



### Project Summary Information

<b>Project Name</b>	BTG Green On-Lending
<b>Project Number</b>	P000706
<b>AIIB member</b>	Brazil
<b>Sector/Subsector</b>	Energy Renewable energy generation
<b>Alignment with AIIB's thematic priorities</b>	Green infrastructure; Private capital mobilization.
<b>Status of Financing</b>	Under Preparation
<b>Objective</b>	To increase renewable energy capacity and contribute to climate change mitigation in Brazil.
<b>Project Description</b>	The Project is an on-lending facility of up to USD200 million to Banco BTG Pactual S.A. (BTG) to support renewable energy development in Brazil.
<b>Expected Results</b>	The Project is expected to promote renewable energy development in Brazil and in particular, sub-projects in solar and wind sectors. The expected results will be measured by the following indicators: (i) renewable generation capacity installed (MW); (ii) greenhouse gas avoidance (tCO <sub>2</sub> e per year); (iii) number of renewable energy projects financed.
<b>Environmental and Social Category</b>	FI
<b>Environmental and Social Information</b>	<b>Environmental and Social Policy, Standards and Categorization.</b> AIIB's Environmental and Social Policy (ESP) including Environmental and Social Exclusion List (ESEL) applies to this on-lending credit facility. The Project has been placed in Category FI because the financing structure involves the provision of funds through a Financial Institution (FI), whereby AIIB delegates to BTG the decision-making on the use of AIIB's funds towards sub-projects meeting the conditions agreed upon with BTG. This includes the selection, appraisal, approval, and monitoring of sub-projects and the oversight of the sub-borrowers and sub-projects in line with AIIB's ESP requirements.

**Environment and Social Management System (ESMS).** BTG has a holistic ESG management system for different business segments including credit and securitization activity. BTG has become a signatory to the Equator Principles (EP) since 2020 and published its EP first-year implementation report in July 2022<sup>1</sup>. BTG follows EP requirements and applies IFC Performance Standards and a full gender risk assessment for its loans that are above USD30 million with tenor of more than 3 years. For other lending activities, BTG applies reputational risk check, regulatory blacklist screening and conducts an ESG due diligence following internal sectoral environmental and social (E&S) policy, supplemented with climate risk identification and analysis, including physical risk and deforestation risk. BTG has agreed to develop Environmental and Social Management System (ESMS and the Project Environmental and Social Procedure (PESP) to meet AIIB ESP requirements for this Project before first disbursement. This includes introducing AIIB ESEL and enhancing E&S categorization and E&S due diligence based on AIIB ESP requirements. All Category A and higher risk Category B sub-projects will be excluded and clearly defined as per PESP during project categorization.

**Environmental and Social Aspects.** The AIIB loan proceeds will be used for on-lending to the renewable energy sub-projects, including wind, solar, and potentially small hydro(<30MW) projects<sup>2</sup> in Brazil. BTG's proposed financing to these sub-projects is mostly in the form of a bridge loan with use of proceeds clearly defined (i.e., to support the construction of greenfield wind and solar sub-projects before technical completion). Upon the maturity of the bridge loan from BTG, the relevant project sponsor will seek to refinance the bridge loan with funding either from the local debt capital market or other lenders. AIIB funds can be recycled if needed to support other renewable energy sub-projects that meet the eligibility criteria agreed in advance with BTG.

**Labor and Working Conditions.** BTG has been advised by AIIB of the need for provisions on labor and working conditions related to solar sub-projects. All suppliers and contractors will be advised of the importance of implementing appropriate management measures to identify and address issues related to the E&S provisions of the ESMS and PESP, including labor and working conditions and health and safety matters. According to the Project Team's on-site due diligence, BTG has provided good working conditions for its staff and tried to reduce the unnecessary overtime work. BTG provides competitive salary and benefit to its staff. BTG screens every client on potential slavery labor issue based on the regularly updated blacklist provided by the government. The ESMS and PESP will include requirements to identify and mitigate potential health, safety, social and environmental hazards in all sub-project activities that pose a risk to employees and may also have the potential for disruption of site works. Generally, Brazilian local laws proposed high occupational safety and health (OSH)

<sup>1</sup> <https://static.btgpactual.com/media/equator-principles-first-year-implementation-report2.pdf>

<sup>2</sup> The indicative pipeline shared by BTG currently does not include any small hydro sub-projects.

## Project Summary Information Template. Sovereign- and Nonsovereign-Backed Financings – updated on June 23, 2020

	<p>standards and workers' awareness are high, which has been confirmed during the site visit to a solar project supported by BTG.</p> <p><b>Stakeholder Engagement, Consultation, and Information Disclosure.</b> BTG discloses <a href="#">Social, Environmental and Climate Responsibility Policy</a><sup>3</sup> and will disclose an overview of ESMS in a timely manner as well as annual ESG report on its official website, and describes the E&amp;S policy and procedure that are aligned with Equator Principles requirements on EP's website. BTG identifies key stakeholders and actively engages with them regarding ESG matters through on-line survey. For every sub-project, BTG reviews the sub-borrower's Stakeholder Engagement Plan (SEP) and the integration of local community demand in the project design.</p> <p><b>Project's Grievance Redress Mechanism (GRM).</b> BTG has a Compliance Hotline as project-level GRM that is managed by a selected compliance team to receive accusations, complaints or other reports concerning issues highlighted in BTG's Code of Conduct and Ethics. Every sub-project will be required to establish its GRM for community stakeholders and construction contracted workers. BTG's website will be required to provide information on GRMs and the AIIB's Project-Affected People's Mechanism (PPM) in a timely and an appropriate manner.</p> <p><b>Monitoring and Supervision Arrangements.</b> BTG will rely on information provided directly by the sub-borrowers to conduct E&amp;S Due Diligence and on-going monitoring of the sub-projects. BTG will be required to maintain a comprehensive database comprising all relevant E&amp;S information and report to AIIB a summary of the E&amp;S aspects and overview of the E&amp;S performance of the Project's portfolio every year and on an agreed template. AIIB will conduct post-review of the selection and implementation of sub-projects as part of its regular supervision, comprising engagement with BTG, potential site visits and detailed review of the E&amp;S documentation of selected sub-projects.</p>	
<b>Cost and Financing Plan</b>	Up to USD200 million	
<b>Borrower</b>	Banco BTG Pactual S.A.	
<b>Estimated date of last disbursement (NSBF)</b>	Q4 2023	
<b>Contact Points:</b>	<b>AIIB</b>	<b>Borrower</b>
<b>Name</b>	Huaixue Fu	Caio Zanette
<b>Title</b>	Investment Officer – Financial Institutions & Syndications	Associate Partner

<sup>3</sup> [social-environmental-and-climate-responsibilities-policy.pdf \(btgpactual.com\)](#)

## Project Summary Information Template. Sovereign- and Nonsovereign-Backed Financings – updated on June 23, 2020

<b>Email Address</b>	huaixue.fu@aiib.org	caio.zanette@btgpactual.com
<b>Date of Concept Decision</b>	January 18, 2023	
<b>Date of Appraisal Decision</b>	June 14, 2023	
<b>Estimated Date of Financing Approval</b>	July 13, 2023	

<b>Independent Accountability Mechanism</b>	<p>The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project GRMs or AIIB Management's processes.</p> <p>For information on how to make submissions to the PPM, please visit <a href="#">How We Assist You - Project-Affected People's Mechanism (aiib.org)</a></p>
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