



Itaú

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%



Merge I Itaú + Unibanco



2008

After the association we became

the biggest bank in the southern hemisphere

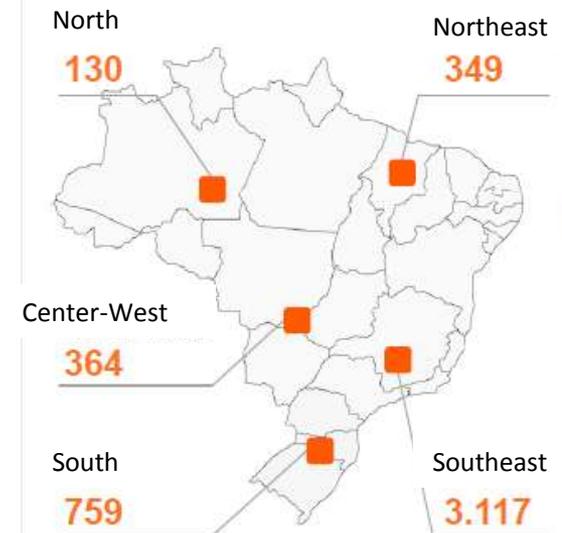
Itaú Unibanco | Bank's activities

World Activities



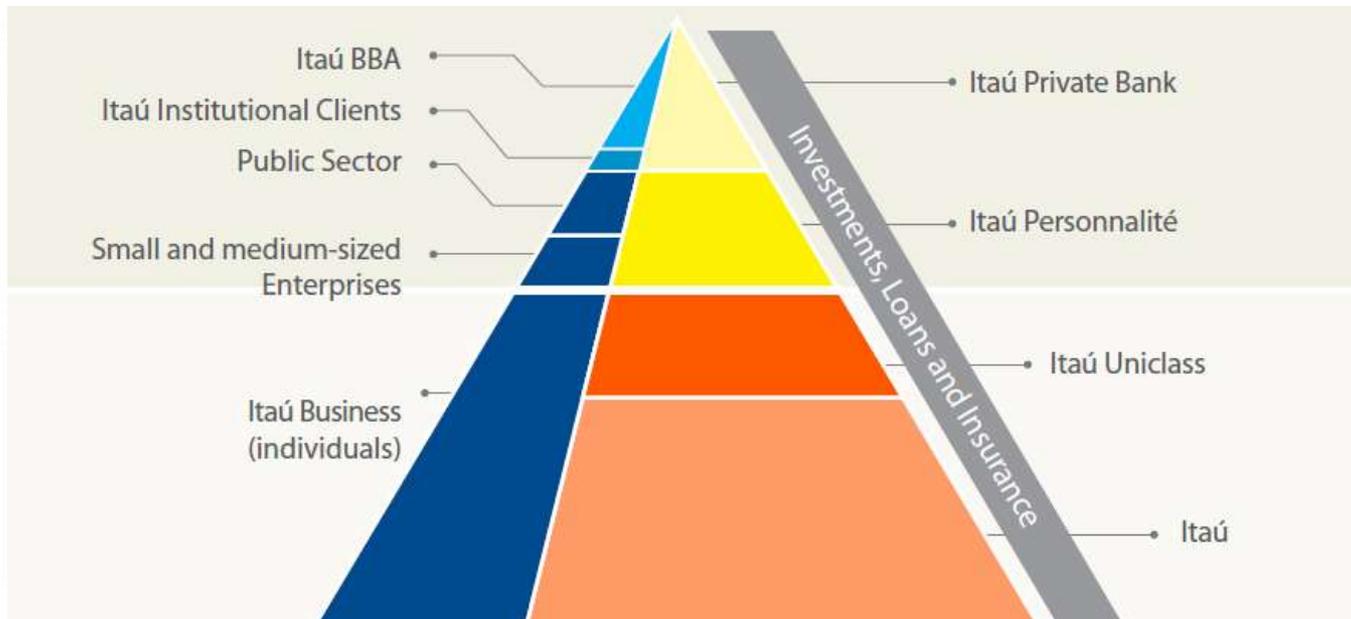
South America	Argentina, Brazil, Chile, Paraguay, Peru, Uruguay and Colombia
Central America	Cayman Island and Bahamas
North America	USA and Mexico
Europe	Germany, Spain, France, England, Luxemburg, Portugal and Switzerland
Asia	China, Japan and Hong Kong
Middle East	United Arab Emirates

