



Itaú Unibanco Sustainability Management

Information as of December 2017

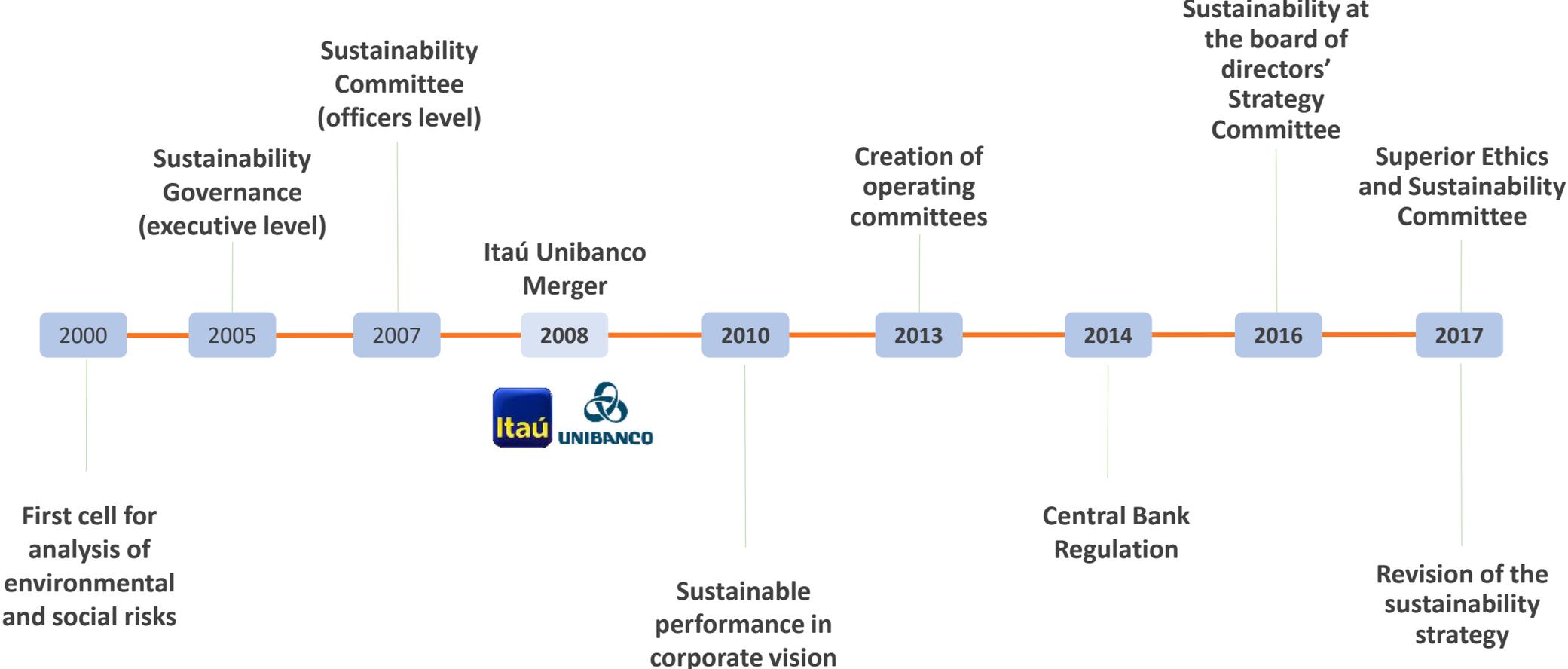
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1. Governance, Policies and Structure
2. Environmental & Social Risk and Climate Changes
3. Client Management, Education and Financial Inclusion
4. Employee Management
5. Ethics, Integrity and Human Rights
6. Impact Measurement
7. Sustainable Development Goals (SDGs)
8. Corporate Citizenship and Philanthropy

