversible and easy to correct through the employment of mitigation measures. Finally, category "C" indicates a project with a low socio-environmental risk, due to the potential of generating minimal or non-existent adverse environmental or social impacts.

In relation to the so-called "controversial" sectors, capable of causing damage to the physical or psychological integrity of consumers/users or nearby third parties (such as alcoholic drinks, tobacco, firearms and ammunitions or means of gambling), at the end of 2021, these represented 0.66% of BTG Pactual's Corporate & SME Lending portfolio. Organizations that work with the manufacture and/or commercialization of fossil fuels (petroleum, natural gas, oil) and their derivatives, correspond to 6.5% of the portfolio, whilst those that produce highly-processed foods correspond to 5.9%¹⁹.

¹⁹ This name corresponds to that adopted in the Earnings Release issued by BTG Pactual. This information relates to the operations performed by Banco BTG Pactual S.A., Banco Sistema S.A., Banco BTG Pactual Chile S.A., BTG Pactual Chile SPA, Banco BTG Colombia S.A., and BTG Pactual Cayman International Holding Limited.

Positive impact

BTG Pactual commits strongly to supporting projects and assets with social and environmental benefits. In 2021 we revised our Framework for Sustainable Finances that can be issued by BTG Pactual to promote this type of lending tied to the Bank's Corporate & SME Lending portfolio that includes a wide range of transactions focused on positive socio-environmental impact. Continuing this strategy, in 2021 we raised more than US\$ 1 billion in issues related to the expansion of our portfolio with a focus on positive socio-environmental projects, achieving a total of US\$ 1.3 billion raised since 2020.

Additionally, we signed an agreement with the United States' Government's International Development Finance Corporation (DFC) with the intention of financing small and medium-sized companies. This is a segment that as of 2022 will also benefit from the agreement that we have developed with the Japan International Cooperation Agency (JICA)²⁰ for the transfer of US\$ 200 million, focused on the promotion of gender equity and support for enterprises in under-developed regions of the country.

In January 2021, we became the first Brazilian financial institution to issue a Green Bond in the international capitals market, raising US\$ 500 million, issued with the lowest coupon ever obtained in the segment. By doing so, we became a member of the

Green Bond Transparency Platform, hosted by the International Development Bank (IDB) and we became the first Latin American financial institution to take a place within the Nasdaq Sustainable Bond Network. Also in 2021, we published our first *Green Financing Report*, an investment report that demonstrates the use of 71% of the funds raised and the impact that the financed and refinanced assets and projects have had in renewable energy, water and sanitation.

At the end of 2021, BTG Pactual launched the Sustainable Inflow Program, the first initiative of its kind in Latin America, involving the raising of sustainable deposits (Bank Deposit Certificates [CDBs] and Letters of Credit [LF]) tied to the Bank's Framework for Sustainable Finances. In the first round of the program, the Bank managed to raise R\$ 1.5 billion from amongst 20 partner companies, with the funds being channeled into the financing and refinancing of projects and assets with social and environmental benefits.

At the close of the year, R\$ 10.2 billion of the loans portfolio were eligible for our Framework for Sustainable Finances, meaning an increase of 57% in relation to the eligible portfolio at the close of 2020, which achieved R\$ 6.5 billion²¹.

In 2021, we performed our first bilateral credit operation by means of a sustainability-linked instrument, tied to targets that contribute to the Sustainable Development Goals that make up the UN's 2030 Agenda. Under this transaction, we allocated R\$ 100 million to one of the leading agribusiness groups in the South of Brazil, while in return the customer committed itself to increasing the purchase of inputs coming from family-based agriculture, as well as expanding the packaging collection process through reverse logistics. In return for the fulfillment of these commitments, BTG Pactual will grant a reduction on the interest rate of the operation.

²⁰ The official agreement was signed in February 2022, a date following the focus period of this Report.

²¹ This name corresponds to that adopted in the Earnings Release issued by BTG Pactual. The information contained in this graph relate to the operations performed by Banco BTG Pactual S.A., Banco Sistema S.A., Banco BTG Pactual Chile S.A., BTG Pactual Chile SPA, Banco BTG Colômbia S.A., and BTG Pactual Cayman International Holding Limited

Sales and Trading

Through this business unit we offer financial products and services to a diverse group of customers in the local and international markets, including market making, brokerage, clearing and derivatives services, interest and exchange rates, equity, energy and commodities, hedge operations and trading. These activities are divided into two segments: (i) FICC (fixed-income, currencies and commodities) and (ii) brokerage.

The first concerns a large and diversified operation, by means of which we involve ourselves in a series of commercial activities and market-making. We offer financial products and services to a large group of organizations, financial institutions, and investment and pension funds, as well as governments, both in Brazil and abroad. These products and services include market making for fixed-income instruments, brokerage and clearing services, as well as derivatives, interest and exchange rates, and energy transactions for hedge operations and trading.

We also offer a broad range of financial instruments, including debt securities, currency spot swaps, options, futures, loans and *non-deliverable forwards*, insurance and reinsurance, amongst others. The willingness and ability of BTG Pactual to assume calculated risks confers important competitive differences on our work in this segment.

Our financing activities in FICC consist of:

- Performing a large number of transactions with modest spreads in large and highly-liquid markets;
- Capitalizing on our strong market and capital position relationships to perform transactions in less liquid markets in which the spreads are generally bigger; and
- Structuring and executing a wide range of transactions tied to fixed-income products, currencies and commodities according to our customers' needs.

We provide brokerage, clearing and custody services related to various products in the Latin-American market for a diverse customer base, including hedge funds, pension funds and other institutional customers. These activities generate commissions through the execution of transactions in futures and commodities exchanges for customers located in many different countries.

ESG & Impact Investing

[Targets for the 2030 Agenda: 7.2; 9.4]

All the counterparties are submitted to an ESG evaluation process. For operations in which reputational risks are identified, we perform an analysis of environmental, social and climate risks, which takes into account our sector policies. In 2021, six operations being handled by the insurance and energy desks were submitted for analysis.

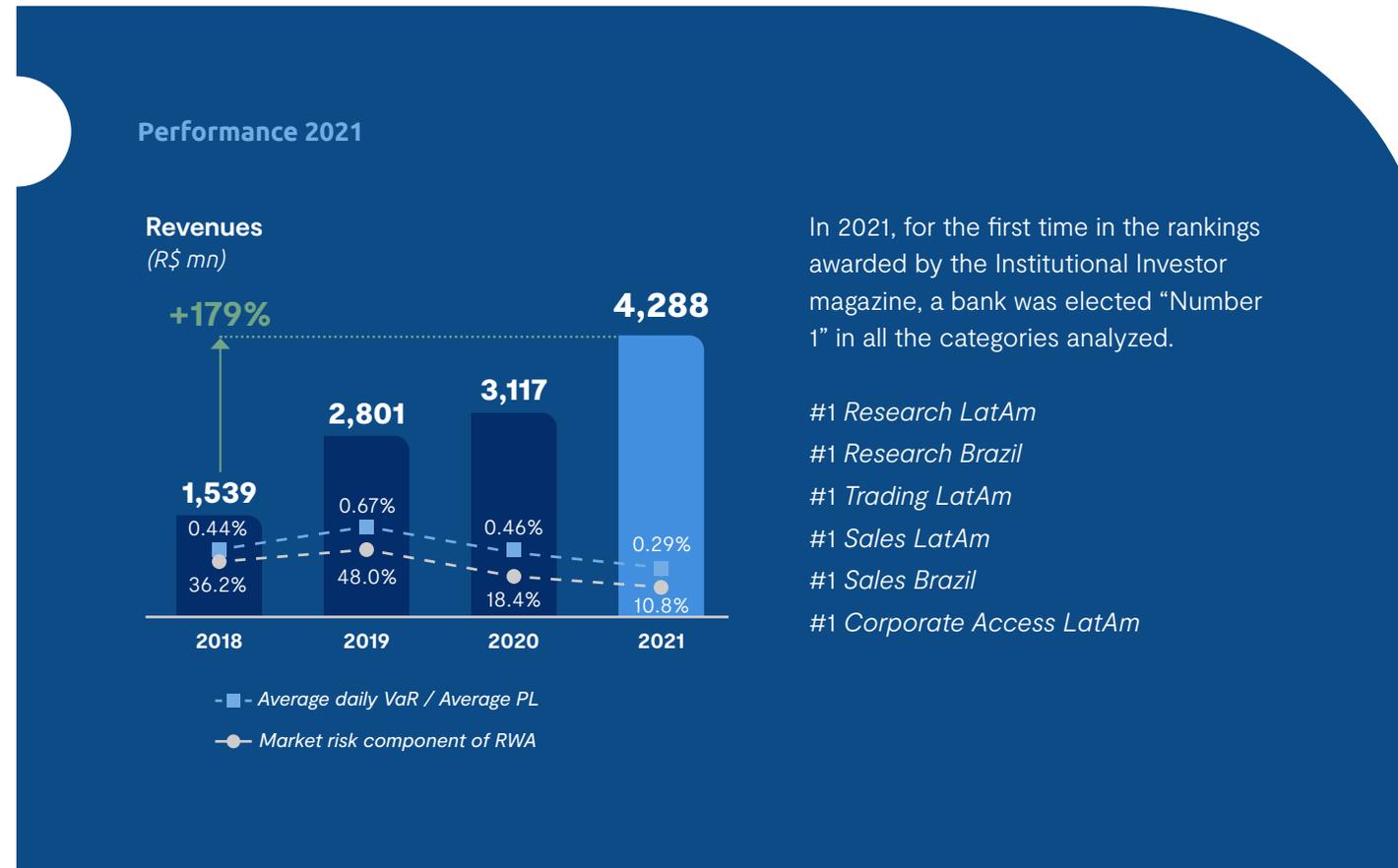
Over the year, BTG Pactual also traded energy with I-RECs (renewable energy credits), including the trading of future I-REC futures – from various sources, such as hydro, solar and wind power.

On another front, the Bank launched its services related to the book keeping, commercialization and retirement of Decarbonization Credits (CBIOs), one of the instruments adopted by the National Biofuels Policy (RenovaBio) as a tool to use in the achievement of the climate commitments assumed by Brazil at the Paris Climate Conference. This initiative contributes to increasing the participation of biofuels in the Brazilian energy matrix.

One of the most important FICC activities is that of market making in a wide range of securities and financial products. For example, we act as intermediary for the Central Bank in foreign currency exchange operations and as a specialist intermediary in the distribution of government bonds for both the Central Bank and the National Treasury. We believe that the activity of market making in a wide range of fixed-income, currency exchange and derivatives products is crucial to maintaining our relationship with customers as well as to providing support for our distribution business and liquidity in the secondary market.

Our customers value counterparties that are active in the market and that are available to provide liquidity and approaches based upon research and analytical capability. This is why we invest so heavily in proprietary research resources and analytical models, thereby strengthening our ability to provide quality consulting services. Our research includes quantitative and qualitative analyses of global economic, monetary and financial market trends, as well as analyses of the credit situation of corporate bonds and fixed-income sovereign credit.

We are active in the futures and options markets and we structure, distribute and execute derivatives in the over-the-counter market related to market indexes, sectoral groups and individual company shares. We seek to facilitate both our customers' operations and those activities performed in our own name. We also develop quantitative strategies



while providing advice on hedge operations, the restructuring of portfolios and investment of assets. We create instruments that are specifically adapted to allow sophisticated investors to pursue hedge strategies or liquidate investment positions. BTG Pactual figures as one of the leading participants in the development and trading of derivatives instruments

in Brazil, actively working in the trading of futures and options on the B3. In addition to this, we also trade on the leading stock exchanges throughout Latin America, the United States, Europe and Asia.

Research: information to be decided

Considered the Best in Latin America by Institutional Investor magazine in 2021, our Research team develops in-depth analyses of the share market, as well as of commodities, interest and exchange rates, trends, economic sectors and companies. Taking a fundamentalist approach, these analyses offer top quality information to support our customers in their decision-making, as well as the Bank's other business areas.

To manage the expansion of our investor and business bases requiring analyzation, we have grown the responsible team by 30% in relation to 2020. At the end of 2021 we had employed another 70 professionals responsible for analyzing 290 companies, 44 being brought in over the course of the year. One of the highlights of the area in 2021 was the increased number of studies focused on ESG, with the intention being to instruct the market on the importance of this issue and the aspects that should be considered when making investment decisions. To access our reports, all of which are open to the public, [click here](#).

In total, 27 reports of this type were published during the year – four covering broader profiles and 23 taking a more focused sectoral approach. Based upon these analyses, the Bank created a portfolio of ESG shares, including 10 companies that have combined operational and financial performance with good social, environmental and governance practices. Having been well received by the market, this portfolio is reviewed monthly.

In order to define the portfolio, the Bank's analysts listed eight important ESG issues and then identified which companies had been addressing these issues or had developed business models that benefit from them. The next step was to identify which of these companies report good ESG practices and, of these, select the 10 shares that the in-house analysts recommend buying, given the positive perspective. To find out more, [click here](#) and also access our [videos](#) on the portfolio.

In line with the basic premises of compliance, BTG Pactual does not register any type of revenue arising from these research activities, thus eliminating any risk of conflict of interest. With this same objective, the area remains entirely autonomous in relation to our other business units, in order to ensure that its analyses are completely independent, whilst it also operates completely separately (including physically) from the other Bank departments – as required by currently applicable regulations and our Production, Publication and Distribution of Analysis Reports Policy.

Also in 2021, the work performed by this area brought BTG Pactual the title of “Best ESG Research House in Brazil”, also awarded by Institutional Investor.

We make markets and take strong positions in certain shares to facilitate our customers' operations and assist the market in its liquidity. We operate on the world's leading stock exchanges, including the B3, New York Stock Exchange (NYSE), London Stock Exchange (LSE) and Hong Kong Exchanges and Clearing Limited (HKEx). Acting as an agent, we perform brokerage actions in equity securities for institutional customers and individuals throughout the world. Over the last few years, the aggregate commissions derived from our brokerage services have increased as a result of the growth in the volumes traded on the stock exchanges, principally due to the low interest rate scenario. This has allowed customers to take a more active stance, adhering to different products and services.

The performance of Sales & Trading in 2021 was the second best result in this business unit since our IPO in 2012. Over this period, the total daily average VaR dropped considerably, to 0.29% in the year, while the market risk component within our RWA was 10.8% - both, dropping to the lowest levels ever in our history. This reduction shows that our customer franchises have been growing as a percentage of the total revenues of Sales & Trading.

Asset Management

[SASB FN-AC-000.A; FN-AC-000.B; FN-AC-410a.2; FN-AC-410a.3]

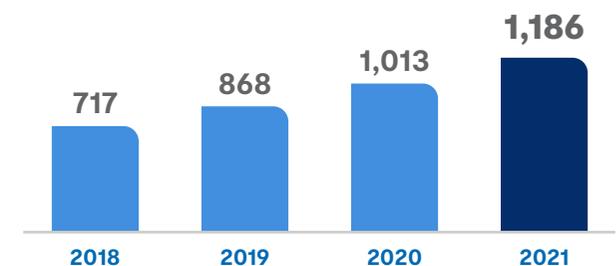
This business area covers fund management and administration services. While the first is focused on arbitrarily managing the funds portfolio, the second consists of calculating the net asset value of the funds and the provision of other services, such as monitoring the fund's compliance with the applicable regulations and the operational control of the assets underlying the portfolios. Our main customers are High-Net-Worth Individuals and institutional customers which include pension funds, insurance companies and financial intermediaries (distribution of third parties.) The diversification of our customer base is an essential aspect of our business strategy, which ensures that we are not dependent upon any one particular customer.

We distribute our funds through the channels of our Asset Management and Wealth Management units, as well as through banks, brokers and other financial intermediaries.

Recently, with the roll out of our own digital development platform, we significantly increased our distribution capacity which allowed us to reach retail customers in addition to those brought in through distribution agreements on other digital platforms. Furthermore, with the development of the segment of independent financial advisors (IFAs), we have leveraged the distribution of our products in different regions and with different customer profiles.

Performance 2021

Revenues (R\$ mn)



Through BTG Pactual Serviços Financeiros (our fund administration services company), we provide a wide range of services to our customers in relation to onshore and offshore funds, including:

- Calculation of the net asset value that is the accumulated market value of the fund's assets net of its liabilities;
- Pricing of assets;
- Transfer registration and agent services;
- Control of the fund's charges (administration and *performance*) and other expenses;
- Reports on the composition of the fund portfolio;
- Drafting of monthly reports for the fund's customers; and
- Calculation of any taxes that may be due by the funds.

By the end of 2021, we had achieved R\$ 552.7 billion in assets under our management, of which R\$ 322.6 billion were in *Assets Under Administration* (AuA) and R\$ 230,0 billion were in *Assets Under Management* (AuM)²². These figures position BTG Pactual amongst the eight biggest financial institutions in Brazil²³, according to the Brazilian Association of Financial and Capitals Markets Entities (ANBIMA). Additionally, of the top six, we are the only institution without an extensive chain of physical branches operating in Brazil. BTG Pactual is the biggest fiduciary administration service provider for independent Asset Managers in Brazil.

