



## Brazilian economic profile

### 2012/2013

- Economic growth (GDP)
  - 2012: lower than 1%
  - 2013: Expected to grow
- More regulation of tariffs
- Infrastructure investments
- Low interest rates
- High indebtedness
- Low unemployment
- Emerging middle class (55% of the consumers)
- Dependent on exports of raw materials
- Inflation higher than the central bank's target of 4.5%





2008

After the association we became  
the biggest bank in the southern hemisphere

# Itaú Unibanco | Bank's activities

## World Activities



### South America

Argentina, Brazil, Chile, Paraguay, Peru, Uruguay and Colombia

### Central America

Cayman Island and Bahamas

### North America

USA and Mexico

### Europe

Germany, Spain, France, England, Luxemburg, Portugal and Switzerland

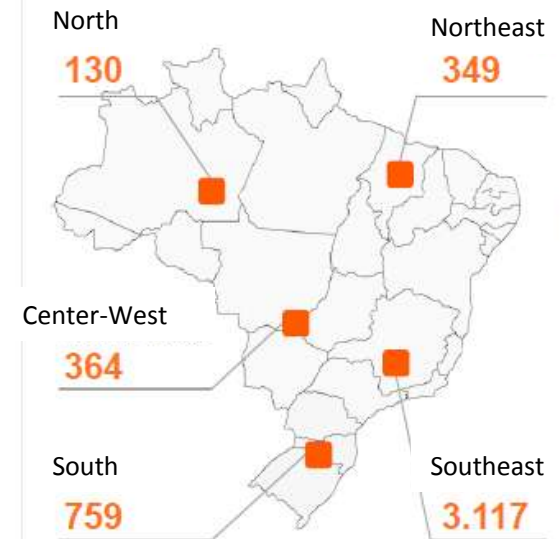
### Asia

China, Japan and Hong Kong

### Middle East

United Arab Emirates

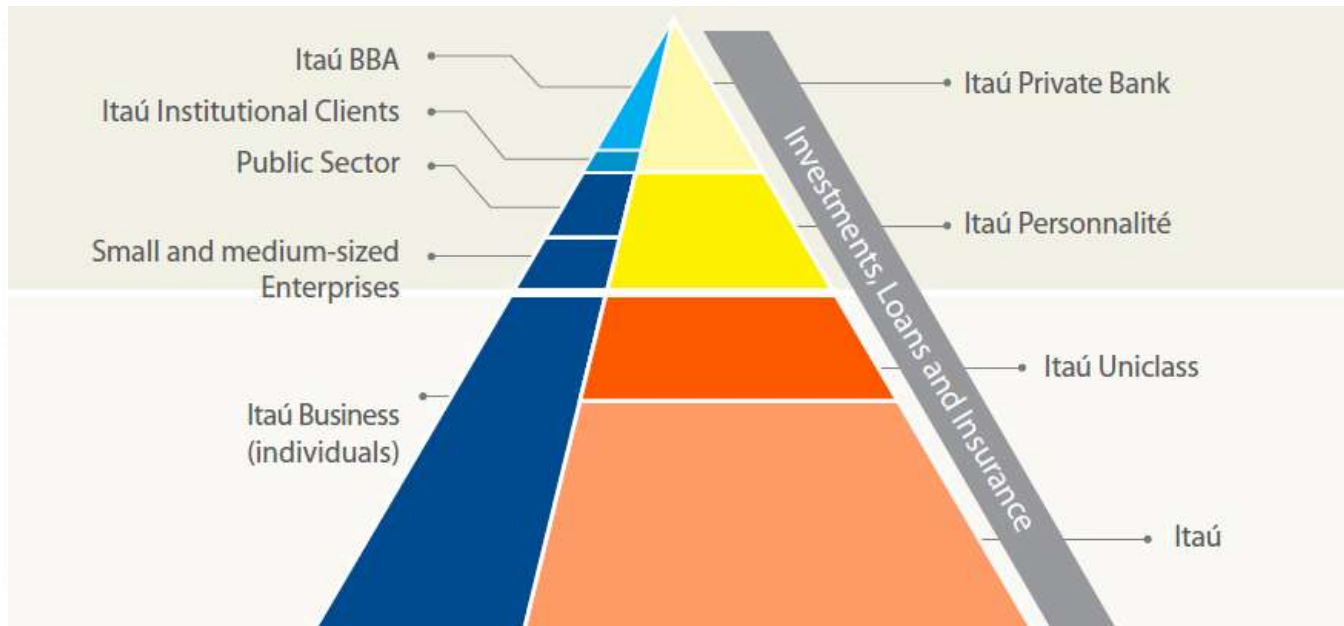
## Activities in Brazil:





