

Impact Report 2020



Timberland
Investment
Group



SECTION 1

Summary

Introduction

The BTG Pactual Timberland Investment Group's mission is to **sustainably manage the world's timberland.**

Since our founding more than 40 years ago², we have understood that the careful stewardship of our natural resources is essential for ensuring the long-term performance of our investments and that sustainably-managed forests can deliver myriad benefits for people and the planet. But as the world faces increasingly urgent threats to climate stability, human development and biodiversity, we are continuously looking for ways that TIG can be part of the solution — the innovations, best practices and partnerships that can unlock new opportunities for enhanced climate, social and environmental impacts, while we continue to seek attractive returns for our investors.

The arrival of the COVID-19 pandemic in 2020 underscored the importance of this journey. In addition to causing significant hardships for people and businesses across multiple fronts, the pandemic focused the world's attention on issues of social justice, threats to globalization, the fragility of supply chains, environmental degradation and how the effects of climate change can make other crises more severe. This challenged businesses to reckon with environmental, social and governance (ESG) factors with increased urgency, and to reconsider the role the private sector can and must play in helping build a better future.

At TIG, this was a call to action that we took seriously. 2020 opened a new chapter in our ongoing commitment to sustainability. We hired Mark Wishnie as our Chief Sustainability Officer to provide overall leadership on our sustainability policy and performance.

This actually marked a return for Mark, who had previously headed Portfolio Management at TIG, before joining the The Nature Conservancy to lead its Global Forestry Program. One of Mark's first orders of business was to work with the team to launch a new investment strategy which seeks opportunities to deliver significantly enhanced climate, social, and environmental benefits from our investments and management practices.

2020 also saw significant progress in our efforts to forge new partnerships to ensure our ESG practices are aligned with industry best practices. We conducted a thorough review of our Key Performance Indicators using the Sustainability Accounting Standards Board (SASB) Standards, the Impact Reporting and Investment Standards (IRIS) and the Sustainable Development Goals as guides. Our parent, BTG Pactual, also joined the Global Impact Investing Network (GIIN) to leverage the information, tools and resources offered by this platform.

This report seeks to improve our stakeholders' understanding of our environmental, social and governance (ESG) performance related to the timberland assets managed by TIG and our portfolio companies. As we turn our focus toward 2021, we look forward to continuing to strengthen our reporting to provide the best possible transparency on both progress and challenges as we seek to deliver positive impact through our investment strategies and management practices.



GERRY LANSING
Head of TIG



MARK WISHNIE
Chief Sustainability Officer

TIG Metrics¹

US\$ 4

Nearly US\$ 4 Billion in assets under management (AUM)



2.4 million
2.4 Million acres managed in North and South America

US\$ 2.3

US\$ 2.3 Billion returned to investors² since inception



15 offices
15 Offices in the U.S. and Latin America³



270K
270 Thousand acres protected⁴



> 260K
More than 260 Thousand acres reforested⁴



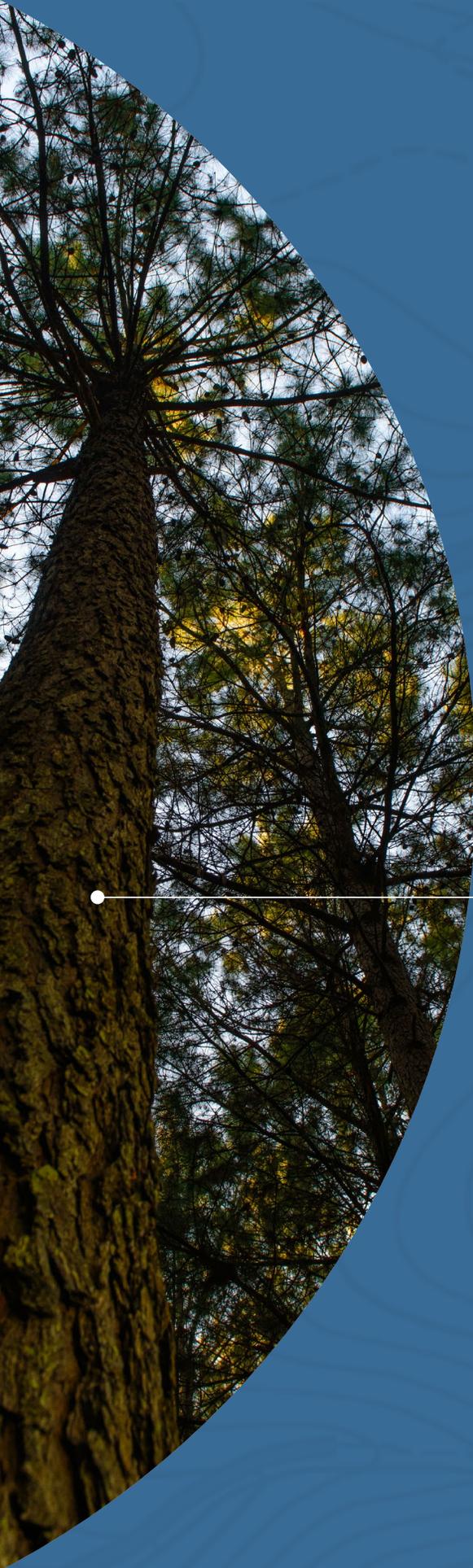
35 million
35 Million trees planted in 2020⁴



> 100
More than 100 professional staff



97%
97% of timberland assets certified to FSC and PEFC⁵



SECTION 2

Scope and Institutional Context

About This Report

**Sustainability is central to the BTG Pactual
Timberland Investment Group's (TIG) mission to
achieve compelling investment returns, while
applying high standards of environmental and
social governance.**

This report aims to support our stakeholders' understanding of our environmental, social and governance (ESG) performance related to the timberland assets managed by TIG and our portfolio companies. It is part of our commitment to fostering an open discourse on both the challenges and opportunities associated with our efforts to enhance our ESG impacts. The data presented in the report is as of December 31, 2020, unless otherwise stated, and reflects TIG's entire global footprint.⁴

This report was developed by TIG and approved by the Head of TIG, Gerrity Lansing, TIG's Chief Sustainability Officer, Mark Wishnie, and BTG Pactual's Head of ESG, Rafaella Dortas.

About BTG Pactual⁷

 3,515 employees	 R\$ 9.3 Billion total revenue	 R\$ 4.0 Billion adjusted net income
 R\$ 26.7 Billion equity	 R\$ 377.1 Billion total assets under management and administration (AuM & AuA)	 R\$ 258.4 Billion total wealth under management (WuM)

**TIG is an indirect, wholly owned
subsidiary of BTG Pactual, a publicly
traded investment bank (B3: BPAC11)
with a market capitalization of nearly
US\$ 20 billion.**

TIG resides within BTG Pactual's Asset Management Group, which offers investment strategies across all major asset classes (including fixed income, equities, hedge funds, timberland, private equity, infrastructure, and real estate) and, as of December 31, 2020 has approximately US\$ 68 billion in assets under management.

Founded in the early 1980s, BTG Pactual has more than 3,500 employees globally, with a presence in the world's major financial centers, supported by a unique partnership model that combines efficiency, client orientation, excellence, independence and a long-term vision. In 2019, BTG Pactual was named Investment Bank of the Year in Latin America by LatinFinance.⁶ For more information, please see [BTG Pactual's Annual & Sustainability Report](#).