AuM, WuM and NNM

(R\$ bn)

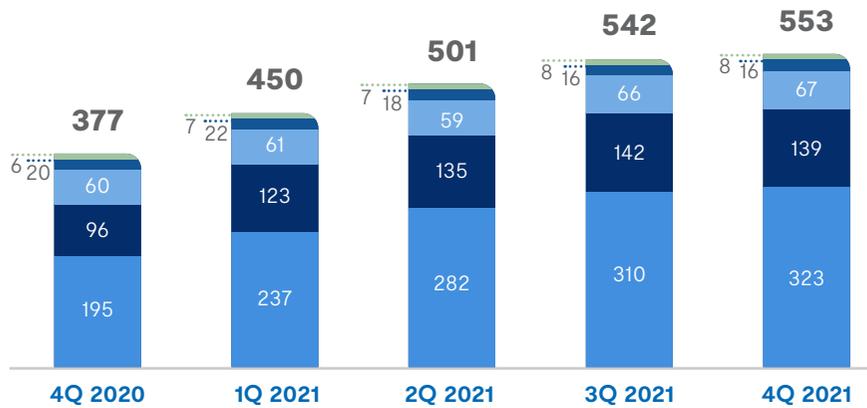


²² The term 'Assets Under Administration' (AuA) refers to all the financial assets and commodities for which BTG Pactual offers administrative services, including those of a proprietary and third party nature, as well as wealth management funds and/or collective investment vehicles. These assets are not necessarily managed by the Bank's Asset Management area. 'Assets Under Management' (AuM), meanwhile, covers assets belonging to customers (including our private wealth customers) that BTG Pactual manages amongst a variety of asset classes, including fixed-income, current account, multi-market funds and private equity funds.

²³ The Abima classification takes into consider AuM sums.

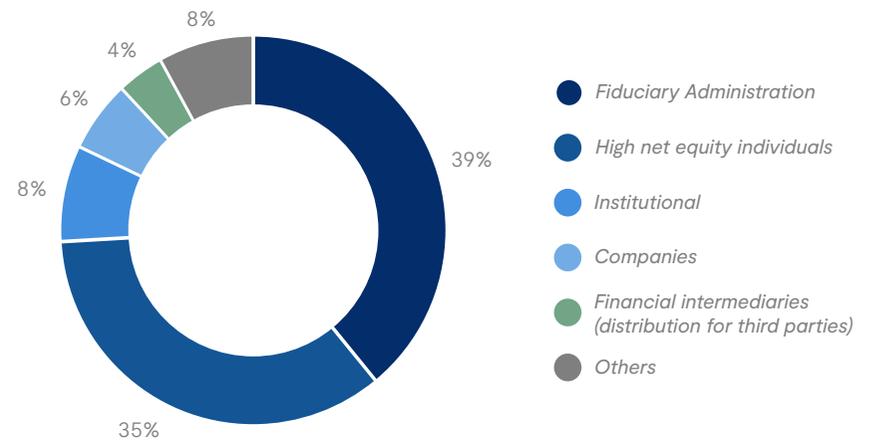
AuM and AuA by asset class

(R\$ bn)

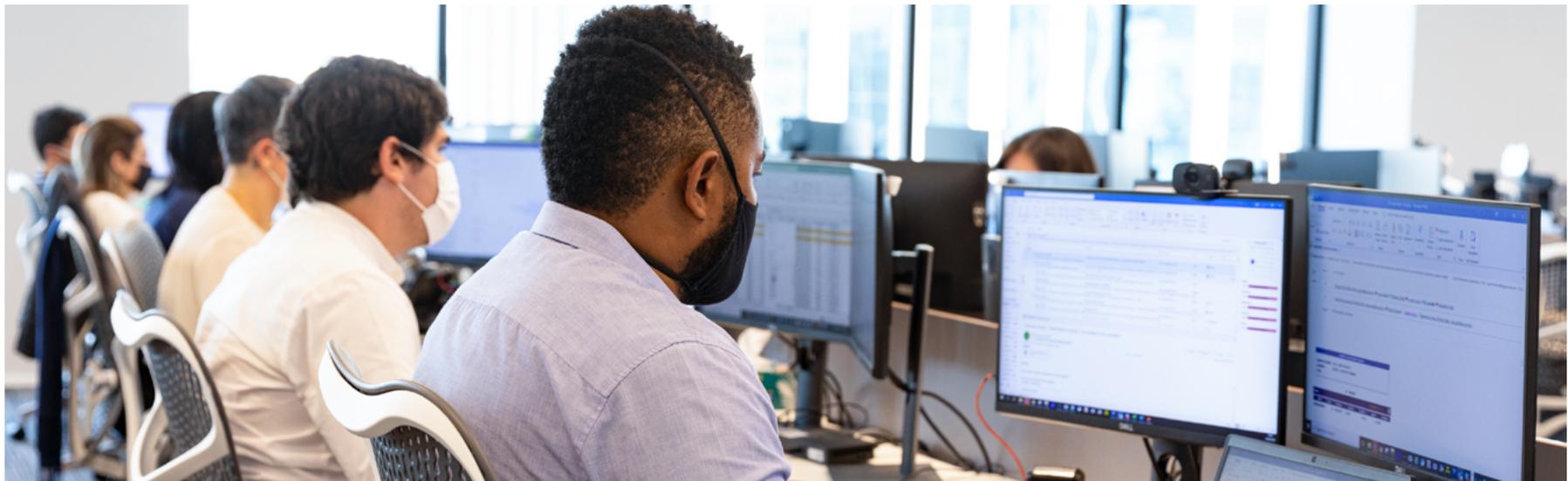


- Fiduciary Administration
- Fixed-income and Shares - LatAm
- Fixed-income and Shares - Brazil
- Global Hedge Funds
- Alternative Investments

AuM and AuA by type of client – 2021



- Fiduciary Administration
- High net equity individuals
- Institutional
- Companies
- Financial intermediaries (distribution for third parties)
- Others



ESG integration

[SASB FN-AC-410a.1]

[Targets of the 2030 Agenda: 9.4]

For BTG Pactual, the integration of ESG aspects into the investment process is a fundamental factor in achieving its customers' objectives, aligning value creation with the preservation of capital. Our Responsible Investment Policy reflects this commitment, defining the directives that guide the asset management of the funds administrated by the Bank.

According to these guidelines, we develop different approaches and methodologies to evaluate of socio-environmental, climate and governance risks and opportunities, depending upon the needs and structure of each fund. These analyses are always supported by studies on the materiality, externality and potential impacts, including those of an economic nature, and the management (and mitigation) capacity presented

by the evaluated company. Accordingly, we integrate the ESG aspects into the fundamentalist analysis of those selected, using our own models and discounted cash flow.

BTG Pactual is also a signatory of initiatives focused on promoting responsible investment, such as the United Nations' Principles for Responsible Investment (PRI), the International Corporate Governance Network (IGCN) – that seeks to spread effective standards of corporate governance – and '*Investidores pelo Clima*', a collaborative and educational movement, aiming to incorporate the risks associated with climate change into investment analyses.

In 2021, 95.6% of the portfolio under management involved ESG aspects in their decision-making.

ESG advances in Latin America

In Chile, the *ESG Chile Equity Fund* held onto the lead position among equities funds in the country, with US\$ 1.2 million in assets under its management at the end of 2021. Furthermore, it obtained the "A" classification in ESG requirements – the highest possible, according to the methodology of Morgan Stanley Capital International (MSCI). On another front, the Bank worked to integrate socio-environmental and governance aspects into its investment processes. We made advances in the development of an ESG analysis model for local issuers based upon public information and global sustainability reporting frameworks, such as the Global Reporting Initiative (GRI), the Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB).

At BTG Pactual Colombia, the integration of ESG norms and practices was also accelerated in 2021, with the launch of the '*Visum Capital*' real estate investment fund. Aligned with international standards such as the Principles for Responsible Investment (PRI) and the Global Real Estate Sustainability Benchmark (GRESB), the fund is based upon analysis processes that include visits to 100% of the assets, allowing us to assess the ESG practices and improvement opportunities. To access the Sustainability Policy, [click here](#).

ESG integration into the different asset strategies

[SASB FN-AC-410a.2]



Filters and integration

- We have no relations whatsoever with counterparties that are on the List of Companies that have forced workers to work in conditions akin to slavery and we perform a monthly crosscheck on our entire customer base to monitor this item.
- In some funds, we have specific exclusion lists, depending upon each strategy (for example: BDIV11).
- ESG factors represent risks and opportunities in the different strategies that we have. We are therefore able to check which topics are material for each type of asset and we integrate them using internal and external tools, due diligence and analysis. We consider physical and transitional climate risks and deforestation according to IFC performance standards.



Investment decisions

- ESG risks are always considered whenever acquiring assets, depending upon each of the strategies.
- The investment decisions are taken by investment committees.
- The ESG & Impact Investing team has a power of veto chain for each of the operations in certain investments committees.



Engagement and initiatives

- We have been signatories of the PRI (*Principles for Responsible Investment*) since 2015 and are members of a working group which aims to increase the understanding and share experiences on the issue of deforestation (*Sustainable Commodities Practitioners' Group*).
- We participate in the 'Investors for the Climate' initiative, which aims to bring together investors so that they can incorporate the risks associated with climate change, contributing to the climate targets agreed to by Brazil in the Paris Agreement.
- Engagement with the CDP (*Forest Champions*) to identify the risk (direct and indirect) of deforestation within certain strategies; following this phase we will have specific training, corporate engagement, ratings support/complementing and internal processes.



Monitoring

- Assets are monitored periodically. The initially defined KPIs are checked, with these being material to each one of the strategies.
- In *Endurance Debt*, an Infrastructure Investment Participation Fund, KPIs such as jobs generated, water consumption avoided, women employed and people provided with access to the basic services offered by the issuer were defined.

Sustainable agribusiness

[Targets for the 2030 Agenda: 2.4]

Engine of the Brazilian economy, the agribusiness is a sector that combines great interest from investors and enormous potential to develop sustainability practices in the country. Aware of the opportunities and demands relating to the sector, in July 2021 the Bank launched a special fund called '*BTG Pactual Terras Agrícolas*' ('BTG Pactual Agricultural Lands') (BTRA11), which investment thesis is based upon three pillars based upon three pillars:

1. Investment in productive lands focused on traditional crops (soybean, corn, cotton);
2. Investment in productive lands growing alternative crops (fruit, vegetable, nuts);
3. Investment in assets under transformation with high potential for turnaround and capital gain.

Undergoing a rigorous analysis of risk and opportunities that cover ESG aspects, the operations are structured through atypical long-term lease agreements, adjusted by inflation and with the producer holding the right to repurchase the asset. This producer also has the support of the fund in the event he/she needs to bring the land into alignment with regulations to sign the agreement. Through until the end of 2021, the equity value of the fund had totaled R\$ 347.6 million.

Impact investment

As a result of our commitment to promote responsible investment, in 2021, we developed a series of initiatives dedicated to boost sustainable finances and impact investments. One of the highlights of the year was the BTG Pactual Impact Investments fund. We raised R\$ 542 million and sought out transactions that provide scalable solutions for urgent challenges through investment in participating companies. This was done to generate a positive, intentional and measurable social and environmental impact, as well as solid financial returns. We also made two investments through the fund in 2021: the first was in 'Gran Cusos', an EdTech (educational technology) focused on the on-line preparatory segment for public servant entry and professional examination courses, and the second in 'Aliare,' a company working in the agribusiness technology sector. Detailed information on this area and also about our forest investments strategy can be found in [Chapter 5](#).

Timberland

Timberland investments have formed part of our portfolio for many years, focusing on the integration of ESG attributes. Based on our experience in the management of timberland investments, 2021 saw us strengthening our Landscape Capital strategy, lead by the Timberland Investment Group (TIG) (see more on [page 107](#).) The focus of this strategy is to seize investment opportunities in sustainable wood to create significant climate, environmental and social benefits, together with financial returns.

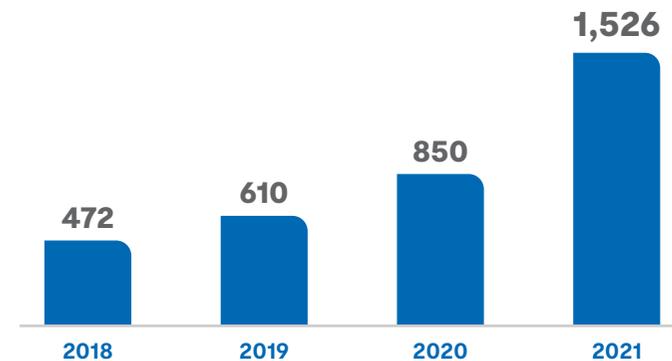
Wealth Management & Consumer Banking

We provide investment consulting and financial planning services and offer investment products high net worth and high income retail located principally in Latin America, with customers concentrated mostly in: Brazil, Chile, Peru, Colombia, Mexico and Argentina. These services are offered by means of separately managed accounts, as well as multi-investor vehicles in different classes of financial assets, via funds administrated by our Asset Management team and others managed by other financial institutions or asset managers. We also offer our wealth management customers other services, such as asset planning, bank loans and guarantees, and family office services.

Since 2016, our digital investments app has worked as a marketplace for investments, distributing investment funds, fixed-income products and pension plans offered by both BTG Pactual and third parties, as well as treasury investments and home broker resources for all our customers. The distribution is performed through three different channels:

- **B2C (Business to Consumer):** connects the Bank directly to our customers;
- **B2B (Business to Business) and Multi-Family Offices (MFOs):** this connects a network of more than 100 independent agencies and their customers to the platform; and
- **BTG Advisors:** this offers a digital investment platform combined with tailored advisory services, through a network of investment advisors.

Revenues (R\$ mn)



WuM and NNM (R\$ bn)



Sustainable and impact products

[GRI G4-FS8]

[Targets for the 2030 Agenda: 9.2; 9.4]

We are actively increasing the amount of sustainable and impact products we have available for our Wealth Management and Consumer Banking customers, in order to expand the access to these opportunities and enable the alignment of our customers' portfolios with good ESG practices and impact objectives.

As well as developing products managed by BTG Pactual, we also include on our platform other products that are already available in the market. In 2021 we made different investment proposals available, focused on water, carbon, hydrogen, renewable energy, forest assets and other sustainable and impact investments.

We closed 2021 with more than R\$ 1 billion in local funds and US\$ 4 billion in offshore funds with custody assets.

During 2021, BTG Pactual also launched Structured Operations Certificates (SOCs) tied to *KraneShares Global Carbon ETF* (KRBN UP Equity), made available on our platform. Using the *IHS Markit Global Carbon Index* as a reference, these certificates track carbon credit agreements in the European and American markets.

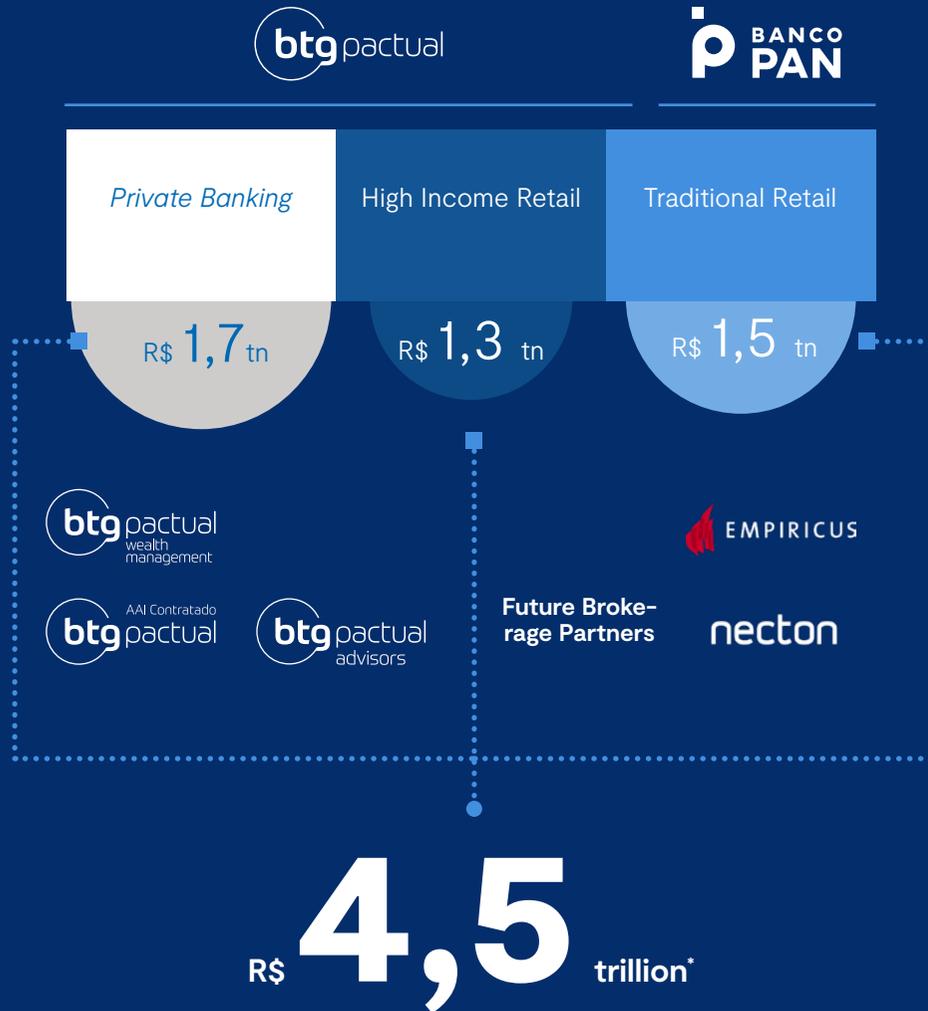
Elsewhere, we guide and support a number of our customers in the definition of their ESG strategies, and perform analyses of the socio-environmental aspects of assets (see more on page 66), involving the respective monitoring.

Our wealth management model is based on tailored and proactive customer services, provided by specialized investment professionals and organized by market segment, for an approach that encourages long-term relationships. Each investment professional has a limited number of customers, offering a range of financial products and personalized services depending upon clients needs, financial expectations and tolerance of risk. Investment professionals also conduct periodic reviews that help our customers monitor their portfolios and adapt to the changes in the scenario. It is the investment professional's responsibility to increase the presence of Wealth Management products and services in our customer base, as well as bring in new customers throughout Latin America.

