

Impact Report 2022



Timberland
Investment
Group

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SECTION 1

Introduction¹

Image credit:
TIG

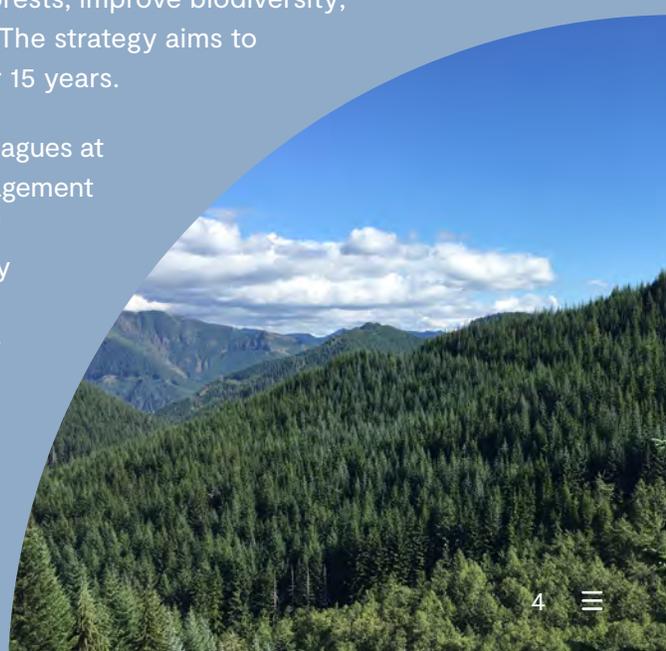
2022 was another milestone year for the BTG Pactual Timberland Investment Group (TIG), marking significant growth in our business, key hires for our impact team, and continued leadership to help move the market toward new solutions and opportunities.

This growth took place within the context of a number of broader developments. We saw continued policy action to protect and restore forests around the world, which culminated in the launch of the Forest and Climate Leaders' Partnership at COP27. This high-ambition collection of countries, co-chaired by the U.S. and Ghana, seeks to build on the previous COP pledge by more than 140 countries to halt and reverse forest loss and land degradation by 2030, while delivering sustainable development and promoting an inclusive rural transformation. The same period marked a growing number of climate commitments from the private sector, with more than 38% of Fortune 500 companies and US\$ 59 trillion in assets under management now committed to net zero or other climate-related targets.^{2,3} The voluntary carbon market also grew rapidly, quadrupling in size from 2020, and a number of initiatives emerged to promote integrity through enhanced consistency and transparency.⁴ Crucially, 2022 marked an inflection point in public and private sector recognition of the urgency of the global biodiversity crisis, with unprecedented levels of private sector and investor engagement in the emerging "nature positive" agenda at COP15 in Montreal, where a landmark agreement was reached that included concrete measures to halt and reverse nature loss, including putting 30% of the planet and 30% of degraded ecosystems under protection by 2030.⁵

Against this backdrop, in 2022, our business grew to 3 million acres of sustainably managed timberland and US\$ 5.6 billion in assets under management (AUM). In Latin America, we're working with the global environmental non-profit Conservation International (CI), who serves as Impact Advisor to our impact-focused US\$ 1 billion reforestation strategy. Last year, we made our first investment under the strategy, which aims to protect and restore more than 300,000 acres of natural forests in deforested landscapes in Brazil, Uruguay, and Chile; plant hundreds of millions of trees in sustainably managed, independently certified commercial forests; improve biodiversity; and support inclusive and equitable community development. The strategy aims to generate an estimated 35 million tonnes of carbon offsets over 15 years.

In making the strategy's first acquisition, we worked with our colleagues at Conservation International (CI) to design a landscape-scale management plan that includes the restoration of approximately 4,900 acres of natural forest in corridors that, in total, link together approximately 25,000 acres of restored and protected forests, seeking to enhance biodiversity and protect the headwaters of an important watershed. We also anticipate that per-hectare employment will increase by as much as ten times pre-project levels.

Image credit: TIG



In the U.S., TIG, together with the British Columbia Investment Management Corporation (BCI), led the creation of Caddo Sustainable Timberlands, LP (CST), a new portfolio company with 889,000 acres across East Texas and West Louisiana. CST seeks to generate strong risk-adjusted returns for investors while ensuring ecological integrity and sustainability. We also continued to work with The Nature Conservancy (TNC), our Conservation Advisor for TIG's core 620,000-acre U.S. portfolio. Over the course of 2022, TNC and TIG together established a set of targets for permanent protection and sustainable forest management practices for some parts of the portfolio, which TIG seeks to complete over time. These targets are tailored to maximize the potential of sustainably managed forests to address the twin crises of biodiversity loss and climate change.

Last year our team grew in significant ways too. We were thrilled to announce two significant recruitments to support our impact initiatives. We welcomed Charlotte Kaiser, former head of NatureVest at The Nature Conservancy, and Caitlin Clarke, former Senior Fellow at The Nature Conservancy, as TIG's new Head of Impact Finance and Director of Policy and External Affairs, respectively. In her new role, Charlotte leads TIG's efforts to source, structure and execute impact-focused transactions, as well as build and strengthen partnerships with the conservation community and other key stakeholders; lead impact-focused capital formation efforts; and support impact-focused investment initiatives. Caitlin leads our engagement with the conservation community, as well as with multistakeholder and industry initiatives focused on helping the forest sector deliver on its potential to address the twin global crises of climate change and biodiversity loss.

Finally, as part of a broader mission to help investors better understand new impact opportunities, and to advance the role of the forest sector in addressing the twin biodiversity and climate crises, the TIG team actively engaged in multiple events and initiatives related to the role that sustainable forestry can play as a natural climate solution and as contributor to a nature-positive future. We believe that by sharing our experiences and lessons learned, we can help accelerate the transition to a climate- and nature-positive bioeconomy. We look forward to advancing these goals in the year to come.

Image credit:
Getty Images



GERRITY LANSING

Head of TIG

A stylized, handwritten signature in black ink.



MARK WISHNIE

Chief Sustainability
Officer, TIG

A stylized, handwritten signature in black ink.



CHARLOTTE KAISER

Head, Impact Finance,
TIG

A stylized, handwritten signature in black ink.

Year End Highlights^{1,6}



US\$ 5.6 billion
in assets under management
(AUM), a US\$ 1.1 billion
increase from
2021



3 million acres
under sustainable
management
globally

1.6
million
acres in the
United States

1.4 million
acres in Latin
America



Over
US\$ 2.7 billion
returned to investors
since inception



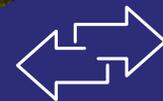
156
professional
staff



On-the-ground presence
via 23 offices
in the U.S., Brazil,
Uruguay, and
Chile⁷



Institutional
timberland
management since
1981



More than 230
transactions
executed
worldwide since
inception

2022 Impact Highlights^{1,8,9}



40 million trees planted



97% certified land area¹⁰



Over 560,000 acres under special management designation



12.6 million m³ certified harvest volume



135 fauna, flora and aquatic assessments conducted across our footprint



Over 4,000 community members engaged through community programs



Over 35 professional training programs provided to employees and third parties

Zero recordable incident rate among TIG and subsidiaries



Joined the Taskforce on Nature-related Financial Disclosures Forum

Awards¹¹



AWARDS 2021
Fund Manager of the Year, Americas



Environmental Finance
Sustainable Investment Awards
2022 Winner
ESG investment initiative of the year – Latin America



Environmental Finance
IMPACT Awards 2022 Winner
Investment team of the year – asset manager

Awards may not be representative of any one client's experience and are not indicative of the future performance of the BTG Pactual Timberland Investment Group, LLC or BTG Pactual. Please see Endnotes for important information regarding these awards.

Scope

In order to fulfill our mission, the BTG Pactual Timberland Investment Group (TIG) seeks to achieve compelling returns while adhering to rigorous environmental, social, and governance standards.

This report aims to support our stakeholders' understanding of our environmental, social, and governance (ESG) performance related to the timberland assets managed by TIG, our subsidiaries, and portfolio companies. It is part of our commitment to fostering

an open discourse on the challenges and opportunities associated with our efforts to enhance our ESG impacts. Unless otherwise stated, the data presented in the report is as of December 31, 2022, and reflects TIG's global footprint.^{8,9}

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

Capybara (*Hydrochoerus hydrochaeris*)
Image credit:
TIG



SECTION 2

BTG Pactual and ESG.

Image credit: TIG

About BTG Pactual¹²

TIG is a wholly owned subsidiary of BTG Pactual (B3: BPAC11), a publicly traded investment bank headquartered in Brazil with a market capitalization of approximately US\$ 20 billion. Founded in 1983, BTG Pactual has a global workforce of more than 6,900 employees and a presence in major financial centers worldwide. BTG Pactual's unique partnership model, focused on efficiency, client orientation, excellence, independence, and long-term vision, has helped the bank earn a record number of awards in its history. Additional information is available in BTG Pactual's 4th Quarter 2022 Corporate Presentation.

TIG is situated within BTG Pactual's Asset Management Group, which manages approximately US\$ 136 billion in assets and offers investment strategies across all major asset classes, including fixed income, equities, hedge funds, timberland, private equity, infrastructure, and real estate.

Image
credit: TIG



BTG Pactual Highlights¹³



Over 6,900 employees across 9 countries



US\$ 86.4 billion in total assets



US\$ 3.3 billion in revenues



US\$ 1.5 billion in adjusted net income



US\$ 135.6 billion total assets under management and administration (AUM & AUA)



US\$ 104.7 billion total wealth under management (WUM)

Image credit: Getty Images

2022 BTG Pactual Sustainability & ESG Highlights^{13,14}

For additional information, please see [BTG Pactual's Annual Report 2022](#).

ISEB3 ICO2B3

For the third consecutive year, BTG Pactual was named to the Brazilian stock exchange's Corporate Sustainability Index (ISE B3) and Carbon-Efficient Index (ICO2 B3).

FTSE4Good

BTG Pactual was named to the London stock exchange's FTSE4Good Index, which is designed to measure the performance of companies demonstrating specific Environmental, Social and Governance (ESG) practices.



The first Brazilian private bank to join the Taskforce on Nature-Related Financial Disclosures (TNFD), BTG Pactual continued to participate in the TNFD Forum.



UNEP
FINANCE
INITIATIVE | PRINCIPLES FOR
RESPONSIBLE
BANKING

BTG Pactual published its second report on the adherence of our practices to the Principles for Responsible Banking (PRB/UNEP-FI), thereby increasing the transparency of social and environmental actions with special focus on climate.

Image credit: TIG

Sustainability & ESG at BTG Pactual^{13,15}

BTG Pactual seeks to integrate ESG principles throughout its operations, from the highest levels of governance to stakeholder engagement.

This includes incorporating ESG considerations into the company's decision-making processes, risk management frameworks, and performance evaluations, as well as regularly monitoring and reporting on ESG performance. BTG Pactual engages with stakeholders to understand their perspectives and incorporate feedback into their ESG approach, ensuring that they are aligned with the expectations of clients, investors, regulators, and society at large. Overall, BTG Pactual's ESG integration is a comprehensive and ongoing effort, reflecting its commitment to responsible and sustainable business practices.

Image credit: TIG

ESG STRUCTURE

Board of Directors

Highest governance body overseeing ESG integration and risk management, including corporate sustainability, climate, social, and environmental risk. This group is accountable for approving and implementing ESG policies and ESG & impact investing strategies.

