

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: BTG Pactual SICAV – ESG Emerging Markets Bond Fund
Legal entity identifier: 254900ESTLCSYT206417

Sustainable investment objective

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes	<input type="radio"/> <input type="radio"/> <input type="checkbox"/> No
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: 40% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments with a social objective: 20%	<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

What is the sustainable investment objective of this financial product?

The objective of the Fund is to invest in sustainable investments, which means an investment in an economic activity that contributes to an environmental or social objective provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practice.

The Fund will have full allocation in corporate issuances in the debt capital markets that are in line with the principles and guidelines for green, social, sustainability and sustainability-linked financing issuances by the International Capital Market Association (“ICMA”) as detailed below (“Sustainable Finance”):

- Green bonds enable capital-raising and investment for new and existing projects with positive environmental benefits, in line with the Green Bond Principles (“GBP”). Further details on the GBP can be obtained on: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>;

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

- Social bonds enable capital-raising and investment for new and existing projects with positive social outcomes, in line with the Social Bond Principles (“SBP”). Further details on the SBP can be obtained on: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>;
- Sustainability bonds enable capital-raising and investment with use of proceeds related to new and existing projects with a combination of both positive environmental and social benefits, in line with the Sustainability Bond Guidelines (“SBG”) (“Sustainability Bonds” or “Sustainable Bonds”). Further details on the SBG can be obtained on: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>;
- Sustainability-linked bonds are forward-looking performance-based instruments with a flexible structure related issuers key performance indicators (KPIs/ Sustainability Performance Targets) which are aligned with their sustainability strategies. Rather than being tied to financing specific projects, it aims to further develop the key role that debt markets can play in funding and encouraging companies that contribute to sustainability (from an environmental and/or social and/or governance perspective), in line with the Sustainability-Linked Bond Principles (SLBP) (“Sustainability-Linked Bonds”). Further details on the SLBP can be obtained on: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>;

The Fund aims to contribute to the 17 UN’s Sustainable Development Goals:

1. No Poverty
2. Zero Hunger
3. Good Health and Well-Being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation, and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life on Land
16. Peace, Justice and Strong Institutions
17. Partnership of the Goals

The Fund uses the J.P. Morgan ESG Cembi Broad Diversified Index (JESG CEMBI) as benchmark for performance comparison purposes. This means the Investment Manager and Sub-Investment Managers are taking investment decisions with the intention of achieving the Fund’s investment objective with complete discretion with respect to portfolio allocation and overall level of exposure to the market. The Investment Manager and Sub-Investment Managers are not in any way constrained by the benchmark in this portfolio positioning. The deviation from the benchmark may be complete or significant; at times the Fund may bear no resemblance to the Benchmark.

- ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

Each issuance invested is expected to have different sustainable characteristics, with different use of proceeds or sustainable KPIs depending on the label of that specific bond (social, green, sustainability, or sustainability-linked).

The overall sustainability indicators used to measure the attainment of the sustainable investment objectives of the Fund include, but is not limited to:

- Total share of sustainable investments (in % of NAV);
- The share of sustainable investments contributing to each of the 17 UN's Sustainable Development Goals;
- The share of issuers having exposure to the sectors described in the "exclusion list";
- The share of sustainable investments that are in severe breach or watchlist of any of the ten principles of the UN Global Compact or the OECD Guideline for Multinational Enterprise

To determine the suitability of the Sustainable Finance securities within the investment universe, the Investment Manager will analyse if the related published Second Party Opinion (SPO) validates the alignment to the principles and guidelines determined by ICMA, with the third-party finding that the framework is credible and impactful and/or the selected KPIs / Sustainability Performance Targets are relevant, core and material to the issuer's business model and consistent with its sustainability strategy.

● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The Investment Manager will assess the environmental, social and governance performance of the issuers of the bonds included in the portfolio in a quarterly and annual basis. The team will effectively manage the adverse impacts associated with the proposed investments by avoiding and minimizing allocation to issuances from companies that do not follow ESG best practices and/or are not in compliance with the Fund's ESG policy.

In addition to the activity-based (exclusion list) and norm-based screening, the issuances are carefully selected based on their contribution to the UN's Sustainable Development Goals. By following our Sustainable Investing Framework, the Investment team selects only issuances which are financing sustainable projects and are not causing any significant harm to the other objectives.