Also essential to the Bank's strategy in this segment, our group of Independent Financial Advisors (IFAs) showed strong growth over the year. These professionals act as financial intermediaries, together with BTG's partner firms (which totaled 126 at the end of December), advising customers on identifying investment solutions that most assertively meet their needs and expectations. Upon being contracted by BTG Pactual, the advisors undergo a series of training sessions that, in addition to knowledge concerning products and services, cover policies, the Bank's commitments and practices, ESG aspects, such as sustainable consumption and waste management, and compliance.

To promote this network of financial intermediaries, in 2021 we accelerated the integration processes relating to the portfolio consolidator Kinvo, acquired in March with the aim of allowing customers to visualize their portfolio. Kinvo is a 'fintech' with more than 700,000 users, totaling more than R\$100 billion in registered investments, on a digital platform that allows the user to consolidate investments through different financial institutions in a single portfolio.

A complete platform to reach the whole spectrum of customers



* Source: Anbima Dec/21.

Wealth Management Awards in 2021



Global Finance:

Best Private Bank in Brazil
 Best Private Bank in LatAm
 Best Global Private Bank for Business Owners



World Finance:

Best Private Bank
 WM Bank of the Year



LatinFinance:

Wealth Management Bank of the Year



PWM:

Best Private Bank in Brazil and Colombia
 Best Private Bank for Digital Customer Service

Consumer Banking awards in 2021



The Global Economics:

Most Customer-Centric Bank - Brazil



ABT:

Best Customer Service



ABEMD:

Best Customer Experience



Best Performance Award:

Excellence in Customer Loyalty and Retention
 And Excellence in People Management

Focus on the customer

[SASB FN-AC-270a.3]

An essential value within our culture, the focus on the customer is reflected in our commitment to offer the best products, services and experiences to those who trust in our work. For BTG Pactual, every relationship has the potential to create value, especially in the long-term. This is why every customer is of importance, regardless of the business unit to which they are connected. We continued our commitment to excellence for all customers with our entry into the retail segment via BTG Pactual Banking and BTG Pactual Empresas²⁴, that exponentially increased our customer base in a highly competitive environment. In just over one year, this effort was recognized by the market, as can be seen in the table on this page.

Among the stand-out initiatives developed with customers in 2021 is Invest+, our cashback program that in addition to the traditional points exchange benefit, allows our customers to receive cashback directly as an investment in a fund. Three options are offered:

- **Fixed-Income Fund:** for customers with a more conservative profile;
- **Bitcoin 20 Fund:** for customers connected to the world of cryptocurrency;
- **ESG Fund:** for customers engaged in socio-environmental causes.

To find out more, watch the Invest+ explanatory video.

** Following the focus period of this report, in February 2022, the BTG+ and BTG+ Business brands, current in 2021, were merged (see more information on [page 83](#)).*

Recognition 2021

In addition to the awards mentioned on [page 6](#), we also received recognition for the quality of our services and experience, as highlighted here:



First place among bank apps in Brazil in the Apple Store | 4.9.



Second place among bank apps in Brazil in Google Play | 4.6.



Best placed among financial institutions in 'Reclame Aqui'.

Consumer Banking Pillars



Focus: medium to high income.



Full service: an integrated and effective financial solution.



Lifestyle: benefits and loyalty programs based on customer preferences.



Digital Native: 100% cloud-based, making use of artificial intelligence to create insights and offers.



The best experience: UX market benchmark, allied to service excellence.

Service channels

[GRI 103-2]

Our customers enjoy a range of service channels, operating 24 hours a day, seven days a week. Questions, information or complaints are received by means of a Customer Services or Ombudsman channel via telephone (free call) and e-mail. Specifically in relation to complaints, the Ombudsman receives those that are not resolved within the pre-established time frame or when the customer does not agree with the response sent out by the service provided via other channels. In addition to this, the channel handles complaints registered with external channels, such as the Central Bank, Consumidor.gov, Procon and Susep, among others. The table below shows the complaints registered through these different channels.

Complaints registered

Internal ombudsman	2020	2021
Via e-mail	175	259
Via 0800	216	291
External ombudsman		
B3	5	50
CVM	107	193
Procon	26	125
Bacen	204	1087
Susep	4	0
Consumidor.gov*		600

* Joined in 2021.

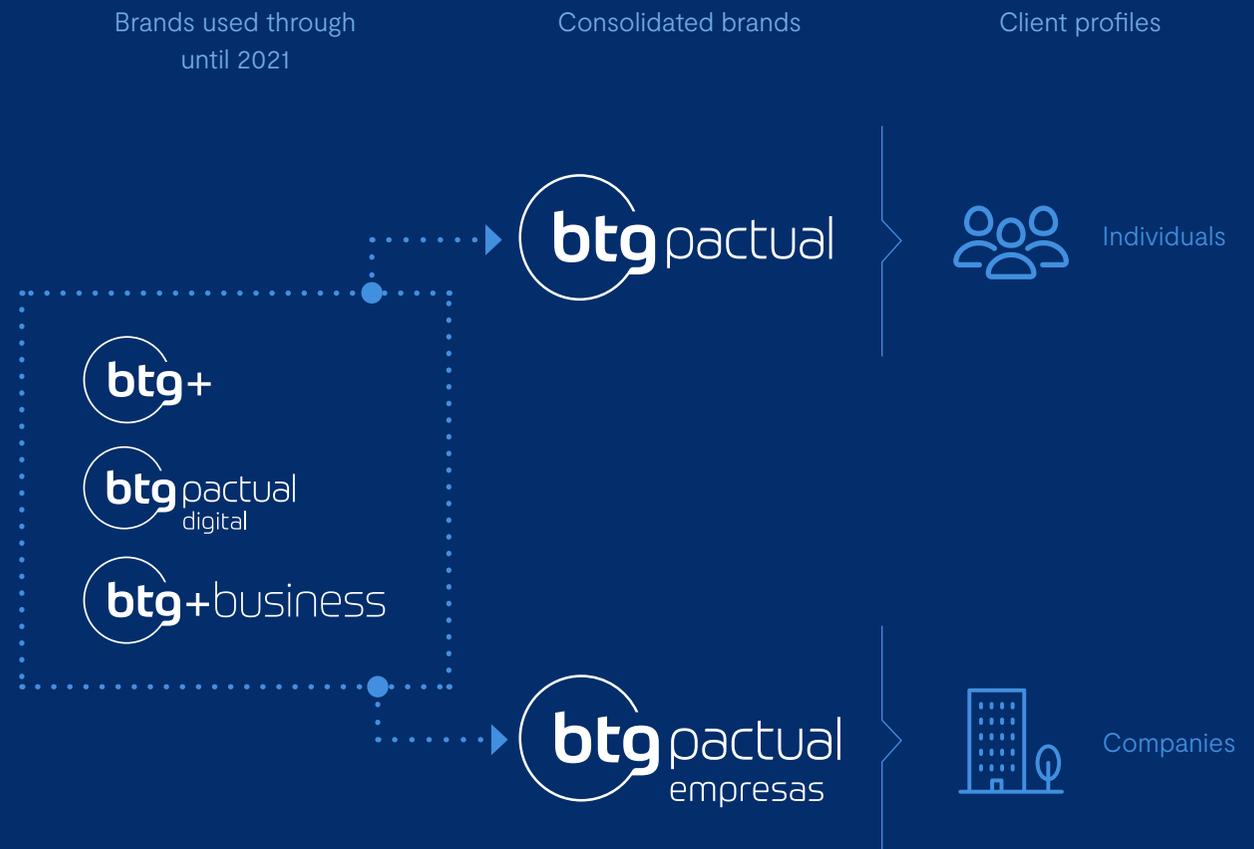
Open Banking

In Brazil, BTG Pactual is among the pioneers in the structuring of its systems to operate in the 'open banking' environment (or, more generically, 'open finance'), whereby customers have the ability to authorize the sharing of their information between different institutions authorized by the Central Bank. Completing the stages set out in the schedule proposed to Brazilian banks, we have adapted our platform so that this sharing is performed securely, thus enabling authorized access to data such as the incomes, payment terms, payments, loans and spending profiles of each customer. This will allow for the offering of personalized services under agile and reliable conditions that are more adapted to the individual context, through use of the bank's app or website.

The advances made by BTG Pactual in the structuring of its open banking have made us a benchmark for the sector, helping other financial institutions in the preparatory process. By the end of 2021, our customers could count on the strength of our systems for the reliable and available sharing of data.

Brand consolidation

In order to increase brand awareness while also offering the customer a fully integrated experience (from the investments function and 'day trade' to routine transactional banking services), at the beginning of 2022 we merged our brands, as the infographic below explains.





4. People management

Our team.....	85
Diversity and inclusion.....	89
Training and development.....	93
Remuneration and benefits	95
Health and safety.....	96

Our team

[GRI 102-8; 103-1; 103-2; 103-3; 405-1; 407-1]

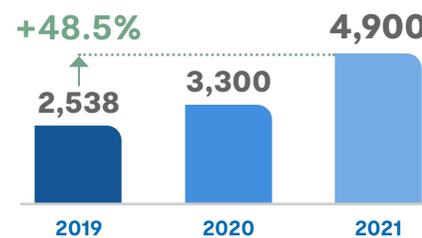
[SASB FN-AC-330a.1; FN-IB-330a.1] [Targets of the 2030 Agenda: 5.5, 8.5, 10.3, 10.4]

At BTG Pactual, human capital is an essential asset for the development of the business, as the bank's sustainable growth is supported by the talent, the dedication and the superior performance of our team. Aligned with the objective of cultivating long-lasting relations with a focus on the customer, our employees can count on programs and platforms dedicated to personal and professional development. Based on our *Partnership* model, our people management process has meritocracy as one of its principal pillars.

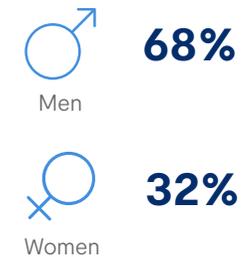
Our culture promotes and preserves our fundamental values which are strengthened by a high level of commitment from our employees, a hard-working and hands-on environment and a push for cross-selling among all of our business areas. At the end of 2021, the Bank had 4,900 permanent employees (82.4% of whom were based in Brazil), 318 interns, seven trainees, and 1,197 outsourced professionals, who operate specifically in the area of Information Technology (IT). All of our employees enjoy the right to free association, in line with the regulations of each country.

The 48.5% increase in the total number of employees, in relation to 2020, is due to the expansion of the Bank's operations, driven by the numerous opportunities associated with the digital transformation in the financial industry.

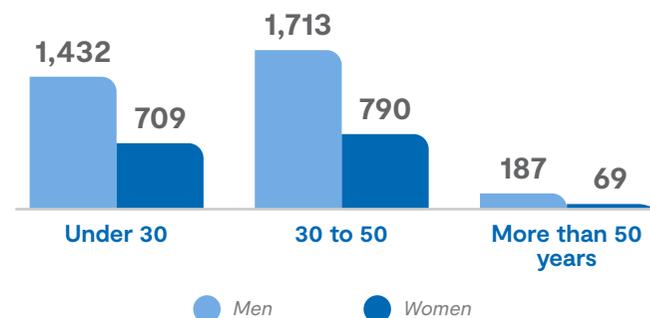
Total number of employees (on Dec 31)



Employees by gender (on 31-Dec-2021)



Number of employees, by age group and gender (on 31-Dec-2021)



Employees, by job category and gender

Employment category	Men	Women	Total
<i>C-Level</i>	18	3	21
Senior Management	230	21	251
Middle Management	577	214	791
Coordination and other managers	285	129	414
Administrative and Operational	2,222	1,201	3,423
Total	3,332	1,568	4,900

Employees, by country and gender

Country	Men	Women	Total
Brazil	2,767	1,271	4,038
Chile	206	104	310
Colombia	154	112	266
USA	114	42	156
United Kingdom	35	10	45
Mexico	21	10	31
Peru	17	13	30
Argentina	10	3	13
Portugal	8	3	11
Total	3,332	1,568	4,900

Third parties

BTG Pactual continually monitors the employment relations established by contracted companies, in order to verify their compliance with legal requirements, Compliance policies and other internal regulations.

The Bank's Human Resources team keeps the records of all outsourced employees who work at our units (90% of whom operate in the Information Technology area) up to date. This contingency is due, mainly, to the growth of new business models in the digital retail sector and the intense digitization of companies in the financial market that require specialist professionals.

Between 2020 and 2021, we registered a 48.5% increase in our workforce.

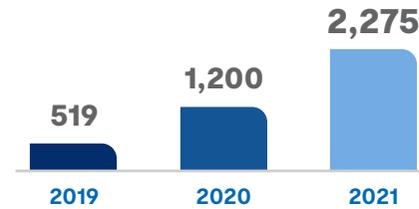
Admissions and dismissals

[GRI 401-1]

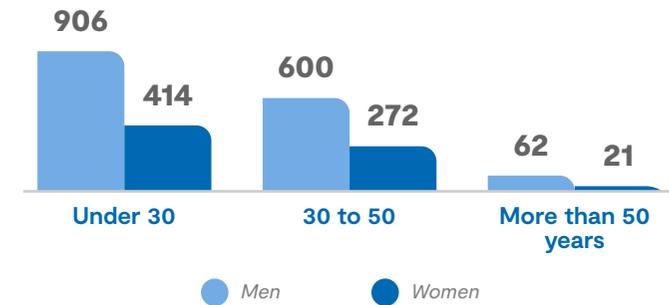
In 2021, in contrast to the crisis being faced by the Brazilian labor market, BTG Pactual created around 1,600 new jobs. Over the year, 2,275 people were hired (15% through acquisitions), while 649 had their contracts terminated (making the rate of turnover 15.56%).



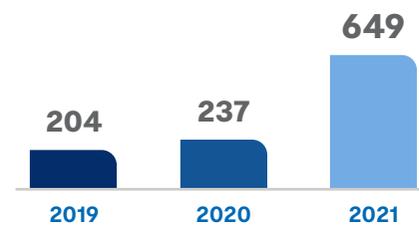
Number of admissions



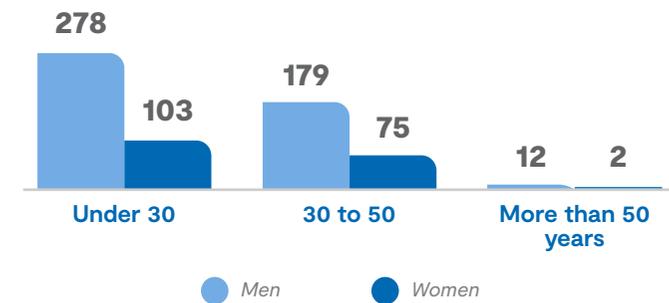
Number of admissions, by gender and age group - 2021



Number of dismissals



Number of dismissals, by gender and age group - 2021



Attraction of talents

[Target for the 2030 Agenda: 8.6]

BTG Pactual's attraction strategy is centered on the search for professionals who have a high level of technical ability and are in line with our corporate values, creating development opportunities over the course of their careers – always from the perspective that those who stand out may become partners in the future. Focused on the attraction of young people beginning their careers, we have, in addition to regular open positions, the following entry programs:

- **BTG Generation:** Focused on selecting, hiring and training young talents who have graduated within the last three years and who have the potential to form the bank's future generation of leaders. Those selected take part in training sessions and are closely monitored by our partners. Since 2020, we have also been developing the 'Tech' version of the program, focused on recent graduates interested in working in technology for the financial market.
- **Summer Tech:** Held during the Summer break, this program aims to form a high-performance team in the area of technology, recruiting university students, who take part in special training sessions and are monitored by the partners of BTG Pactual.
- **Undergrad Program:** This is a Summer Program developed to provide Brazilians who study abroad a hands-on experience. The program lasts 10-12 weeks, includes training sessions and participants are closely monitored by our leaders and partners.
- **Trainee Program:** Focused on graduate students from different areas, this program offers training and constant monitoring from our leaders, including the BTG Pactual partners.

Connection with students

Bank has a close relationship with universities both in Brazil and overseas, pursuing a series of programs, courses, challenges, events, talks, workshops and recruitment overseas, while also providing study grants. With the aim of developing and preparing the candidates for the opportunities that we offer, we have developed the following initiatives:

- **BTG Pactual Campus:** This is a mini-course focused on university students, with the aim of providing an understanding of the financial market. Over the course of a month, the selected students participate in classes with the bank's executives.
- **Experience Brasil and International:** The competition between teams provides university students with immersion in the financial market and the day-to-day life of the Bank. The selected groups take part in classes and are monitored by the partners and senior professionals from the Investment Banking, Private Equity, Research and Credit departments. There is also an award handed out and those who do best in the process have the opportunity to work on one of our entry programs.
- **Code:** The 'Code' is a challenge for those university students who are interested in learning how to apply technology in the financial market. Participation in this program offers them the possibility of expanding their relationship network, and developing their programming, strategy and teamwork skills.
- **BootCamp:** Every year we host the 'BootCamp' event to provide students with a close up understanding of BTG Pactual's culture and challenges. Those selected participate in one of the Bank's projects, get a better understanding of the departments and interact with our partners.
- **Tech BootCamp:** The 'Tech BootCamp' was created specifically to tighten our relationship with young people who could potentially work in the areas of development, infrastructure, information security and support. It is designed for technology enthusiasts.

Diversity and inclusion

[GRI 405-1]

[SASB FN-AC-330a.1; FN-IB-330a.1]

[Targets for the 2030 Agenda: 5.5, 10.2, 10.3, 10.4]

For BTG Pactual, diversity and inclusion represent a long-term foundation, drawing upon corporate directives and manifesting in the stance taken by our employees in their day-to-day operations and in the sharing of different ideas, visions and experiences. Diversity and inclusion contribute to the strengthening of our business and our engagement with the ESG agenda. As such, in 2021, we remained committed to developing a positive and safe working environment, allowing people to develop their potential and have their individual characteristics welcomed and respected by all.