ESG Committee

As the second highest decision-making body, under the leadership of CEO Roberto Sallouti, the ESG Committee supports BTG Pactual's efforts to define strategies, guidelines, and measures aimed at adopting best practices to identify and mitigate social, environmental, climate and regulatory risks.

ESG

Team responsible with guiding ESG integration through all business units, assessing and mitigating potential ESG-related risks, and communicating on the progress of BTG Pactual's sustainability agenda.

Impact Investing

Team responsible for connecting global investors to BTG Pactual's sustainable and impact investing opportunities.

Business Units

Regularly identify ESG and impact investing risks and opportunities, which are evaluated alongside overall performance of each portfolio and tied to incentive compensation of key team members.

Commitment to ESG integration from BTG Pactual and TIG executives is further demonstrated by the close alignment of all internal stakeholders.

	RESPONSIBLE GROUP	LEADS	GOALS & RESPONSIBILITIES
BANCO BTG PACTUAL	Board of Directors 9 members including 3 outside, independent members	Andre Esteves Chairman of the Board Huw Jenkins Vice Chairman of the Board	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	Iuri Rapoport Senior Partner Rafaella Dortas Head of ESG	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 team is responsible for conducting social and environmental risk assessments, developing procedures, and training other employees on ESG topics.
TIMBERLAND INVESTMENT GROUP (TIG)	Executive Committee & Timberland Management Committee	Gerrity Lansing Head of TIG Mark Wishnie Chief Sustainability Officer	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	Maria Uquillas Associate Director, E&S Management	Ensure ESG risks and opportunities are incorporated into TIG's investment management Ensure compliance with TIG's standards and independent, third-party sustainable forestry certification standards across the portfolio.

BTG Pactual ESG Policies¹⁴



BTG PACTUAL'S RESPONSIBLE INVESTMENT POLICY

This policy serves as a guide for asset selection by BTG Pactual Asset Management, and emphasizes the importance of long-term vision and ethical, responsible management. The policy comprises a set of principles and directives that inform the management of assets, ensuring that investments are aligned with BTG Pactual's values and meet their standards for responsible investing.



BTG PACTUAL'S SOCIAL, ENVIRONMENTAL, AND CLIMATE POLICY

This policy establishes BTG Pactual's commitment to conducting business in a responsible and sustainable manner. It outlines the principles and directives that guide the Bank's activities and businesses, including relationships with stakeholders and the decision-making process. The policy also identifies key individuals responsible for implementing BTG Pactual's sustainability commitments, ensuring that sustainable practices are integrated into all aspects of their operations.



Vulture (*Cathartes aura*)
Image credit: Filipe Pacetta

SECTION 3

TIG and ESG.

Image credit: TIG

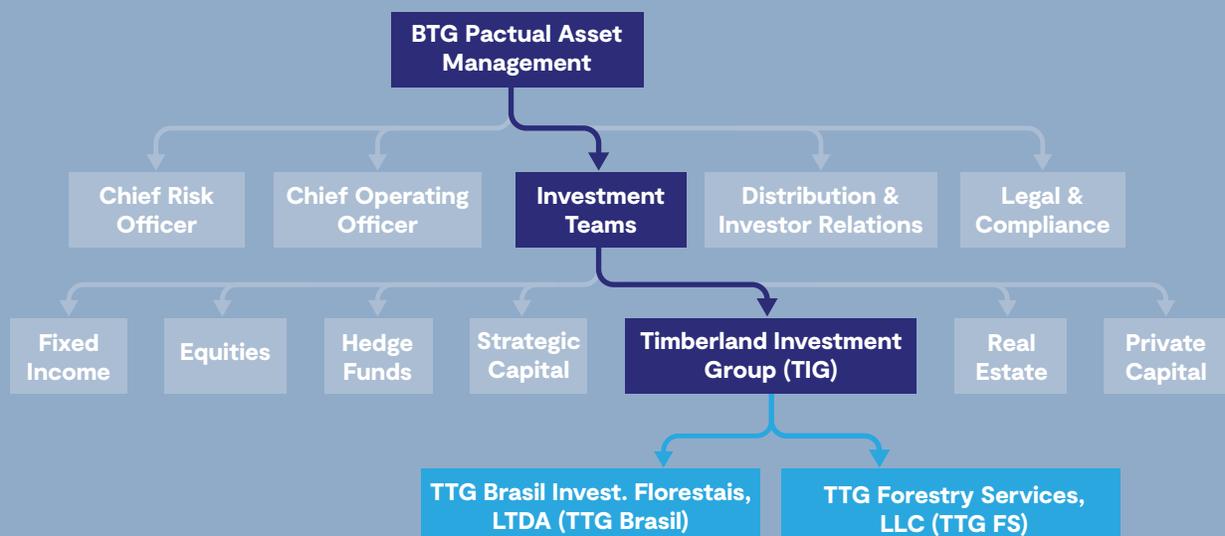
About TIG¹

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

In 2022, TIG managed nearly US\$ 5.6 billion in assets and commitments and 3 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\$ 2.7 billion has been returned to investors.⁶ Together with our subsidiaries, TTG Forestry Services (TTG FS) in the U.S. and TTG Brasil Investimentos Florestais LTDA (TTG Brasil) in Latin America, TIG has more than 150 professional staff and an on-the-ground presence through 23 offices across the Americas, bringing local, regional, and global experience to bear on the careful management of client investments.⁷

In addition, TIG, together with other institutional investors, manages three portfolio companies: Caddo Sustainable Timberlands (CST) in the U.S., Lumin in Uruguay, and Vista Hermosa Inversiones Forestales (Vista) in Chile. CST, the largest private timberland owner in Texas, was established in 2022 through a partnership between TIG and the British Columbia Investment Management Corporation (BCI), and holds 889,000 acres of timberland assets in East Texas and West Louisiana. Lumin, a leading timberland and forest products company in Uruguay, was acquired in 2017 by a consortium led by TIG and BCI and owns nearly 300,000 acres of timberland and several manufacturing and logistics facilities. Vista, founded in 2021 by a consortium led by TIG, BCI, and APG, a Dutch pension provider, manages approximately 198,000 acres of land in southern and central Chile.

BTG Pactual asset management organizational structure



Geographic Footprint^{1,7,8}



Through our 23 offices across the U.S. and Latin America, TIG manages 3 million acres globally

- TIG, TTG FS or TTG Brasil Office
- Portfolio Company Management Office

U.S.

1,509,959 acres
13 Offices
91 employees

Brazil

778,787 acres
8 Offices
65 employees

Chile

198,887 acres



Uruguay

308,967 acres

Sustainability Commitment

TIG's mission is to sustainably manage the world's timberland, with an aim to generate compelling investment returns. We seek to deliver on our mission through four key pillars.

Image credit: TIG

Principled investing

We are committed to responsible investment practices across all assets under our management. We carefully evaluate environmental and social (E&S) risks and opportunities related to our investments.

Innovative sustainable practices

We continuously seek to enhance our sustainability practices in order to amplify 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 seek to bring rigorous analysis to our investment decisions. We bring educated thinking to bear, drawing on the deep experience of our teams, external resources, and leaders from other industries to deeply test our thinking and assumptions. We strive to arrive at the best possible outcomes for generating sustainable outcomes and financial performance.

Client focus

We provide a robust institutional experience for our clients. We apply expertise, rigor, and diligence to the management of our clients' assets, including to our environmental and social (E&S) performance.

TIG's Ten Stewardship Principles

At TIG, we hold ourselves to the high standards for responsible investing.

Before making investment decisions, we take great care to evaluate environmental, social, and governance (ESG) considerations. As fiduciaries and responsible managers, we recognize that we have a duty to act in the best interests of our clients, and that ESG issues can

have a significant impact on the performance of investment portfolios.

TIG's ten Stewardship Principles build upon BTG Pactual's ESG commitments and policies. These principles guide us throughout the investment process.

Image credit: TIG

1. We seek to be good stewards, good neighbors, and industry leaders in managing our assets for risk-adjusted returns and positive community, nature, and climate impacts

2. We seek to generate material benefits for communities, nature, and climate, consistently across our portfolio and to protect and enhance ecosystem function

3. We strictly comply with all applicable environmental, social, health and safety, and other laws, regulations, and best practices, including anti-corruption and bribery regulations

4. We seek to certify 100% of eligible assets to independent, third-party sustainable forest management standards

5. We seek to support initiatives that strengthen our values

6. We seek to report ESG performance with clarity and transparency

7. We incorporate environmental, social, and climate risk and opportunity management into investment decisions

8. We respect and uphold human rights across our footprint

9. We seek to develop local supply chains and prioritize local hiring where possible, engaging local communities in our business and supporting rural economic development

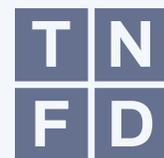
10. We support professional growth and development opportunities for TIG staff and ensure awareness and understanding of our sustainability goals and principles by developing and providing relevant training programs

Industry Associations^{14,15}

Through BTG Pactual, TIG adheres to a number of important initiatives that reinforce our commitment to sustainability and promote the adoption of responsible investing in the financial and forest sectors.

As a signatory to the United Nations Principles for Responsible Investment (UN PRI), the United Nations Global Compact, and the Carbon Disclosure Project (CDP), we are dedicated to ensuring that ESG considerations are considered when making investment decisions. We are also proud members of the Global Impact Investing Network (GIIN), the United Nations Environment Program Finance Initiative (UNEP FI), the Principles for Responsible Banking, and the Partnership for Carbon Account Financials (PCAF). In addition, TIG is also a member of the World Business Council for Sustainable Development's Forest Solutions Group (WBCSD FSG) and a forum member of the Taskforce on Nature-related Financial Disclosures (TNFD).

Furthermore, BTG Pactual is a signatory to the Business Pact for Integrity Against Corruption, showing our commitment to ethical business practices.



Industry Leadership & Professional Service¹⁵

In addition to its associations through BTG Pactual, TIG's, subsidiaries', and portfolio company's team members actively participate in various industry initiatives and associations in the markets where we operate.

This is part of our broader effort to drive development and innovation in the sector, as well as to collaborate with other stakeholders. We believe that this kind of active involvement is critical to promoting sustainable forest management and ensuring the long-term viability of the forests we invest in.

GLOBAL INITIATIVES

- Biogenic Removals Technical Working Group, Land Sector and Removals Update, Greenhouse Gas Protocol, World Resources Institute and World Business Council for Sustainable Development
- Executive Committee, The Forest Dialogue, Yale School of the Environment
- North American Wholesale Lumber Association (NAWLA)
- International Wood Products Association (IWPA)
- World Business Council for Sustainable Development, Forest Solutions Group (WBCSD FSG)
- Global Impact Investing Network (GIIN)
- Taskforce on Nature-related Financial Disclosures (TNFD)

Image credit:
Robin Canfield/Unsplash

TIG ASSOCIATIONS AND BOARD MEMBERSHIPS

U.S.