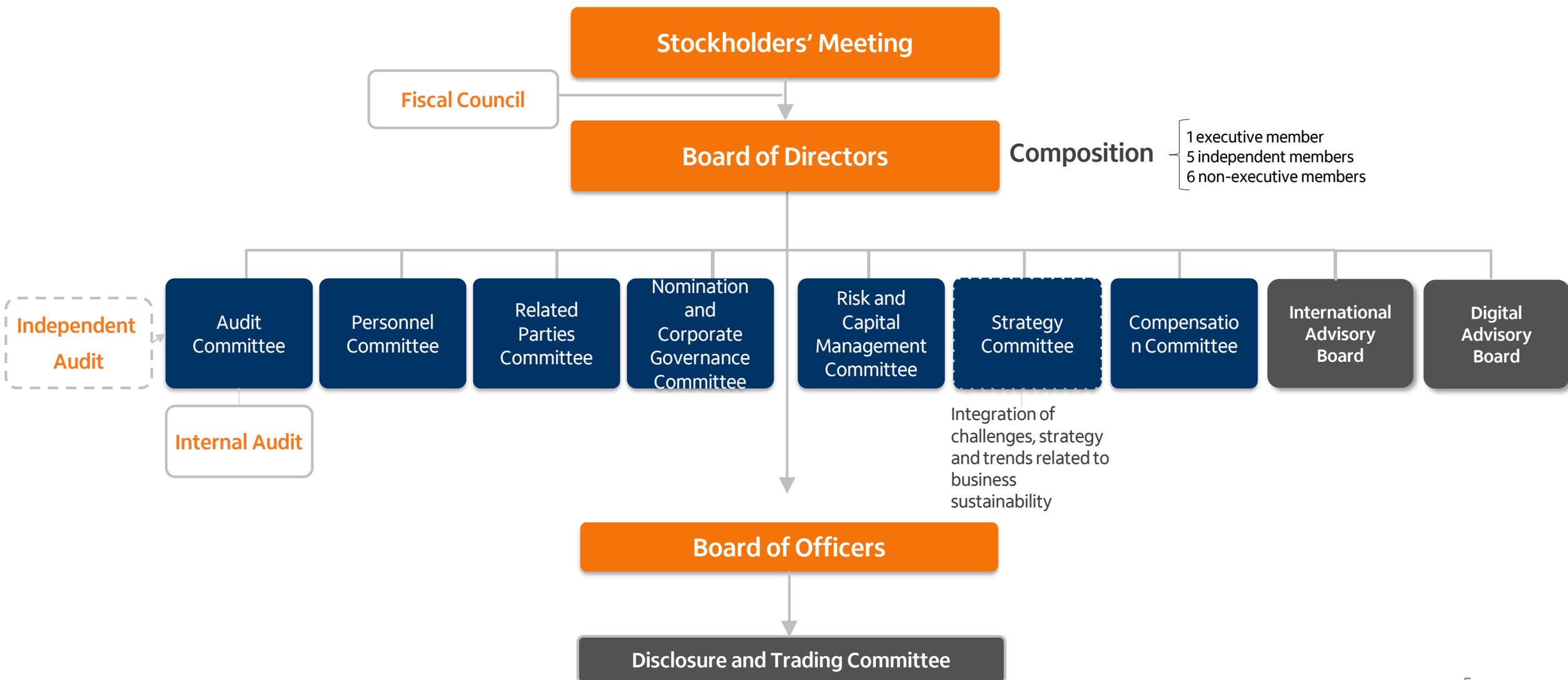
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