Guided by our Diversity Policy, our actions seek not only to attract, but also to develop employees who represent society's minority groups, through programs focused on the issue. Please see next some of the most important highlights of this initiative.

**We remain committed
to developing a positive,
inclusive and safe working
environment.**



Diversity Committee

Created in January 2020, our Diversity and Inclusion Committee is designed to ensure an increasingly respectful, inclusive and diverse workplace, free from any type of discrimination, and compatible with the meritocratic model of management. To support this process, the Committee has four related groups, focused on promoting equal opportunities and proposing initiatives for the Bank in relation to the topic. These include:

- **BTG Pride:** focused on the inclusion of LGBTQIA+ people. In 2021, we reinforced our support for the 'OUTstand' movement, a network of professionals in the financial market that encourages and mobilizes reflections on the theme. We also take part in the '*Feira Diversa*' ('Diversity Fair'), that connects the Bank with students and young professionals, providing access to specialists on issues related to employability and diversity within companies. The group has also guided the creation of the 'BTG Pride' booklet, distributed throughout the company with the intention of raising internal awareness. The publication was launched together with a series of actions staged during LGBTQIA+ pride month, with the aim of raising awareness and reinforcing the importance of respect and social equality.
- **BTG Blacks:** Dedicated to the inclusion of Black people, this program has performed an important role in raising awareness of the racial agenda. In 2021, we took part as sponsors of the '*Feira Juntos*' ('Togetherness Fair') for the second consecutive year, as well as the '*Conferência Afro Presença*' (Afro Presence Conference'). Both events aim to promote racial diversity and inclusion in the corporate world, combating discrimination in employment relations. Just as we did with 'BTG Pride,' we published an educational booklet designed to provide guidance on the adoption of anti-racist language.

- **BTG PCDs:** as well as raising awareness, the Bank works to ensure that disabled persons have accessibility, autonomy, safety and equal working conditions, considering the physical environment, technology, communication and social integration with the team. In 2021, we established a partnership with a specialist consultancy that provides training courses for people with Autism Spectrum Disorders.

- **BTG Women:** This program seeks to accelerate the presence of women in the different areas of BTG Pactual, especially in positions of leadership, maintaining a meritocratic and open environment that inspires a new generation of women leaders. The group also aims to create a network of support and development focused on the attraction, retention and ascension of women. In 2021, the group supported and hosted a number of initiatives, such as the partnership with '*Fin4she*,' a connection platform for women working in the financial ecosystem, and the internal '*lives*,' focused on issues that are of importance to gender equality.

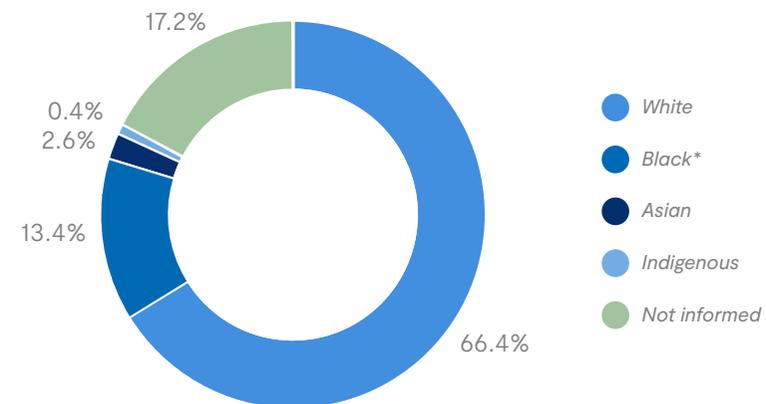
Participation in the related groups is open to all interested employees, allowing everyone to express their points of view, share ideas and propose initiatives on each theme. All proposals are evaluated by the Diversity Committee, which analyzes the viability of implementing each one. Alongside these groups, we have a series of obligatory training sessions concerning unconscious bias, aligned with our Code of Ethics and Conduct, which spreads essential information designed to more effectively combat prejudice.

2021 Census

In 2021, we surpassed the 4,000 employees mark and gaining a better understanding of our internal public became even more important. People are our greatest asset. Accordingly, we believe that in order to continually improve our management of people, it is vitally important to understand the characteristics of our team's education, diversity and technical skills.

One of the most important features of 2021 was the undertaking of our first Diversity Census. Conducted by means of an online questionnaire, responded to voluntarily by around 85% of our employees in Brazil, the Census will allow us to gauge our targets and initiatives dedicated to diversity, equality and inclusion, in order to make them even more effective

Percentages of employees by race/ethnicity
2021



* Black: Black + Mixed race



Attraction programs focused on Diversity

Inside BTG

This mentoring program focused on women studying at university and created internships designed to offer practical experiences in different business areas. These internships provided productive resources for development, offering learning opportunities regarding the financial market as well as mentoring by the Bank's partners. In 2021, we offered the fourth edition of the Program, with the participation of 21 interns. With numerous cases of stand-out success, 'Inside' established itself as an effective mechanism for the Bank's recruitment of women.

PCD Program

This program focuses on the attraction and development of disabled persons. In 2021, different drives for the recruitment of disabled persons were engaged, with the aim of attracting and recruiting more representatives from this group to our workforce.

'Jovem Aprendiz' Program

The 'Jovem Aprendiz' ('Young Learner') Program encourages the growth and development of young students through professional training to act in different areas within the Bank. The initiative lasts 15 months and seeks to welcome those facing difficulties in accessing corporate learning environments. Over the course of 2021, 12 young people participated with over 42 participants benefiting from the program in the last five years.



Our attraction initiatives
seek to promote the
inclusion of women, young
people and the disabled.

Training and development

[GRI 404-1; 404-1; 404-3]

[Targets for the 2030 Agenda: 4.3; 4.4]

For BTG Pactual, having an ongoing learning environment for our employees is essential. This is an investment that provides returns in the form of top-quality solutions for our customers, which in conjunction with the Bank's culture, boosts the organization's results. As such, we encourage self-development, providing an in-depth understanding of our businesses, processes, tools, policies and practices.

In 2021 we continued the digitization of our development platforms. The COVID-19 pandemic prevented in-person classes while our workforce expanded, and we prioritized scaling up our training platforms accordingly. We launched the 'BTG Campus,' which formalized our online training platform, increasing the courses offered to all our employees.

In the next page, we will be highlighting some other initiatives established over the year, focused on the development of our team. A total of around 96,000 hours were dedicated to training, for different job categories.

2021 Training sessions

	Total number of employees	Hours of training	Average hours of training
By gender			
Men	3,332	60,944	18,29
Women	1,568	35,101	22,39
Total	4,900	96,045	19,60
By job category			
<i>C-Level</i>	21	-	
Senior Management	251	464	1,85
Management	791	6,247	7,90
Coordination and other managers	414	10,818	26,13
Administrative and Operational	3,423	78,516	22,94

🔗 **BTG Pactual Academia:** This program offers a practical and current vision of the financial market. Offered by senior professionals within the Bank, each of whom are experts in their areas of activity, the 21 theme-based modules included specific classes given online in 2021. As well as the technical knowledge, the 'BTG Pactual Academia' promotes our culture and values and encourages integration between professionals from different departments. In 2021, 334 employees graduated from the program, with 863 having graduated since its inception in 2018.

🔗 **IT Sessions:** Structured similarly to the *BTG Pactual Academia*, the 'IT Sessions' were started in 2019 with a focus on technology and the raising the technical understanding of those employees working in this area. With a wide range of content, distributed across 14 modules and also conducted by experienced professionals from within the Bank, it keeps our team updated and ready to operate at the highest level. In 2021, 110 participants graduated from the program.

🔗 **Leadership Academy:** With the intention of strengthening the knowledge and skills of our managers, we have developed the '*Leading Teams for Results*' program, based upon the 'player-coach' model, in which the manager participates directly in the deliveries and, at the same time, contributes to the development of their team. Among the themes explored are coaching, situational leadership, succession, delegation and feedback.

Performance evaluation

Guided by our meritocracy pillar, our performance evaluation process is an important management tool for career planning and the training and development of the BTG Pactual employees. The process also supports the definition of variable remuneration, promotions and salary raises. All of our employees are assessed individually, receiving constant feedback in relation to reaching their targets and adhering to our fundamental principles.

Once all the stages have been completed, to guarantee consistency in the evaluation and ensure that meritocracy is applied, a calibration meetings are held, involving participation of the managers and partners, allowing an open discussion on the effective contribution of each employee and how this is reflected in the development of their career.

Continued learning

Under the development model adopted by BTG Pactual, around 70% of the knowledge acquired by our employees arises from practical 'on the job' experience. This form of learning is made possible at the Bank through the attribution of new responsibilities, effective participation in projects, exposure to new challenges and multi-disciplinary activities.

On another front, our employees' development is rooted in their interaction with other professionals and coaching, network and feedback practices. The formal training – courses, talks, and structured programs – completes the educational platform, preparing our professionals for increasingly sophisticated activities.

Remuneration and benefits

[GRI 401-2]

[Targets for the 2030 Agenda: 3.4; 5.4; 10.4]

Under our meritocracy model, we recognize and reward the performance of our employees according not only to the results and delivery of each individual, but also their department and team. Our remuneration package is composed of one part fixed pay and another variable – based upon the evaluation of the individual’s performance and that of the organization.

The evaluation of the professional also takes into consideration their behavioral skills and adherence to our values, meaning that those who achieve results that are higher and consistent have the opportunity to obtain a total salary that is above the market average and to ultimately become a partner in the Bank.

As well as the benefits guaranteed by law or by Collective Bargaining, all our employees receive the following:

- Medical and dental health care plan;
- Group life insurance (optional);
- Private retirement plan (optional);
- Meals and food-shopping assistance;
- Orientation Program and Employee Personal Support;
- Child day-care center;
- Extended maternity and paternity leave (*‘Empresa Cidadã’* program);
- Executive check-up for partners and associates; and
- Gympass (to encourage the practice of physical activity).

In line with the premise of meritocracy, our policy rewards performance according to the results of each individual, in the context of the team and the department of which they form a part.

Health and safety

[GRI 403-1; 403-3; 403-5; 403-6; 403-8; 403-9]

[Targets for the 2030 Agenda: 3.4; 8.8]

In order to provide a safe, healthy and comfortable workplace, we have developed a series of strategic Occupational Health and Safety actions, conducted with the support of specialist consultants on the theme. Guaranteeing legal compliance²⁵, we have developed programs that focus on the prevention and control of risks in the workplace, that are also developed and monitored by health care professionals.

In Brazil, where the majority of our employees are located, 100% of our professionals are covered by a Health and Safety Management System administrated jointly with an external consultancy. The system uses occupational management software that is certified in line with the ISO 27001 norm, ensuring adaptation to the security of personal data required by the LGPD.

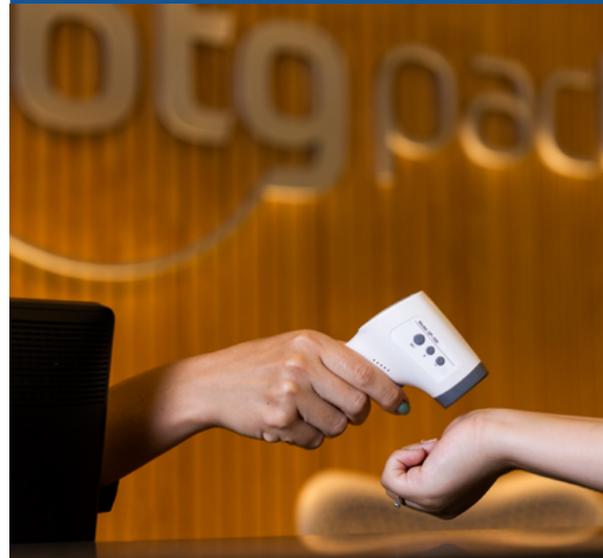
The Internal Accident Prevention Commission (CIPA) supports the initiatives developed by the area, including diagnostics, inspections, training sessions, accident and incident investigations, as well as occupational illness prevention measures. As a result of this work, in 2021 we recorded no accidents at work and/or injuries related to work activities.

²⁵ In Brazil and in international operations, each unit develops Health and Safety practices in accordance with local legislation.

Fighting the pandemic

Due to the socioeconomic, cultural and public health impacts arising from the health crisis we have all experienced since 2020, we maintained our focus on the protection of our employees throughout the year. On average, 77% of our workforce worked from home for the majority of 2021, with the intention of ensuring social distancing and collective safety. As such, all the actions adopted at the start of the pandemic remained in place, especially:

- The activities of the Covid-19 Risk Committee, aimed at analyzing the evolution of the scenario and preventive measures;
- Daily control of the occupation of the installations;
- Performance of antigen tests twice per week, for all those present at the office;
- Provision of resources designed to improve the working conditions of those employees working 'home office';
- Talks about mental health and best ergonomics practices;
- Provision of tele-medicine consultations and psychological support; and
- A partnership to provide an exclusive channel for home testing of employees and their families.





5. Connection with the future

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Sustainable and impact investments

[GRI 103-1; 103-1; 103-3]

[Targets for the 2030 Agenda: 8.3; 12.a]

For BTG Pactual, the growth of entrepreneurship and investments that partner solid financial results with a positive social and environmental impact constitutes one of the main paths towards a more sustainable future. Based upon this premise, we were one of the first large financial institutions in Brazil to structure a department exclusively dedicated to sustainable and impact investment initiatives. The department has advanced rapidly due to the importance of the issue and the growing interest of investors in operations of this nature.

In line with BTG Pactual's long-term vision, the area identifies sustainable investment opportunities in Latin America, creating positive social and environmental impacts and consistent

returns for our customers – such as products related to sustainable finances, carbon markets and investment funds.

In 2021, a series of successful initiatives confirmed the Bank's leading position in this area on the international stage. We stood out in the 'Sustainable Finance in Emerging Markets' category at the Sustainable Finance Awards 2021 awarded by Global Finance. Additionally we took first place in the "Impact Initiative of the Year in Latin America & The Caribbean" at the Impact Awards 2021, hosted by Environmental Finance. This award recognized the actions of BTG Pactual in sustainable and impact investments since the launch of the Sustainable & Impact Investing Department in January 2021.

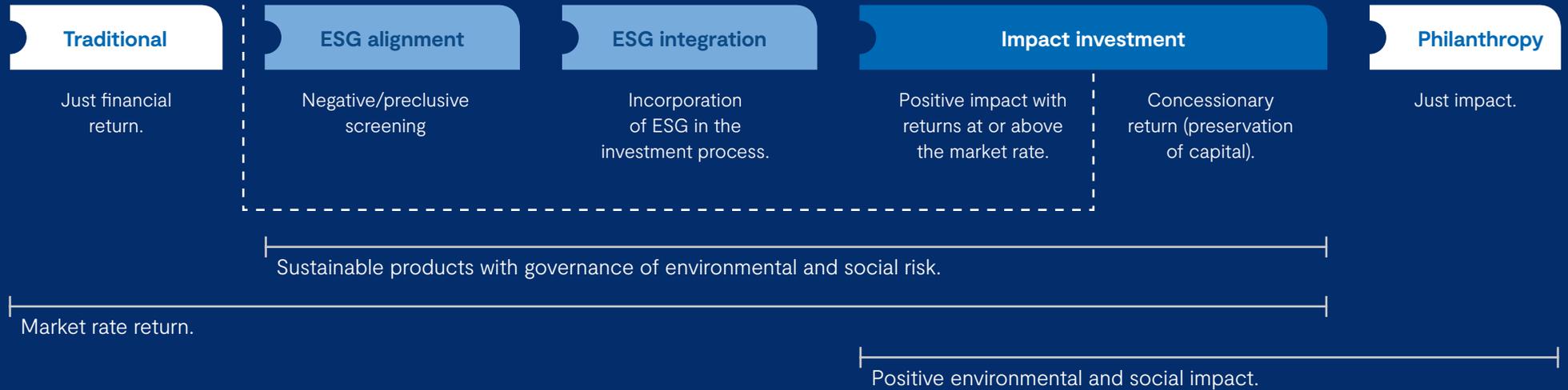
We were one of the first large financial institutions in Brazil to create a department exclusively dedicated to sustainable and impact investment initiatives.

Results with a purpose

Impact investment is intended to generate a measurable positive social and environmental impact as well as provide financial return. Among a number of possible examples, of note are:

- Companies and projects that increase access to essential services, such as basic sanitation.
- Companies that develop business that promote social inclusion such as financial inclusion.
- Companies that promote solutions related to the transition to a low-carbon economy.

Our strategic positioning



We are pioneers

First Brazilian bank to join the *Global Impact Investing Network (GIIN)*, dedicated to increasing the reach and efficiency of impact investments.

The **Green Bond issued by BTG Pactual** on the international market, raising US\$ 500 million, was the first to be issued by a Brazilian financial institution on the capitals market, with the lowest coupon ever obtained in the segment.

First Financial Institution in Latin America to join the Nasdaq Sustainable Bond Network, a data base held by the US stock exchange that gathers together information on the world's leading sustainable bond issues.

We launched the '**Programa de Captação Sustentável**' ('Sustainable Fund-raising Program,' the first fund-raising initiative using sustainable deposits (Certificates of Deposit and Bills of Exchange) being performed together with large Brazilian companies. Launch of one of the most substantial impact investment funds in Latin America.

Impact Investment Fund

Evolving in our commitment to developing the market, we launched the BTG Pactual *'Investimentos de Impacto FIP'* ('Private Equity Impact Investment Fund'), one of the most substantial impact investment funds in Latin America. This fund seeks operations that provide scalable solutions to urgent challenges, through investment in the private equity of companies intending to generate a measurable positive environmental and social impact, while also providing solid financial returns. Finalized in June 2021, the fund-raising hit the R\$ 542 million mark and attracted institutional investors, as well as Wealth Management and BTG Digital customers, democratizing access to this type of product in Brazil. Also in 2021, we made two investments through the fund.