- Alabama Forestry Association
- California Forestry Association
- Georgia Forestry Association
- Louisiana Forestry Association
- Mississippi Forestry Association
- North Carolina Forestry Association and Sustainable Forestry Initiative (SFI) Implementation Committee
- Ohio Forestry Association, Sustainable Initiative Committee, and SFI Implementation Committee
- Oregon Forest Industries Council and SFI Implementation Committee
- South Carolina Forestry Association and SFI Implementation Committee
- Tennessee Forestry Association

- Texas Forestry Association and Forestry Museum
- Virginia SFI Implementation Committee
- Washington State SFI Implementation Committee and Forest Protection Association
- National Alliance of Forest Owners (NAFO), including participation in the Operating Committee, Air Task Group, and the Diversity, Equity, and Inclusion Task Group

Brazil



- Associação Sul-Mato-Grossense de Produtores e Consumidores de Florestas Plantadas (REFLORE)
- Florestar, Associação Paulista dos Produtores, Fornecedores e Consumidores de Florestas Plantadas
- Associação Paranaense de Empresas de Base Florestal (APRE)
- Indústria Brasileira de Árvores (Ibá)
- GT Restauração, Sociedade de Investigações Florestais (GT RESTAURAÇÃO, SIF)

- Forest Stewardship Council (FSC)®
- Associação Catarinense de Empresas Florestais (ACR)
- Associação Mineira da Indústria Florestal (AMIF)
- Instituto de Pesquisas e Estudos Florestais (PROTEF)
- Programa Cooperativo sobre Certificação Florestal (PCCF)

Chile



- CORMA, Corporación Chilena de la Madera
- Cooperativa de Mejoramiento Genético Forestal
- Modelo Nacional de Simulación (MNS)

Uruguay



- Cámara de Comercio Uruguay - Estados Unidos
- Grupo Forestal del Norte
- Sociedad de Productores Forestales del Uruguay
- Unión de Exportadores del Uruguay

SECTION 4

TIG Impact Framework^{1,15}

Image credit: TIG

TIG aims to build a rigorous approach to impact assessment, which is grounded in an initial materiality assessment conducted in 2020.

The initial materiality assessment formed the basis of our Impact Framework, which is built around four impact dimensions that align closely with our mission: nature-positive landscapes, climate action, opportunity for all, and good governance.

TIG established a set of key themes and metrics for each dimension to ensure that we are tracking the most relevant and impactful indicators. These metrics guide the development of our key performance indicators and reporting, providing a comprehensive and data-driven approach to measuring our impact. Please refer to the diagram for a visual representation of our Impact Framework and the key themes and metrics within each dimension.

In 2023, TIG will conduct a full materiality assessment to build on the results of the initial assessment conducted in 2020. The materiality assessment is a key part of TIG's ongoing efforts to manage the ESG risks that are most relevant to our business and stakeholders, including investors, customers, employees,

and stakeholders in the communities where we operate. By doing so, TIG can ensure that we are focusing our efforts and resources on the issues that matter most and that we are well-positioned to address the challenges and opportunities presented by the transition to a more sustainable bioeconomy.



Nature-Positive Landscapes

TIG is deeply committed to protecting and enhancing the critical ecosystem services that the forests under our management provide.

To achieve this, we employ sustainable forest management practices that align with sustainability standards, including the Forest Stewardship Council (FSC)[®] and Programme for the Endorsement of Forest Certification (PEFC). These standards help ensure that our forests are managed in an environmentally responsible, socially beneficial, and economically viable way, while also promoting the conservation of natural resources and biodiversity.



Biodiversity

Preserving sites that possess exceptional ecological, social, or historical significance for future generations is central to TIG's commitment to stewardship. We take a comprehensive landscape approach to identify areas where conservation and protection can generate the greatest positive impact while also generating returns for investors and stakeholders.

We are dedicated to identifying, monitoring, and safeguarding endangered and threatened species as well as preserving regions of significant ecological value. Through rigorous due diligence and periodic assessments, we aim to enhance our understanding of the ecological values present in our properties. Based on our findings, we seek to adapt our management practices to support and enhance biodiversity, and other ecological values, and to better comprehend how these values change over time.

In 2022, over 100 threatened, endangered, or listed species were identified within our footprint. We remain committed to upholding our responsibilities as stewards of the land and its biodiversity and will continue to apply best practices to protect and enhance the ecosystems in which we operate.

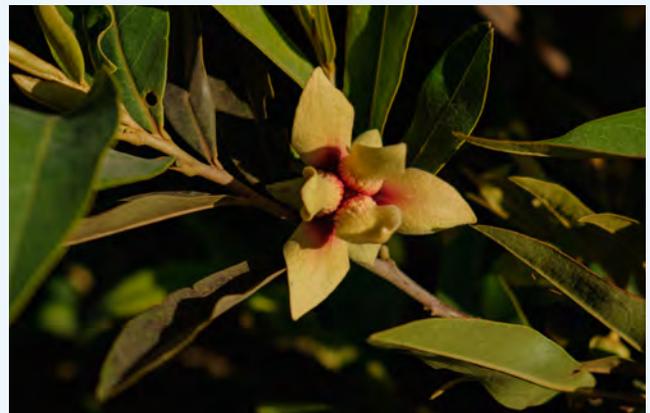
KEY FACTS AND FIGURES



135 fauna, flora and aquatic assessments conducted across our footprint in 2022



Over **560,000** acres managed under protection or special management designations



Top: Gulf fritillary (*Agraulis vanillae*) Middle: Araticum (*Duguetia furfuracea*)
Bottom: Giant anteater (*Myrmecophaga tridactyla*) Image credits: TIG



Case Study: Wildlife Conservation in Uruguay¹⁶

Lumin, TIG's portfolio company in Uruguay, is taking part in an important research effort to better understand the impact of commercial tree farms on wildlife at a landscape scale. The project aims to identify potential biodiversity corridors and barriers, as well as develop management recommendations for the conservation of medium and large mammals in Uruguay's forested landscapes.

Land use and land cover change have had a profound impact on wildlife, causing fragmentation of populations, severe degradation and loss of habitat, and a range of other negative effects that has rapidly increased the number of threatened species in Uruguay and around the world. By understanding the impact of commercial tree farms on wildlife, Lumin can develop better management practices that can create a positive impact on Uruguay's biodiversity.

The initiative aims to better understand how commercial tree farms interact with the surrounding landscapes to support mammal diversity and how well ecological functions are maintained within a commercial tree farm landscape. To do this, the project will analyze the presence of medium- and large-sized mammals in both planted and natural ecosystems in Uruguay in terms of species composition, richness, and diversity, such as the southern tamandua pictured here. It also aims to analyze the effect of the current landscape structure on these species, identifying potential corridors and/or barriers to animal movement.

Finally, the project seeks to generate management recommendations for the conservation of mammals in forested landscapes in Uruguay.

Field data collection is currently underway, and the results of the study are expected to be released in 2023. Lumin will use the knowledge gained to improve its forestry practices and contribute to the conservation of wildlife populations in Uruguay's forested landscapes. Lumin also sees this an opportunity for advocacy and awareness-raising within the industry. Through its participation in this initiative, Lumin hopes to educate others about the role that forest companies can play in protecting and restoring biodiversity.



Image credit: Filipe Pacetta

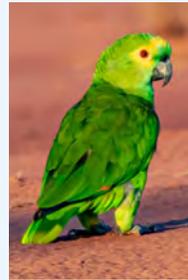
BIODIVERSITY SNAPSHOT

TIG's properties are home to an incredible variety of plants and animals. The images below show a small sample of some of these amazing species.



Scinax fuscomarginatus: This **tree frog** is found in South America, including in Brazil and Uruguay. It is relatively small; at full size, it extends

no more than about 2.5 cm (1 in) in length. The species is considered of least concern in terms of conservation status, but like many amphibians, it is threatened by habitat loss and degradation.



Amazona aestiva: Also known as the **Blue-fronted Amazon** or the **Turquoise-fronted Amazon**, this is a species of parrot found in South America, primarily in Brazil, Paraguay, and Argentina. It is medium-sized, characterized by bright green plumage and a

distinctive blue patch of feathers on its forehead. The species is considered threatened due to habitat loss and capture for the pet trade. Our conservation efforts focus on protecting its remaining habitat.



Ozotoceros bezoarticus: Also known as the **Pampas deer**, this is a species found primarily in South America, including in Brazil, Uruguay, and

Argentina. It is considered near threatened due to habitat loss, hunting, and competition with livestock. Conservation efforts include protecting remaining habitat by managing the area in accordance with local rules and regulations.



Isoptera: Commonly known as the **termite**, this species is found in every continent except Antarctica. However, they especially thrive in tropical and subtropical regions and are particularly abundant in Africa, Australia, South America, and Southeast

Asia. They are characterized by their social behavior and their ability to break down cellulose, making them important decomposers in ecosystems. They construct elaborate structures known as termite mounds which can reach impressive heights (such as the one pictured).



Stachytarpheta indica: Often called **Blue Porterweed** or **Indian Snakeweed**, this species is native to North and South America and can be found in tropical and subtropical regions.

This plant is known for its ability to attract important pollinators given its nectar-rich flowers. In some regions, its flowers are used for medicinal purposes.



Cervus canadensis roosevelti: Most known as the **Roosevelt Elk** or **Olympic elk**, this species is native to the Pacific Northwest of North America. These animals are the largest of the elk species, with males standing up to 10 feet tall and weighing over 1,000

pounds. Their limited geographical distribution has meant conservation efforts have been critical to keeping this species from becoming endangered.

Water

Forests can be a crucial to maintaining healthy watersheds, which are vital for the functioning of ecosystems and human well-being. They provide a range of essential services such as regulating water quality, quantity, and flow, providing habitat for wildlife, and supporting recreational activities.

At TIG, we recognize the importance of watersheds and have incorporated several strategies into our approach to watershed management. We know that careful management of road systems and stream crossings is crucial in reducing disturbances and sedimentation in streams and rivers. To achieve this, we have developed road management plans that consider factors such as topography, soil types, and stream crossings to minimize the potential impacts on aquatic ecosystems.

KEY FACTS AND FIGURES



Approximately **12,000** miles of streams protected by forest buffers and special management zones



8,080 acres of working forest conservation easements focused on watershed protection

In addition, we prioritize the protection of streamside forests and wetlands, as these habitats provide critical ecosystem services. We implement forest management practices that are designed to maintain healthy and resilient forests while minimizing the impacts on the surrounding watersheds. These practices include selective harvesting and the retention of riparian buffers to protect the water quality of nearby streams and rivers.

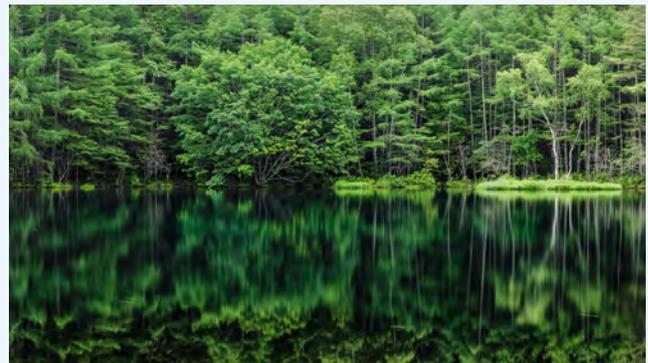


Image credit: Getty Images



Image credit: TIG



Case Study: Expanding riparian buffers in Mato Grosso Do Sul, Brazil¹⁷

In 2021, TIG launched an impact-oriented reforestation strategy in Latin America with the goal of mobilizing US\$ 1 billion over five years to deliver significant climate, environmental, and social benefits at a large scale while generating financial returns. As part of this strategy, in 2022, TIG acquired its first property in Mato Grosso Do Sul, Brazil, where we are focused on maximizing positive impacts on water quality, watershed function, and habitat connectivity.