Activities in Brazil:



Itaú Unibanco | Segments

- According to specific **business areas**



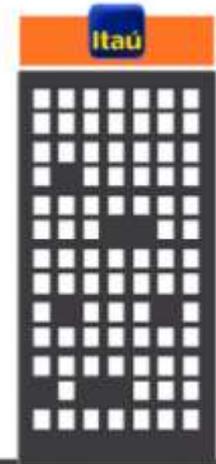
Itaú Unibanco | Numbers



* 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 | 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	Itaú and Unibanco's Merge
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



To be the leading bank in
sustainable performance
and customer satisfaction

The process of connecting sustainability | 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

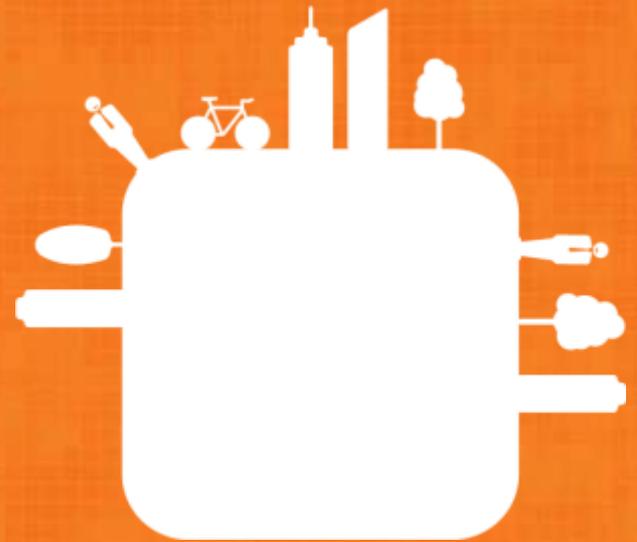
is generate **shared value** to
employees, clients, shareholders and society
ensuring the continuity of the business

The process of connecting sustainability | Focuses

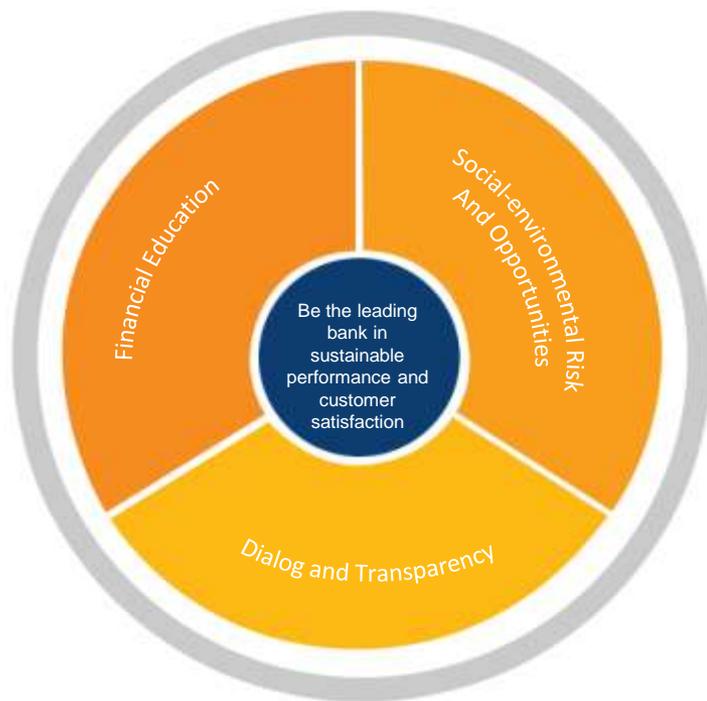
3 strategical focuses and 4 enabler fronts guiding the implementation of the sustainability strategy into the organization