'Gran Cursos,' the first company we invested in, aims to expand access to quality education through technology. It is the biggest Edtech (an educational technology company) offering online preparatory courses for public procurements, professional exams and post-graduate courses, positively impacting lives by providing its students with a quality education. As

such, it directly contributes to the fourth Sustainable Development Goal (SDG 4).

The second company we invested in, Aliare²⁶, offers technology to the rural community, meaning that its customers (including small and medium-sized farmers) can manage their companies more efficiently, providing their stakeholders with increased revenue and income. By using technology to contribute to a more productive and sustainable agribusiness, it is supporting the reach of the second SDG (Zero Hunger and Sustainable Farming).

Together with one of the companies invested in, BTG Pactual has developed an action plan and specific metrics to maximize and gauge the social and environmental impacts. The Bank also created a series of initiatives focused on ensuring transparency, meaning that investors can monitor the evolution of their companies. In August, we hosted the first meeting of the Fund's quotaholders with the participation of the CEOs of the two companies, who each made presentations covering the histories and

perspectives of their respective enterprises. The event also addressed issues of enormous interest to investors, such as the Fund's proposal, the aims relating to maximizing the impact of each company and the measurement mechanisms applied. In November, the investors received an exclusive Report presenting the initial implementation of the action plan, financial results and gauged impact reports.

In line with best practices, the ESG integration, and the management and measurement of the impact are guided by international benchmarks relating to the issue. These benchmarks include the Operating Principles for Impact Management, Change Theory, the Impact Management Project (IMP), IRIS+ (GIIN) and 2X Challenge, as well as the 2030 Agenda for Sustainable Development, proposed by the United Nations (UN), the IFC Performance Standards, the Principles for Responsible Investment and the Corporate Governance Framework, with support from a consultancy that is highly specialized in the area.

²⁶ At the time of the investment, the company was called Siagri, with the brand changing (to Aliare) following the merger with Datacooper.

Sustainable finances

Exactly one year after our first green placement, we announced the expansion of our Sustainable Financing Framework²⁷. This allowed us to broaden the possibilities we have through fund-raising instruments, such as sustainable deposits, and expanding our eligible portfolio of products. Supported by the *Climate Bonds* Initiative and a second-party opinion from *Sustainalytics*, the document includes new target segments.

Partially due to this, at the end of 2021 the Bank's credit portfolio showed a balance of R\$ 10.2 billion eligible under the Framework, relating to financed assets and projects in renewable energy, energy efficiency, sanitation, clean transport, sustainable buildings, sustainable forest management, low-carbon agriculture, resource efficiency and prevention of pollution, accessible housing, accessible basic infrastructure, and loans for small and medium sized companies.

Also on the one-year anniversary of our first green placement, we published our first Green Financing Report, a report on the investment of funds and impact. Revised by *Sustainalytics*, we showed the investment of 71% of the US\$ 550 million raised from the Green Private Placement performed in November 2020, and from the Green Bond issued in January 2020, amongst 27 companies related to

renewable energy, water and sanitation. The document outlines the positive impacts generated for the environment, such as the reduction of CO₂ emissions, the increase in the installed capacity of renewable energy, and the improvement in sanitary infrastructure, as well as benefits for society, such as greater public access to drinking water.

For more information on our sustainable finance initiatives, see [Chapter 3](#).

²⁷ The Framework developed by BTG Pactual in 2020 was expanded in 2021 to ensure transparency and compliance with its emissions of sustainable debts.

Our commitment

In April 2021, BTG Pactual signed the Impact Operating Principles, developed by the International Finance Corporation (IFC). Based upon consultations with market agents (impact asset managers, the owners of assets, asset allocators and development banks), the principles outline the essential characteristics for the management of investment funds that aim to generate a positive (and effective) socio-environmental impact, whilst also providing financial return.

Combating climate change

[GRI 103-1; 103-2; 103-3; 305-1; 305-2; 305-3]

[Targets for the 2030 Agenda: 13.1; 13.2]

Being aware that climate change generates socioeconomic and environmental impacts, BTG Pactual has been working on different fronts to minimize risks and seize opportunities related to the decarbonization movement. This movement was reinforced in 2021 by the repercussions of the COP26, the United Nations Climate Change conference held in Scotland in November. At the event, numerous representatives from the public and private sectors announced their commitments to reducing GHG emissions (especially methane and carbon dioxide), thus strengthening government and corporate initiatives in support of moving towards energy transition – accompanied by the financial market.

At the Bank, the actions relating to this theme are developed in different areas, starting with the monitoring of our own operations. This is done with the aim of measuring the GHG emissions involved and identifying the best ways to approach reduction and compensation. Since 2015, we have performed our

annual GHG Inventory, through a process that is checked by an independent third party, as a voluntary practice on the part of BTG Pactual. In accordance with the directives of the Brazilian Program of the GHG Protocol²⁸, the Inventory consolidates data based upon the operational control approach²⁹. (Read about the companies considered in [Annex II](#).)

In 2021, the process was improved with the inclusion of new emissions sources, especially in Scope 3, which now includes leased assets, purchased assets and services, transportation of employees (home-work), waste generated in the operations, transportation and distribution (downstream and upstream) and business trips.

Considering these and other sources, and adding the three scopes together, the Bank issued 5,453.49 tCO₂ and in 2021, under the operational control approach, as presented in the following table.

Climate Resilience Index

In 2021, for the second consecutive year, BTG formed part of the portfolio of the ICDPR-70. This portfolio is made up of companies notable for their climate management and are selected through their participation in the *Disclosure Project* (CDP), in an initiative aligned with the *Task Force on Climate-Related Financial Disclosure* (TCFD), a task force connected to the Financial Stability Board (FSB) and supported by BTG Pactual since 2015.

²⁸ In accordance with the standards established in ISO 14064:2006. We use the IPCC Guidelines for National Greenhouse Gas Inventories as a source for the emission factors used and the potential rates of global warming.

²⁹ This Report provides information on the companies that are mentioned in the BTG Pactual S.A. Consolidated Financial Statement, dated December 2021. Definition of Operational Control: companies with integrated HR processes and which pursue the same values, principles and ethical precepts as BTG Pactual. The information concerning Banco Pan was not included, this being an institution that performs its own inventory.

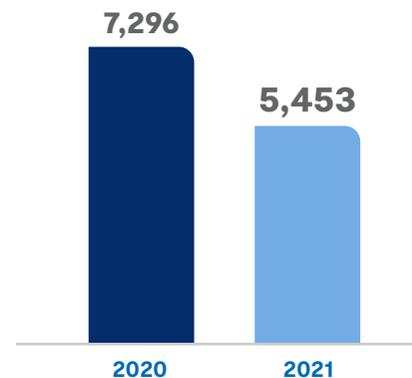
CFO Taskforce for the SDGs

In 2021, the CFO of BTG Pactual, João Marcello Dantas Leite, joined the 'CFO Taskforce for the SDGs,' a taskforce convened by the UN to engage the financial managers of companies from all over the world in the executives of the 2030 Agenda. Along with the CFOs, the initiative brings together investors, financial institutions and representatives of the United Nations to share ideas, develop new concepts, structure mechanisms, and make recommendations for the directing of funds to the Sustainable Development Goals (SDGs). It is expected that this group will contribute to molding the future of corporate finances as catalysts for growth, value creation and social impact.

One of the biggest challenges facing the task-force lies in creating means to measure the evolution of the SDGs, especially the climate-related targets. To address this, Working Groups were formed involving different global companies, BTG Pactual among them, for the production of cases that describe the journey each business is taking in promoting the 2030 Agenda. The cases covered policies, practices and indicators that could inspire other companies to start or accelerate their actions.

Evolution of emissions - Operational control

(in tCO₂e)



Emissions – 2021*

(in tCO₂e)

Scope	Operational control
Scope 1	176.96
Scope 2	1,532.81
Scope 3	3,743.72
Total	5,453.49

* In relation to the emissions arising from the employees' transportation from home to work, we have standardized the data, reducing distances of more than 50 kilometers to the average of the other distances. We have adopted the cut-off distance of 50 kilometers due to the fact that BTG Pactual's São Paulo office concentrates the majority of the Bank's employees and covers the city's entire metropolitan region, as well as outlying towns such as Vargem Grande Paulista, Caieiras and Arujá. The same cut-off distance was conservatively adopted for the Bank's offices in other cities, to keep the criteria consistent.

We have been compensating our direct and indirect emissions (Scopes 1 and 2) since 2017, through the purchase of carbon credits. In 2019, we included compensation of the Scope 3 emissions (corresponding to emissions arising from air travel, employee transportation and disposal of waste) and in the following year we went even further: we included our carbon management criteria into the analysis we perform on our critical suppliers – checking that they perform a GHG Inventory and perform compensation practices. With the objective of extending good practices to our network of relations, in 2020 we included the emissions of our autonomous investment agents in the calculations.

In 2021, around 5.5 tons of carbon and other GHGs were **compensated** through the purchase of carbon credits from the Cikel Deforestation and Forest Degradation Reduction in the Brazilian Amazon Project (REDD APD), located in Paragominas (Pará).

More sustainable air travel

BTG Pactual and the US airline company Delta Airlines signed an agreement to use sustainable fuel for the corporate trips made by our executives. Through this partnership, since 2022, whenever the bank acquires a Delta flight ticket, the flight must be powered by sustainable fuel. BTG Pactual was the first Latin American company to enter into a partnership with the airline company, which has similar agreements in the United States.

Integration into the business

[Target for the 2030 Agenda: 17.16]

Just as with other ESG issues, elements relating to the climate issue are integrated into BTG Pactual's different areas of business, both for the mitigation of risks and to take advantage of new opportunities connected with decarbonization. Among the leading initiatives related to this that were developed in 2021 is the *Partnership for Carbon Accounting Financials* (PCAF), a global initiative launched in 2019, mobilizing 130 banks – with just 14 from Latin America – and Institutional Investors.

The participants collaborate to develop the “Global Standard of GHG Accounting and Reports for the Financial Industry,” in order to measure and disclose the emissions connected to their loans and investments.

Carbon pricing

Aware of the evolution of the carbon market, in 2021 we assessed the domestic price of carbon, based upon the legal pricing in effect in Argentina, Mexico and Sweden, as well as the prices currently being practiced by the market.

This was the Bank's first exercise in the domestic pricing of carbon, intended to orient our ESG strategies. The results have guided the introduction of the figures into our operations, investments and educational instruments focused on our customers.

Evaluation of climate risk

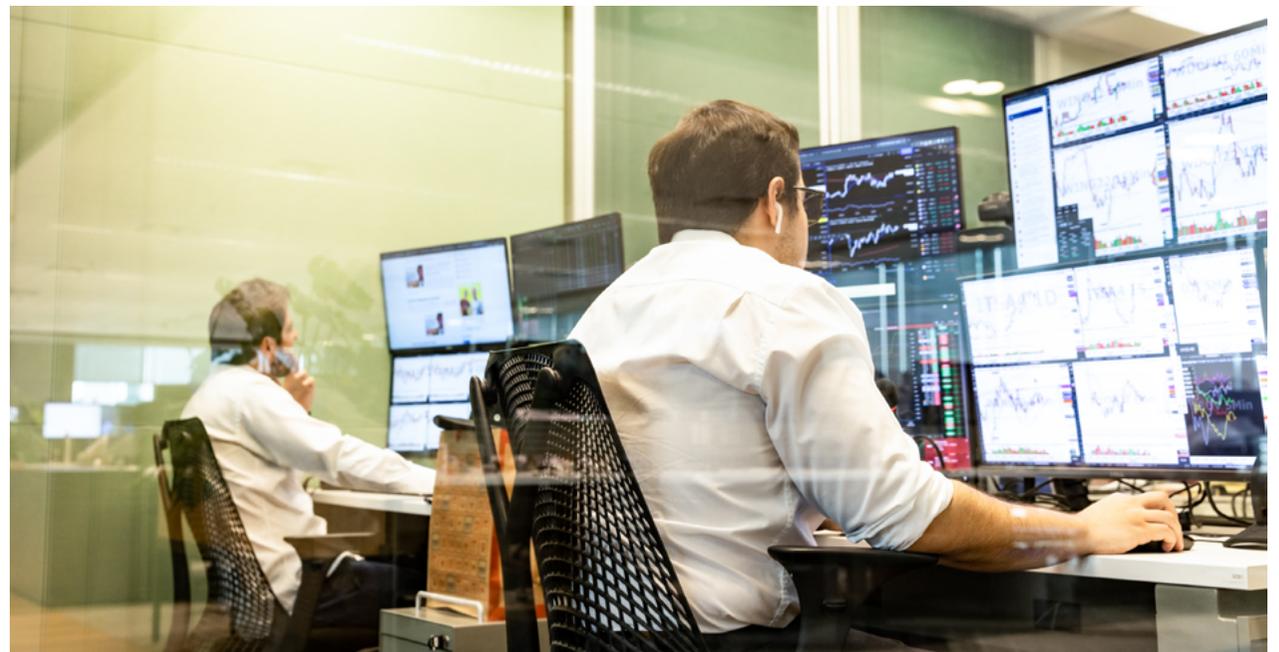
[Targets for the 2030 Agenda: 13.1; 13.3]

The risk analysis performed by the Bank includes the possibility of the occurrence of losses that are directly or indirectly caused by extreme environmental conditions, which can be related to changes in climate patterns. This issue forms part of the management agenda of the Board of Directors, supported by the ESG and Risks and Capital Committees, with a focus on the following objectives:

- Identifying the sensitivity of the credit portfolio to sectors with a high exposure to climate risk;
- Assessing the degree of exposure of the funds that make up the Bank's investment portfolio to carbon-intensive sectors and including losses arising from the transition scenario; and
- Performing simulations of the carbon footprints of our investment funds and assessing the impact of possible carbon pricing on the revenues of the companies invested in.

The analysis of climate risk is performed in line with corporate policies, aligned to global frameworks and benchmark performance. We also consider IFC performance standards and guidance from the TCFD in relation to the economic sectors that are potentially most affected by climate change. Among the information that the bank requests from its potential customers for evaluation is a description of the governance, strategy and management of climate risks and opportunities, as well as a GHG Inventory and report on the compensation of emissions.

This issue forms part of the management agenda of the Board of Directors, supported by the ESG and Risks and Capital Committees.



Commitment and transparency

[Target for the 2030 Agenda: 16.6]

In 2021, we published our first report on the adhesion of our practices to the Principles of Banking Responsibility (PRB/UNEP- FI), thereby increasing the transparency of our socio-environmental actions with special focus on the climate agenda. The report is public and can be accessed at this link. Similarly, we have made our responses to the CDP questionnaire available, detailing our policies, practices and performance indicators related to the issue. To access this [click here](#).

With the intention to increase transparency, BTG Pactual's policies and practices concerning the climate agenda have gradually been incorporating the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), a task force connected to the Financial Stability Board (FSB) and designed to guide financial disclosures related to climate change. We use these recommendations to guide our report concerning the financial impacts of climate change on our business and we take the same information into consideration in our management of risks and opportunities tied to the theme.

Incorporation of the TCFD recommendations



Governance

The CEO is responsible for matters related to climate change.

C-Level ESG Committee.



Strategy

The ESG Committee decides on the principal strategies related to climate issues, including:

- Validation of climate risk evaluation tools.
- Approval of the compensation of the 2021 GHG emissions.



Risk management

Since 2018, for all the credit operations performed in sectors considered as being high risk in terms of climate change, BTG Pactual has engaged companies in climate issues.



Metrics and targets

Creation of a certified GHG emissions Inventory, since 2015.

Compensation of direct emissions since 2017, and indirect emissions since 2019.

Forest assets

[GRI G4 FS8]

[Targets for the 2030 Agenda: 6.6; 15.1; 15.2; 15.a; 15.b]

Based upon our experience in the management of forest investments (that have formed part of our portfolio for many years, focusing on the integration of ESG issues), 2021 saw us strengthening our Landscape Capital strategy, led by the *Timberland Investment Group* (TIG) – (see box.) The focus of this strategy is to seize investment opportunities in sustainable wood and to create significant climate, environmental and social benefits along with financial returns.

Among the highlights this year was the acquisition of approximately 80,500 hectares of forest area in Chile. Located in the South and Central regions of the country, these areas belong to one of the country's biggest forest products companies and they are undergoing the certification process by the Forest Stewardship Council (FSC), demonstrating their sustainable management while preserving the biodiversity and benefiting local communities.

The investment, in the order of US\$ 385.5 million, marked the TIG's entry into Chile and converts into lucrative and long-term return for the fund's participants. The investment also emphasizes the Bank's ambition to enter into partnerships with institutional investors who share the same ideal, seeking to contribute to the Sustainable Development Goals.

TIG partners with organizations from the third sector that are dedicated to environmental issues, which is key in growing our initiatives. In 2021, in addition to an agreement signed with Conservation International to support our forest investment strategy in Latin America, we established a collaboration with *The Nature Conservancy* (TNC) focused on leveraging the sustainable management of forests in the United States as a means of combating the loss of biodiversity and climate change.

Through this partnership, TIG and TNC are seeking to maximize climate action and impacts which could include reconnection of species with their native habitats and generation of high quality carbon compensation within the 530,000 acres (about 215,000 hectares) that TIG manages in the US. This property is throughout 11 states, comprising around US\$ 953 million of TIG's US forest portfolio.

Timberland Investment Group

The Timberland Investment Group (TIG), a division of BTG Pactual's Asset Management department, is one of the world's biggest and oldest forest investment management companies, with US\$ 4.5 billion in assets and more than 1.2 million hectares under its administration.