Together with impact adviser Conservation International, TIG developed a restoration plan that includes 1,300-foot-wide riparian buffers along streams and rivers – nearly 7x wider than required by law – to reduce sedimentation as well as the overland flow of agricultural chemicals to the property's waterways, while also enhancing ecologically important riparian habitat. We expect that these buffers will significantly improve water quality for local plants and animals, as well as downstream communities.



The riparian buffers will also serve as a habitat corridor, connecting to a large area where we plan to restore natural forest in the northeastern portion of the property. This will create connectivity across more than 25,000 acres of natural forest, significantly enhancing contiguous forest cover in the region, which is also critical to maintaining a healthy watershed.



Image credits: TIG

Sustainable Forest Management

TIG is committed to responsible forest management and operates its assets in accordance with rigorous sustainability standards set forth by the Forest Stewardship Council (FSC)® and the Programme for Endorsement of Forest Certification (PEFC). This approach is essential for preserving biodiversity and mitigating climate change and helps ensure the long-term financial sustainability of TIG's timberland investments. TIG's comprehensive certification process is overseen by dedicated E&S and



Image credits: TIG

KEY FACTS AND FIGURES



3 million acres
under management



97% certified
land area¹⁰



100,777 acres reforested
and regenerated by TIG
in 2022

certification specialists and is subject to annual, independent third-party audits. The responsibility of compliance with these standards is shared by all TIG staff, who are committed to upholding the highest environmental and social standards across all aspects of the organization's operations.



Case Study: TIG and BCI create Caddo Sustainable Timberlands LP (CST)

In 2022, TIG and BCI established Caddo Sustainable Timberlands, LP (CST), a portfolio company designed to enhance TIG's exposure to southeastern U.S. timberlands. With an investment mandate to generate superior risk-adjusted returns while maintaining ecological integrity and sustainability, CST manages approximately 889,000 acres of Sustainable Forestry Initiative (SFI)-certified timberlands in the markets of East Texas and West Louisiana. The largest private timberland owner in Texas, CST holds 831,000 acres in the Lone Star State.

Shortly after CST's launch, the company acquired 119,000 additional acres of timberland in east Texas and western Louisiana. The new properties, consisting of 58,000 acres in western Louisiana and 61,000 acres in east Texas, provide access to strong and expanding

timber and real estate markets, operable soils, and an age class distribution capable of generating consistent returns. Additionally, they are located in one of the most ecologically diverse regions of the country, offering a broad range of conservation opportunities.

CST is committed to delivering exceptional stewardship, sustainability, and value by implementing science-based forest management practices that promote healthy, vigorous forests, while safeguarding water quality and critical habitats. In partnership with the Texas Forestry Association, conservation groups, local communities, and regional stakeholders, CST aims to continue the rich history of timberland and natural resources management that has been integral to the East Texas culture for more than 100 years.

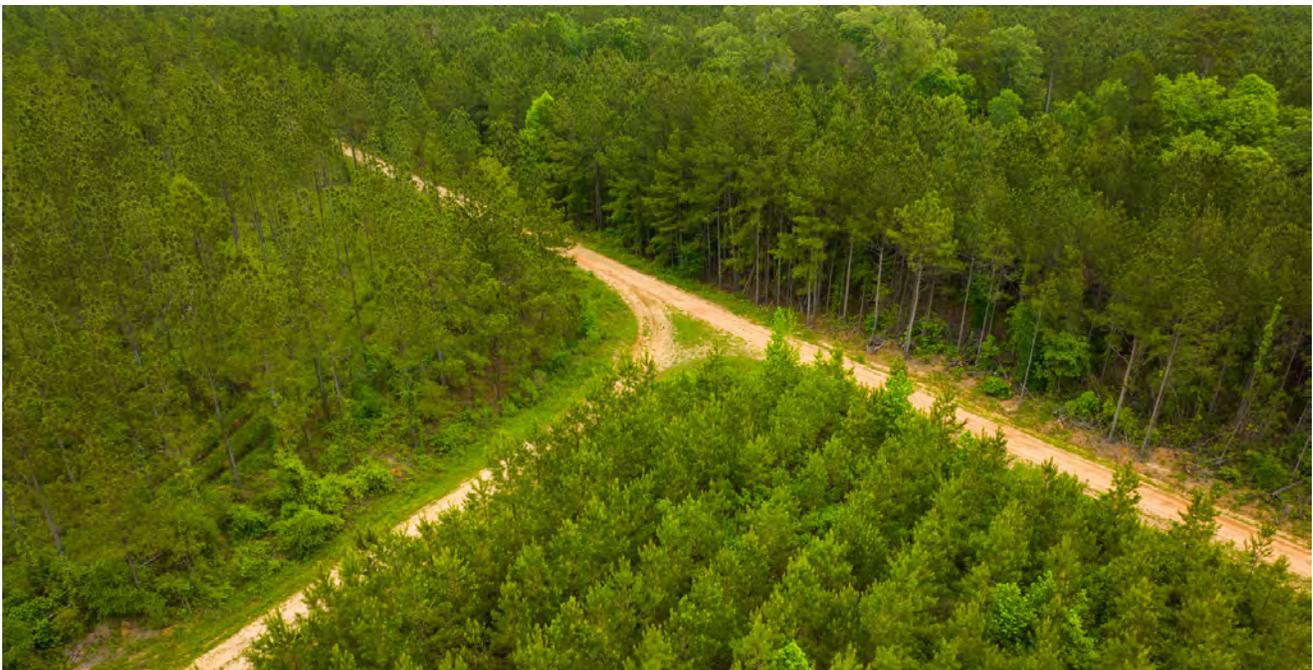


Image credit: TIG

Sustainable Production

At TIG, we are committed to promoting sustainable practices and responsible management of forests. We believe that healthy, well-managed forests and the responsible production of forest products play a vital role in fostering a sustainable bioeconomy. As such, we strive to harvest timber in accordance with the highest standards of sustainable forest management and best management practices across all our operations.

Our dedication to sustainability and responsible forestry is reflected in our adherence to rigorous third-party certification standards,

KEY FACTS AND FIGURES

-  **12.6 million m³** certified harvest volume¹⁸
-  **54,180 m³** certified product manufactured by Lumin, TIG's portfolio company in Uruguay¹⁶

which require the implementation of science-based forest management practices that promote the health and vitality of forests. These practices also help protect water quality, preserve critical habitats, and safeguard biodiversity.

By managing our forests responsibly and adhering to these high standards, we can ensure the long-term sustainability of our operations and promote the health and vitality of the ecosystems in which we operate. We believe that these efforts are essential for not only meeting our business objectives but also for creating a more sustainable future.



Image credit: Lumin

Case Study: Safe and Efficient Supply Chain Management¹⁶

In 2022, Lumin, a TIG portfolio company, expanded its operations with the opening of a new 108,000-square-foot warehouse on the outskirts of Montevideo, Uruguay. The warehouse added 30,000 m³ of storage capacity and is strategically located to facilitate logistics between Lumin's mill in Tacuarembó and the Montevideo Port. The warehouse serves as a critical storage and transit hub. Wood panels are transported from Lumin's mill to this warehouse to be stored until they are loaded on ships, and eventually transported to destinations worldwide.

To optimize the process, Lumin has installed an automated loading platform. This automated platform allows for efficient and safe stock management, reducing the risk of injury to workers, saving time, and reducing the risk of damage during loading and transport.

Additionally, Lumin has introduced RFID tags on all loads, enabling real-time tracking of inventory. The RFID tags track the location of loads throughout their entire journey, allowing for efficient management and control of the entire supply chain process. With this feature, Lumin can monitor the progress of each shipment, allowing for better coordination and scheduling, minimizing the risk of delays, and reducing costs associated with lost inventory.

The strategic location of the new warehouse combined with the state-of-the-art automation and RFID technology has allowed Lumin to significantly reduce the time and costs associated with the logistical process. It also

allows Lumin to maximize the value of each tree as it moves through the supply chain, improving the overall efficiency of the operation.

In 2022, this initiative was recognized as an "Innovation Project in Technology" by the Innovation Agency of Uruguay (ANII).



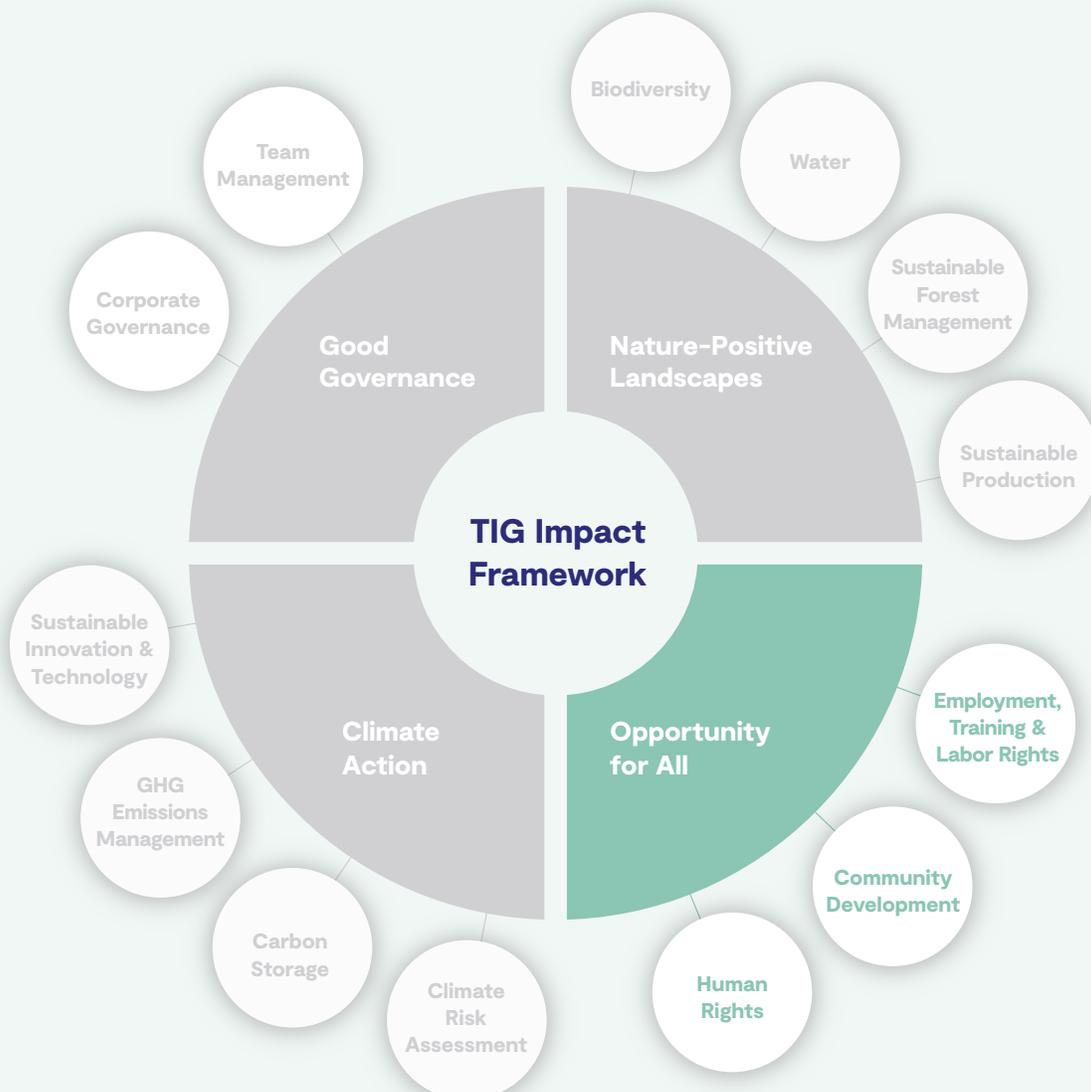
Image credits: Lumin

Opportunity for all¹⁹

We strive to foster positive relationships with local communities and to collaborate with them in support of mutually beneficial initiatives.