# Itaú Unibanco | Segments

- According to specific **business areas**



# Itaú Unibanco | Numbers



\* BRICs – Brasil, Rússia, Índia, China e África do Sul

among the **16 biggest**  
banks in the world, in market value

**5** From  
the  
BRICs **1** Brazilian



(\*) Amounts for September 30, 2012 - Source Bloomberg  
(\*\*) BRICs – Brazil, Russia, India, China and South Africa

# Itaú Unibanco's sustainability route



## The sustainability route I Evolution of the theme

### Tendency

- New technologies, social behaviors, economic pressure, etc.

### Social Articulation

- Market Initiatives
- Social commitments
- GRI, PRI, Equator Principles

### Political Articulation

- Legal Basis – Risk
- Access to capital – Return
- Value - beliefs



# The sustainability route I Banking Risks and Opportunities

## Risks

- Regulatory and political uncertainty
- Reputation risk
- Inadequate integration of climate change
- Social unrest after disasters
- Macroeconomic downturn
- Unpredictable impacts on global markets
- Compounding risk negates diversification
- Impacts on own assets and operations
- Higher energy cost internally
- Greater pressure on public purse for disaster

## Opportunities

- New climate-friendly markets
- Growing markets due to technology transfer
- Returns by integrating climate change into standard internal business processes
- Reputation if associated with positive response
- Public/private partnership

# Connecting sustainability at different levels of the institution



## The process of connecting sustainability I History

*Itaú and Unibanco had initiatives on sustainability since the 90's.*

*The merge, in 2008, settled a new bank and increased the responsibility and commitment to sustainability.*



Beginning	Institutes and Foundations
1999	Dow Jones Sustainability World Indexes (DJSI)
2003	Microcredit Social-environmental risks
2004	Conscious use of money Social-environmental funds Bandeirantes Thermoelectric Plant
2005	Corporate Sustainability Index (ISE) Sustainable Governance Environmental Assurance
2006	Itaú Sustainable Dialogs AA1000
2007	Social-environmental risk policy Ranking of the 20 most sustainable companies (Guia Exame) New products
2008	<b>Itaú and Unibanco's Merge</b>
2009	Policy and Essence of Sustainability Bank of sustainable Ideas New products (Legal person and investments) Panel with stakeholders about the essence of sustainability
2010	Conscious use of money: focus on the employee Planning and repositioning
2011	Construction of the map of risks and opportunities Sustainable bank of the year in the world award
2012	Sustainable bank of the year in the Americas award Conscious use of money: focus on the client

# The process of connection sustainability I Our context

*To develop the sustainability strategy of Itaú Unibanco, internal and external references and expectations were analyzed.*



**Our Vision**



**Panels with  
stakeholders**



**Corporate Culture**

*(Our Way of Making It Happen)*



**Voluntary  
Commitments**



**Brand Proposition**



**Performance  
DJSI**



## The process of connecting sustainability | Our Vision





## The process of connecting sustainability I Questions

**3 questions** guided the construction of the bank's sustainability strategy

**1**

What is **sustainable performance** and what is the relation between Sustainable Performance and **Sustainability**?

**2**

Which should be the bank's **priorities** in Sustainability?

**3**

How to connect sustainability with the **business agenda** and define an **action strategy**?