Focused on gaining returns on attractive investments with high standards of environmental and social governance, TIG has more than 40 years of experience in the area. It boasts more than 100 professionals in 16 offices around the world, combining local, regional and global experience in the management of its investments.

For more information, visit: www.timberlandinvestmentgroup.com

Reforestation fund

[GRI 103-1; 103-1; 103-3]

Launched in October 2021, our Reforestation Fund (TRF) puts our forest investment strategy into material form. The strategy mainly consists of acquiring damaged lands and, through investments brought in by the Bank, reforesting the area in a combined form. This process plants half of the area with native forest for conservation purposes, and the other half with species for sustainable commercial use, such as pine and eucalyptus. It is expected that US\$ 1 billion will be invested and 165 hectares recovered (which will most probably transform the fund into the biggest private sector recovery project in the world), with a great deal of involvement from the local community in the planting, monetization and maintenance of the forests.

To support the implementation of this strategy in Latin America, TIG has signed a partnership with Conservation International (CI), a third sector organization that has been working in defense of environmental causes since 1990. The agreement, in which CI is acting as tech-

nical adviser to the TIG in the purchase of deforested lands, should mobilize US\$ 1 billion over the course of five years, and lead to climate, environmental and social benefits, as well as investment opportunities. Initially, the project expects to develop activities in Brazil, Uruguay and Chile, where millions of hectares of deforested land are potentially well-suited to protection from native forests, as well as restoration and reforestation.

The partnership strengthens investment in sustainable forest farming as an important vector of nature-based solutions. According to entities that study this matter, the efforts made to protect, manage and restore forest systems, grasslands and humid regions provide at least 30% of the mitigation necessary to limit global warming to 1.5°C. Benefit can be added to other socioeconomic and environmental impacts, such as conservation of biodiversity, promotion of the sustainable use of land, and prosperity of the local communities.

Operating in synergy

To provide support to our forest initiatives we count upon the assistance of TTG Brasil Investimentos Florestais Ltda. (TTG), a subsidiary that provides administrative and technical services to the assets held by TIG and other customers. In Brazil, TTG performs analysis and administrates forest properties for TIMOS (*Timber Investment Management Organizations*) and institutional customers looking to include forest investments in their portfolios, with the following objectives:

- To optimize the use of the land, minimizing damage to the environment;
- To maximize forest profitability;
- To optimize forest production, observing the criteria of productivity and quality; and
- Ensure the perpetuity of the forest assets administrated, through the responsible management and permanent maintenance of technological development programs, processes, genetic research, and alternative species.

With head offices in São Paulo, TTG has regional offices providing physical support located near the forest assets, in the countryside of Minas Gerais, São Paulo, Mato Grosso do Sul and Paraná states.

Eco-efficiency

[Targets for the 2030 Agenda: 6.4; 7.3; 9.4; 12.5]

An essential objective in the work of BTG Pactual, environmental action is a key part of our business plan, the different initiatives outlined in this Report and our efforts to engage customers and investors in the search for sustainable development. We work to increasingly reduce the environmental impact of our own operations continually monitoring indicators related to the consumption of natural resources, especially water and energy, and the management of waste.

Around 75% of the Bank's administrative operations are performed in buildings holding environmental certification. Our head offices in Brazil, in the city of São Paulo, are located in a condominium that is a benchmark for sustainable solutions, having been awarded the LEED Platinum EB O&M V4 certification.

Focused on operation and maintenance, this certification attests to the ecoefficiency differentials of the building, among which are the separation of waste, the reuse of water, the rational use of energy and even the growing of an underground garden.

Next we will be detailing the 2021 environmental performance of BTG's head office in Sao Paulo, where around 60% of our employees are located.



Water

[GRI 303-1; 303-1; 303-5]

In our office locations, the consumption of water is related to the supply provided to our units for employee use along with cleaning needs. Given that these offices are located in urban areas, the water consumed is supplied by local sanitation companies. At the head offices in São Paulo, the condominium provides a Waste Treatment Plant (WTP) where all the waste is treated and converted into reuse water, which is then applied in the air conditioning system's condensation towers, ornamental ponds and restrooms.

This water undergoes a process of reverse osmosis, leaving it in ideal conditions for reuse. The WTP also treats rainwater, water from water tables and condensation from fan-coils, which allows it to be used for the irrigation of our gardens. In 2021, the consumption of water at the São Paulo office totaled 735.7 cubic meters (m³).

Commitment to nature

BTG Pactual was the first Brazilian private bank to join the *Taskforce on Nature-Related Financial Disclosures* (TNFD), a task-force aiming to develop recommendations for companies throughout the world about the reporting and financial disclosures of matters relating to nature. These matters include impacts, risks and opportunities for business in relation to biodiversity, hydro-resources, land use and atmospheric conditions, among others. By forming part of this initiative we have reinforced our commitment to the standardization of ESG information, especially the metrics adopted to evaluate the damage to ecosystems.

Energy

[GRI 302-1]

Our measurement of energy consumption includes the necessary electricity and fuel consumption at our offices as well as the transportation needs of our employees. In 2021, the energy consumption at the São Paulo office was 3,800 GJ. Among the initiatives designed to reduce the use of energy, we can highlight the extremely efficient air-conditioning system at our head office. In addition, we also have a thermoelectric power generation system with the ability to supply 100% of the building's need, but which is only activated at peak hours in order to economize energy.

Intelligent elevators make use of energy regeneration drives that transform heat into electricity to supply other elevators, lighting, air-conditioning, computers and other equipment connected to the building's electricity network.

Waste

[GRI 306-1; 306-2; 306-3; 306-4; 306-5]

The waste management system adopted by the Bank considers the full cycle of use and waste. This is apparent in the choice of sustainable materials we supply, to the proper recycling and disposal of materials designed to reduce the volume of waste sent to sanitary landfills. In total, BTG Pactual recorded around 303.8 tons of waste accumulated over the year. Of this total, approximately 70 tons from the Rio de Janeiro (RJ) and São Paulo (SP) offices alone were sent for recycling. Over the year, we enhanced many of our initiatives to improve our performance in relation to this matter, noteworthy being:

- **Proper disposal:** Recyclable materials are sent to collection cooperatives; organic materials to internal composting and a biodigester; and garden cuttings for external composting. Only tailings or materials not separated by the others in the condominium are sent to the sanitary landfill.
- **Awareness-raising of employees** Campaigns and training designed to orient and promote engagement for the reduction proper segregation and recycling of waste, with priority given to recycling.
- **Offer of an eco-point:** A location where those using the condominium can dispose of separated recyclable materials (paper, plastic, metal, glass and polystyrene), cooking oil, batteries, cigarette butts and coffee capsules, among other items. To encourage the practice, from time to time we offer to exchange recyclable materials for a kit of herbs and spices picked from our own garden.
- **Compost:** Part of the waste is used for the production of fertilizer that is distributed among the users and social entities. The other part of the organic waste is sent to the biodigester.

Small change, big impact

Since June 2021, we have only provided our customers with access to digital versions of their bank statements. By putting an end to printed bank statements, we have stopped the consumption of 1 ton of paper every month, which also means we are avoiding the use of 540,000 tons of water and the emission of 540 kilograms of CO₂.

Enhanced the initiatives employed to improve our performance in relation to waste disposal.

Social responsibility

[GRI 306-1; 306-2; 306-3; 306-2; 306-1]

BTG Pactual conducts its social investments from the same perspective as other investments, focusing on sustainable results and strategic philanthropy. As such, we look to support projects with wide-reaching social impact that contribute to the promotion of human rights and social equity in the regions and communities where we operate, especially in Brazil.

To disseminate good practices and further increase the transparency of our corporate social responsibility initiatives every year we publish our [Evaluation and Measurement of Impact Report](#).

In this document, we present detailed information on the objectives of the programs and projects we support, the actions developed over the previous year and the results achieved.

* Via the Children's and Adolescents' Fund (FIA), Cultural Incentive Law, Sports Incentive Law, Municipal Elderly People's Fund, ISS, National Support Program for Oncology Care (PRONON), and National Program to Support Health Care for People with Disabilities (PRONAS)

Pillars of operation - Social Responsibility



Social investment



Engagement of customers, partners and the team



Education



Institutional representation

2021 impact - Brazil

More than
200,000
people directly impacted

R\$ 17 million
destined for social investment

↳ **R\$ 7.8 million**
in incentive-driven funds*

98
projects supported

1,000
employees engaged in donation campaigns and volunteer actions

95
Volunteers on the BTG Soma

BTG Soma

Our program for acceleration of social organizations seeks to boost the performance of these institutions, enabling them to achieve financial sustainability and increase their long-term positive impact. Offering 100 hours of training, workshops and mentoring (voluntarily supported by our professionals), the program contributes to the professionalization of the third sector. In its first edition (2020), six Brazilian organizations dedicated to education and entrepreneurship took part. In 2021, the benefits of Soma extended to another 10 NGOs, located in four states. For 2022, the program is looking to expand its third edition in Brazil, focusing on organizations that promote education, and with a special area focused on the environment. To find out more, [access our site](#).

Results achieved

2020 edition

- **10** months of mentoring
- **6** organizations boosted
- **23** BTG mentors
- **103** hours of training (classes and workshops)
- **36%** - average management growth
- **90%** - fulfillment of the institutional development plan

2021 edition

- **10** months of mentoring
- **10** organizations boosted
- **42** BTG mentors
- **12%** - average management growth
- **95%** - fulfillment of the institutional development plan

Other initiatives

[Targets for the 2030 Agenda: 8.3; 9.3]

Social micro-credit

[FN-CB-240a.1]

Focused on the reduction of inequalities, we developed initiatives for access to credit focused on nano- and micro-entrepreneurs, with facilitated conditions. The credits have lower interest rates than the market (0.5% per month) and are invested in social projects. Between 2020 and 2021, BTG Pactual directed R\$ 9 million in credit to more than 6,000 nano- and micro-entrepreneurs in communities throughout the country, especially women, in partnership with the Gerando Falcões Institute and the *'Mulheres do Brasil'* group.

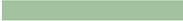
Financial education

[GRI G4-FS16]

As a promoter of financial education in the regions where it operates, BTG Pactual has developed initiatives on numerous fronts. In 2021, with a focus on communities, we developed a financial awareness workshop in São Paulo. The workshop, in partnership with the Baccarelli Institute and the Ballet de Paraisópolis, benefited 60 young people. Aged between 18 and 24, they received 15 hours of training, including guidance on the healthy use of money and an introduction to investments.

As a complement to this, we have increased the production and dissemination of content regarding investments and other issues related to financial education. A feature of these efforts was our YouTube channel, which had around 410,000 followers at the end of 2021. The channel offers free access to daily live broadcasts, videos and educational web-series on different subjects, including news reports, tips on the economy and guidance on the capitals market, among others. Additionally, the BTG Pactual digital blog offers full coverage of financial concepts and the investor journey.

**Our YouTube
channel had
around 410,000
followers at the
end of 2021.**



Digital transformation

[Target for the 2030 Agenda: 9.4]

Over the history of BTG Pactual, technological innovation has played a special role. Beyond monitoring the movements of the market, we are recognized for foreseeing trends and developing solutions that increasingly ensure the efficiency and security of our operations while simultaneously providing our customers with the best intuitive and agile service experience. For this we invest in technology – an area that grows exponentially in our internal structure, adding cutting-edge tools and most importantly, highly capable personnel.

Alongside our robust investment, we have developed consistent initiatives to boost our digital abilities, allowing us to seize all the opportunities created by the transformation that is under way in the global financial system. One essential platform for this is the [BoostLAB](#), a business hub developed by BTG Pactual for new technology companies operating in the financial area.

We leverage the growth potential of startups and companies from the technology sector through funding in the form of debt. Among various options, the BoostLAB has structured operations such as *Venture Debt* and *Fintech Funding*, as well as an MRR line of credit that can be requested 100% online via the website. In addition to this, we work with Corporate Venture Capital.

The initiative also involves a program designed to maximize the potential of startups at an advanced level, with the potential to create business with the Bank, its suppliers, partners and customers. Since it began, the BoostLAB has enabled more than 70 startups and conducted business with around 70% of them. In 2022, the program will start expanding internationally, looking for startup solutions around Latin America.

As such, we have assumed the mission of boosting the development of bank digitization in the regions where we are present, accelerating the digital inclusion of our customers (especially small and medium sized companies serviced by BTG Pactual Companies), as well as business partners and employees. On another front, we have provided support for social projects focused on eliminating situations of social exclusion, classified, by the World Economic Forum, as one of the leading risks to the sustainable development of society.

And it is in this way, by integrating innovation and sustainability, in a structured and cross-sectional way, in all our activities, that we connect to a better future for everyone on the planet and, consequently, to a better future for business.



About the Report

Report profile

[GRI 102-45; 102-50; 102-51; 102-52; 102-53; 102-54; 102-56]

Aligned with BTG Pactual's commitments to transparency, this Annual Report comprehensively presents our business model as well as our corporate policies and practices, in order to provide the information required by the different stakeholders with whom we interact. Guided by the directives of the Global Reporting Initiative (GRI) Standards - Core option - this edition also reports our operational, environmental, climate, social and economic performance, relating to the period between January 1 and December 31, 2021.

In addition to the disclosures suggested by the GRI, the Report considers the recommendations made by other global organizations, such as the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-Related Financial Disclosures (TCFD), the International Integrated Reporting Council (IIRC), the United Nations' Global Compact, and the World Economic Forum. We connect the information presented in the report to the contributions made by BTG Pactual to the goals of the 2030 Agenda, illustrating our policies and practices that support the Sustainable Development Goals.

The economic-financial indicators presented in this Report are based upon the [Financial Statements](#) published in February 2022, which were audited by an independent third party. The GRI and SASB disclosures were also submitted to an independent check performed by the BVQI of the '*Brasil Sociedade Certificadora*' ('Brazilian Certification Society' (see the [Letter of Assurance](#)).

Transparency

[GRI 102-51; 102-53]

The most recent edition of the BTG Pactual Sustainability Report was published in 2021, with reference to events in 2020, and its online version is available on the Bank's [website](#).

Doubts or suggestions about the content of the reports can be sent by e-mail to ri@btgpactual.com

Definition of relevance

[GRI 102-46; 102-49]

In line with the GRI recommendations, BTG Pactual has sought to report indicators in ESG that show real impacts and effective management. Accordingly, the Bank's socio-environmental and climate positioning and performance have been exhibited within a wider context, based upon impacts that are common to the different segments and countries where we operate. This is especially key in Brazil, where the majority of our operations and employees are located. The definition of the indicators related in this Report are therefore based upon the following processes:

- a. A revision of the topics presented in the previous report, based upon an analysis of the relevance of the report, considering the management and practices that already exist, the positioning of companies from the sector of activity and the availability of information, as well as the influence of the stakeholders' influence on the decision process.
- b. Definition of 19 potentially material topics, based upon benchmarking in the financial sector in Brazil and abroad, as well as analysis of civil society sector entities;
- c. Interviews with 15 of the Bank's executives, as well as Directors and Heads of strategic departments, in order to identify potentially material topics;
- d. Consultation with representatives of different groups of stakeholders, to assess the importance of the pre-selected topics;
- e. Validation, by managers within the Company, of those topics considered to be material for the 2021 reporting cycle.

Stakeholder engagement

[GRI 102-40; 102-42; 102-43]

Along with BTG Pactual's strategic vision, the topics highlighted in this Report are based upon extensive consultation with the Bank's leading stakeholders, between August and September 2021. By means of an on-line survey, the stakeholders were questioned about issues relating to sustainability that they consider to be most relevant based upon a pre-defined list drawn up by the Bank. In total, 1,492 people responded to the questionnaire³⁰, meaning it was representative of a broad sample of our stakeholders (see the table below).

Participants in the online research

Shareholders	2.08%	31
Clients	26.61%	397
Community	4.29%	64
Employees	53.82%	803
Suppliers	6.30%	94
Government	0.27%	4
Regulatory Agencies	0.34%	5
Partner(s)	3.95%	59
Unions	0.00%	0
Others	2.35%	35
Total		1,492

³⁰ Of this total, 355 did not finish filling in the questionnaire, thus being disregarded in the consolidation.

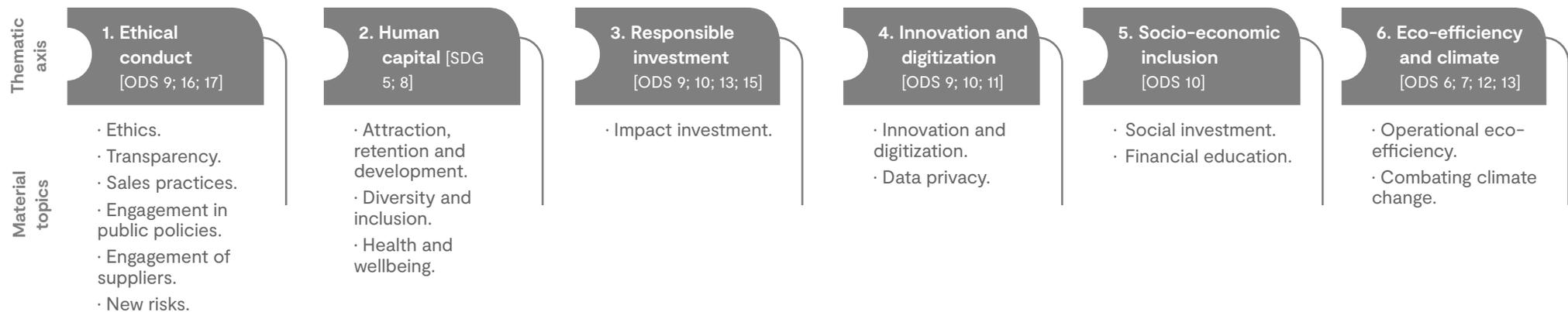
Material topics

[GRI 102-44; 102-1; 102-47]

In order for the topics outlined in this Report to represent a broad vision of corporate sustainability, the Bank analyzed the responses to identify internal and external priorities as indicated by the stakeholders. Internally, BTG Pactual's priorities were assessed in relation to the sustainability of the business, based upon our corporate policies, voluntary commitments assumed, and the strategic vision of

the Senior Management. Externally, we considered global, ESG-related frameworks (of both a general and specific nature in relation to the financial sector), regulatory and market demands, as well as the 2030 Agenda for Sustainable Development, proposed by the United Nations (UN), containing the 17 Sustainable Development Goals (SDGs).