The Investment Manager's investment process considers a Sustainable Investing Framework, shown below:



The Fund applies systematic exclusions to certain harmful industries and sectors, having a negative screening guideline related to minimum standards, based on third-party ESG data providers, including watchlists, red flags and reputational risks that could jeopardize the investments. The Fund will not finance any activity (the "Exclusion List"), involving:

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- any company which has been deemed to have failed to comply with the United Nations Global Compact (UNGC) principles and the OECD guidelines for multinational enterprises;
- any activity or materials deemed illegal under host country laws or regulations or international conventions and agreements;
- substantial part of revenue (more than 5%) coming from the production or trade of weapons, munitions, pornography and/or prostitution, gambling and/or casinos;
- a substantial part of a project's primary financing (more than 5%) business activities related to tobacco-related products and/or alcohol beverages (except beer and wine);
- thermal coal exploration and production activities (with the exception of Green Bonds);

— — *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Fund will take into consideration mandatory PAI indicators (Table 1 of Annex 1) of issuers where their sustainable information is publicly available. Where the information is not available, the Investment Manager will aim at engaging with the investee companies to gather the necessary PAIs; however, in the case that this is not possible, divestment will be considered. PAIs will be evaluated on an annual basis throughout the investment period.

— — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Fund applies systematic exclusions to certain harmful industries and sectors, having a negative screening guideline related to minimum standards, based on third-party ESG data providers, including watchlists, red flags and reputational risks that could jeopardize the investments. The Fund will not finance any activity, involving any company which has been deemed to have failed to comply with the United Nations Global Compact (UNGC) principles and the OECD guidelines for multinational enterprises. At any given moment, if any issuer or security is considered by the Investment Manager to be non-compliant with the Fund's ESG Policy, it shall be excluded in normal market conditions of the Fund's portfolio (by selling the relevant security) within 60 days from the non-compliance check. The Investment Manager is committed to continuously improve its policies, governance, and resources to manage ESG and impact issues, concerning the relationship between the securities / issuers and the society / environment.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes

The Fund will consider PAI indicators for the Do No Significant Harm assessment process. The indicators considered will be:

- UNGC Principles/OECD Guidelines Violations
- Involvement in controversial weapons sector
- Involvement in fossil fuel sectors

Additional indicators may be considered and added over time. As the market continues to mature, we believe additional companies will adhere to the measuring and disclosing sustainable KPIs.



What investment strategy does this financial product follow?

The ESG Emerging Markets Bond Fund is an actively managed fund with the objective to invest in sustainable investments, which means an investment in an economic activity that contributes to an environmental or social objective provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practice.

The Investment Manager investment process considers a Sustainable Investing Framework, as follows:

- Environmental, social and governance (ESG) risks are factored into research and decision-making process;
- Systematic exclusions are applied to certain industries and sectors and to norm-based screening;
- The portfolio is actively tilted towards securities promoting sustainable investments;
- The portfolio will be continuously monitored, with periodic reporting.

To determine the suitability of the Sustainable Finance securities within the investment universe, the Investment Manager will ensure that the alignment with ICMA's principles and guidelines are not self-determined. The eligible securities shall count on a second-party opinion ("SPO") providing an assessment of the issuer's framework, analyzing the alignment to the principles.

The SPO shall be published by an independent party, which is traditionally a renowned consultancy group such as, but not limited to: Sustainalytics, ISS ESG, CICERO, DNV GL, Vigeo Eiris, MSCI, among others.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The Fund has the following binding elements in its investment strategy:

- The Fund is only allowed to invest in Sustainable Finance, limiting the eligible investment universe;
- Investments should have a second party opinion from a renowned consultant company and be in alignment with ICMA's guidelines for sustainable labels;
- The Fund's portfolio complies with the established Exclusion List of specific sectors;
- All sustainable investments in the portfolio will aim to positively contribute to at least one of the UN's Sustainable Development Goals.

● ***What is the policy to assess good governance practices of the investee companies?***