## The process of connecting sustainability I Process

*The process of defining and introducing the sustainability strategy into the bank at different levels with involved personnel*

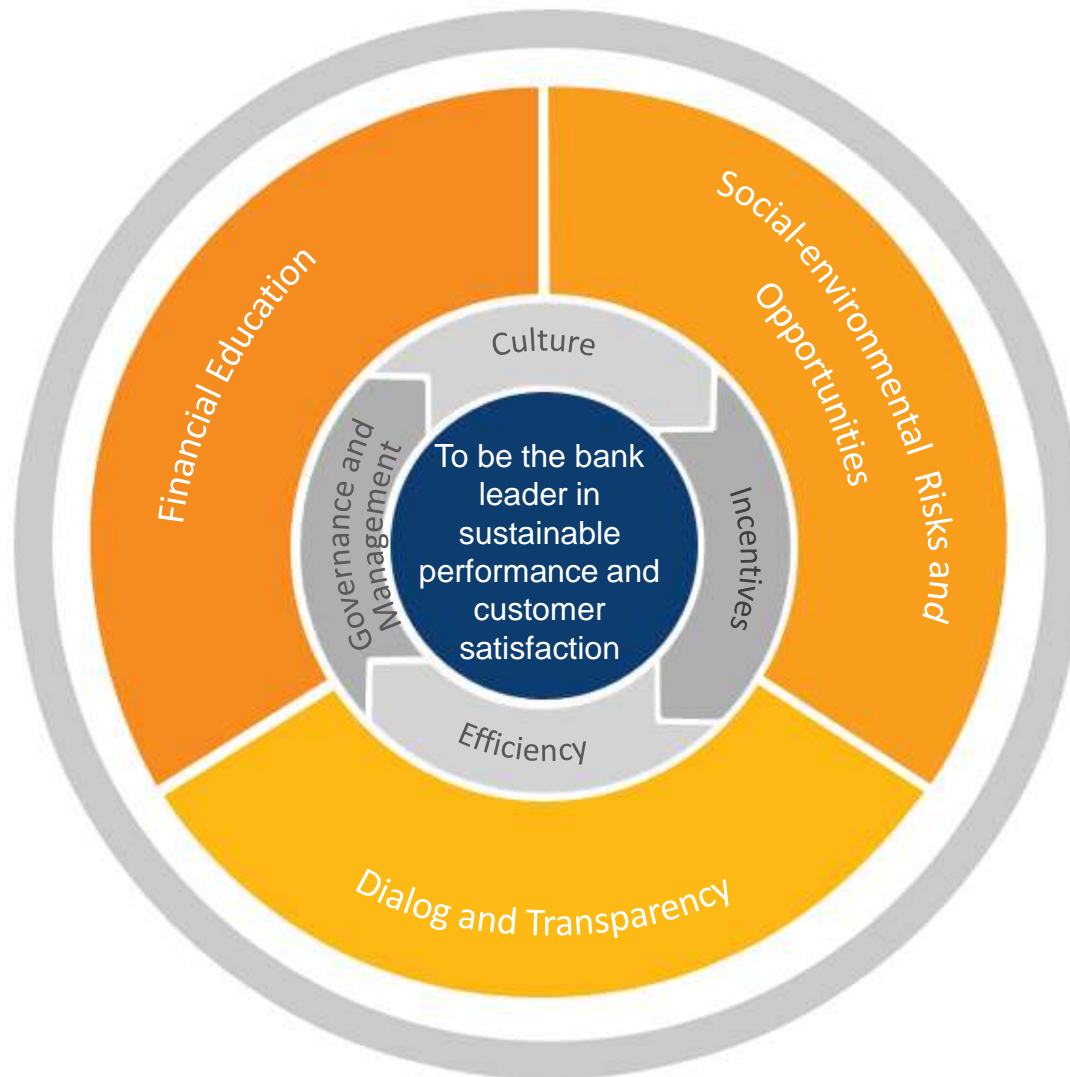


# Sustainable Performance

is generate **shared value** to  
employees, clients, shareholders and society  
ensuring the continuity of the business