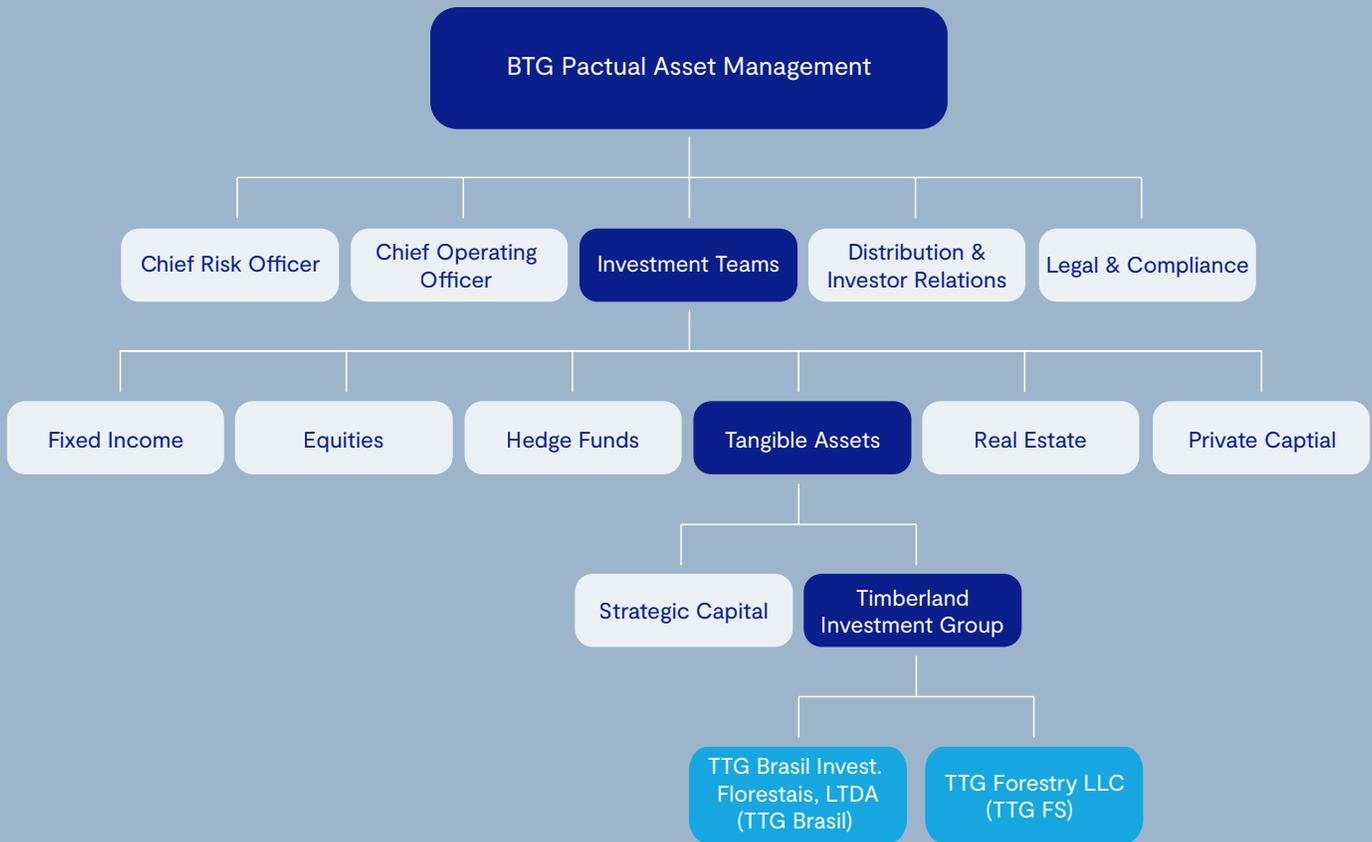
2020 BTG ESG HIGHLIGHTS⁸

In 2020, BTG Pactual supported 160 projects across Brazil focusing on 3 pillars: education, the environment, and entrepreneurship.

Please see [BTG Pactual's Social Responsibility 2020 Report](#) for additional information.

- **BTG Soma:** Aims to accelerate the development of NGOs and encourages BTG Pactual employees to donate their time and talent in areas such as market and finance.
- **Blackrocks:** Partnership focused on accelerating Brazilian companies founded by black entrepreneurs.
- **COVID-19:** In addition to BTG Pactual's programs and initiatives, BTG Pactual recognized that the novel coronavirus pandemic had a brutal and unprecedented impact on public health, people's lives and the economy. As such, BTG Pactual donated R\$ 50 million to support the COVID response in Brazil, and raised and additional R\$ 9 million from partners, clients and employees.

BTG PACTUAL ASSET MANAGEMENT ORGANIZATIONAL STRUCTURE



About TIG⁹

The Timberland Investment Group is one of the world's largest and oldest timberland managers.

In 2020, TIG managed nearly US\$ 4 billion in assets and commitments and 2.4 million acres of commercial timberland throughout the U.S. and Latin America. TIG has a more than 40-year track record of timberland investment. Since our inception, more than US\$ 2.3 billion has been returned to investors². TIG and its subsidiaries, TTG Forestry Services (TTG FS) in the U.S. and TTG Brasil Investimentos Florestais

LTDA (TTG Brasil) in Latin America, have more than 100 professional staff and an on-the-ground presence through 15 offices around the globe, bringing local, regional, and global experience to bear on the careful management of client investments.³

TIG'S FOOTPRINT ACROSS THE U.S. & LATIN AMERICA^{3,10}

Seattle, WA ●
Battle Ground, WA ●

Columbus, OH ●

New York, NY ●

Monticello, AR ● ● ● ● ● Columbia, SC
Birmingham, AL Atlanta, GA



In the U.S., we have 54 team members in 8 strategically located offices.



In Brazil, we have 59 members in 7 strategically located offices.

Montes Claros ●
Pirapora ● ● Turmalina ●
Agua Clara ●
São Paulo ●
Guarapuva ● ● Itapeva ●
Tacuarembó ●



WITH 15 OFFICES ACROSS THE U.S. AND LATIN AMERICA, AS OF YEAR END 2020, TIG MANAGED NEARLY 3 MILLION ACRES GLOBALLY



SECTION 3

Sustainability and ESG
at BTG Pactual and TIG

ESG Structure¹¹

TIG’s commitment to sustainability begins with our parent company, BTG Pactual. As outlined below, ESG principles are integrated within BTG Pactual’s corporate structure and inform multiple parts of the organization’s governance, structure, and stakeholder engagement.

- **Board of Directors:** Highest governance body for ESG risk management, responsible for approving ESG policies and ESG strategy including corporate sustainability, climate, social and environmental risk.
- **ESG Committee:** The second highest decision-making body, under the chairmanship of CEO Roberto Sallouti, supports BTG Pactual’s initiatives to promote responsible investing, sustainability, ESG transparency, and climate, social and environmental risk management.
- **Environmental, Social, and Governance (ESG) & Impact Investing:** A high caliber team of environmental, occupational health and safety, economics, legal and financial management experts.
- **Business Units:** Regularly identify ESG and impact investing risks and opportunities.

Commitment to ESG integration from BTG Pactual and TIG executives is further demonstrated by the close alignment of all internal stakeholders, as outlined in the chart below:

	RESPONSIBLE GROUP	LEADS	GOALS & RESPONSIBILITIES
BANCO BTG PACTUAL	Board of Directors 8 members including 3 outside, independent members	Nelson Jobim Executive Chairman Huw Jenkins Vice Chairman of the Board	<ul style="list-style-type: none"> » Provide general business guidance; appoint executive officers; provide strategic guidance; approve the annual report; and review and approve risk management policies and practices. » Supported by a complete structure of committees including an Audit Committee, Remuneration Committee, Risk & Capital Committee, Compliance Committee and ESG Committee.
BTG PACTUAL ESG RISK MANAGEMENT	ESG Committee & ESG Risk Management Group	Iuri Rapoport Chief Sustainability Officer, BTG Pactual Rafaella Dortas Head of ESG	<ul style="list-style-type: none"> » Second highest decision-making body, under the chairmanship of CEO Roberto Sallouti. Supports BTG Pactual’s initiatives to promote responsible investment, sustainability, transparency, and climate, social and environmental risk management. » The ESG Risk Management team is responsible for conducting social and environmental risk assessments, developing procedures and training other employees on ESG.
TIMBERLAND INVESTMENT GROUP (TIG)	Executive Committee & Timberland Management Committee	Gerrity Lansing MD Partner & Head, TIG Mark Wishnie Chief Sustainability Officer, TIG	<ul style="list-style-type: none"> » Provide overall strategic leadership of TIG; review, approve, and implement firm-wide policies; oversee investment management and all related process and support functions. » Support TIG’s mission to sustainably manage the world’s timberland; develop and implement timberland-specific ESG policies; support firm-wide ESG risk and opportunity identification, assessment, and management. » Provide industry leadership and support sector-wide efforts to realize the potential of sustainable forestry to help address the global climate and biodiversity crises.
TIMBERLAND INVESTMENT GROUP ESG RISK MANAGEMENT	Investment Management & Operations	David Duncan Head of U.S. Transactions, Asset Management & Strategic Initiatives Matheus Moura Head of Latin America Transactions & Investment Management	<ul style="list-style-type: none"> » Ensure ESG risks and opportunities are incorporated into TIG investment management and operations. » Ensure compliance with TIG and independent, third-party sustainable forestry certification standards across our portfolio, and that TIG’s activities support the resilience and productivity of the landscapes in which we operate.



Sustainable & Impact Investing¹¹

In 2020, BTG Pactual created the Sustainable & Impact Investing division, which is responsible for connecting global investors with sustainable investment opportunities.

Some highlights include:

- BTG Pactual launched an exchange traded fund, ESGB11, that tracks S&P/B3 Brazil ESG—an index comprised of companies demonstrating best environmental, social and governance practices.

- BTG Pactual developed a framework for green, social and sustainable bonds with support from the Climate Bonds Initiative and subsequently completed its first issuance of green bonds following the framework.
- BTG Pactual was named to the Brazilian stock exchange's Corporate Sustainability Index (ISE B3), Carbon-Efficient Index (ICO2 B3), S&P/B3 Brazil ESG and the CDP Brazil – Climate Resilience Index (ICDPR-70).