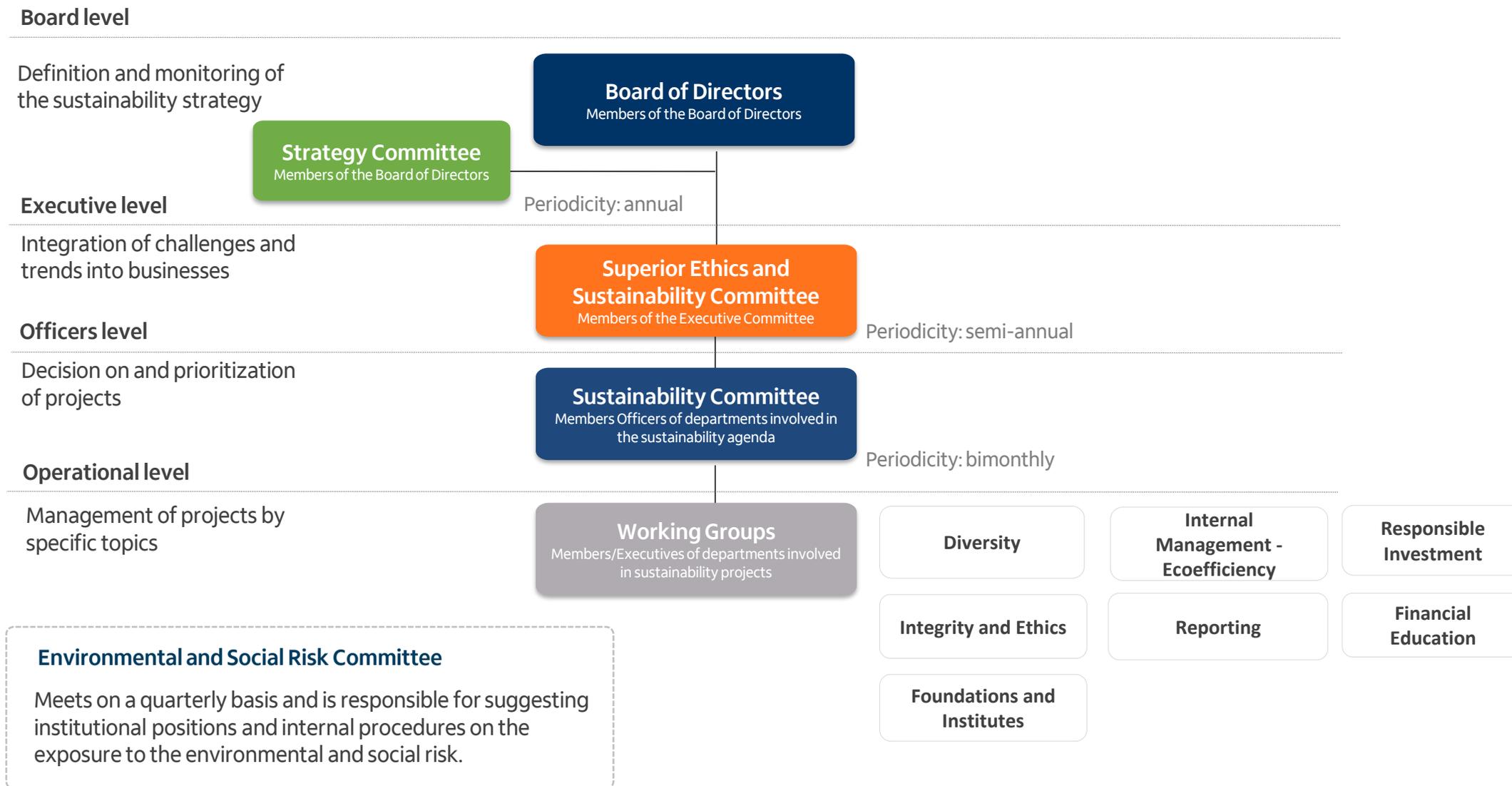
Sustainability Timeline