## The process of connecting sustainability | Focuses

*3 strategical focuses and 4 enabler fronts guiding the implementation of the sustainability strategy into the organization*



# Sustainability to Itau Unibanco





# What is sustainability to Itaú Unibanco? | Strategic Focuses



## Financial Education

Understand **people's needs** to offer **knowledge and appropriate financial solutions**, contributing for individuals and companies to have a healthy relationship with money

## Social-environmental Risks and Opportunities

Search business **opportunities and manage environmental risk**, considering market trends, regulations, customer demands and society

## Dialog and Transparency

**Build long-term relations based on trust** to improve our business and **generate shared value**

# What is sustainability to Itaú Unibanco? I Enabling fronts

*Enabling sustainability strategy to be part of decision making process*



## What is sustainability to Itaú Unibanco? | Social-environmental initiatives

### Credit

- Definition of a Social-environmental Risk Policy for Credit to client companies with a limit above U\$2,5 million
- In 2012, 6.507 companies were analyzed under the policy criteria.

### Equator Principles

- In 2011, 9 project finance analyzed under the policy of the equator principles, assuring that the projects were developed in a socially and environmentally responsible way

### Principles for Sustainable Insurance

- Signed in 2012 in the Rio+20

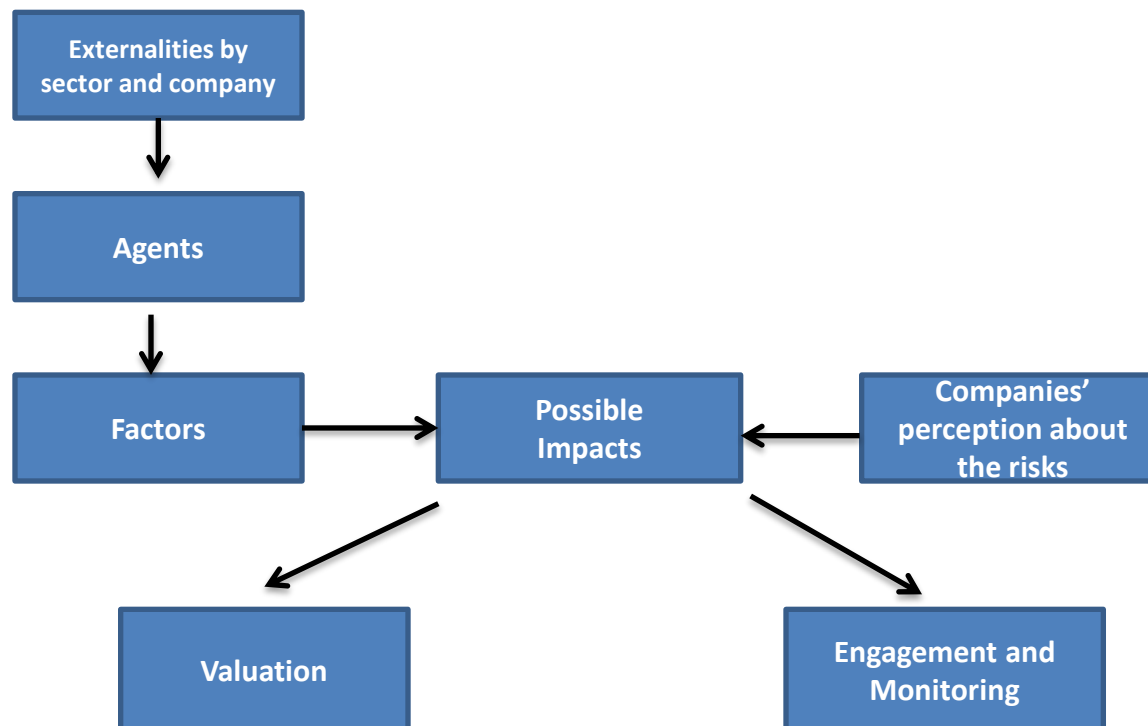
# What is sustainability to Itaú Unibanco? | Example PRI