We have therefore sought to cover the relevant impacts that exist both within and outside BTG Pactual related to our principal activities, products, services and social interactions. Based upon this analysis, we were able to define the material topics for the 2021 Report, these being distributed across six thematic axes, as presented below.



Related indicators

Based upon the definition of material topics, we have selected the performance indicators that are to be monitored and reported by the Bank. Below, we are presenting the indicators selected by material topic, considering our responses to the recommendations and requirements made by the GRI, the SASB, the 2030 Agenda and the Global Compact.

GRI Content Index

[GRI 102-55]

GRI 102: General disclosures 2016 - Organizational Profile

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
102-1	Name of the Organization	9			
102-2	Activities, brands, products, and services	9; 13			
102-3	Location of headquarters	9			
102-4	Location of operations	9			
102-5	Ownership and legal form	11			
102-6	Markets served	9; 13			
102-7	Scale of the Organization	9			
102-8	Information on employees and other workers	9; 85		8	4; 5
102-9	Supply chain	47			
102-10	Significant changes to the organization and its supply chain	-	No significant alterations were registered in the value chain over the course of 2021.		
102-11	Precautionary principle or approach	29; 45			

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
102-12	External initiatives	9	<p><i>International Corporate Governance Network (ICGN)</i></p> <p><i>Investidores pelo Clima</i></p> <p>Global Compact</p> <p>Partnership for Carbon Accounting Financials</p> <p>Equator Principles</p> <p><i>Principles for Responsible Investment (PRI)</i></p> <p><i>Sustainable Forestry Initiative (SFI)</i></p> <p><i>Task Force on Climate-related Financial Disclosures (TCFD)</i></p> <p><i>Task Force for Nature-Related Financial Disclosure (TFND)</i></p>	17	
102-13	Participation in associations		<p>ANBIMA – Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais</p> <p>APIMEC – Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais</p> <p>FEBRABAN – Federação Brasileira de Bancos</p> <p>FGC – Fundo Garantidor de Créditos</p> <p>Instituto Ethos: Pacto Empresarial pela Integridade e Contra a Corrupção</p>		

GRI 102: General disclosures 2016 - Strategy

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
102-14	Statement from senior decision-maker	3			
102-15	Key impacts, risks, and opportunities	40			

GRI 102: General disclosures 2016 - Ethics and integrity

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
102-16	Values, principles, standards, and norms of behavior	9; 31		16	
102-17	Mechanisms for advice and concerns about ethics	31; 35			

GRI 102: General disclosures 2016 - Governance

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
102-18	Governance Structure	25			
102-20	Executive-level responsibility for economic, environmental, and social topics	21			
102-22	Composition of the highest governing body and its committees	25			
102-23	Chair of the highest governance body	25			
102-25	Conflicts of interest	37			
102-26	Role of highest governance body in setting purpose, values, and strategy	21; 25			
102-28	Evaluating the highest governance body's performance	21			
102-30	Effectiveness of risk management processes	40			

GRI 102: General disclosures 2016 - Stakeholder engagement

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
102-40	List of stakeholder groups	117			
102-41	Employees covered by collective bargaining agreements	-	Every member of the workforce in Brazil is covered by collective agreements or conventions	8	4; 5
102-42	Identifying and selecting stakeholders	117			
102-43	Approach to stakeholder engagement	117			
102-44	Key topics and concerns raised by stakeholders	118			

GRI 102: General disclosures 2016 - Reporting practice

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
102-45	Entities included in the consolidated financial statements	116			
102-46	Defining report content and topic Boundaries	118			
102-47	List of material topics	118			
102-48	The effect of any restatements of information given in previous reports, and the reasons for such statements.	-	No restatements were made.		
102-49	Significant changes compared to previous reporting periods in reference to the list of material topics and topic Boundaries.	117			
102-50	Reporting period	116			
102-51	Date of most recent report	116			
102-52	Reporting cycle	116			
102-53	Contact point for questions regarding the report	116			
102-54	Claims of reporting in accordance with the GRI Standards	116			
102-55	GRI Content Index	119			
102-56	External assurance	138			

GRI 103: Management approach 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
103-1	Explanation of the material topic and its Boundary	31; 36; 85; 98; 102; 109; 112			
103-2	The management approach and its components	31; 36; 85; 98; 102; 109; 112			
103-3	Evaluation of the management approach	31; 36; 85; 98; 102; 109; 112			

GRI 201: Economic performance 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
201-1	Direct economic value generated and distributed	53		8; 9	4; 5
201-2	Financial implications and other risks and opportunities due to climate change	-	Detailed information is presented in our CDP report.	13	

GRI 203: Indirect Economic Impacts 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
203-2	Significant indirect economic impacts	112	Complementary information can be consulted in this link .	8	4; 5

GRI 205: Anti-corruption 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
205-1	Operations assessed for risks related to corruption	33		16	10
205-2	Communication and training on anti-corruption policies and procedures	33		16	10
205-3	Confirmed incidents of corruption and actions taken	33		16	10

GRI 206: Anti-competitive behavior 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	38		16	

GRI 301: Materials 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
301-1	Materials used by weight or volume	-	Plastic: 3.3 tons Paper: 8.0 tons (Relating to the production of cards in Brazil.)	12	

GRI 302: Energy 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
302-1	Energy consumption within the organization	110		7; 13	7; 8; 9

GRI 303: Water and effluents 2018

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
303-1	Interactions with water as a shared resource	109		6	7; 8; 9
303-2	Management of water discharge-related impacts	109		6	7; 8; 9
303-5	Water consumption	109		6	7; 8; 9

GRI 305: Emissions 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
305-1	Direct Greenhouse Gas (GHG) emissions (Scope 1)	102		13	7; 8; 9
305-2	Indirect emissions of greenhouse gases (GHG) arising from the acquisition of energy (Scope 2)	102		13	7; 8; 9
305-3	Other indirect Greenhouse Gas (GHG) emissions (Scope 3)	102		13	7; 8; 9

GRI 306: Waste 2020

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
306-1	Waste generation and significant waste-related impacts	111		12	7; 8; 9
306-2	Management of significant waste-related impacts	111		12	7; 8; 9
306-3	Waste generated	111		12	7; 8; 9
306-4	Waste diverted from disposal	111		12	7; 8; 9
306-5	Waste directed to final disposal	111		12	7; 8; 9

GRI 308: Supplier environmental assessment 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
308-1	New suppliers that were screened using environmental criteria	47			
308-2	Negative environmental impacts in the supply chain and actions taken	-	No significant negative environmental impacts were registered in the value chain in 2021.		

GRI 401: 2016 employment

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
401-1	New employee hires and employee turnover	87	Part time. The Bank did not report a rate of hire, but rather a rate of turnover, calculated in accordance with its management procedures.	5; 8	1; 4; 5
401-2	Benefits provided to employees	95			
401-3	Paternal leave	-	In 2021, 15 women and 10 men benefited from this type of leave - 100% of these employees returned to work following the leave. In relation to retention, 63% of the employees who enjoyed maternity leave in 2020 remained at the Bank 12 months after their return, while none of the men who returned from the leave continued as part of our workforce.		

GRI 403: Occupational health and safety 2018

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
403-1	Occupational health and safety management system	96			
403-3	Occupational health services	96			
403-5	Worker training on occupational health and safety	96			
403-6	Promotion of worker health	96			
403-8	Workers covered by an occupational health and safety management system	96			
403-9	Work-related injuries	96			

GRI 404: Training and Education 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
404-1	Average hours of training per year per employee	93		4; 5; 8	1; 4; 5
404-2	Programs for upgrading employee skills and transition assistance programs	93		8	4; 5
404-3	Percentage of employees receiving regular performance and career development reviews	93		8	4; 5

GRI 405: Diversity and Equal Opportunity 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
405-1	Diversity of governance bodies and employees	85; 89		5; 8	1; 4; 5

GRI 406: Non-discrimination 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
406-1	Incidents of discrimination and corrective actions taken	-	There is no record of cases of discrimination.	5; 8	1; 2; 4; 5

GRI 407: Freedom of Association and Collective Bargaining 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
407-1	Operations and suppliers in which the right to freedom of association or collective bargaining may be at risk	47; 85			

GRI 408: Child Labor 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
408-1	Operations and suppliers considered to have significant risk for incidents of child labor	40; 47			

GRI 409: Forced or Compulsory Labor 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	40; 47			

GRI 412: Human Rights Assessment 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
412-1	Operations that have been subject to human rights reviews or impact assessments	39; 40			
412-2	Employee training on human rights policies or procedures	31			
412-3	Significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening	39; 47; 66			

GRI 413: Local Communities 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
413-1	Operations with local community engagement, impact assessments, and development programs	112	Partial. The Bank does not report all the information requested in the indicator.		

GRI 414: Supplier Social Assessment 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
414-1	New suppliers selected following consideration of social-environmental criteria	47		8; 16	1; 2; 4; 5
414-2	Negative social impacts in the supply chain and actions taken	-	No significant negative social impacts were registered in the value chain in 2021.	8; 16	1; 2; 4; 5

GRI 418: Customer Privacy 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	36		16	

GRI 419: Socioeconomic Compliance 2016

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
419-1	Non-compliance with laws and regulations in the social and economic area	-	There was no non-compliance with laws and regulations in the social and economic areas registered.	16	

GRI G4 Sector Program

Indicator	Description	Page	Justification	SDGs	Principles of the Global Compact
G4-FS1	Policies with specific environmental and social components applied to business lines	21; 46			
G4-FS2	Procedures for assessing and screening environmental and social risks in business lines	40			
G4-FS3	Processes for monitoring customers' implementation of and compliance with environmental and social requirements included in agreements or transactions	40			
G4-FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	31			
G4-FS8	Monetary value of the products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	53; 79; 107			
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	-	95.6% of assets with ESG analysis and/or ESG objectives.		
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	53; 65			
G4-FS16	Initiatives to enhance financial literacy by type of beneficiary	114			

SASB Summary

Asset Management & Custody Activities 2021

Topic	Indicator	Description	Page	Justification
Transparent information and correct advice for consumers	FN-AC-270a.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	N.A.	
	FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	-	There is no record of any cases in the period reported.
	FN-AC-270a.3	Description of approach to informing customers about products and services	81	Our approach to our customers follows all the norms established by the Self-regulators together with the requirements of the CAN-SPAM Act, thus demonstrating our commitment to providing messages that are of importance to our customers, regardless of the channel (E-mail, push, SMS or in-app). Furthermore, to ensure the importance and authenticity for the customers, we have a monitoring and certification tool tied to our IP, which guarantees the integrity and security of the communications with the servers. We use tools that monitor the saturation of the customer in all the channels of communication, while we also perform a daily check of the calendar of communications to ensure that our customers are not impacted on numerous occasions, in a short space of time, on the same channel, with the same message. If there is ever an overlapping of the public, the communications are prioritized and certain clients are excluded from certain actions. The creation and development of the communications that are to be sent to customers is streamlined, covering various checking stages (both in terms of the content and the public), that range from the idea behind a communication to its measurement. Once the idea moves into development, different teams are involved in checking it, including: Products, Marketing, Legal and Compliance. Then, only after it has been accepted by all those involved is the communication sent for testing and later approach.
Employee Diversity & Inclusion	FN-AC-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees <i>N.B.: The entity shall describe its policies and programs for fostering equitable employee representation across its global operations.</i>	89	

Topic	Indicator	Description	Page	Justification
Incorporation of Environmental, Social, & Governance Factors in Investment Management & Advisory	FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	72	
	FN-AC-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	72	
	FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures.	-	The voting policies are available at www.btgactual.com/asset-management/download-documentos
	FN-AC-510a.2	Description of whistleblower policies and procedures	31; 35	
Activity metrics	FN-AC-000.A	(1) Total registered and (2) total unregistered assets under management (AUM) <i>N.B.: Unregistered AUM are those that do not fit into the definition of a registered AUM.</i>	72	
	FN-AC-000.B	Total assets under custody and supervision.	72	

Investment Banking & Brokerage 2018

Topic	Indicator	Description	Page	Justification
Employee Diversity & Inclusion	FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees. <i>N.B. FN-IB-330a.1: The entity shall describe its policies and programs for fostering equitable employee representation across its global operations.</i>	85; 89	
Incorporation of environmental, social and governance factors in the investment management and brokerage activities.	FN-IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	61	
	FN-IB-410a.3	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities.	61	
Business ethics	FN-IB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations. <i>Note on FN-IB-510a.1 – The entity shall briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses.</i>	38	
	FN-IB-510a.2	Description of whistleblower policies and procedures	35	

Topic	Indicator	Description	Page	Justification
Professional integrity	FN-IB-510b.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	N.A.	
	FN-IB-510b.2	Number of mediation and arbitration cases associated with professional integrity, including duty of care.	-	There is no record of any cases in the period reported.
	FN-IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care <i>Note on FN-IB-510b.3 - The entity shall briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses.</i>	-	No losses were recorded in relation to the period reported.
	FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care.	-	The Code of Business and Ethical Principals guides the conduct of our professionals. We conduct specific compliance training sessions in accordance with the regulations of the Central Bank of Brazil (BACEN).
Risk Management	FN-IB-550a.1	Global Systemically Important Bank (G-SIB) score, by category <i>Note on FN-IB-550a.1 - The entity shall describe whether the Global Systemically Important Bank (G-SIB) score is calculated by the entity or obtained from regulatory authorities and whether the entity is required to report the underlying data to the regulators.</i>	-	(1) Size = 8.32 (2) Cross-jurisdictional activity = 1.43 (3) Interconnectedness = 21.94 (4) Substitutability = 79.75 (5) Complexity = 0.46 (6) Overall score = 22.4
	FN-IB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities.	-	Not disclosed, since this concerns strategic information.

Topic	Indicator	Description	Page	Justification
Employee Incentives & Risk Taking	FN-IB-550b.1	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	-	Malus or Clawback clauses are not directly applied by BTG Pactual. Nevertheless, we believe that our Partnership model creates an alignment of interests that encourages a rigorous analysis of the risks that BTG Pactual takes in all its activities in addition to its long-term commitment to its customers and reputation.
	FN-IB-550b.2	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied.	-	
	FN-IB-550b.3	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities.	-	Not disclosed, since this concerns strategic information.
Activity metrics	FN-IB-000.A	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions.	61	
	FN-IB-000.B	(1) Number and (2) value of proprietary investments and loans by sector.	-	Not disclosed, since this concerns strategic information.
	FN-IB-000.C	(1) Number and (2) value of market making transactions in (a) fixed-income, (b) equity, (c) currency, (d) derivatives, and (e) commodity products.	-	Not disclosed, since this concerns strategic information.

Commercial Banks 2018

Topic	Indicator	Description	Page	Justification
Data Security	FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected. <i>Note on FN-CB-230a.1 – Disclosure shall include a description of the corrective actions the entity has implemented as a result of violations.</i>	36	
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks.	36	

Topic	Indicator	Description	Page	Justification
Financial Inclusion & Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	65	
	FN-CB-240a.2	(1) Number and (2) amount of past due and non-accrual loans qualified to programs designed to promote small business and community development	-	Not disclosed, since this concerns strategic information.
	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers.	-	Not disclosed, since this concerns strategic information.
	FN-CB-240a.4	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development. <i>Note on FN-CB- 240a.4 – Disclosure shall include a description of the financial education initiatives.</i>	-	Not disclosed, since this concerns strategic information.
Incorporation of Environmental, Social, & Governance Factors in Credit Analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by industry.	66	
	FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis.	66	
Business ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations. <i>Note – The entity shall briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses.</i>	-	The Bank paid R\$ 57,460.00 in 2021.
	FN-CB-510a.2	Description of whistleblower policies and procedures	35	

Topic	Indicator	Description	Page	Justification
Risk Management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category <i>Note—The entity shall describe whether the Global Systemically Important Bank (G-SIB) score is calculated by the entity or obtained from regulatory authorities and whether the entity is required to report the underlying data to the regulators.</i>	-	(1) Size = 0 (2) Cross-jurisdictional activity = 1 (3) Interconnectedness = 1 (4) Substitutability = 500 (5) Complexity = 1 (6) Overall score = 101
	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities.	-	Not disclosed, since this concerns strategic information.
Activity metrics	FN-CB-000.A	(1) Number and (2) value of checking and per segment: (a) personal and (b) small business	-	Not disclosed, since this concerns strategic information.
	FN-CB-000.B	Number and value of loans by segment: (a) personal, (b) small business, and (c) corporate. <i>N.B. - The scope of disclosure excludes revolving credit and mortgage lending activities.</i>	-	Not disclosed, since this concerns strategic information.