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



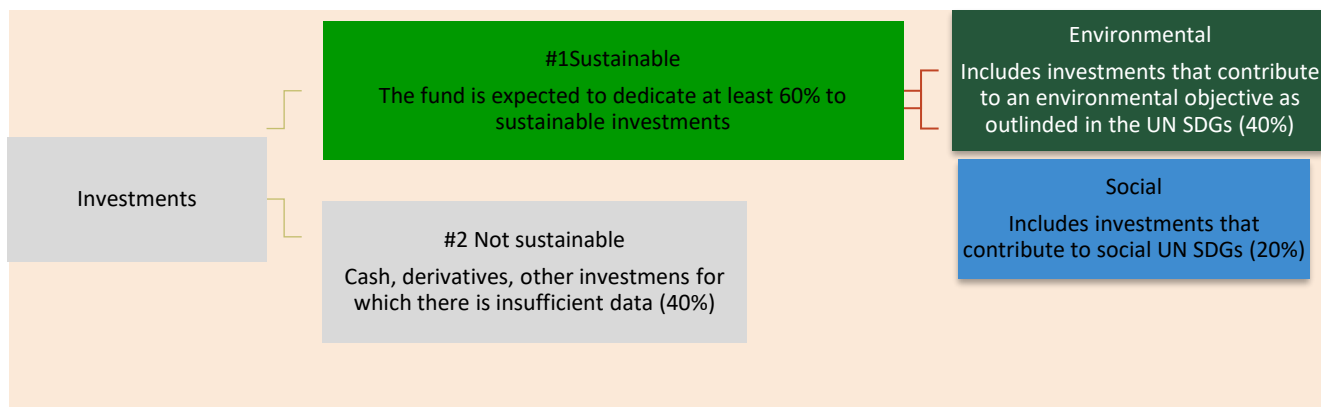
The Investment Manager assesses good governance practices of the issuer of the company by aligning it with international guidelines such as the OECD for Multinational Guidelines and the UN Global Compact.

At any given moment, if any issuer or security is considered by the Investment Manager to be non-compliant with the Fund's ESG Policy, it shall be excluded in normal market conditions of the Fund's portfolio (by selling the relevant security) within 60 days from the non-compliance check. The Investment Manager is committed to continuously improve its policies, governance, and resources to manage ESG and impact issues, concerning the relationship between the securities / issuers and the society / environment. It includes ESG risks and value creation drivers that may arise. Oversight and escalation processes are implemented to monitor continued incorporation of sustainability risk considerations by portfolio managers and analysts in accordance with the ESG Policy.

The ESG information may be sourced from both internal and external sources, being risks and opportunities considered into research, modeling, due diligence, portfolio construction and reporting, related to the issuers and the invested assets. Therefore, the Investment Manager and Sub-Investment Managers consider ESG factors when selecting, retaining, and selling investments.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation and the minimum share of sustainable investments?



We considered in category #1 the Sustainable Finance investments, according to the Fund's strategy. The primary objective of the Fund is to achieve a high level of income, with the opportunity for capital gain, by investing primarily in a diversified portfolio of emerging markets corporate debt securities exclusively (100%) related to sustainable finance, except for cash, cash-equivalents, and derivatives as permitted in the Prospectus. Between environmental and social, we will start with a conservative approach (based on the investment universe of available labelled bonds), with a minimum of 40% with an environmental objective (includes green bonds, sustainable and sustainability-linked bonds where the use of proceeds are related to environmental projects or KPIs) and 20% with a social objective (includes social bonds, sustainable and sustainability-linked bonds where the use of proceeds are related to social projects or KPIs).

Category #2 (Not Sustainable) is related to the portion of investments used for hedging purposes only, such as cash, cash equivalents and derivatives, if necessary.

● **How does the use of derivatives attain the sustainable investment objective?**

N/A. The Fund does not use derivatives to achieve the sustainable investment objective.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Currently, we do not commit to invest in environmentally sustainable investment aligned with the EU Taxonomy. Therefore, the minimum expected committed sustainable investments with an environmental objective aligned with the EU Taxonomy is 0%.

- **What is the minimum share of investments in transitional and enabling activities?**



Currently, we do not consider minimum share of investments in transitional and enabling activities. Therefore, the minimum committed portion of investments in transitional and enabling activities is 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum expected committed sustainable investments not aligned with EU Taxonomy is 40%.



What is the minimum share of sustainable investments with a social objective?

The minimum share of sustainable investments with a social objective is currently 20%, considering Social Bonds (use of proceeds related to social projects only), Sustainability Bonds (where the use of proceeds is related to social projects) and Sustainability-Linked Bonds where the KPIs that are aligned with social UN's Sustainable Development Goals are linked to social objectives.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

We consider cash (deposit at sight), cash-equivalents (deposits, money market instruments and money market funds), with no minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

The Fund has not designated an index to meet its sustainable investment objective.

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

N/A

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

N/A

- **How does the designated index differ from a relevant broad market index?**

N/A

- *Where can the methodology used for the calculation of the designated index be found?*

N/A



Where can I find more product specific information online?

More product-specific information can be found on the website

<https://www.fundweblibrary.com/btgpactual>