Modern Slavery Act 2015 – Annual Statement

Introduction

This statement is made by Itau BBA International plc (IBBAInt or the Bank) with respect to the financial year ended 31 December 2016 in accordance with section 54(1) of the Modern Slavery Act 2015.

IBBAInt is the UK-based bank subsidiary of Itaú Unibanco Holding SA (“Itaú Unibanco”), the largest bank in Brazil. Itaú Unibanco and its subsidiaries are collectively referred to as the “Itaú Group”.

IBBAInt operates in the corporate and investment banking (“CIB”) segment, serving large economic groups and financial investors in connection with cross-border business between developed markets and Latin America, especially Brazil. IBBAInt is headquartered in London, has a branch in Lisbon and representative offices in Madrid, Frankfurt, Paris and Colombia.

Policies and commitments

IBBAInt recognises its responsibility in ensuring that slavery and human trafficking do not take place within its business or in its supply chain.

In 2000 the investment banking arm of the Itaú Group, our affiliated Banco Itaú BBA S.A., was the first bank in emerging markets to develop a formal system to manage environmental and social risks. Additionally, Itaú Unibanco is currently party to a number of commitments to foster best practices of corporate governance and social responsibility, including the

- Universal Declaration of Human Rights (United Nations);
- International Covenant on Civil and Political Rights (United Nations);
- International Covenant on Economic, Social and Cultural Rights (United Nations);
- International Labour Organization (ILO);
- Global Compact (United Nations);
- Corporate Charter on Human Rights and the Promotion of Decent Work (Ethos Institute);
- National Pact to Eradicate Slave Labour (Brazilian government);
- Entrepreneurial Contribution for Green and Inclusive Economy (Brazilian government) and
• Equator Principles (environmental and social risk management for projects).

IBBAInt, as part of the Itaú Group, is committed to responsible ethical standards, as laid down in the group-wide Code of Ethics, in which it is:

"unacceptable to tolerate any form of undignified labour (child and forced labour among others) or working conditions that pose health hazards, as well as physical or psychological abuse, so as not to contribute to the underground economy and jeopardize our image". [Itaú Unibanco Code of Ethics, page 20]

IBBAInt’s Risk Appetite Statement embeds this specific commitment by providing that:

“We shall protect our reputation with our clients, investors, employees, regulators and shareholders, through ethical behavior, proper business conduct and compliance with the letter and spirit of the regulations”.

It is the Bank’s policy not to lend to companies involved in any illicit activities, including the ones related to:

• Prostitution;
• Illegal use of child labour; and
• Work under conditions similar to slavery.

Approach in assessing and managing the risk

Having conducted a risk assessment, IBBAInt concludes that its immediate suppliers are, from a slavery and trafficking perspective, not labour intensive and over 90% are based in the European Economic Area (EEA), where well-established employment law prevails. The remainder are largely white-collar professionals.

IBBAInt's client base is mainly large corporates or financial institutions doing business in or with Latin America, a majority of whom are stock-exchange listed and/or regulated in an Organisation for
Economic Co-operation and Development (OECD) member country, thus subject to a certain degree of transparency and greater scrutiny. In particular, all clients or suppliers operating in Brazil must be screened against the Brazilian government “dirty list”, which lists the companies that employ labourers in slave-like conditions. All suppliers are screened regularly against a wide range of adverse media.

Therefore, we have assessed our exposure to the risk of slavery and human trafficking as low.

IBBAInt conducts due diligence on all of its clients, their owners and controllers when onboarded (and regularly thereafter depending on the risk of the client). The screening covers multiple worldwide sources of potential adverse media.

All employees are encouraged to use the whistleblowing lines either locally or at the ultimate parent level to report any suspicions of misconduct or wrongdoing by the Bank, which may include the Bank failing to follow due diligence procedures as required by the applicable regulations. Group-wide communication campaigns often highlight the protection afforded to those who “blow the whistle” and the various internal and external channels available to do it.

Across the Bank, socio-environmental awareness is included in staff induction.

**Effectiveness**

IBBAInt believes that its approach and strategy in assessing and managing the risk of slavery and human trafficking within its business and supply chain is proportionate to the risks the Bank faces in this regard. In particular, our due diligence processes are appropriate to the level of assessed risk. The effectiveness of these due diligence procedures are subject to ongoing monitoring by Compliance and Internal Audit.

On behalf of the Board of Directors

Renato Lulia Jacob
Chief Executive Officer
26 June 2017