TIG seeks opportunities to create jobs, contribute to educational initiatives, and contribute to the overall development of the communities in which we operate.

We recognize that our operations have an impact on local communities and it is our responsibility to ensure that this impact is positive and sustainable. As significant landowners and employers in many of these areas, we believe that inclusion is not just a moral imperative, but also a practical business strategy to maintain the social support and trust needed to serve as effective and long-term stewards of these important landscapes.





Employment

TIG is committed to cultivating a workforce that is diverse in experience, expertise, and perspectives, and is equipped to deliver value to our investors, communities, and the environment. We recognize that diversity drives innovation and creativity, and is critical to the success of our business. As we expand our footprint across North and South America, we prioritize hiring employees and contractors who have a deep understanding of the landscapes in which we operate. By building local supply chains and investing in local capacity, we aim to create long-lasting economic opportunities that benefit the communities we serve.

JOB CREATION

TIG's commitment to sustainability goes beyond our forest management practices, and we recognize the vital role we play in supporting economic development in regions where we operate. We are proud to be a significant employer in many of these regions, both through our direct employment and the opportunities we provide to contracted service providers. In 2022, we continued to prioritize local employment opportunities, and we directly employed 156 individuals across our footprint.

KEY FACTS AND FIGURES



156 people employed by TIG and subsidiaries

- Average tenure: 4 years*
- Average age: 43 years



822 people employed by TIG's portfolio companies



Nearly **4,500** supported and financed jobs in the regions in which TIG operates

*TIG's team grew by 25% in 2022.

Additionally, our portfolio companies directly employed 822 individuals, and nearly 4,500 full-time equivalent (FTE) jobs were supported by contractors providing forest management, harvesting, transportation and other services.

We are committed to continuing to invest in the communities we serve and to work closely with local stakeholders to identify opportunities for growth and development.



Image credit: TIG

GENDER EQUITY¹⁵

BTG Pactual and TIG are committed to fostering diversity, equity, and inclusion throughout our organizations. We believe that a diverse workforce brings new ideas, perspectives, and approaches to our work, ultimately results in better outcomes for our clients and stakeholders.

BTG Pactual has a formal Diversity Committee, composed of senior leaders from across the firm, tasked with developing and implementing a range of programs to increase diversity, equity, and inclusion. The Committee meets regularly to review progress and identify areas for improvement. As part of these efforts, BTG Pactual reviews its hiring policies annually to ensure they align with best practices and legal requirements.

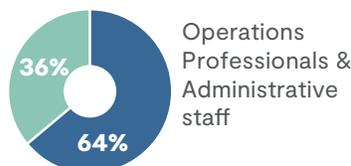
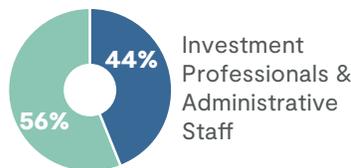
In 2021, TIG launched a partnership with Columbia University’s Climate School to create a specific internship program called “Women in Finance and Forests.” The program was designed to recruit students who identify as women to bridge the existing gender gap in the forest and finance industries. The program provides interns with

the opportunity to gain hands-on experience in the management of sustainable forest investments and to develop skills in finance, forestry, and environmental sustainability. For the second consecutive year of this partnership, TIG will host an intern for a 12-week internship during summer of 2023. The intern will work alongside TIG’s team in New York City.

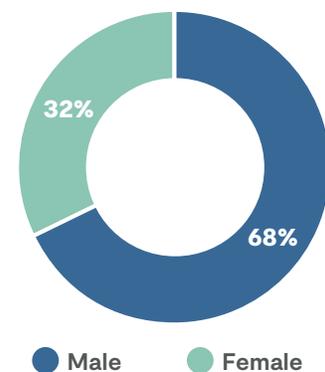
COLUMBIA CLIMATE SCHOOL Climate, Earth, and Society

TIG recognizes that women are essential to the care of forests, provide leadership, and are instrumental in resolving the greatest challenges facing forests and the forest sector. As such, in addition to our internal efforts, TIG was proud to sponsor and attend the 2022 Women’s Forest Congress (WFC) Inaugural Event. The WFC is a dynamic and inclusive forum to develop strategies, solutions, and radical change for forests. At the event, TIG participated in discussions on a range of topics, including forest conservation, climate change, sustainable forest management, and the role women play in stewarding forests and their resources. For additional information on the WFC’s work, please visit their [website](#).

TIG and Subsidiaries Gender Composition, by group



TIG and Subsidiaries Total Gender Composition





TRAINING

At TIG, we aim to provide our employees and external contractors with comprehensive training to ensure the successful implementation of our ESG policies across all of our operations. Our commitment to ethical business practices is reflected in our rigorous anti-corruption and Code of Conduct training programs, which are mandatory for all employees.

Our training programs cover a broad range of topics, including sustainable forest management practices, environmental stewardship, workplace safety, and community engagement. We believe that providing our team with the knowledge and tools necessary to operate responsibly and sustainably is essential to achieving our long-term business goals.

Total Training Engagements by Participants (2022)²⁰

Training Description	 Occupational Health & Safety Training	 Professional Training	 Forest Certification, Sustainability & Environmental Training	 Legal & Compliance Training
Employees	332	430	213	201
Forest Management Contractors & Harvesting and Transportation Crews	328	7,803	38	439



Image credit: TIG





LABOR RIGHTS & OPERATIONAL HEALTH AND SAFETY STANDARDS

TIG recognizes that creating and maintaining a safe and healthy workplace is crucial not only for the well-being of its employees but also for the success of its business. TIG's commitment to responsible investment extends beyond its employees and encompasses its investments and operations, with a focus on promoting sustainable and socially responsible practices. By adhering to its ten Stewardship Principles, TIG seeks to ensure that its investments and operations align with its core values and contribute to positive social and environmental outcomes.

To ensure that all employees and contractors are fully equipped to uphold our policies, we provide comprehensive training on safe operations and the appropriate implementation of our environmental and social policies. We believe that safety is paramount, and we take pride in providing our employees and contractors with the tools they need to operate in a safe and responsible manner.

In addition, we are committed to complying with all local labor laws and regulations, as well as upholding the highest standards of forest certification. That's why we certify all eligible properties to third-party sustainability standards, including Forest Stewardship Council (FSC)® or Programme for the Endorsement of Forest Certification (PEFC) certifications, ensuring that our operations are environmentally and socially responsible.

KEY FACTS AND FIGURES²¹



Recordable incident rates of TIG, subsidiaries and portfolio company employees:

TIG and Subsidiaries:	0
Vista:	0
Lumin:	0.25*
CST:	0

*Lumin operates manufacturing and logistics facilities, in addition to commercial timberlands.



Image credit: Lumin



Community Development

At TIG, we believe that responsible forestry practices are not just about the management of the forest resources, but also about the positive impact that our activities can have on local communities. By consulting with local communities, we seek to understand their needs, capacities, and aspirations and ensure that our operations align with their priorities.

TIG believes that ongoing engagement is critical to understanding the needs and challenges of local communities, and therefore for sustaining long-term and positive relationships. Engagement enables us to identify opportunities to collaborate with community members, support

KEY FACTS AND FIGURES



Over **4,000**
Individuals engaged
through TIG and our
affiliates' community
programs

local employment opportunities, and support community development initiatives. By doing so, we can create a positive economic impact and improve the social and environmental outcomes of our operations.

In 2022, we hosted, supported, and participated in over 35 community initiatives across our footprint, including environmental education, local community recreation programs, and collaborations with local research groups. These efforts help TIG build strong relationships with local stakeholders, foster a greater understanding of our operations, and promote environmental awareness within the communities where we operate.



Image credit: TIG

Select initiatives conducted in 2022

COMMUNITY INITIATIVES

Public Hunting Access and Recreation Program

TIG made more than 1,900 hunting leases available to the public across 1,330,300 acres of our U.S. footprint, which we estimate has provided outdoor recreational access to more than 15,000 individuals. Similarly, we made 154,617 acres of land in the U.S. available for public access, allowing local communities to engage in outdoor activities such as hiking, biking, and camping.

Take Care of Yourself Program

In Brazil, we have continued our ongoing program aimed at promoting physical and mental health among both our internal and external stakeholders. This program is part of our commitment to fostering a healthy and productive work environment, while also contributing to the well-being of the broader community. As part of this program, we recently hosted a meeting in Minas Gerais to address the pressing issue of COVID-19 and the importance of vaccination. 132 of our local contractors attended. During the meeting we provided information and insights on COVID-19, including the latest updates on vaccination, preventive measures, and best practices for maintaining physical and mental well-being.

RESEARCH INITIATIVES

Road Sediment Delivery Study by the Washington State's Department of Natural Resources

In 2022, we granted access to our properties to the Washington State Department of Natural Resources to conduct a critical study on haul road sediment delivery. The goal of this study is to better understand the factors contributing to sediment runoff from haul roads and to identify effective measures to prevent it. As part of our commitment to environmental stewardship, we provided the necessary access and resources to facilitate the installation of sediment control structures. By supporting this study and providing access to our haul roads, we are taking a proactive approach to understanding how we can minimize the impact of our operations on the environment.

Pygmy Rattlesnake Survey

We were happy to provide access to the Tennessee Wildlife Department to our forests in the state in order to survey the presence of Pygmy rattlesnakes. This species is of great importance to the industry due to its ecological role in maintaining a healthy ecosystem and its potential use in medicine.



Image credit: Getty Images

EDUCATION INITIATIVES

Hocking College Recruitment Program

We actively engage with Hocking College's Forestry Program in Ohio, U.S., by participating in their recruiting events (as pictured below). Our goal is to identify and hire 1-2 talented students each year for internships, providing them with practical work experience and an opportunity to develop skills in their field of study. We are happy to report that in 2022, we successfully recruited one outstanding student for the summer term, reflecting our commitment to fostering the next generation of forestry professionals.



Image credit: TIG

Workshops with elementary schools in the Maule region

In Chile, we have been actively collaborating with local communities by conducting educational workshops for seven schools in the Maule Region. The aim of these workshops is to raise environmental awareness and instill in students the importance of protecting their natural surroundings. During these workshops, we focused on a range of topics, including sustainable waste management and the conservation of natural resources, as well as how to reduce our carbon footprint. Through interactive activities and presentations, we were able to engage students and encourage their participation in creating a more sustainable future. Our goal is to empower the younger generation with the knowledge and tools necessary to become active participants in the conservation of their environment.



Image credit: Vista Hermosa



Case Study: Promoting Sustainable Development through TTG Brasil's Beekeeping Project

The Beekeeping Project (Projecto Apiarios) is a joint effort between TIG's Brazilian subsidiary TTG Brasil and local beekeeper associations. Through this initiative, we help establish apiaries and hives within the protected areas of our properties, while also investing in beekeeper training for members of local communities and providing materials to support their small businesses. This approach promotes both economic and environmental benefits.

