

## Public Information Summary

<b>Host Country</b>	Federative Republic of Brazil
<b>Name(s) of Borrower(s)</b>	NK 164 Empreendimentos e Participações, S.A. (A Portfolio Company in BTG Pactual Timberland Investment Group’s Latin American reforestation strategy (the “Strategy”))
<b>Project Description</b>	Restore and plant trees on an approximately 24,000-hectare property comprised of degraded cattle pasture in Mato Grosso do Sul, Brazil for both the conservation and restoration of natural forests and commercial timber production. Similar properties will be acquired in Brazil through the Strategy.
<b>Proposed DFC Loan</b>	\$50,000,000 senior, secured loan for up to 12 years.
<b>All-Source Funding Total</b>	\$888,000,000 approximate forestry project costs for the Strategy in Brazil.
<b>Policy Review</b>	
<b>Developmental Objectives</b>	<p>Brazil has struggled with forest conservation and land management. The country had the highest deforestation rate in the world from 2019 to 2022, resulting in the average annual release of 1.64 gigatons of CO2 emissions. Additionally, the nine states covered by Brazil’s rainforests are among the poorest in the nation with 36% of their population living in poverty. Employment opportunities are scarce and often in extractive industries, such as mining and logging.</p> <p>In response to these challenges, the Project aims to have a positive development impact in Brazil by increasing carbon sequestration through the expansion of sustainable timber production alongside restoration and conservation efforts. The Project will combine timber production with restoration and conservation of threatened forest ecosystems as well as sequestration of greenhouse gases. Brazil has been susceptible to extensive deforestation in recent years, and the Project is expected to sustainably harvest and process forestry resources for domestic markets, generating new jobs while converting degraded land into both conserved and sustainably managed forest.</p> <p>Given the Project’s characteristics, it is categorized as Highly Impactful per DFC’s Impact Quotient (“IQ”).</p>
<b>Environment and Social Assessment</b>	<b>SCREENING:</b> The Project has been reviewed against DFC’s 2020 Environmental and Social Policy and Procedures (“ESPP”) and has been determined to be categorically eligible. DFC screened the Project as Category B because the Project will have limited adverse

environmental and social impacts that are site specific, largely reversible and readily addressed through mitigation measures.

**APPLICABLE STANDARDS:** Under DFC’s ESPP (July 2020), the Borrower is required to comply with applicable national laws and regulations related to environmental and social performance. DFC’s environmental due diligence indicates that the Project will have impacts which must be managed in a manner consistent with the following International Finance Corporation’s (“IFC”) Performance Standards (“PS”):

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts;
- PS 2: Labor and Working Conditions;
- PS 3: Resource Efficiency and Pollution Prevention;
- PS 4: Community Health, Safety, and Security; and
- PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

Through the Borrower, BTG Pactual Timberland Investment Group (“TIG”) acquired the Strategy’s first property, Project Alpha, in the State of Mato Grosso do Sul, in a willing seller-willing buyer sale in 2022. TIG did not have the option of compulsory land acquisition. Transactions were conducted through formal processes with the sellers’ informed consent and consistent with market values. Prior to its acquisition in 2022, Project Alpha was used for ranching and the employees of the previous owners were subsequently transferred to TIG. The E&S Impact Assessment (“ESIA”) confirmed that no individuals rely on the ecosystem services provided by the remaining native vegetation on the farm. The ESIA also confirmed the absence of Indigenous Peoples and of any cultural heritage features inside the farm’s operational footprint and its area of influence. Therefore, Performance Standards 5, 7, and 8 are not triggered at this time.

In addition to the Performance Standards listed above, the IFC’s Environmental, Health, and Safety (“EHS”) General Guidelines (2007), EHS Guidelines for Forest Harvesting Operations (2007), and EHS Guidelines for Perennial Crop Production (2016) are applicable to the Project.

*Environmental and Social Risks and Mitigation.*

Key environmental and social risks and issues for this Project include the adequacy of the E&S management system (“ESMS”) to assess and mitigate environmental and social risks and impacts from regular tree farm operations (e.g., impact on water resources due to soil preparation, use of agrochemicals, and increased evapotranspiration) and emergency

situations (e.g., forest fires); transportation, contractor management system; appropriate stakeholder engagement processes, and prevention and management of gender-based violence and harassment. The Project has already received Forest Stewardship Council (“FSC”) certification.

The Borrower is in the process of establishing an ESMS specific to Project Alpha and shared a draft ESMS with DFC. TIG already has several elements of an ESMS in place, including an E&S risk assessment procedure, identification of E&S legal requirements, management of non-conformities, emergency plans, disclosure of information and external communication, and monitoring programs.

Key occupational health and safety risks include physical, biological, and chemical hazards. During operations, hydration and shaded resting areas will be made available at contractors' work fronts and TIG will require contractors to regularly assess the risk of heat stress related illnesses among its workforce and implement the necessary controls and monitoring measures. In addition, DFC will require TIG’s contractors to regularly assess the risks to fire brigades and all workers involved in fire response and implement the necessary controls and monitoring measures.

TIG is implementing a precautionary measure of establishing 400-meter buffer zones around all water bodies to address risks to ambient water quality. In addition, the Project has in place an Integrated Pest Management system and has confirmed that no WHO Ia (extremely toxic) or Ib (highly toxic) pesticides are used. A baseline study of ambient water quality was conducted for the stream/creek Corrego Engano as part of the ESIA, the water body traversing the property, revealing good water quality. Ambient water quality will be monitored every six months and will include monitoring for the presence of chemicals.

TIG contracted a social consulting firm to undertake stakeholder engagement with surrounding communities before the commencement of tree farm establishment activities in December 2022. No grievances or concerns were raised in those consultations. TIG has one full-time social specialist (employed by its wholly owned subsidiary) but does not currently have an in-house community relations team. TIG will develop and implement a Stakeholder Engagement Plan (“SEP”) tailored to the project risks and impacts and consistent with PS1. TIG will ensure adequate in-house staff resourcing is available to implement the SEP and strengthen engagement with neighboring communities and other stakeholders within the area of influence of Project Alpha and workers’ accommodations.

	<p>TIG has in place a grievance mechanism for internal and external stakeholders, overseen by a third-party service provider. The grievance mechanism will be further improved to ensure clear written procedures for documentation and response and to appropriately address and handle complaints related to gender-based violence and harassment (“GBVH”).</p> <p>TIG engages a private security company consisting of three unarmed guards and one coordinator to patrol the farm, monitor and control fires, and manage the facilities on the farm. Guards are instructed not to confront individuals committing illegal activities, and to request the support of public security forces. While the contracted security company for Project Alpha has a Code of Conduct that expressly prohibits sexual harassment and violence, TIG has yet to develop a specific Code of Conduct outlining the expected behavior of security guards. DFC will require TIG to update its Code of Conduct and to undertake training of security guards regarding responsible conduct, including regarding GBVH. TIG will also assess the risks posed by public security forces when requested to intervene and will communicate to them TIG’s Code of Conduct for Security Forces.</p> <p><i>DFC Site Visit:</i> DFC’s social specialist conducted a site visit in October 2023 to TIG’s office in Sao Paulo, Project Alpha, worker accommodation for contracted workers, and nearby communities. The site visits also included interviews with TIG’s staff responsible for EHS, social, and contractor management, along with interviews with workers and community members.</p>
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