Environmental & Social Risk Analysis & Mitigation¹¹

2020 HIGHLIGHTS

- Developed 19 sector policies covering different E&S material aspects of BTG Pactual's business verticals
- Began applying IFC Performance Standards to credit transactions greater than US\$ 30 million

Environmental & social (E&S) risk management is integral to the culture and corporate structure at BTG Pactual and TIG.

In 2020, BTG Pactual strengthened its E&S risk management practice by adding policies and standards. For a complete guide to BTG Pactual's environmental & social (E&S) risk management practices, please see the [Annual & Sustainability Report 2020](#).



BTG PACTUAL ESG POLICIES¹²

- **BTG PACTUAL'S GLOBAL SUSTAINABILITY POLICY:**
This policy establishes BTG Pactual's sustainability commitments. It defines the principles and directives that guide the bank's activities and businesses; it defines the relationships with interested parties and the business decision-making process; and it establishes who is responsible for the implementation of the bank's sustainability commitments.
- **BTG PACTUAL'S GLOBAL ENVIRONMENTAL AND SOCIAL RISK POLICY:** This policy establishes the criteria of environmental and social risk identification. The policy also defines the principles and directives that guide the analyses of environmental and social risks.
- **BTG PACTUAL'S RESPONSIBLE INVESTMENT POLICY:**
This policy helps guide asset selection by BTG Pactual Asset Management. It comprises a set of principles and directives that guide the management of assets by this organization. The policy places emphasis on a long-term vision, and ethical and responsible management.



Sustainability is a Core Part of TIG's Mission

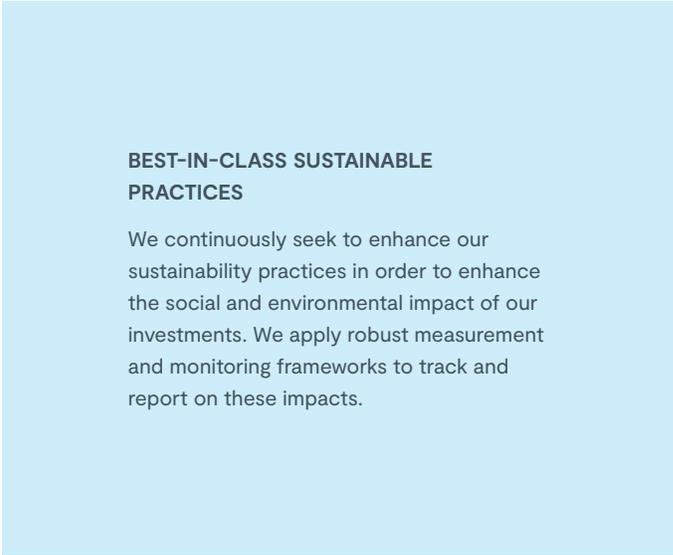
TIG's mission is to sustainably manage the world's timberland, generating attractive returns.

We seek to deliver this through four key pillars:



PRINCIPLED INVESTING

We are committed to responsible investment practices across all assets under our management. We carefully evaluate ESG attributes before making any investment decision.



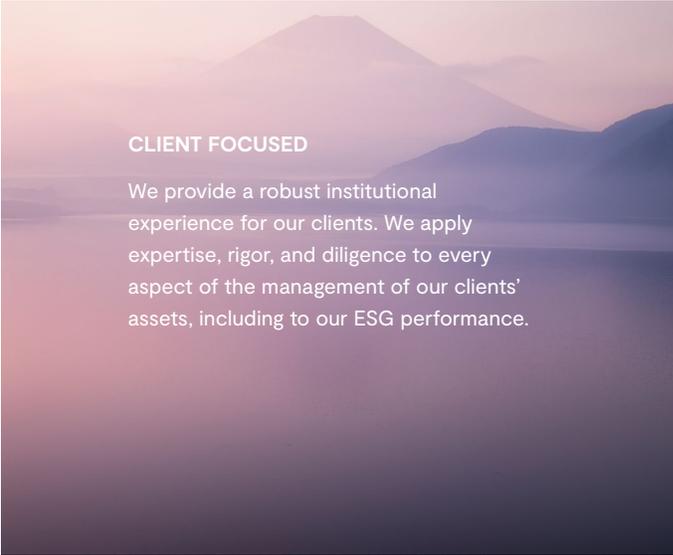
BEST-IN-CLASS SUSTAINABLE PRACTICES

We continuously seek to enhance our sustainability practices in order to enhance the social and environmental impact of our investments. We apply robust measurement and monitoring frameworks to track and report on these impacts.



DISCIPLINED MANAGEMENT

We are rigorous in our analysis of all investment decisions. We bring the best available thinking to bear, drawing on the deep experience of our teams, external resources, and leading thinkers from other industries to deeply test our thinking and assumptions and strives to arrive at the best possible outcomes for generating sustainable outcomes and financial performance.



CLIENT FOCUSED

We provide a robust institutional experience for our clients. We apply expertise, rigor, and diligence to every aspect of the management of our clients' assets, including to our ESG performance.

TIG'S Nine Responsible Investment Principles

Building on BTG Pactual's ESG commitments and policies, TIG maintains nine timberland-specific responsible investment principles that seek to ensure best practices are applied throughout our investment process. These provide the basis for our responsible investment strategy.

1. Strictly comply with all environmental, social, health and safety laws, regulations, and standards
2. Foster environmental protection and enhance biodiversity conservation
3. Respect and uphold human rights in all operations and contracts
4. Develop local and regional supply chains and prioritize local hiring
5. Strictly comply with anti-corruption and bribery regulations
6. Foster open dialogue and positive engagement with local communities
7. Promote ESG awareness among employees by developing and providing specific training programs
8. Report ESG performance with clarity and transparency
9. Commit publicly to global initiatives that strengthen our values

Industry Associations¹³

Through BTG Pactual, TIG adheres to a number of prominent global initiatives in order to reinforce our commitment to sustainability and to positively influence the adoption of responsible investing in the financial sector.

BTG Pactual is a signatory to the United Nations Principles for Responsible Investment (PRI), the United Nations Global Compact, the Carbon Disclosure Project (CDP) and the Equator Principles. BTG Pactual is also a member of the Brazilian Coalition on Climate, Forests and Agriculture, the Global Impact Investing Network (GIIN), the United Nations Environment Program Finance Initiative (UNEP FI), and the Principles for Responsible Banking. TIG is held accountable to every aspect of BTG Pactual's commitments and [Responsible Investment Policy](#).

BTG Pactual is a signatory to the Business Pact for Integrity Against Corruption.



Industry Leadership & Professional Service¹³

In addition to its associations through BTG Pactual, TIG's staff participate in a range of industry leadership initiatives and local associations in the markets in which we operate. This is part of our broader effort to drive development and innovation in the sector, as well as to support the implementation of best practices that promote the sustainable management and the long-term health of working forests.



GLOBAL

- Biogenic Removals Technical Working Group, Greenhouse Gas Protocol – Member
- Climate-Positive Forest Economy Program of the Good Energies Foundation – Expert Advisory Panel Member
- Architecture for REDD+ Transactions, Winrock International – Removals Expert Advisory Committee Member
- The Forests Dialogue at Yale University – Steering Committee Member



URUGUAY

- Sociedad de Productores Forestales (SPF) – Board Member
- Unión de exportadores del Uruguay (UEU) – Member
- Cámara de Industria – Member
- CAMCOR – Member
- Cámara Uruguay, EEUU – Member
- Grupo Forestal del Norte – Member
- North America Wholesale Lumber Association – Member



BRAZIL

- Associação Mineira da Indústria Florestal (AMIF) – Committee and Board Member
- Indústria Brasileira de Árvores (Ibá) – Founder and President of the Forestry Committee
- Reflore, Associação Sul-Mato-Grossense de Produtores e Consumidores de Florestas Plantadas – Member
- Associação Paranaense de Empresas de Base Florestal (APRE) – Member
- Florestar, Associação Paulista dos Produtores, Fornecedores e Consumidores de Florestas Plantadas – Member
- Associação Catarinense de Empresas Florestais (ACR) – Member
- Associação Brasileira da Indústria de Madeira Processada Mecanicamente (ABIMCI) – Member
- Programa Cooperativo sobre Certificação Florestal (PCCF) – Committee Member
- Instituto de Pesquisas e Estudos Florestais (PROTEF) – Committee Member



U.S.