Itaú Unibanco Corporate Governance



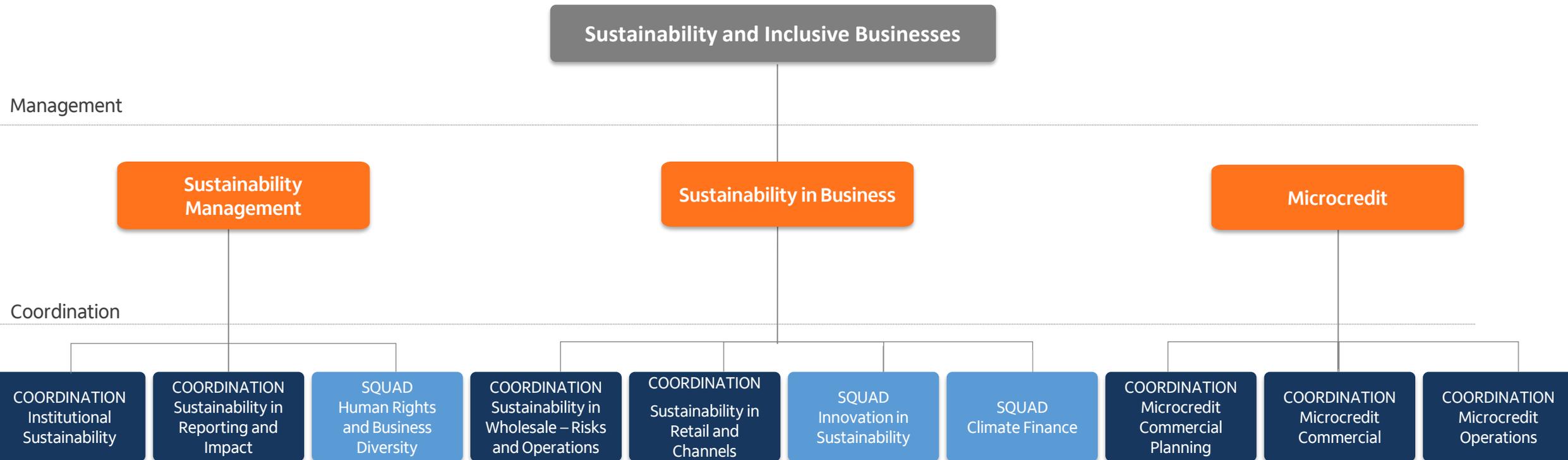
Sustainability Governance



Sustainability Corporate Area

The Sustainability and Inclusive Businesses corporate area counts on 54 employees* who are responsible for addressing the strategy in partnership with other partner areas

Superintendency



*Total active employees in April 2018

Sources of knowledge and trends

Climate Change



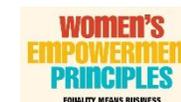
Reporting and Transparency



Responsible Bank



Diversity



Sustainable Development



Network Brazil
WE SUPPORT



Integrity and Ethics



InPACTO
Instituto Pacto Nacional pela
Erradicação do Trabalho Escravo



Recognition | Sustainability Indexes

Global Context



The only Latin American bank to be part of the DJSI portfolio since its inception in 1999.



Part of the Euronext Vigeo portfolio since 2015



Leader in Transparency in 2014 e 2015.



Part of the Index portfolio since its second edition in 2017

Brazilian Context



Part of the ISE portfolio since its inception in 2005.



Part of the ICO2 portfolio since its inception in 2010

Sustainability in Latin America

2015



Sustainability LATAM

Support to countries in addressing and prioritizing the topics on a local basis by means of a set of practices and step-by-step implementation procedures.

2016



Diagnosis LATAM

A diagnosis to assess adherence of these countries to this model (level of maturity related to the topic and preparation of local action plans)

2017



Developments in plans currently in progress

Developments in the governance and strategy implementation, and inclusion of Colombia in the diagnosis phase

2018



Review of the sustainability franchise

Continuity of the aligned plans and review of the Latam sustainability franchise



Governance

Brazil

Sustainability Area
Provides support to LATAM countries regarding sustainability guidelines

LATAM Area
Discusses the “sustainability” topic with the board at each country

Latam Countries*

Sustainability Area
Defines plans, implementation and reporting to the head office

Board
Committees with the Sustainability area to make initiatives feasible

*Argentina, Chile, Colombia, Paraguay and Uruguay

Policies, guidelines and studies

Corporate Governance

[Corporate Governance Policy](#)

Environmental and Social Responsibility and Climate Change

[Policy for Sustainability and Social Environmental Responsibility](#)
[Environmental and Social Risks and Opportunities – Itaú´s Position](#)
[Climate Change commitment](#)
[Water Shortage and its Economic Impacts](#)
[Revision of the Energy Rationing Risk*](#)
[Social and Environmental Risk Policy – Credit Corporate Clients](#)
[Social and Environmental Risk Policy – Insurance*](#)

Ethics, Integrity and Human Rights

[Code of Ethics](#)
[Integrity and Ethics Corporate Policy](#)
[Illicit Acts Prevention and Combat Corporate Policy](#)
[Anti-Corruption Corporate Policy](#)
[Information Security Corporate Policy](#)
[Commitment to Human Rights](#)

Diversity

Policy to include people with disabilities (internal)
Internal Diversity Appreciation Policy (internal)
[Commitment to Diversity*](#)

Aging

[Aging Position \(Live Longer Dialogue\)*](#)

Financial Education

[Choices and Money – Study on financial behavior and decisions](#)

Suppliers

[Procurement Policy*](#)
[Supplier Relationship Code*](#)

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Climate Changes

Brazil – Main Goals Assumed



- Reduce GHG emissions by 43 percent by 2030 (base year 2005)
- Zero deforestation in Legal Amazon and recover 12 million hectares of forests by 2030
- Increase the share of renewable sources in the energy mix to 45 percent
- Zero the emission of pollutant gases by 2100

Main Work Fronts in the Topic

Targets and metrics

Together with UNEP FI and other 15 banks, we are studying the impact of climate change on our loan portfolios, considering different scenarios of temperature increase. The financial sector still need to determine what measurement system is the most efficient and, accordingly, develop targets based on global temperature increase.