By providing training and materials to local beekeepers, the project also supports the growth of the local economy and beekeeping industry by generating income for local beekeepers.



Image credits: TIG



In just six years, the Beekeeping Project has grown more than 80%, expanding from 7 associations with 47 members in 2016 to 11 associations with 85 members in 2022. TIG believes this indicates the value of the program to local stakeholders, including sustainable economic development, environmental conservation, and social responsibility.



Human Rights

Respecting human rights is at the core of our values and business practices. As a signatory to the United Nations Global Compact, BTG Pactual and TIG are committed to upholding the Compact's Ten Principles, which include respect for human rights, labor rights, environmental sustainability, and anti-corruption efforts.¹⁴

To ensure that we are meeting our obligations under the Global Compact, TIG has incorporated human rights assessment into its due diligence processes and in our forestry management practices. This process involves assessing potential human rights risks and impacts associated with our investments and taking steps to prevent or mitigate negative impacts on people and communities.

Our approach to human rights due diligence involves several key steps. First, we assess potential human rights risks and impacts associated with our investments, including risks related to land tenure, labor rights, and community relations. This assessment is conducted at the due diligence stage, before we make investment decisions.

Once an investment is made, we continue to monitor human rights risks and impacts associated with our operations. This includes ongoing engagement with local communities, workers, and other stakeholders to identify and address potential issues. We also conduct periodic assessments of our operations to ensure that we are meeting our human rights obligations and

making progress toward our sustainability goals. In addition to our own due diligence efforts, we also require our suppliers and partners to uphold human rights standards and take steps to prevent or mitigate negative impacts on people and communities. We believe that by working collaboratively and transparently with our stakeholders, we can continue to develop a sustainable and responsible forestry industry in which human rights are defended and promoted.



**CFO
COALITION
FOR THE SDGS**



Image credit: TIG



Image credit: TIG

WHISTLE BLOWING CHANNEL

BTG Pactual maintains a direct, safe and confidential whistleblowing channel. This channel is accessible to all external stakeholders, including clients, service providers, and local communities. Reports received through this channel are routed directly to an internal group that includes the Global Chief Compliance Officer for review and appropriate action.

The whistleblowing channel is designed to provide a secure and confidential means for stakeholders to report any misconduct or other unethical behavior related to BTG Pactual's operations. This includes, but is not limited to, violations of the law, regulations, policies, or ethical standards, as well as any concerns related to environmental, social, and governance (ESG) issues.

BTG Pactual's commitment to maintaining a secure and confidential whistleblowing channel is an essential part of its efforts to promote transparency and accountability. It also serves as a vital mechanism for identifying and addressing potential risks and ensuring that the firm operates in a responsible and ethical manner.

The complete list of whistleblower channels are as follows:

- **Hotline Electronic Form:** <https://www.btgpactual.com/us/our-dna/hotline-electronic-form>
- **Direct line to the Hotline:** +55 (21) 3262-4258 and +55 (11) 3383-4258
- **E-mail:** OL-whistleblowing@btgpactual.com

Climate Action

Natural climate solutions (NCS) are actions that protect, sustainably manage and restore natural and modified ecosystems in ways that reduce carbon emissions and store carbon.



By the end of 2022, nearly 38% of Fortune 500 companies set net-zero or other climate-related targets, many of which include support for natural climate solutions (NCS) through deforestation-free commitments in their value chains and the purchase of nature-based carbon credits.² More than US\$ 59 trillion in assets under management (AUM) have been committed to net-zero by 2050 by investors increasingly looking for positive social and environmental impacts alongside climate benefits and returns from their investments.³

Further, many organizations are thinking beyond carbon to better understand the complex and dynamic relationships of their operations with the health of natural assets and the ecosystem services they provide. For example, more than 200 governments, companies and other stakeholders have committed to halving deforestation and restoring 350 million hectares of forests by 2030.⁵ Companies are increasingly being encouraged to understand their impacts and dependencies on nature, and to measure and set targets and disclose material nature-related information. At the same time, there is a growing global “nature-positive” movement that is seeking to shift the paradigm from limiting damage to exploring how economic activities can also support ecosystems and biodiversity.

Taken together, these trends are generating high levels of interest in NCS. Investors are recognizing that investment in NCS can play a critical role in combatting climate change and biodiversity loss – and that addressing these twin crises can create new business opportunities. TIG is proud to be at the center of this evolution. Since 2021, we have been operationalizing a strategy to target this potential through a combination of forest protection, restoration, and sustainable

management of working forests, with a core focus on sequestering carbon from the atmosphere and preserving biodiversity.

We recognize that the keys to delivering on the full potential of climate-positive forestry are:

1. ensuring the sustainability of the forests that supply wood;
2. integrating net-positive impacts on biodiversity into forest planning and management;
3. focusing on the climate benefits of the end products; and
4. insisting on the equitable inclusion of local communities in the sustainable management of landscapes.

Our investment programs seek to provide robust benefits across value chains while offering important environmental and community benefits, providing our clients with confidence in the positive climate impacts of their investment.

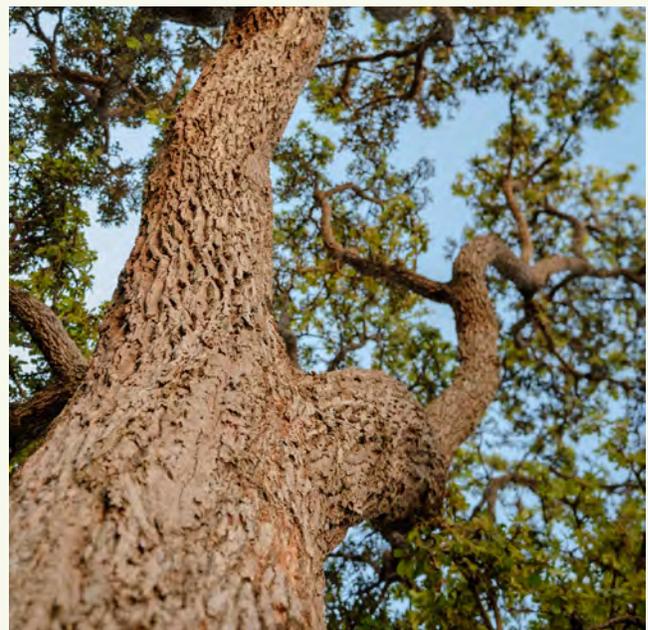


Image credit: TIG

Climate Risk Assessment

TIG assesses acquisitions for physical and environmental risks. TIG seeks to assess the long-term viability and resilience of investments in the face of a changing climate. These assessments aim to consider a range of factors, including the specific geographic location of the investment, historical weather

patterns, and projected climate models. TIG recognizes that scientific understanding of the risks associated with climate change is rapidly evolving, and as such, we strive to continuously monitor the latest scientific research and industry trends to ensure that our assessments remain up-to-date and comprehensive.



Image credit: TIG

Carbon Storage

Research shows that the preservation, restoration, and effective management of forests present a huge opportunity to mitigate climate change, accounting for nearly three quarters of the total global natural climate solutions (NCS) opportunity.²² And, when sustainably-managed forests are harvested and re-planted, and harvested products are used in climate-positive applications, the climate benefits of long-term carbon storage in solid wood products and substitution of wood for

KEY FACTS AND FIGURES



40 million
trees planted



198 million tCO₂e stored
in TIG managed forests

more carbon-intensive alternative materials like concrete and steel, can exceed the climate benefit of the forest alone.²³ Where possible, TIG seeks to pursue a comprehensive approach to climate-positive investment that spans the entire value chain, from tree planting and the generation of high-quality forest carbon credits to climate-positive forest product manufacturing and end-use applications. Through this approach, we strive to maximize the multiple climate benefits that our investments can generate.



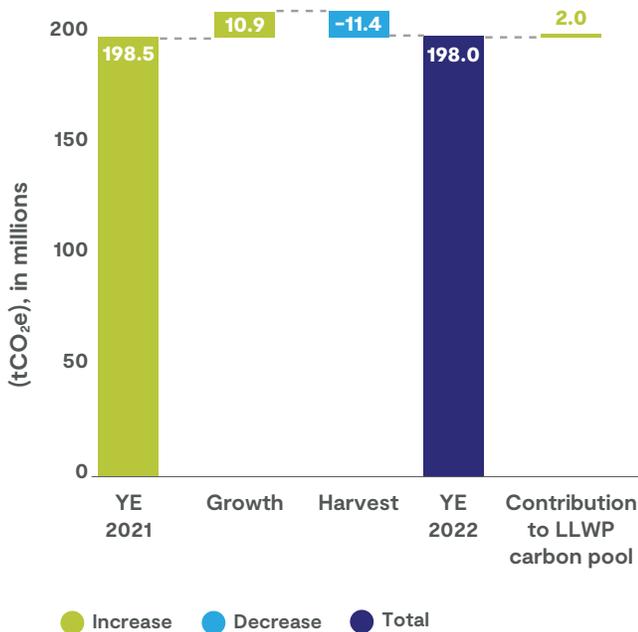
Image credit: TIG

Case Study: Forest Carbon Stocks²⁴

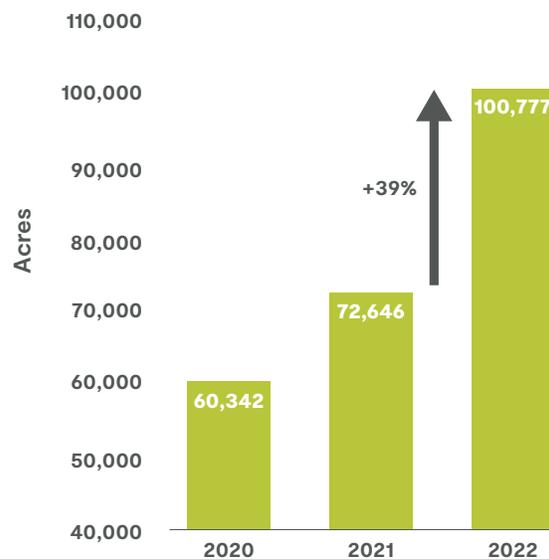
In 2022, TIG's global forest assets stored 198 million metric tons of carbon dioxide equivalent (tCO₂e) out of the atmosphere. Over this period, we sustainably harvested timber for use in a wide variety of applications. In addition, our supply of sawtimber for use in long-lived wood products (LLWP), such as lumber, furniture, and flooring, contributed an estimated 2 million tCO₂e to the LLWP carbon pool, which represents a significant climate benefit.

The varying age class structures across TIG's portfolio may lead to harvest outpacing forest growth in some years. However, TIG regenerates or replants 100% of harvested areas, as is best practice for commercial management and as mandated by the third-party certification standards to which TIG's portfolio is held. So, the more TIG harvests, the more TIG plants and regenerates. In 2022, TIG planted and regenerated 100,777 acres, nearly a 40% increase from the previous year. These practices support TIG's expectation that its portfolio's carbon stock will increase in the long term.

Total Forest Carbon, Forest Carbon Stock Change and Harvested Wood Products (tCO₂e) (2022)



Area Annually Reforested & Regenerated (2020-2022)



GHG Emission Management

BTG Pactual and TIG take a comprehensive approach to measuring and reducing greenhouse gas emissions. The company level carbon footprint is measured and reported by BTG Pactual's Head of ESG, covering all BTG Pactual offices, including TIG. BTG Pactual's greenhouse gas (GHG) inventory measures all Scope 1 and 2 emissions, and partial Scope 3 emissions, which have been monitored since 2015.