- National Alliance of Forest Owners (NAFO) – Board Member
- Forest Productivity Cooperative (FPC) – Member
- Regional Dialogue on Incentivizing Mass Timber to Reduce Climate Change, Meridian Institute and ClimateWorks Foundation – Invited Participant
- Natural and Working Lands Carbon Sequestration Advisory Group, Washington State Department of Natural Resources – Member
- TIG managed funds and/or staff are members of the following state forestry associations:
 - Alabama Forestry Association
 - Arkansas Forestry Association
 - Florida Forestry Association
 - Forestry Association of South Carolina
 - Georgia Forestry Association
 - Louisiana Forestry Association
 - Mississippi Forestry Association
 - North Carolina Forestry Association
 - Ohio Forestry Association
 - Tennessee Forestry Association
 - Washington Forest Protection Association



SECTION 4

TIG Impact Framework

TIG Impact Framework¹³

In 2020, TIG conducted an initial materiality assessment to inform our impact reporting framework. We have organized this framework around four impact dimensions that align closely with our mission: ecosystem services and landscape management, climate action, inclusive development, and governance.

In the diagram below, we highlight key themes and metrics for each dimension that guide the development of key performance indicators and reporting.



Ecosystem Services & Landscape Management

TIG aims to sustain and enhance the many ecosystem services that our forests provide and to employ sustainable management practices in adherence with the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) standards.

THEMES:

- BIODIVERSITY
- WATER
- SUSTAINABLE FOREST MANAGEMENT
- SUSTAINABLE PRODUCTION



BIODIVERSITY

Ensuring sites that hold exceptional ecological, social, or historical significance remain intact for future generations is central to TIG's commitment to stewardship. We adopt a whole-of-landscape approach to identify where conservation and protection will deliver the greatest impact, and to understand how we can best deliver enhanced environmental and climate outcomes while also generating returns for investors.

We are committed to identifying, monitoring, and protecting endangered and threatened species, as well as to protecting areas of high ecological significance. We conduct thorough due diligence and periodic assessments to better understand the ecological values across our properties. Based on our findings, we adapt our management to support and enhance habitat, biodiversity, and other values, and also better understand how values change over time. More than 200 species of threatened, endangered or other listed species may be present within our operational footprint.

KEY FACTS AND FIGURES:



Over 63

Fauna, flora and aquatic assessments conducted across our footprint in 2020



335,948

Acres managed under protection or special management designation



CASE STUDY: FISHERS IN THE PACIFIC NORTHWEST (U.S.)

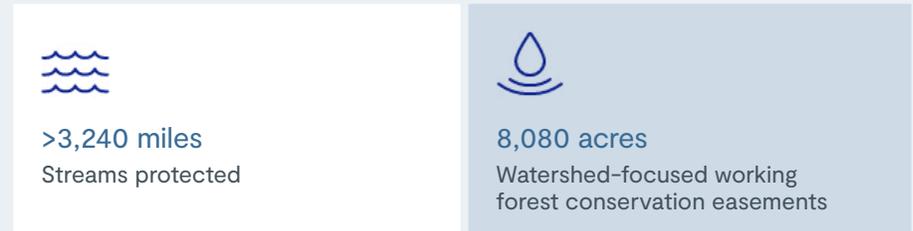
Fishers are small, carnivorous animals and a keystone species in North American forests. TIG signed an agreement with the Washington Department of Fish and Wildlife to allow research, scientific monitoring of fishers on our assets. The program applies to all of our acreage in Washington State. We believe this initiative strengthens our ties with important local stakeholders and supports Washington State's efforts to better monitor and manage the population of this important species.



WATER

Forests can play a vital role in maintaining healthy watersheds by stabilizing slopes, reducing overland flow of sediment and contaminants to streams and rivers, moderating water temperatures, enhancing infiltration to ground water, and providing important habitats for aquatic, riparian and wetland species. TIG's approach to watershed management involves a mosaic of strategies that include the careful management of road systems and stream crossings, protection of streamside forests and wetlands, and other actions to help support watershed health.

KEY FACTS AND FIGURES:



SUSTAINABLE FOREST MANAGEMENT

TIG practices sustainable forestry in accordance with all applicable regulations and in compliance with third-party standards for sustainable forest management, including the Forest Stewardship Council (FSC) and Programme for Endorsement of Forest Certification (PEFC). The management of TIG's assets in compliance with our certification standards is the responsibility of all TIG staff, and supported by the dedicated E&S and certification specialists at TTG FS and TTG Brasil. All FSC and PEFC certifications are subject to annual, independent third-party audits.

KEY FACTS AND FIGURES:



CASE STUDY: CITY OF TACOMA'S GREEN RIVER WATERSHED

In 2019, TIG acquired 15,280 acres of sustainably managed forests located within the Green River Watershed, the primary source of drinking water for the ~450,000 residents of the city of Tacoma, Washington, U.S., and surrounding communities. As part of this acquisition, TIG entered into an agreement that our forests would be managed to maintain water quality for the long-term. Today, we manage beautiful mixed Douglas-fir and other high-elevation forests in accordance with this commitment, including more than 8,080 acres under a conservation easement held by the City of Tacoma. TIG believes this is a good example of how sustainable forest management can support watershed health.



CASE STUDY: LUMIN¹⁴

Lumin, a TIG portfolio company located in Uruguay, is a fully integrated forest products company. Lumin owns and operates a more than 250,000 ton industrial plywood manufacturing facility, and was the first company in Uruguay to manufacture sustainable wood products produced from a combination of pine and eucalyptus trees, offering a variety of standard and exclusive panel grades.

Lumin's plywood panels are structurally certified, solid, lightweight, and with an appearance suitable for many intended end-uses. They have PS1 and CE2 + certification for use in construction in the U.S. and Europe, respectively. Lumin also complies with the E1 standard for emissions in Europe, adheres to the air quality standards required

by the California Air Resource Board (CARB), and complies with the emission of formaldehyde required by the US EPA TSCA Title VI.

Furthering its commitment to a sustainable future, in 2020, Lumin was awarded Forest Stewardship Council certification.

For additional information, please visit: <https://www.lumin.com/dashboard/init/lang/en>

SUSTAINABLE PRODUCTION

TIG believes that well managed forests and responsibly produced forest products are key inputs to a sustainable bioeconomy. TIG harvests in accordance with sustainable forest management standards and best management practices across its footprint.

KEY FACTS AND FIGURES¹³:



12.2 Million m³
Certified Harvest
Volume



239,103 m³
Certified Product
Produced, or 98.2%
of total production¹⁵



Climate Action

TIG seeks to accelerate the transition to a regenerative economy through investment in natural climate solutions (NCS) at scale. NCS are actions to protect, sustainably manage and restore natural and modified ecosystems in ways that mitigate climate change, while also addressing other societal challenges.

THEMES:

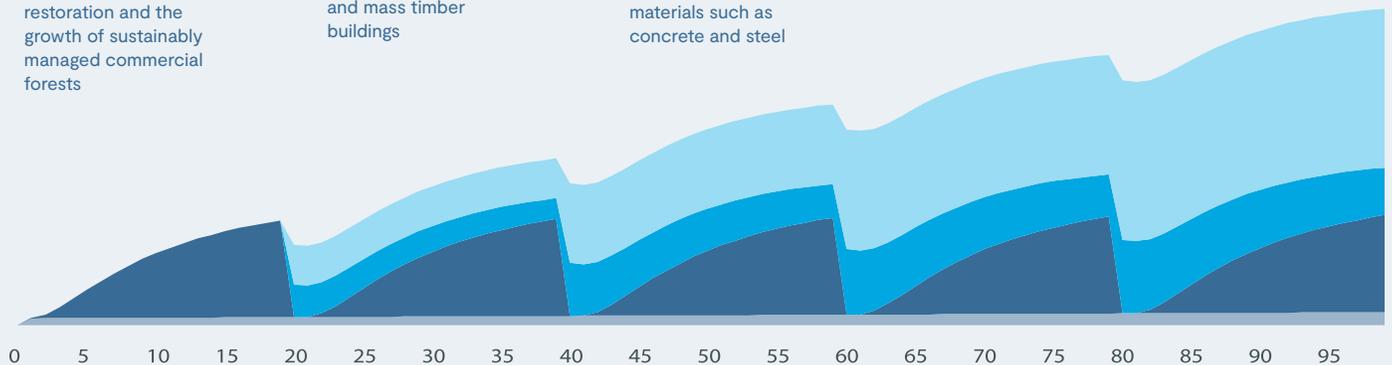
- CLIMATE RISK
- CARBON STORAGE
- GREENHOUSE GAS EMISSIONS
- RESEARCH & DEVELOPMENT

There is a growing understanding that we cannot limit the rise of global temperature below two degrees Celsius and achieve 'net-zero' emissions by mid-century – the goals set forth by the Paris Agreement – without major investments in natural climate solutions (NCS) today. NCS can cost-effectively provide a third of the climate action needed by 2030 and, unlike other carbon removal technologies, are available and proven now.