Offset of Greenhouse Gas (GHG) Emissions

We issued the call notice Commitment to the Climate for carbon offsetting, in partnership with Brazilian company Natura, aimed at together offsetting 500,000 ton of CO2 through independent projects, which correspond to the emissions of both companies between 2016 and 2018.

Carbon Pricing

Our analysts simulate the levy of a tax on CO2 emissions in carbon-intensive industries and products. The estimated rate is used to measure the financial impact on these companies' costs and, consequently, on the price of their shares.

Portfolio Analysis

We improved the E&S risk analysis methodology by using a sector approach applied to the corporate loan portfolio (CIB), so as to reassess the relation between E&S and credit risks. The analysis of the portfolio used the climate change impact on sectors in the short and long terms as one of its assumptions.



Climate Change
commitment (2017)



E&S risk in the corporate
loan portfolio (CIB) (2017)*

Task Force on Climate-related Financial Disclosures (TCFD)

The initiative, headed by the Financial Stability Board (FSB), encourages the organizations to become aware of the physical, liability and transition climate risks to which they are exposed.

We highlight our activities related to the TCFD strategic pillars

Governance	Strategy	Risk Management	Targets and Metrics
<p>The Board of Directors guides our internal Sustainability and Environmental and Social Responsibility Policy for risks and opportunities related to climate change</p>	<p>We participate in multi-sector discussion groups, such as CEBDS, UNEP-FI, FEBRABAN and FGV</p>	<p>Climate variables are taken into account in the analysis of the Environmental and Social Risk for the corporate segment and of the financing of large projects</p>	<p>Development of indicators and tools to strengthen the assessment and disclosure of risks and opportunities related to climate change by the UNEP-FI work group on the recommendations of the TCFD</p>
<p>The Sustainability Governance addresses risk management and the identification of opportunities related to the climate change agenda</p>	<p>A study was carried out about the climate change impact on our corporate loan portfolio in medium and long-term scenarios</p>	<p>Itaú Asset Management takes Climate Change topics into account in its ESG integration methodology for investment analysis</p>	<p>A study was carried out to identify the business risks and opportunities in view of the global climate change, with 10-year projections</p>
<p>The Superior Ethics and Sustainability Committee resolves on the actions to be taken by the institution to meet the climate change agenda</p>	<p>A study was carried out about Emissions financed based on the Portfolio Carbon Initiative guidelines</p>	<p>We take into account climate issues in pricing our insurance products (corporate)</p>	<p>Launch of the Asset calculator to compare emissions of our portfolios with benchmarks</p>
<p>The topic is also discussed by the Sustainability Committee, the main Sustainability forum in the organization</p>	<p>Participation of the UNEP-FI work group to implement the recommendations of the TCFD considering different climate scenarios</p>		

Our operations | Eco-efficiency

In 2018 we will buy carbon credits to offset our 2016/2017 emissions

Ton Carbon avoided

Over 2017, 5,381.60 ton carbon was avoided through projects for reducing energy consumption and own emission

Sustainable Actions Committee

Specialists and the areas involved in the group share experiences and discuss and analyze projects related to eco-efficiency