Consumer Finance 2018

Topic	Indicator	Description	Page	Justification
Customer privacy		Number of account holders whose information is used for secondary purposes.		
	FN-CF-220a.1	<i>N.B. re.: FN-CF-220a.1: The entity shall describe its policies and procedures relating to the way in which it discloses the use of the information concerning the accounts for secondary purposes to the account holders, including the nature of their acceptance policy.</i>	36	
		Total amount of monetary losses as a result of legal proceedings associated with customer privacy.		
	FN-CF-220a.2	<i>Note on FN-CF-220a.2 - The entity shall briefly describe the nature and context of all monetary losses as a result of legal proceedings.</i>	36	
Data Security		(t) Number of data breaches, percentage involving personally identifiable information (PII), number of account holders affected.		
	FN-CF-230a.1	<i>Note on FN-CB-230a.1 - Disclosure shall include a description of the corrective actions the entity has implemented as a result of violations.</i>	36	
	FN-CF-230a.2	Card-related fraud losses from card-not-present fraud and card-present fraud.	-	Not disclosed, since this concerns strategic information.
	FN-CF-230a.3	Description of approach to identifying and addressing data security risks.	36	

Topic	Indicator	Description	Page	Justification
Selling practices	FN-CF-270a.1	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold.	-	Not disclosed, since this concerns strategic information.
	FN-CF-270a.2	Approval rate for credit and pre-paid products for applicants with FICO scores above and below 660.	N.A.	
	FN-CF-270a.3	(1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines, and (5) average annual fees for pre-paid products, for customers with FICO scores above and below 660.	N.A.	
	FN-CF-270a.4	(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or non-monetary relief, (3) percentage disputed by consumer, and (4) percentage that resulted in investigation by the CFPB.	N.A.	
	FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products.	-	BTG Pactual paid R\$ 76,860.00 in 2021.
Activity metrics	FN-CF-000.A	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account.	-	Not disclosed, since this concerns strategic information.
	FN-CF-000.B	Number of (1) credit card accounts and (2) prepaid debit card accounts.	-	Not disclosed, since this concerns strategic information.



ASSURANCE STATEMENT - BUREAU VERITAS

INTRODUCTION

Bureau Veritas Certification Brazil ('Bureau Veritas') was engaged by BTG Pactual S.A. ('BTG Pactual') to conduct an independent assurance of its Annual Report for the year 2021 (hereinafter referred to as the Report).

The information published in the report is the sole responsibility of the company's management BTG Pactual. Our responsibility is defined according to the scope below

SCOPE OF WORK

The scope of this verification encompassed:

1. The Standards¹ of the Global Reporting Initiative™GRI for Sustainability Reports, for the period from 1 January to 31 December 2021;
2. Specific Sustainability Accounting Standards Board (SASB) data and indicators FN-CB-510a.1, FN-CA-330a.1, FN-IB-330a.1, FN-IB-410a.2, FN-CB -230a.1, FN-CF-230a.1, FN-AC-270a.2, FN-CF-270a.5, FN-CF-220a.1 and FN-CF-230a.2 from January 1st to December 31, 2021.

BTG PACTUAL'S AND BUREAU VERITAS RESPONSIBILITIES

The collection, calculation and presentation of the data published in the report are BTG's management sole responsibility. Bureau Veritas is responsible for providing an independent opinion to the Stakeholders, pursuant to the scope of work defined in this Statement.



METHODOLOGY

The Assurance covered the following activities:

1. Interviews with the personnel responsible for material issues and involved in the Report content;
2. Remote interviews on corporate processes (Central Administration office located in São Paulo – SP)
3. Review of documentary evidence provided by BTG Pactual in relation to the reporting period (2021);
4. Evaluation of the systems used for data compilation;
5. Assessment of BTG Pactual's stakeholder engagement activities;
6. Evaluation of the method used to define material topics included in the Report, taking into account the sustainability context and the scope of the information published.

The level of verification adopted was Reasonable, according to the requirements of the ISAE 3000 Standard², which were incorporated to the internal assessment protocols of Bureau Veritas.

1-Materiality, Stakeholder Inclusiveness, Sustainability Context, Completeness, Balance, Comparability, Accuracy, Periodicity, Clarity, and Reliability
2-International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information



EXCLUSIONS AND LIMITATIONS

Excluded from the scope of this work was any assessment of information related to:

- Activities outside the defined assessment period;
- Statements of position (expressions of opinion, beliefs, goals, or future intentions) on the part of BTG;
- Economic and financial accuracy of information contained in this Report which has been taken from financial statements verified by independent financial auditors;

The following limitations apply for this assurance engagement:

- The reliability of data were assessed on sampling basis, related to material aspects published within the Report;
- Economic and financial data presented within the report were assessed against the GRI reporting principle of Balance and Completeness;

TECHNICAL OPINION ON THE REPORT AND ITS VERIFICATION

- BTG Pactual's Report consists of a complete edition and a Sustainability Center, both available on the company's website. The scope of our verification covered the 2021 data and indicators on the material topics presented in these publications;
- BTG Pactual presents the Report based on seven intelligent themes in a materiality study carried out in 2021. In our understanding of themes, they continue to reflect the impacts of BTG Pactual's activities in a balanced way;
- Demonstrate a robust socio-environmental risk system for any platform for new investment agreements and contracts, regardless of the modality (Ex: financing, policyholder, account opening management offer for investments in digital energy,
- It is our understanding that sufficient indicators have been reported, to achieve the Core option of the GRI Standard for Sustainability Reports.



CONCLUSION

As a result of our assurance we concluded that:

- The information presented in the Report is balanced, consistent and reliable;
- BTG Pactual established appropriate systems for the collection, aggregation and analysis of quantitative and qualitative data used in the Report;
- The Report adheres to the Principles for defining report content and quality of the GRI Standards and meet its core level.

DECLARATION OF INDEPENDENCE AND IMPARTIALITY

Bureau Veritas Certification is an independent professional services firm specializing in Quality, Health, Safety, Social and Environmental Management, with more than 185 years' experience in independent assessment.

Bureau Veritas has implemented and enforces a Code of Ethics throughout its business to ensure that its employees maintain the highest standards in their day-to-day activities. We are mindful of prevention with regard specifically to conflict of interest.

The verification team does not have any other link with BTG Pactual, other than the independent verification of the Sustainability Report. We understand that there is no conflict between other services performed by Bureau Veritas and this verification performed by our team.

The team that carried out this verification for BTG Pactual has extensive knowledge in verifying information and systems, involving environmental, social, health, safety and ethics issues, which combined with experience in these areas, allows us to have a clear understanding of the presentation and verification of good corporate responsibility practices.



CONTACT

www.bureauveritascertification.com.br/faleconosco.asp

Phone: (11) 2655-9000.

São Paulo, April 04, 2022.

A handwritten signature in black ink that reads 'Juliana Colpas'.

Juliana Colpas
Auditora-líder Assurance Sustainability Reports (ASR)
Bureau Veritas Certification – Brasil

TCFD recommendations

TCFD section	TCFD recommendations	Page	Answer
Governance	a) Describe the Board's oversight of climate-related risks and opportunities.	21; 29; 106	
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	21; 29; 45; 106	
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	-	The Company describes the risks in the CDP form. To read them, click here .
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	-	The Company describes the impacts of the risks in the CDP form. To read them, click here .
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	-	Not reported.
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	29; 45; 67	
	b) Describe the organization's processes for managing climate-related risks.	29; 45; 67	
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	29; 45; 67	
Metrics and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	102	
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	102	
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	-	Not reported.

Annexes

Annex I - Companies included in the report

Companies not considered in the 2021 Report

Agência Acta Publicidade

Banco BTG Colômbia S.A.

Banco BTG Pactual Chile S.A.

Banco Pan S.A. (i)

Banco Sistema S.A.

Bastec Tecnologia e Serviços Ltda.

BM sua casa promotora de vendas Ltda (i)

BP Agência de Seguros LTD

Brazilian Finance & Real Estate S.A. (i)

Brazilian Securities Companhia de Securitização (i)

BTG Global Asset Management (UK) Limited

BTG Pactual (UK) Limited

BTG Pactual Argentina S.A

BTG Pactual Asset Management S.A. Distribuidora de Títulos e Valores Mobiliários

BTG Pactual Asset Management US, LLC

BTG Pactual Casa de Bolsa, S.A. de C.V.

BTG Pactual Cayman International Holding Limited

BTG Pactual Chile Asesorias Financieras

BTG Pactual Chile Capital Administradora de Fondos de Inversion de Capital Extranjero S.A.

BTG Pactual Chile Capital S.A. Administradora General de Fondos

BTG Pactual Chile S.A.

BTG Pactual Chile S.A. Administración de Activos

BTG Pactual Chile Servicios Financieros S.A.

BTG Pactual Chile SPA

BTG Pactual Corporate Services Ltda.

BTG Pactual Corretora de Resseguros Ltda

BTG Pactual Corretora de Seguros Ltda.

BTG Pactual Corretora de Títulos e Valores Mobiliários S.A

BTG Pactual E&P S.a.r.l.

BTG Pactual Europe LLP

BTG Pactual Gestora de Fondos SA de CV Operadora de Fondos de Inversion

BTG Pactual Gestora de Investimentos Alternativos Ltda

BTG Pactual Gestora de Recursos Ltda.

BTG Pactual Global Asset Management Limited

BTG Pactual Holding de Seguros Ltda.

BTG Pactual Holding Delaware LLC

BTG Pactual Holding EFG Ltd.

BTG Pactual Holding Internacional S.A.

BTG Pactual Holding Participações S.A

BTG Pactual NY Corporation

BTG Pactual Oil & Gas S.a.r.l.

BTG Pactual Peru Capital S.A. Sociedad Administradora de Fondos Inversion

BTG Pactual Peru Capital S.A. Sociedad Agente de Bolsa

BTG Pactual Perú S.A.C.

BTG Pactual Portugal Unipessoal

BTG Pactual RE S.A.

BTG Pactual Reinsurance Ltd.

BTG Pactual Resseguradora S.A.

BTG Pactual S.A.

BTG Pactual S.A. Comisionista de Bolsa

BTG Pactual S.S. Soluciones y Servicios S.A.S.

BTG Pactual Seguros S.A

BTG Pactual Financial Services S.A. Distribuidora de Títulos e Valores Mobiliários

BTG Pactual Sociedad Fiduciaria (Colômbia) S.A.

BTG Pactual Timberland Investments Group LLC

BTG Pactual UK Holdco Limited

BTG Pactual US Capital, LLC

BTG Pactual Vida e Previdência S.A

BTG Pactual WM Gestão de Recursos Ltda.

BTGP-BSI LIMITED

BW Properties S.A.

Empiricus Research Publicações Ltda.

Enforce Gestão de Ativos S.A

Fator S/A - Corretora de Valores

Greenwood Echo LLC

Holding Concordia Spinelli Participações Ltda (i)

IJUI Participações Ltda (i)

Imobiliária BTG Pactual Chile Limitada

Kinvo Tecnologia Ltda

Laurel Sociedad Gestora Profesional S.A.S

Mobiauto Ed Anunc On line (i)

MT Publicações Ltda

Necton S.A. CVMC (i)

Ourinvest Distribuidora de Títulos e Valores Mobiliários S.A.

Pan Adm de Consórcio Ltda (i)

Pan Arrendamento Mercantil S.A. (i)

PFC Consultoria e Assessoria Empresarial Eireli

Real Valor des Programa

RESALE Tecnologia e Serviços Ltda

Santa Catarina Holding Participações Societaria Ltda (i)

SEU Dinheiro Publicações

Spinelli Holding Participações Ltda (i)

TTG Brasil Investimentos Florestais Ltda

TTG Forestry Services LLC

Vitreo DTVM SA

Vitreo Gestão de Recursos

Vitreo Holding Financeira S.A

Vitreo Holding S.A

ZB Consultoria Ltda

Annex II - Companies included in the 2021 Emissions Inventory

GHG Inventory (Operational control)

Companies not considered in the GHG Inventory

Agência Acta Publicidade
Banco BTG Colômbia S.A.
Banco BTG Pactual Chile S.A.
Banco Pan S.A. (i)
Banco Sistema S.A.
Bastec Tecnologia e Serviços Ltda.
BM sua casa promotora de vendas Ltda (i)
BP Agência de Seguros LTD
Brazilian Finance & Real Estate S.A. (i)
Brazilian Securities Companhia de Securitização (i)
BTG Global Asset Management (UK) Limited
BTG Pactual (UK) Limited
BTG Pactual Argentina S.A
BTG Pactual Asset Management S.A. Distribuidora de Títulos e Valores Mobiliários
BTG Pactual Asset Management US, LLC
BTG Pactual Casa de Bolsa, S.A. de C.V.
BTG Pactual Cayman International Holding Limited
BTG Pactual Chile Asesorias Financieras
BTG Pactual Chile Capital Administradora de Fondos de Inversion de Capital Extranjero S.A.
BTG Pactual Chile Capital S.A. Administradora General de Fondos
BTG Pactual Chile S.A.
BTG Pactual Chile S.A. Administración de Activos
BTG Pactual Chile Servicios Financieros S.A.
BTG Pactual Chile SPA

BTG Pactual Corporate Services Ltda.
BTG Pactual Corretora de Resseguros Ltda
BTG Pactual Corretora de Seguros Ltda.
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A
BTG Pactual E&P S.a.r.l.
BTG Pactual Europe LLP
BTG Pactual Gestora de Fondos SA de CV Operadora de Fondos de Inversion
BTG Pactual Gestora de Investimentos Alternativos Ltda
BTG Pactual Gestora de Recursos Ltda.
BTG Pactual Global Asset Management Limited
BTG Pactual Holding de Seguros Ltda.
BTG Pactual Holding Delaware LLC
BTG Pactual Holding EFG ltd.
BTG Pactual Holding Internacional S.A.
BTG Pactual Holding Participações S.A
BTG Pactual NY Corporation
BTG Pactual Oil & Gas S.a.r.l.
BTG Pactual Peru Capital S.A. Sociedad Administradora de Fondos Inversion
BTG Pactual Peru Capital S.A. Sociedad Agente de Bolsa
BTG Pactual Perú S.A.C.
BTG Pactual Portugal Unipessoal
BTG Pactual RE S.A.
BTG Pactual Reinsurance Ltd.
BTG Pactual Resseguradora S.A.

BTG Pactual S.A.
 BTG Pactual S.A. Comisionista de Bolsa
 BTG Pactual S.S. Soluciones y Servicios S.A.S.
 BTG Pactual Seguros S.A
 BTG Pactual Financial Services S.A. Distribuidora de Títulos e Valores Mobiliários
 BTG Pactual Sociedad Fiduciaria (Colômbia) S.A.
 BTG Pactual Timberland Investments Group LLC
 BTG Pactual UK Holdco Limited
 BTG Pactual US Capital, LLC
 BTG Pactual Vida e Previdência S.A
 BTG Pactual WM Gestão de Recursos Ltda.
 BTGP-BSI LIMITED
 BW Properties S.A.
 Empiricus Research Publicações Ltda.
 Enforce Gestão de Ativos S.A
 Fator S/A - Corretora de Valores
 Greenwood Echo LLC
 Holding Concordia Spinelli Participações Ltda (i)
 IJUI Participações Ltda (i)
 Imobiliária BTG Pactual Chile Limitada
 Kinvo Tecnologia Ltda
 Laurel Sociedad Gestora Profissional S.A.S
 Mobiauto Ed Anunc On line (i)
 MT Publicações Ltda
 Necton S.A. CVMC (i)
 Ourinvest Distribuidora de Títulos e Valores Mobiliários S.A.
 Pan Adm de Consórcio Ltda (i)
 Pan Arrendamento Mercantil S.A. (i)
 PFC Consultoria e Assessoria Empresarial Eireli
 Real Valor des Programa

RESALE Tecnologia e Serviços Ltda
 Santa Catarina Holding Participações Societaria Ltda (i)
 SEU Dinheiro Publicações
 Spinelli Holding Participações Ltda (i)
 TTG Brasil Investimentos Florestais Ltda
 TTG Forestry Services LLC
 Vitreo DTVM SA
 Vitreo Gestão de Recursos
 Vitreo Holding Financeira S.A
 Vitreo Holding S.A
 ZB Consultoria Ltda



STATEMENT

The Bureau Veritas Certification, established at Av. Angélica, Nº 2546, floors 14º, 15º and 16º, Zip Code 01.228-200, Consolação, São Paulo / SP, enrolled in the National Registry of Legal Entities under No. 72.368.012 / 0002-65, declares, for the proper purposes, which is the Banco Pactual S/A, established at Praça Botafogo, 501, Bloco II, Salão 501 – Botafogo, Rio de Janeiro/RJ, Zip Code 22.250-901, registered in the National Registry of Legal Entities under nº 30.306.294/0001-45, Rio de Janeiro-RJ, is authorized to publish in all its titles and sites the excerpt of Verification Declaration as drafted **"Bureau Veritas Certification, based on the processes and procedures described in its Verification Report, adopting a limited level of confidence, states that the Greenhouse Gas Inventory - Year 2021, of the Banco BTG Pactual S/A, there is no evidence that it is not materially correct, is not a fair representation of GHG data and information and has not been prepared in accordance with the specifications of ISO 14064-1 and Brazilian GHG Protocol Program."**

Emissions Verified: in tCO₂e

Gases Kyoto Protocol:

Approach	Scope 1	Scope 2	Scope 3	Total
Operational control	176.96	1,532.81	3,743.72	5,453.49

Biomass Emissions

Approach	Scope 1	Scope 2*	Scope 3	Total
Operational control	6,42	0,54	351,78	358,73

*Emissions due to the Biodiesel combustion for electricity generation in the Peru's Electrical System.



Other Non-Kyoto Protocol Gases:

Approach	Scope 1	Total
Operational control	149.62	149.62

São Paulo, March 19, 2022.

Bruno Bomtorim Moreira
Certification Technical Manager

Antonio Daraya
Lead Verifier



2021 Annual Report

Coordination:
ESG and IR

Collaboration:
Marketing and Communication

GRI consultation and production:
We Projetos Estratégicos em ESG