TIG believes that protected, restored and sustainably managed commercial forests, and climate-positive forest products, have critical roles to play in addressing climate change. TIG seeks to help bridge the gap between nature's potential to address climate change and what has been delivered to date. In 2020, we launched a strategy to enhance the climate mitigation potential of forest protection, restoration and working forests. We recognize that the key to delivering on the full potential of climate-positive forestry is ensuring the sustainability of the forests that supply wood, the climate benefits of the end products, and the equitable inclusion of local communities in the sustainable management of landscapes. Our investment programs are designed to ensure robust benefits across complete value chains while offering important environmental and community benefits, providing our clients with confidence in the positive climate impacts of their investments.

Multiple Benefits of Climate-Positive Reforestation¹⁶

Sustainable manufacturing of climate-positive forest products can multiply the carbon impact of reforestation



ILLUSTRATIVE CARBON IMPACT OVER TIME FROM ROTATIONAL MANAGEMENT OF PLANTED FORESTS FOR USE IN LONG-LIVED APPLICATIONS ¹⁶

CLIMATE RISK

TIG assesses all new acquisitions for physical risks and environmental risks. Climate risk assessments help ensure that our forests are resilient in the face of a changing climate, and can thrive under current and likely future conditions. Our goal is to formalize these climate assessments and analysis for all future acquisitions.

CARBON STORAGE

Research shows that the restoration, protection and improved management of forests represent nearly 75% of the total global NCS opportunity.¹⁷ Importantly, research also shows that when forests are harvested sustainably, and the harvested wood is used in the right applications, the climate benefit of storing carbon in long-lived wood products and of displacing more carbon-intensive materials like concrete, steel or plastic can be 2-3x the benefit of the forest itself.¹⁸ We believe investment across the full value chain, from tree planting and the generation of high-quality forest carbon credits, to climate-positive forest product manufacturing and end-use applications, helps to generate these multiple climate benefits.

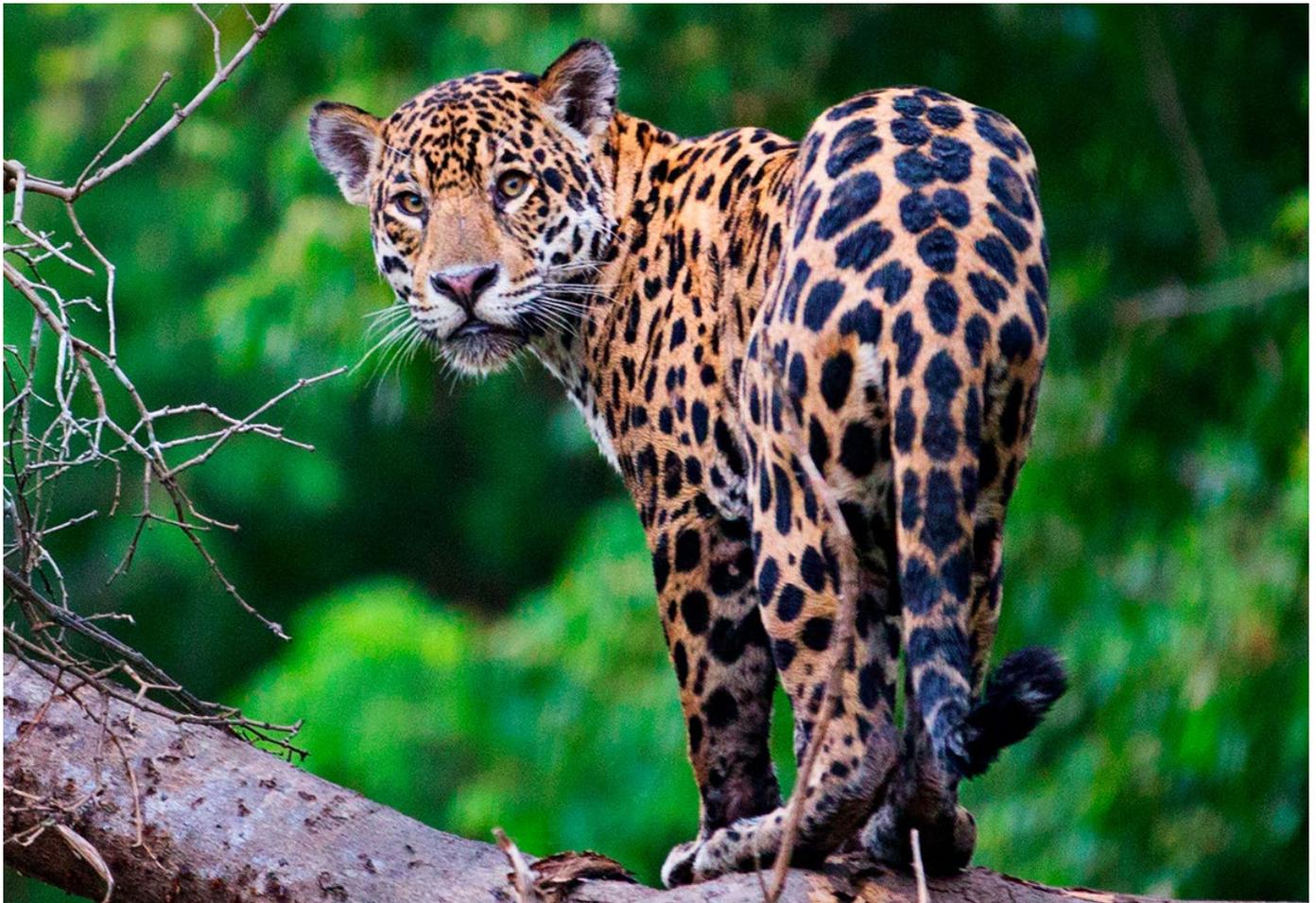
KEY FACTS AND FIGURES:



~35 Million
Trees planted
in 2020

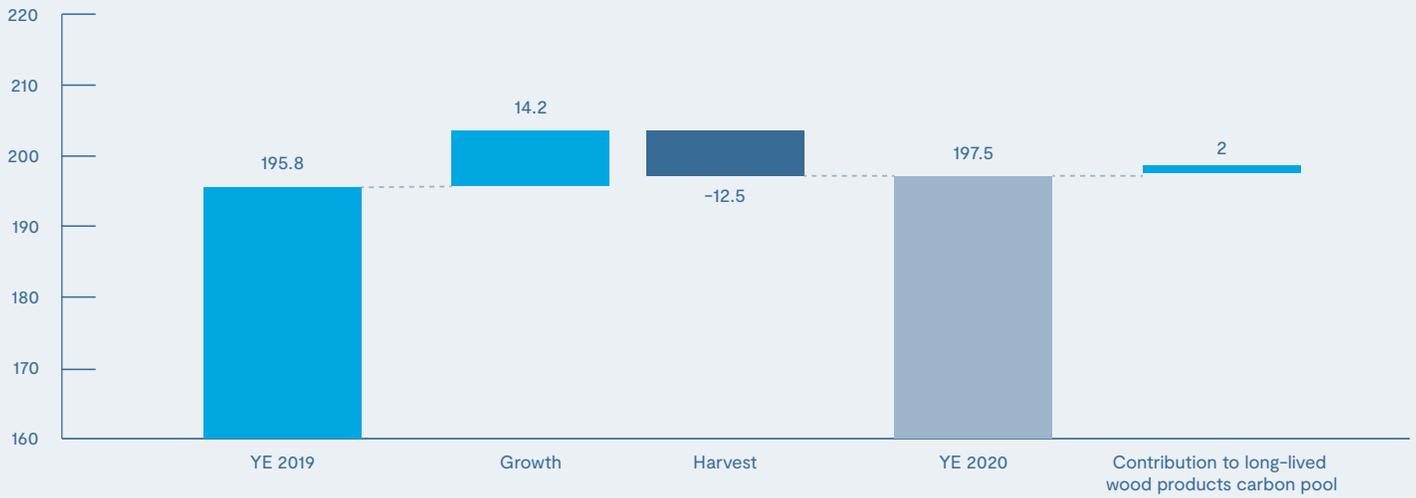


830K
Verified Carbon Units
sold in 2020



2020 Total Forest Carbon, Forest Carbon Stock Change and Harvested Wood Products (tCO₂e)¹⁹

- Growth
- Decrease
- Total



CASE STUDY: FOREST CARBON STOCKS

Over the course of 2020, TIG's global forest assets stored more than 195 million tCO₂e out of the atmosphere. Over this period, we sustainably harvested timber for use in a wide variety of applications while increasing forest carbon stock by approximately 1.7 million tCO₂e and contributing more than 2 million tCO₂e to the long-lived wood products (LLWP) carbon pool by supplying sawtimber for eventual end-uses such as lumber, furniture and flooring.