To offset emissions, BTG Pactual purchases high-quality offsets that also offer other environmental co-benefits. BTG Pactual's ESG

team performs a detailed due diligence to select certified projects selling carbon credits. In 2022, BTG Pactual offset 10,465 tCO₂e through the purchase of carbon credits from the REDD+ Manoa Project, which is verified to Verra's Verified Carbon Standard (VCS) and Climate, Community & Biodiversity Alliance (CCB Standard) and is FSC® certified. This project aims to preserve 180,387 acres of Amazon Forest located in the state of Rondônia, Brazil, serving as an important ecological corridor between federal and state conservation units and where more than 20 species under special protection can be found.¹³



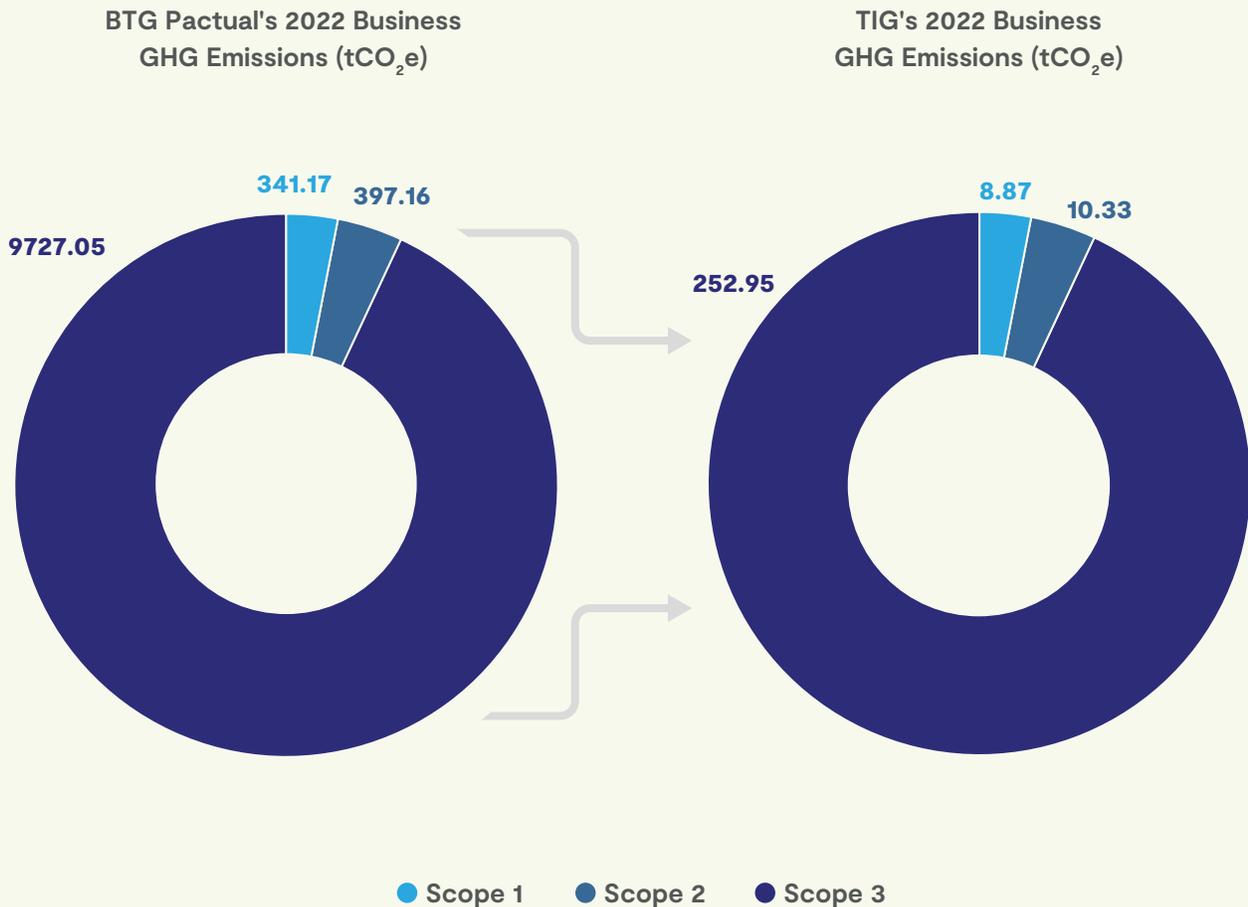
Image credit: Getty Images

TIG and its subsidiaries estimated their Scope 1 and 2 emissions and partial Scope 3 emissions in 2022 to be 272 tCO₂e. These emissions have been fully offset through BTG Pactual's carbon offsetting program and through TIG's purchase of carbon credits from The Cumberland Forest Project. This project manages 253,000 acres of working forestland across Virginia, Kentucky, and Tennessee. These forests are managed with

the goal of increasing the storage of atmospheric carbon to help mitigate climate change as a certified forest carbon credits project under the rules of the California Air Resources Board.

By implementing the described initiatives, BTG Pactual and TIG are taking a comprehensive approach to reducing their carbon footprint and promoting environmental sustainability.

BTG Pactual's 2022 Business GHG Emissions (tCO₂e)^{13,14}



Case Study: TIG and TNC establish conservation targets across core U.S. portfolio²⁵

In 2021, The Nature Conservancy (TNC) and TIG announced a collaboration aimed at leveraging the potential of sustainably managed forests across the U.S. to address the twin crises of biodiversity loss and climate change. As part of this collaboration, TNC serves as the Conservation Advisor for 620,000 acres of forest managed by TIG in the U.S.

Over the course of 2022, TNC and TIG together established a set of conservation targets across the portfolio. In addition to portfolio-level protection targets, TIG and TNC have established property-level sustainable forest management objectives, which the TIG and TNC teams will closely track and tailor over time to prioritize conservation impacts relevant to the local tree species, water features, biodiversity, and habitat.



Image credit: TIG

R&D: Sustainable Innovation and Technology

The sustainable management of forests and the development of new forest-based biomaterials are essential to the growth of the forest industry and the emergence of the global circular bioeconomy. In 2022, TIG contributed to the development of new information regarding biomaterials through support for two publications in the peer-reviewed scientific journal *Sustainability* that assessed the impact of substituting wood for concrete and steel in construction in Chile, and described the potential benefits for climate and forests of greater mass timber utilization.²⁶

TIG is also committed to the use of innovative technologies to enhance our forest management practices. One such technology is the use of drones, which have become more widely used in the forest industry due to their ability to capture high-resolution imagery and generate accurate maps. For example:

- Drones equipped with LiDAR sensors (Light Detection and Ranging) can generate detailed 3D maps of forested areas, including information on tree height, density, and structure.
- High resolution orthophoto capture can be used to make detailed elevation maps.
- Drones can help monitor forest health by detecting changes in forest conditions over time. For example, drones can be used to monitor forest areas for signs of insect

infestation or disease, which can help forest managers take quick action to prevent the spread of these threats.

- Drones can monitor the growth and health of trees over time, providing valuable information on the productivity and sustainability of the forest.

TIG has been actively experimenting with the use of drones in its forest management operations to improve efficiency and sustainability. Drones also allow TIG foresters to access detailed information regarding remote and hard-to-reach areas, such as areas with steep terrain and with limited accessibility. This enhanced visibility helps us implement more efficient forest management practices and reduces the need for ground-based monitoring, which can be time-consuming, labor intensive, and costly.



Image credit: Getty Images

Good Governance

TIG is committed to maintaining a strong corporate governance framework that prioritizes diversity, equity, and workplace safety.

To achieve this, TIG has established robust policies and practices that guide our operations, and we continuously strive to improve and enhance our approach.

To support our governance framework, TIG benefits from the expertise and resources of BTG Pactual, including their highly skilled professionals in areas such as compliance, legal, and human resources. This enables us to access a wealth of knowledge and best practices to help us maintain our high standards and achieve our goals. We are proud to work with BTG Pactual and value the partnership and support they provide in advancing our governance and sustainability objectives.





Corporate Governance

TIG recognizes the importance of adhering to the highest standards of professional governance and moral conduct. As such, we strive to uphold a comprehensive corporate governance framework that is built on principles of transparency, accountability, and ethical behavior. We believe that a strong governance framework is not only necessary to ensure the long-term sustainability of our business but also to maintain the trust and confidence of our stakeholders.

To support our efforts, we leverage the expertise and resources of BTG Pactual. Their global and local policies, structures, and compliance mechanisms help us establish and implement best

practices across our organization. This includes access to a team of compliance, legal, and human resources professionals who provide guidance and support in various areas of governance, such as anti-corruption measures, risk management, and internal controls.

Our corporate governance framework is an essential part of our broader commitment to sustainability. We believe that a well-structured and sustainable business is one that is built on strong governance principles, and we are committed to implementing best practices to ensure the long-term success of our business while also contributing to a more sustainable future for all.



Image credit: Getty Images



ETHICAL BUSINESS PRACTICES

- TIG adheres to BTG Pactual's Code of Conduct and Ethics and Global Conflicts of Interest Policy, which govern the behavior of all staff members, including partners, employees, interns, and temporary workers when interacting with clients, counterparties, and other third parties.
- These policies ensure that TIG operates with the utmost professionalism and ethical standards, maintaining transparency and avoiding conflicts of interest in all its activities.
- In addition to these policies, BTG Pactual has also signed the "Business Pact for Integrity and Against Corruption" under the auspices of the Brazilian Civil Society Organization Instituto Ethos. This pact commits BTG Pactual to take measures to prevent bribery, promote transparency in political contributions and campaigns, and cooperate with investigations, reflecting TIG's commitment to social responsibility and ethical business practices.



ASSET RISK MANAGEMENT

- TIG's commitment to disciplined risk management is a cornerstone of our business practices, reflecting our extensive experience of over 15 years investing in and operating assets in Latin America and 40 years in the U.S.
- TIG takes a comprehensive approach to risk management, incorporating rigorous internal governance structures, systematic reviews of due diligence, and third-party audits into our practices.
- TIG has an Environmental & Social risk management practice to manage and assess E&S risks during acquisition due diligence and continuously thereafter, demonstrating our commitment to ensuring the highest standards of responsible investment.



COMPLIANCE

- TIG benefits from the support of BTG Pactual's Global Compliance Department, which oversees all compliance matters to ensure adherence to relevant rules and regulations.
- A dedicated Compliance Committee, consisting of two Board of Directors members, the General Counsel, the Global Chief of Compliance Officer, and the Chief Executive Officer of BTG Pactual, is responsible for administering TIG's compliance policies and ensuring accountability to the Board of Directors.
- TIG maintains a strict commitment to compliance and regularly reviews and updates its policies and procedures to reflect changes in regulations and industry best practices.



BOARD & OPERATIONAL COMMITTEE INDEPENDENCE

- TIG appoints an external, independent member to serve on the Investment Committee for all active co-mingled fund vehicles, ensuring an objective and diverse perspective in investment decisions.
- In addition, TIG's Investment Strategy Group, responsible for shaping the firm's long-term view of risks and opportunities, includes one external member to provide independent insight and expertise.