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? | Enabling fronts

Enabling sustainability strategy to be part of decision making process

Governance and Management

Definition of guidelines, targets, indicators and implementation of management system

- Sustainability Dashboard
- Governance involving senior management
- Corporate Policy

Strengthen the efficiency agenda with new variables

- Ecoefficiency
- Greenhouse Gas Emissions Inventory

Efficiency

Culture

Prepare people to respond to new challenges

- Alignment with our way of making it happen
- Alignment to our vision
- Employee engagement and training

Help to align incentives with sustainable performances

- Long-term incentives
- Alignment with the brand and reputation management

Incentive



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

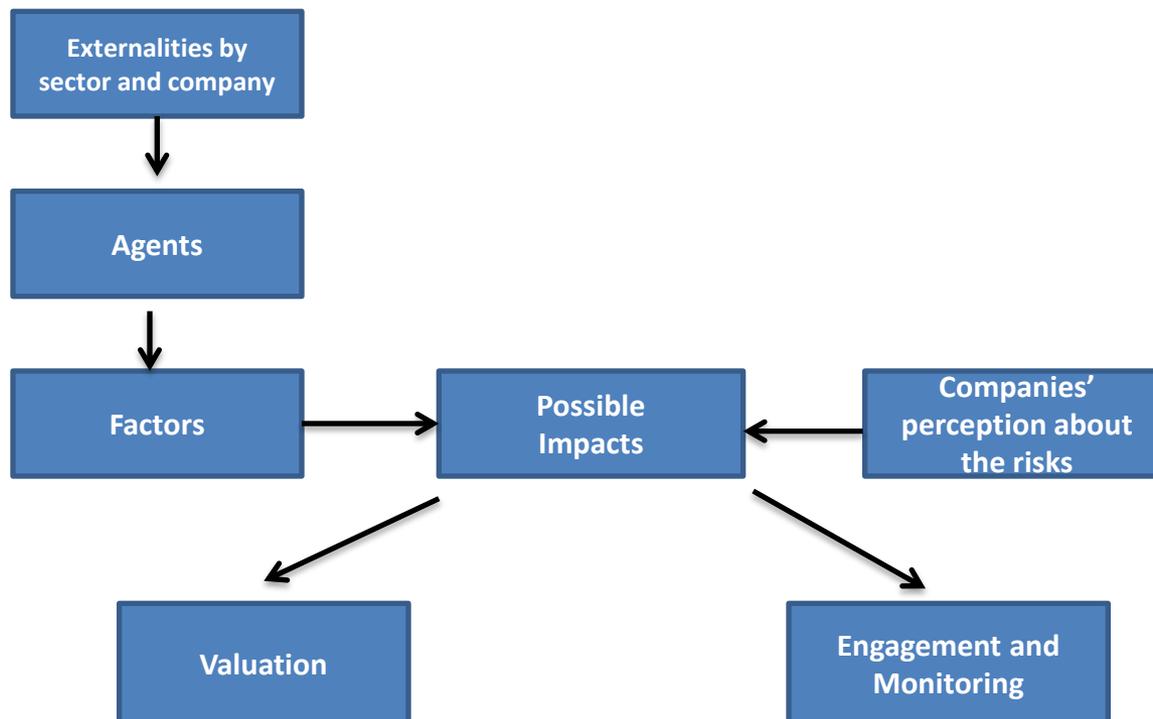
What is sustainability to Itaú Unibanco? | Example PRI

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

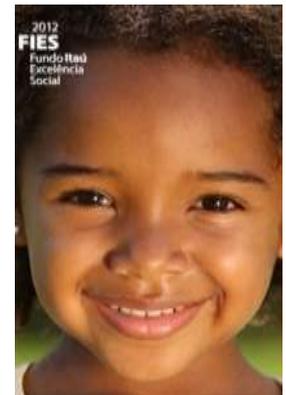
Funds

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? | 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 form 2011 to 2012

Benefits and opportunities



Conclusions | Governance

Sustainability Governance

**Sustainability
Supervision Committee**

**Sustainability
Executive Committee**

**Sustainability
Committee**

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 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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