GHG EMISSION MANAGEMENT

BTG Pactual measures and reports its carbon footprint at the company level. BTG Pactual's Head of ESG monitors and maintains BTG Pactual's GHG Inventory, which covers all BTG Pactual offices. BTG Pactual's GHG inventory measures all Scope 1 and 2 emissions, and partial Scope 3 emissions. This has been monitored since 2015, with BTG Pactual offsetting Scope 1 and 2 emissions since 2017. In addition, in 2019, BTG Pactual became the first bank in Latin America to offset 100% of its Scope 1 and 2 emissions as well as Scope 3 emissions from business travel and waste management. BTG Pactual seeks to offset emissions through the acquisition of high-quality offsets, which also offer other environmental co-benefits. In 2020, BTG Pactual offset its emissions by purchasing carbon credits from the Manoa REDD+ project that aims to conserve the Amazon rainforest.

TIG estimated its Scope 1 and 2 emissions, and partial Scope 3 emissions in 2020 were 81.5 tCO₂e, which have been fully offset through BTG Pactual's carbon offsetting program.

CASE STUDIES: LUMIN¹⁴

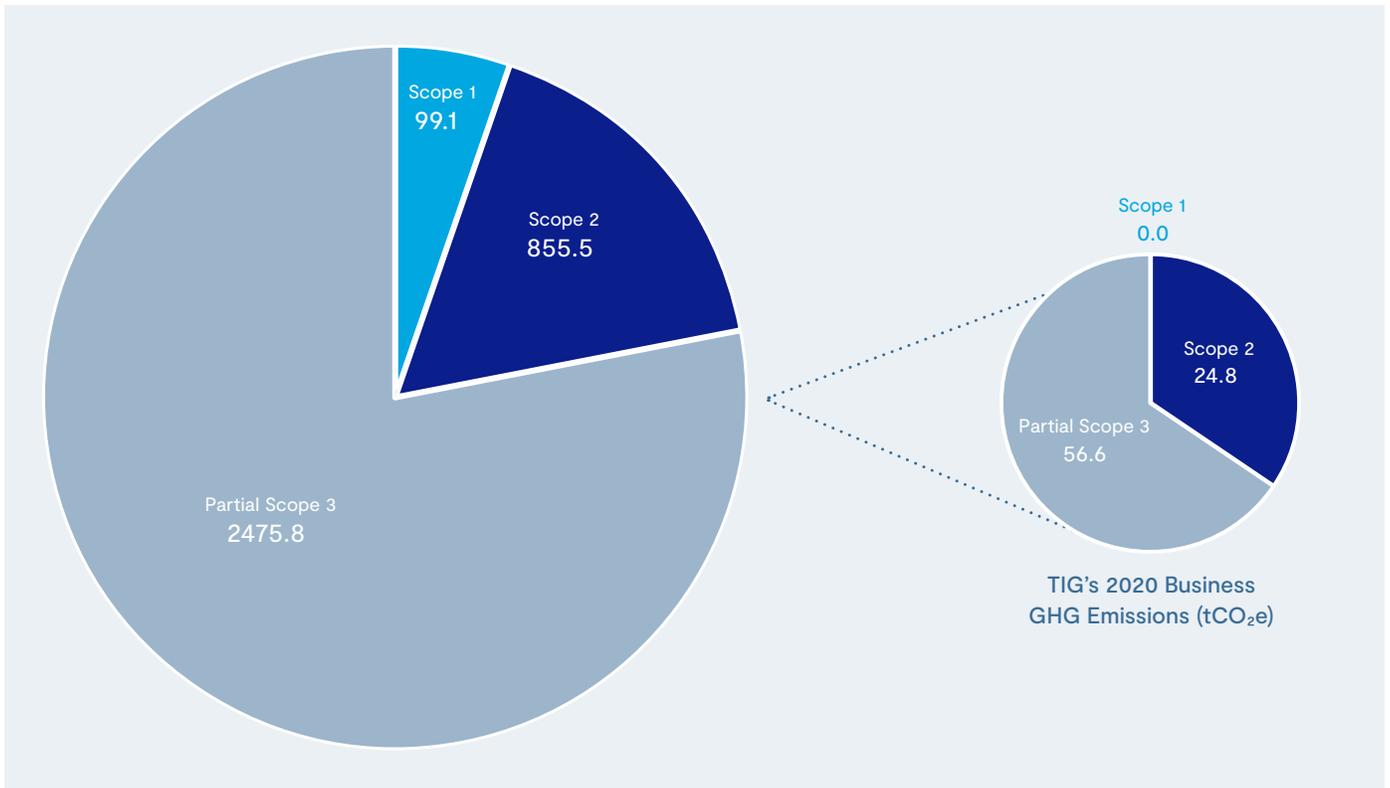
LUMIN'S MILL AND COGENERATION FACILITY

Lumin has a cogeneration plant that utilizes biomass to create energy that is used to power 100% of manufacturing operations and that sells up to an additional 5 megawatts back to the national electricity network in Uruguay.



BTG's 2020 Business GHG Emissions (tCO₂e)¹¹

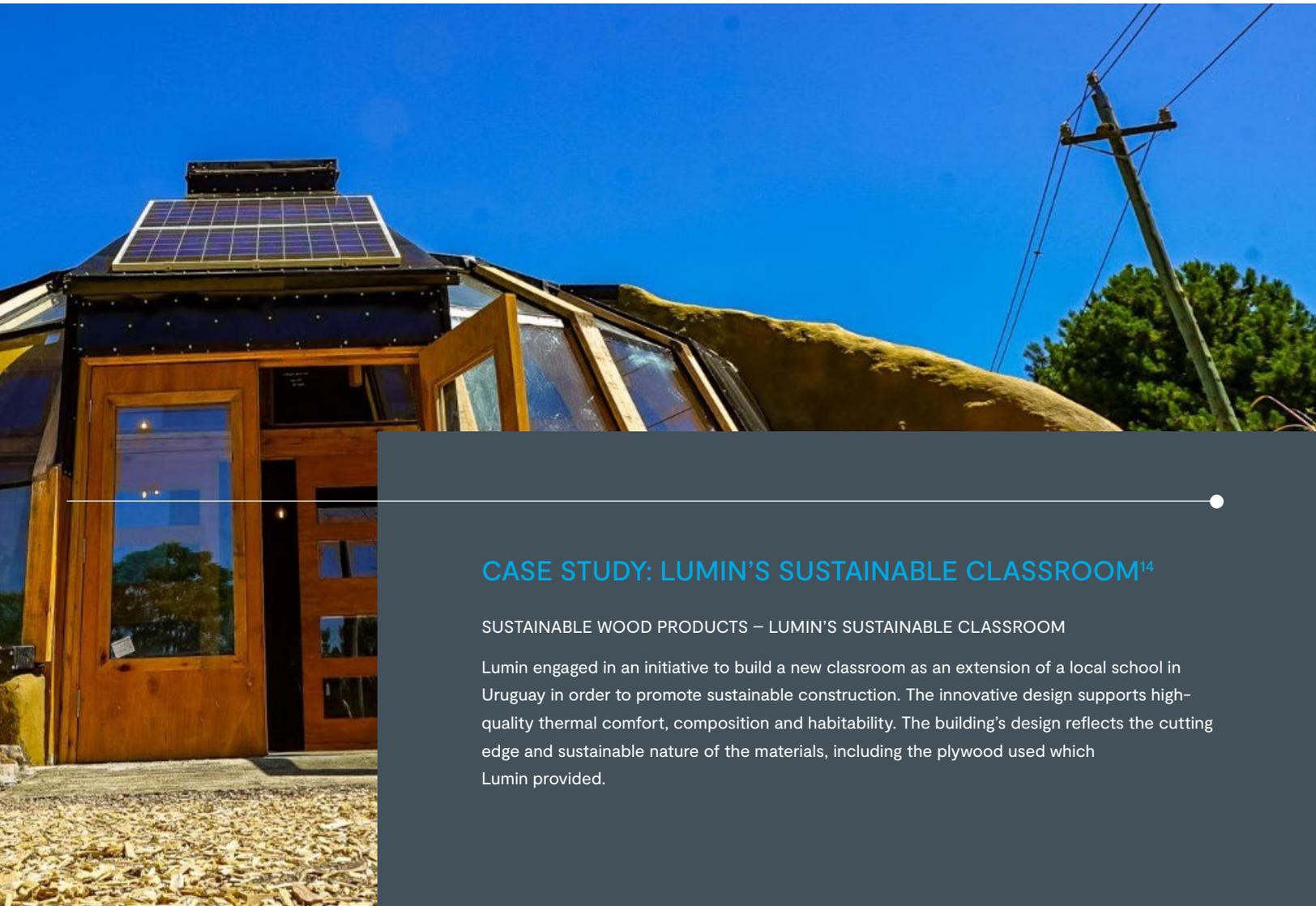
● Scope 1 ● Scope 2 ● Partial Scope 3



R&D: SUSTAINABLE INNOVATION AND TECHNOLOGY

TIG believes that continued innovation in the management of forests, and the continued development of new forest-based biomaterials, are critical to the growth of our business, the growth of the forest industry, and to the emergence of the global circular bioeconomy. In 2020, TIG and its subsidiaries TTG Forestry Services, LLC (U.S.) and TTG Brasil Investimentos Florestais, LTDS (Brazil) participated in a number of industry initiatives. TIG is a member of the Forest Productivity Cooperative²⁰ and hosts experimental work on our properties, as appropriate.