DATA SECURITY & PRIVACY

- TIG benefits from BTG Pactual's robust security mechanisms, which include powerful intraday monitoring systems.
- BTG Pactual's IT team conducts regular testing of the Bank's defenses, collaborating with the incident response team to enhance the overall resilience of our systems through early alerts and rapid response capabilities.
- BTG Pactual employees receive annual cyber security training, and additional ad hoc training is provided on an ongoing basis to address new processes or emerging risks, ensuring that our team remains vigilant and well-equipped to protect our systems and clients' data.



ANTI-CORRUPTION, AML, ANTI BRIBERY & KYC

- TIG adheres to BTG Pactual's Global Policy on Anti Money Laundering, Corruption and Countering Financing of Terrorism (AML Program) to maintain high standards of financial integrity. Transactions are continuously monitored using Anti-Money Laundering systems that promptly identify and flag suspicious transactions for the AML team to investigate and resolve.
- In order to ensure that TIG's business operations comply with regulatory requirements and ethical standards, we conduct extensive background checks on third party vendors and potential customers through our 'Know Your Customer' (KYC) efforts. This process, which utilizes BTG Pactual's global AML team, includes a review of tax records, criminal records, anti-money laundering and anti-bribery checks, and other background checks to guarantee that all counterparties meet TIG's high standards prior to signing contracts.



Team Management

TIG recognizes that our corporate culture is a critical competitive advantage. It underpins our strategic focus, promotes effective teamwork, and drives superior performance. We are committed to managing individual performance, fostering a diverse and talented team, and aligning our efforts with the overall business strategy in order to ensure the long-term success of the firm. By promoting a culture of excellence and accountability, we aim to maximize the potential of our employees and create sustainable value for our stakeholders.

TALENT DEVELOPMENT

At TIG, we understand that retaining top talent is crucial to achieving our business goals. That's why we foster a meritocratic culture and offer competitive compensation packages to our employees. As an innovative leader in the industry, we are committed to providing a challenging and rewarding work environment that attracts and retains high-performing individuals.

To ensure that our team members continue to grow and develop, we conduct formal annual performance reviews. These reviews include a discussion of long-term development goals and career trajectories, as well as how each employee's growth aligns with our group's succession needs. By investing in the training and preparation of our team members, we are able to groom future leaders and create a pipeline for growth within the organization.

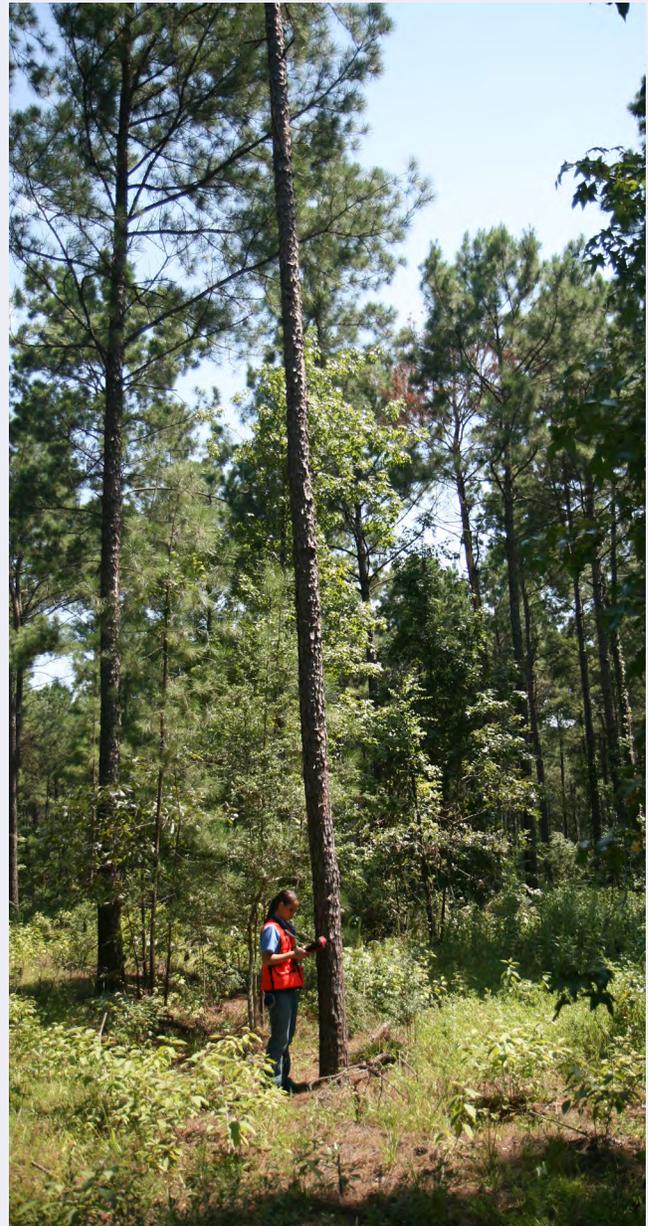


Image credit: TIG



DIVERSITY & EQUAL OPPORTUNITIES

TIG and BTG Pactual committed to cultivating a diverse and inclusive work environment for all employees, as well as fostering positive and equitable interactions with the communities in which our assets are situated.

In line with our commitment to diversity and inclusion, BTG Pactual has established a formal Diversity Committee that is tasked with developing and implementing various programs aimed at promoting diversity, inclusion, and equity throughout the organization. The Diversity Committee's focus is centered around four key areas: enhancing gender diversity across all seniority levels, elevating representation of the LGBTQIA+ community, advancing racial diversity, and creating employment opportunities for individuals of all abilities.

Image credit: Getty Images



We are proud to build upon our existing policies and efforts in this space, and are determined to continue creating a work environment that values and respects diversity in all its forms.

CODE OF CONDUCT

TIG prioritizes ethical behavior and conduct in the workplace by adhering to BTG Pactual's comprehensive employee code of conduct and sexual harassment policy. We continuously monitor and take action against any behavior that falls short of our ethical standards.

TIG recognizes that cultivating a strong organizational culture is crucial for achieving our strategic objectives, fostering collaboration among team members, and effectively managing performance. We are committed to nurturing a diverse and high-performing workforce that aligns with our business strategies and goals, which we believe is integral to our overall success.

Endnotes

1. Source: TIG analysis. All metrics and data depicted as of December 31, 2022.
2. Source: If not now, when? 2022. Global Impact Partners.
3. Source: The Net Zero Asset Managers initiative. 2022. Net Zero Asset Managers.
4. Source: Porsborg-Smith et al. 2023. The Voluntary Carbon Market is Thriving. Boston Consulting Group.
5. Source: COP15 ends with landmark biodiversity agreement. 2022. UN environment programme.
6. Source: TIG analysis. For the period of 1981 to 2012, the Experience and Track Record is mainly based on BTG Pactual's acquisition of the Regions Timberland Group from Regions Bank in 2013. In connection with this acquisition, BTG Pactual retains and has access to account statements related to the investments held prior to 2013 on which the underlying information is based. Although BTG Pactual has acquired these records, please note that these records have not been independently verified and as such BTG Pactual cannot give any assurance as to the accuracy or completeness of such information. Capital returned is inclusive of TIG's predecessor companies, RTG and TTG.
7. Includes single person and home offices.
8. Source: TIG analysis. Figures shown represent Latin America and U.S. activities.
9. Does not include information on TIG's downstream assets in the U.S. and assets in Europe and Africa, which represent less than 2% of TIG's AUM.
10. Primary reasons for non-certification include 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.
11. Awards may not be representative of any one client's experience and are not indicative of the future performance of the BTG Pactual Timberland Investment Group, LLC or BTG Pactual. **EF Impact Awards 2022:** Investment Team of the Year. Awarded on 12 December 2022. The EF Impact Awards are issued by Environmental Finance, an online news and analysis service that reports on sustainable investment, green finance, and environmental markets. The annual EF Impact Awards seek to recognize and reward the work of impact investors, highlight best practice and thought leadership across all asset classes and all geographies. A judging panel consisting of over 40 investors and industry experts chosen for their knowledge, objectivity and credibility along with the Environmental Finance editorial team reviewed the submitted entry material for this award. Judges scored each entry individually and any conflict of interest was removed. The judge's scores are confidential. Award based on information relating to the period of April 2021 to September 2022. TIG did not pay a fee to participate in this award. However, TIG did pay a fee to Environmental Finance in connection with publishing an announcement of the award and award redistribution rights. **EF Sustainable Investment Awards 2022:** ESG investment initiative of the year, Latin America. Awarded on 29 June 2022. The EF Sustainable Investment Awards are issued by Environmental Finance, an online news and analysis service that reports on sustainable investment, green finance, and environmental markets. A judging panel consisting of over 40 investors and industry experts chosen for their knowledge, objectivity and credibility along with the Environmental Finance editorial team reviewed the submitted entry material for this award. Judges scored each entry individually and any conflict of interest was removed. The judge's scores are confidential. Award based on information relating to the period of March 2021 to April 2022. TIG did not pay a fee to participate in this award. However, TIG did pay a fee to Environmental Finance in connection with publishing an announcement of the award and award redistribution rights. **Agri Investor Awards 2022:** Fund Manager of the Year, Global. Timberland Fund Manager of the Year, Global. Fund Manager of the Year, Americas. Deal of the Year, Americas. Awarded on 3 April 2023. The Agri Investor Awards are issued by Agri Investor, a source of insight and intelligence for private investment in agribusiness and agriculture globally. Agri Investor awards are 100% editorially led. Shortlists for each award category are compiled by editors based on their experience covering the industry, as well as through nominations. The shortlists are then voted on by the industry through a form available on the Agri Investor website. Awards based on 2022 data. TIG did not pay a fee to participate in this award. However, TIG did pay a fee to Agri Investor in connection with publishing an announcement of the award and award redistribution rights.
12. Source: BTG Pactual 4Q22 Results Presentation.

13. Source: BTG Pactual Annual Report 2022 and TIG analysis, as of December 31, 2022.
14. Source: BTG Pactual, [ESG and Impact Investing](#).
15. Source: BTG Pactual and TIG analysis, as of December 31, 2022.
16. Source: TIG and Lumin analysis, as of December 31, 2022.
17. Source: TIG and CI analysis.
18. Certification to the Forest Stewardship Council (FSC)@standards
19. Excludes contractors and other third parties unless otherwise noted.
20. Figures include trainings provided to TIG's portfolio companies employees.
21. Number of incidents which have occurred on-site within a year, according 2080 hours worked by 100 employees. Excludes contractors and temporary workers.
22. Sources: Griscom et al., 2017. Natural climate solutions. Proceedings of the National Academy of Sciences 114 (22) p. 11645-11650.
23. Source: Sources: Leskinen, P. et al. 2018. Substitution effects of wood-based products in climate change mitigation. From Science to Policy 7. European Forest Institute.; Puettmann et al. 2021. Comparative LCAs of Conventional and Mass Timber Buildings in Regions with Potential for Mass Timber Penetration. Sustainability.; Griscom et al., 2017. Natural climate solutions. Proceedings of the National Academy of Sciences 114 (22 p.11645-11650); TIG analysis.
24. Source: BTG Pactual Timberland Investment Group as of December 31, 2022. 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.
25. Source: TIG and TNC analysis.
26. Source: Source: Puettmann et al. 2021. Comparative LCAs of Conventional and Mass Timber Buildings in Regions with Potential for Mass Timber Penetration. Sustainability.

Disclaimer

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