## Principles for Responsible Investment (PRI)



- In 2012, more than 60% of our equities were mapped with ESG (environmental, social and governance) externalities, and the goal is to achieve 80% in 2013.
- Analysis of parts of the negative externalities, understanding how they can become **opportunities of differentiation**

## Rational of the analysis



# What is sustainability to Itaú Unibanco? | Products

## Insurance

### Itaú Home Insurance with environmental services

- Smart Discard, Environmental Guidance, Eco-efficiency projects
- Since October/11 until January/12 more than 12 tons of solid waste were discarded in the socially and environmentally correct way

### Environmental civil responsible Insurance

- Insurance against environmental pollution caused by events that may cause harm to the environment, public health and third parties

## Funds

### Itaú Social-Excellence Fund

- Send 50% of its administration tax to UNICEF and NGOs' projects
- In 2012, more than U\$ 1.8 millions are being used to support educational projects in Brazil

### Itaú Eco-change Fund

- 30% of its administration tax directed to NGOs' projects focusing on the reduction of greenhouse-gas emissions
- Since 2008 more than U\$9000,000.00 were invested





# What is sustainability to Itaú Unibanco? I Microcredit

*Microcredit is the **instrument of social inclusion**, permitting **small amounts of credit to small entrepreneurs**, to help them get out of poverty and of the informal sector.*

## Products

- Credit categories: Working capital, equipment, repairs
- Credits from U\$200.00 up to U\$7,600.00
- First credit up to U\$ 2,500.00

## Numbers

- 3 big cities in Brazil
- **2012:**
  - 6.965 credits
  - More than U\$ 12.000.000 of loans



# What is sustainability to Itaú Unibanco? I Report

## Sustainable Report

- Itaú is committed to transparency
- Report according to GRI principles
- A+ application level since 2004



## Towards Integrated Report

- In 2012 an initiative was taken, connecting the financial with the qualitative information improving the transparency
- Annual Report of 2012 is our first step towards an integrated report.

## Dialogs with stakeholders

- 2008 – Panels with specialists and employees: Input for the strategy
- 2011 – Panel with specialists: presentation and discussion
- 2012 – Meetings with opinion makers: implementation challenges

## What is sustainability to Itaú Unibanco | Financial Education



## Internal campaign

## E-learning:

## More than 80 thousand employees capacitated



## External campaign

## Conscious use of money website:

More than 3,000,000 access in 2012

Specially in: Conscious consumption, exit red, the best credit for you



## Investment Campaign

Campaign to make people reflect about the importance of the investment to assure a peaceful future

In 2012 more than 4.874.066 views on YouTube



## Conscious credit Campaign

Communication about conscious credit, informing the society of the importance of making conscious choices  
More than 18 million views from 2011 to 2012

# Benefits and opportunities



## Conclusions | Governance

### Sustainability Governance

**Sustainability  
Supervision Committee**

**Sustainability  
Executive Committee**

**Sustainability  
Committee**

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#### Working Groups

- Financial education
- Social-environmental Risks and Opportunities
- Dialog and Transparency

### Participation in the bank's governance

#### **Process, Products and Services Evaluation Committee**

Participation in the committee that decides the launch of new products and services, with the power of veto

#### **Social-environmental Risk Committee**

Presence in the Committee organized by the Compliance connected with the bank's administration



## Conclusions | Sustainability Dashboard

- In 2012 the Sustainability Dashboard was created based on the **3 strategic focuses**,
- Integrating **Dow Jones Sustainability Indexes (DJSI)** and **Corporate Sustainability Index (ISE)**
- Supports the **sustainability governance** to monitor the development of the agenda
- Connects the 3 strategic focuses to the different areas of the bank



## Conclusions I Sustainability benefits

- Transforming risks into opportunities
- Creating synergy within different businesses (investments, credit, insurance)
- Increasing Market Value
- Enable access to new capital sources
- Differentiating from the market
- Attracting talents
- Enhancing long-term decision making
- Anticipating tendencies
- Improving customer loyalty
- Market leadership into a new economy





# Thank You!

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