In 2020, TIG also supported an international cooperative research effort to assess the impact on climate and forests of increased utilization of mass timber in place of concrete and steel (the Global Mass Timber Impact Assessment). Incorporating the work of scientists, architects, engineers and others from the U.S., Europe, Latin America and Asia, this assessment seeks to expand our understanding of the role forests and forest products can play in decarbonizing the construction industry. Results are expected in 2021.



CASE STUDY: LUMIN'S SUSTAINABLE CLASSROOM¹⁴

SUSTAINABLE WOOD PRODUCTS – LUMIN'S SUSTAINABLE CLASSROOM

Lumin engaged in an initiative to build a new classroom as an extension of a local school in Uruguay in order to promote sustainable construction. The innovative design supports high-quality thermal comfort, composition and habitability. The building's design reflects the cutting edge and sustainable nature of the materials, including the plywood used which Lumin provided.

Inclusive Development²¹

TIG staff proactively engage with local communities, seeking opportunities to collaborate and support community development, job creation and recruitment, education, and other initiatives. We recognize that as significant landowners and employers in many of the landscapes in which we operate, inclusion is not just a moral imperative, it is also a pragmatic business imperative to maintain the social license and social support to serve as long-term stewards and managers in the landscapes in which we invest.

THEMES:

- EMPLOYMENT
- COMMUNITY DEVELOPMENT
- HUMAN RIGHTS



EMPLOYMENT

TIG seeks to build a diverse team of highly qualified professional staff able to bring a broad range of expertise and perspectives to bear on the careful, disciplined management of our assets. Through our operations, which are largely located in rural areas of North and South America, TIG seeks to prioritize local hiring of employees and contractors, and seeks to build local supply chains and capacity where possible.

JOB CREATION

TIG is a significant employer, either directly or through contracted service providers, in many of the regions we operate.

In particular, timberland investments can deliver significant economic benefits for rural communities. When we acquire assets and invest capital into their development and management, given their remote location, there are often significant job opportunities for members of the local community. In 2020, we had 108 direct employees across our footprint and contracted more than 4,000 people on a contractual or part time basis for forest management, harvesting and transportation services.

KEY FACTS AND FIGURES:



108 FTE
Directly Supported
and Financed Jobs
(Internal)



>4,000 FTE
Directly Supported
and Financed Jobs
(External)

TIG Team Gender Composition²¹

TEAM	FEMALE	MALE
Senior Management Team & Board of Directors at Portfolio Companies	21%	79%
Professional Staff, Administrative & Support Staff	33%	67%
Senior Management Team - Operations	14%	86%
Administrative & Support Staff - Operations	33%	67%

Self Identified

GENDER DIVERSITY

BTG Pactual and TIG have made diversity and inclusion a priority in our hiring processes, rigorously revising relevant policies on an annual basis. In 2020, BTG Pactual established a formal Diversity Committee tasked with managing a range of programs designed to increase diversity, inclusion and equity across the firm.

TRAINING

We engage employees, external contractors and property managers in comprehensive training to ensure that TIG's ESG policies are reflected across our operations. We also provide Anti-Corruption and Code of Conduct training to all our employees. All employees receive this training at the time of hire and on a periodic basis thereafter.

LABOR RIGHTS

TIG requires that providers of forest management field services comply with local labor laws and regulations and with our Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certifications. We also engage employees and contractors in trainings to ensure safe operations and appropriate implementation of our environmental and social policies (see table below for Occupational Health & Safety, Professional Training, Environmental Training).

In addition, TIG certifies all eligible properties to third-party sustainability standards, including the FSC and PEFC standards. Certification auditors evaluate TIG's compliance with local labor laws, occupational health and safety standards, and safe and fair working conditions.²¹

Number of Training Sessions Administered²¹

TRAINING DESCRIPTION	EMPLOYEES	FOREST MANAGEMENT CONTRACTORS	HARVESTING AND TRANSPORTATION
Occupational Health & Safety, Legal, Professional Training	53	2,251	4,660
Forest Certification, Sustainability and Environmental Training	22	181	392



COMMUNITY DEVELOPMENT

TIG focuses on ensuring our investments provide positive environmental, social and economic impact for local communities. Consulting with communities, continually assessing their needs and capacities and feeding this back to management decisions, and deliberately developing projects and programs that provide direct benefit to community members are all key pillars of our approach.

KEY FACTS AND FIGURES:



Over 6000

Individuals engaged through TIG and our affiliates' community programs. A selection of our 2020 community engagement activities are described below.²²

EDUCATION



- **Project Learning Tree:** Support Uruguayan educational system through a set of programs, education resources and teacher training focused on environmental education.
- **Arcoiris Educational Center:** Center where children of Lumin's employees can receive care and education, enabling parents or caretakers to engage in full time employment.
- **Environmental Education:** Sessions organized in schools, within communities where TIG manages assets in Brazil, in order to promote environmental education in schools.

HEALTH



- **APADISTA Empowerment and Rehabilitation Center:** Purchases a hydraulic lift at the rehabilitation center in Uruguay to provide patients with mobility problems access to the rehabilitation pool.
- **Breastfeeding Room at Rivera's Public Hospital:** Provide equipment and support for a breastfeeding room at Rivera's Public Hospital in Uruguay.

RECREATION



- **Public Hunting Access:** Made 1,175 leases available for hunting which encompass 506,410 acres within U.S. footprint.
- **Recreational Public Areas:** Made 100,944 acres of land in the U.S. available for public access for local communities to engage in outdoor activities such as hiking, biking and camping among others.

COMMUNITY DEVELOPMENT



- **Northern Seamstresses Group:** Training Program and technical assistance for women entrepreneurs who were affected by the COVID-19 pandemic in Uruguay.
- **Beekeepers Associations:** Established partnerships with local beekeeper associations in Brazil to place apiaries on our properties. In return, a small part of the honey is donated to nearby communities.



CASE STUDY: RECREATION – HUNTING LEASES

We lease hundreds of thousands of acres to provide access for licensed hunters. Recreational hunters are important partners in caring for the landscapes that we manage.

KEY FACTS AND FIGURES:

- More than 1,175 leases for recreational hunting.
- More than 506,000 acres leased for hunting, which we estimate has provided access for more than 5,000 individuals.

CASE STUDY RECREATION – IRONBULL

In 2020, TIG hosted a 50-mile Ironbull bike race on a portion of our property in Wisconsin. The race was a success, drawing over 150 cyclists of all ages from the region.

Ironbull is a 501(c)(3) charitable organization that seeks to promote outdoor adventure sports in Central Wisconsin. Their goal is to drive economic development, benefit community organizations, and attract and retain a talented work force through the production of high-quality races and events that promote healthy living in the local community. TIG was thrilled to support Ironbull's mission by hosting this exciting race at one of our most beautiful forests.



Image Source: QCWilly

HUMAN RIGHTS

Our commitment to respect human rights is a fundamental component of our approach to responsible investment. Specifically, BTG Pactual, and TIG as a subsidiary, is a signatory to the United Nations Global Compact. The U.N. Global Compact sets forth Ten Principles on human rights, labor, environment and anti-corruption. Through our alignment with the Ten Principles, TIG aims to contribute to the U.N.'s sustainable development goals.

U.N. GLOBAL COMPACT'S TEN PRINCIPLES

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour; and

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

WHISTLE BLOWING CHANNEL

Grievance mechanisms for violations: BTG Pactual maintains a direct, safe and confidential whistleblowing channel. Whistleblower complaints are routed directly to an internal group that includes the Global Chief Compliance Officer. All external stakeholders from clients or service providers to indigenous communities are encouraged to submit whistleblower reports via BTG Pactual's website. The complete list of whistleblower channels are as follows:

- *Dedicated email: OL-Whistleblowing@btgpactual.com*
- *Phone line: +55 (21) 3262-4258 and +55 (11) 3383-4258; Ext: 1277 4258*
- *Web address: <https://www.btgpactual.com/home/Contato.aspx/FormulariodeDenuncias>*

Governance

TIG maintains a robust governance framework across the organization

TIG aims to establish best in class corporate governance practices and policies, foster a diverse workforce and an equitable work environment, and uphold the highest levels of workplace safety. TIG leverages a breadth of services provided by BTG Pactual to support our governance framework, including professionals in compliance, legal, and human resources.

THEMES:

- CORPORATE GOVERNANCE
- TEAM MANAGEMENT
- OPERATIONAL HEALTH & SAFETY

ETHICAL BUSINESS PRACTICES

- TIG follows BTG Pactual's Code of Business Principles and Ethics and Global Conflicts of Interest Policy.
- These policies include partners, employees, interns, consultants, contractors and temporary workers ("staff" or "staff members") when interacting with each other, with clients or with counterparties and any other third parties related to our business.
- Under Instituto Ethos, BTG Pactual signed the "Business Pact for Integrity and Against Corruption". The pact commits BTG to undertake actions to prevent any form of bribery, to work for the rule of law and transparency in political contributions and campaigns, and to strive for transparency in information and cooperation in investigations.



ASSET RISK MANAGEMENT

- Disciplined risk management is central to TIG's business practices, and our process has been developed over the course of 15 years of experience investing and operating assets in Latin America and 40 years of experience in the U.S.
- TIG's approach to managing risks include, but are not limited to: robust internal governance structures, systematic reviews of rigorous due diligence, and third party audits, among others.

COMPLIANCE

- TIG is covered by BTG Pactual's Global Compliance Department for all compliance matters.
- TIG adheres to all rules and regulations imposed by the relevant regulatory bodies. A Compliance Committee is in place to administer compliance policies and is accountable to the Board of Directors. The Committee is composed of at least two members of the Board of Directors, the General Counsel, the Global Chief of Compliance Officer and the Chief Executive Officer of BTG Pactual.



BOARD OR OPERATIONAL COMMITTEE INDEPENDENCE

- TIG retains an external, independent Investment Committee member for all active co-mingled fund vehicles. These committees are comprised of 5-6 members.
- TIG includes one external member in the firm's Investment Strategy Group, which is charged with developing the firms long-term view of risks and opportunities.

DATA SECURITY & PRIVACY

- TIG is included in BTG Pactual's security mechanisms, which include several intraday monitoring systems and have never sustained a security breach.
- BTG Pactual's ethical hacking team continually tests the Bank's defenses on a regular basis, working together with the incident response team, improving the overall robustness of our system, including early alerts and rapid response. In addition, BTG Pactual employees undertake an annual cyber security training, in addition to ad hoc trainings based on new processes or risks.



ANTI-CORRUPTION, AML, ANTI BRIBERY & KYC

- TIG is monitored according to BTG Pactual's Global Policy on Anti Money Laundering, Corruption and Countering Financing of Terrorism (AML Program). On an ongoing basis, transactions are monitored by Anti-Money Laundering systems, which highlight suspicious transactions that are reviewed and resolved by the AML team.
- With respect to third party vendors and potential customers, TIG's "Know Your Customer" (KYC) efforts consist of background checks of potential counterparties in order to ensure that they meet TIG's standards prior to any contracts being signed. This process also utilizes BTG Pactual's global AML team, and includes a review of tax records, criminal records, anti-money laundering and anti-bribery checks, among other background check data points.

CORPORATE GOVERNANCE

TIG's corporate governance aims to apply the highest standards of professional governance and moral conduct. We leverage BTG Pactual's global and local policies, structure, and security mechanisms. Our corporate governance framework is a core part of our efforts to manage a well-structured, sustainable business.

TEAM MANAGEMENT

TIG believes that the firm's culture is an important competitive strength that drives our strategic focus, inter-personal collaborations, and our performance management. Managing individual performance, promoting a diverse and high-quality team, and aligning it with the business strategies and purposes are key to the overall firm's success.

TALENT DEVELOPMENT

TIG seeks to retain key talent through a combination of a meritocratic culture, competitive compensation packages and our drive to remain an innovative leader in the industry. Within TIG, every individual employee's performance is formally reviewed on an annual basis. A core component of all annual reviews is the discussion of long-term development goals, career trajectory and how that growth fits into the group's succession needs (e.g. training and preparing team members for career growth and assuming leadership positions in the future).

DIVERSITY AND EQUAL OPPORTUNITIES

TIG and BTG Pactual are committed to fostering a diverse and inclusive work environment for our employees, and positive, equitable engagement with the communities in which our assets are located. These commitments are guided by the International Finance Corporation Performance Standards and are enforced through BTG's Global ESG Policy, Environmental and Social Risk Policy and Diversity Policy.

In addition to our existing policies, BTG Pactual established a formal Diversity Committee tasked with managing a range of programs designed to increase diversity, inclusion and equity across the firm. The Diversity Committee is focused on four key areas – improving the Bank's gender diversity across seniority levels, increasing LGBTQIA+ representation, promoting racial diversity, and creating employment opportunities for persons of all abilities.

CODE OF CONDUCT

TIG follows BTG Pactual's comprehensive employee code of conduct and sexual harassment policy in order to prevent, monitor, and act regarding any episode that is not in accordance with our ethics and conduct standards.

OPERATIONAL HEALTH AND SAFETY

TIG affirms the importance of ensuring a safe and healthy workplace by placing the directive to strictly comply with environmental, social, health and safety laws, regulations and standards as the first of TIG's nine Responsible Investment Principles.

KEY FACTS AND FIGURES²²:



0

Lost Time Injury
Frequency Rate among
TIG subsidiaries



0

Medical Treatment
Injury Frequency Rate
among TIG and its
subsidiaries

End Notes

1. Source: TIG analysis. All metrics depicted as of December 31, 2020.
2. Source: TIG analysis. Inclusive of TIG's predecessor companies, RTG and TTG.
3. Includes single person and home offices – Headquarters in Atlanta, Georgia.
4. Source: TIG analysis. Figures shown represent Latin America and U.S. activities since 2008.
5. Primary reasons for non-certification are: recently acquired assets scheduled for certification in the near future or a client not pursuing certification due to lack of cost benefit, generally attributed to small scale tracts or impending disposition. Includes 5% of total ownership for which FSC certification is in process.
6. Awards and rankings are not representative of any one client's experience and are not indicative of the future performance of a BTG Pactual product or BTG Pactual.
7. Source: BTG Pactual 4Q20 Results Presentation.
8. Source: BTG Pactual's Social Reasonability Report.
9. Source: BTG Pactual Timberland Investment Group (TIG).
10. Employees located in Johannesburg (South Africa) and assets in Europe and Africa (which represent less than 2% AUM) are not included in this analysis.
11. Source: BTG Pactual Annual & Sustainability Report 2020, TIG analysis.
12. Source: BTG Pactual - <https://www.btgpactual.com/us/esg-and-impact-investing/esg-governance>
13. Source: BTG Pactual and TIG analysis.
14. Source: TIG and Lumin analysis.
15. Certification to PEFC.
16. Sources: "Substitution Effects of Wood-based Products in Climate Change Mitigation", Leskinen et. al, 2018. TIG Analysis based on 18-year Eucalyptus rotation in Brazil.
17. Sources: Nature4Climate (www.nature4climate.org), as of May 2020; Griscom et al. 2017. Natural climate solutions. Proceedings of the National Academy of Sciences. 114(44): 11645–11650.
18. Sources: Griscom et al. 2017. Natural climate solutions. Proceedings of the National Academy of Sciences. 114(44): 11645–11650; "Substitution Effects of Wood-based Products in Climate Change Mitigation," Leskinen et. al, 2018; TIG Analysis.
19. Source: BTG Pactual Timberland Investment Group as of December 31, 2020. Forest carbon stock is estimated by converting estimates of above-ground woody biomass derived from forest inventory, remote sensing, and other means to metric tons of above- and below-ground total biomass using regionally appropriate biometric models, published conversion factors, peer-reviewed research, or other means. Estimated biomass is then converted to metric tons of CO₂ equivalent (tCO₂e). Estimates do not include emissions associated with forest operations or management, and do not include carbon stock or stock change in dead biomass, soil organic carbon, leaf litter, or understory vegetation. Carbon stocks and stock change do not include consideration of the carbon stocks or emissions of processing facilities or certain investee companies. The estimated change in carbon stocks attributed to growth includes growth, inventory updates, map updates, and other adjustments. Contributions to long-lived wood products (LLWP) are calculated based on harvested commercial volumes by log assortment, including estimated recovery rates for LLWP. Only areas owned TIG and its clients for the full year are included in these calculations. The estimates shown are not actual results. Actual results may vary widely from the estimates shown. TIG has no obligation to provide updates to such estimates.
20. Source: <https://forestproductivitycoop.net/>
21. Excludes employee-related data of investee companies.
22. Excludes contractors and temporary workers.

Disclaimer

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Contact

BTG Pactual Timberland Investment Group, LLC
1180 Peachtree Road NE, Suite 1810
Atlanta, GA 30309

Phone: +1 (404) 551-4021
tinfo@btgpactual.com



Timberland
Investment
Group