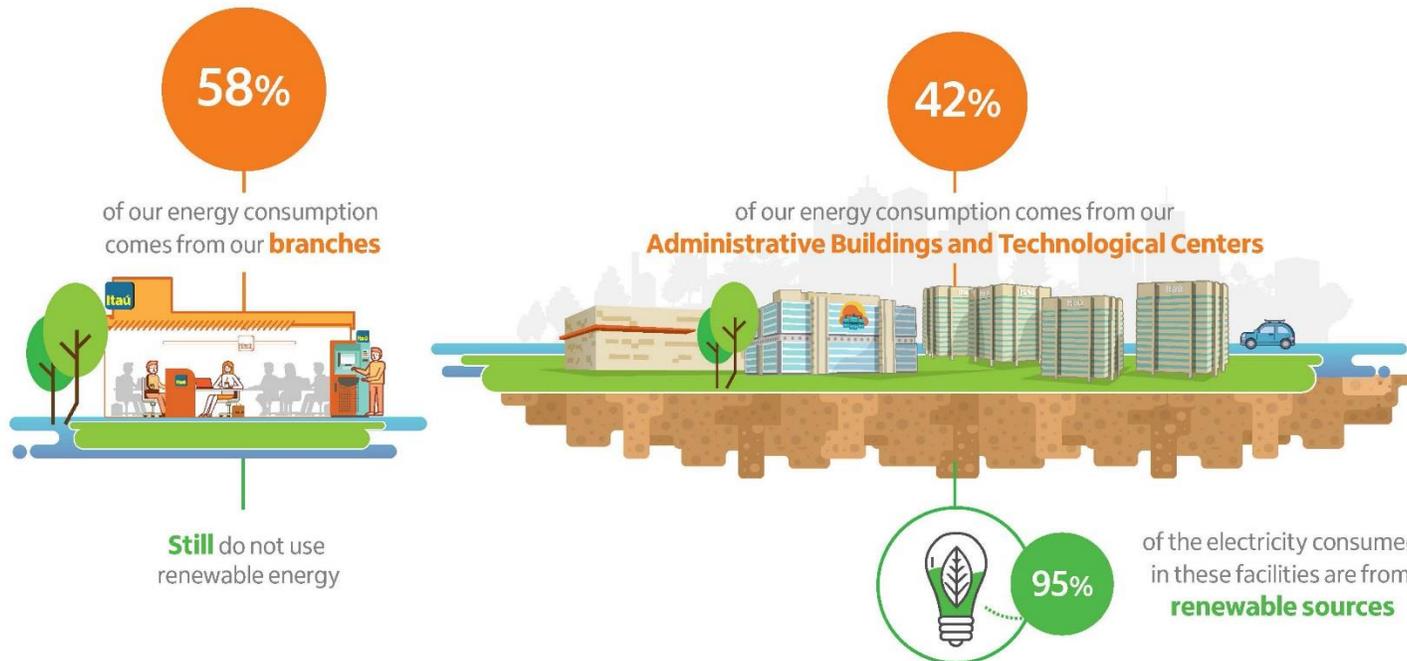
Environmental Management System

In 2017, our coverage in Environmental Management System certificates increased to 40% from 15% last year

Greenhouse Gas (GHG) Emissions Offsetting Program

Biannual program that enables us to meet our commitment to the promotion of a low-carbon economy.

Sources of energy consumption of Itaú Unibanco



Certifications of administrative buildings



The Business Center was certified in 2017

The Tatuapé Center is certified since 2011



Our data center and Faria Lima building are certified

Our operations | Eco-efficiency

Consumption	2015	2016	2017	Goals
Water (m³)	1,472,460.63	1,410,592.40	1,390,142.00	<ul style="list-style-type: none"> ✓ Reduce our water consumption by 43% per R\$1 million of banking products between 2013 and 2020
Energy (MWh)	717,779.51	630,245.26	604,976.00	<ul style="list-style-type: none"> ✓ Reduce our energy consumption by 42% per R\$1 million of banking products between 2013 and 2020 ✓ Reach, by 2020, a Power Usage Effectiveness (PUE) of 1.60, 11% lower than in 2013 ✓ Acquire, by 2020, 96% of energy for the administrative buildings from renewable sources
Emissions (tCO₂e)	227,547.00	164,791.00	242,877.00	<ul style="list-style-type: none"> ✓ Reduce our Scope 1 emissions by 34% per R\$1 million of banking products between 2013 and 2020 ✓ Reduce our Scope 2 emissions by 39% per R\$1 million of banking products between 2013 and 2020
Transportation (KM)	192,588,882.89	187,051,908.00	229,088,191.00	<ul style="list-style-type: none"> ✓ Reduce by 28% our business travel indicator, which shows the km traveled per R\$1 million of banking products between 2013 e 2020
Waste (t)	1,460.32	1,084.01	22,373.16 ¹	<ul style="list-style-type: none"> ✓ Reduce by 32% the allocation of waste from our administrative units to landfills between 2012 and 2020 ✓ In 2016, the estimated generation of 178 tons of REEE in 2020 was defined. This estimate includes the data from Branch (ATMs) and Central Management – Microcomputing (desktops)

¹ Figure updated considering the branch network with 100% coverage of our facilities in Brazil.

Integration of ESG into businesses

1 Governance

Policies

Sustainability and environmental and social responsibility policy
Environmental and social risk policy

Committees

Sustainability committee
Environmental and social risk committee
Operational committees (Internal Management, Investment, Reporting, and Financial Education)

2 Processes

Analysis methodologies

Based on the principles of relevance and proportionality

Engagement

Engagement of institutions that are relevant for building knowledge

Studies

Development of studies in conjunction with institutions in the sector

Training

Training of teams on environmental and social issues and training to all employees on the sustainability and policy concepts

3 Compliance

Role of the compliance area

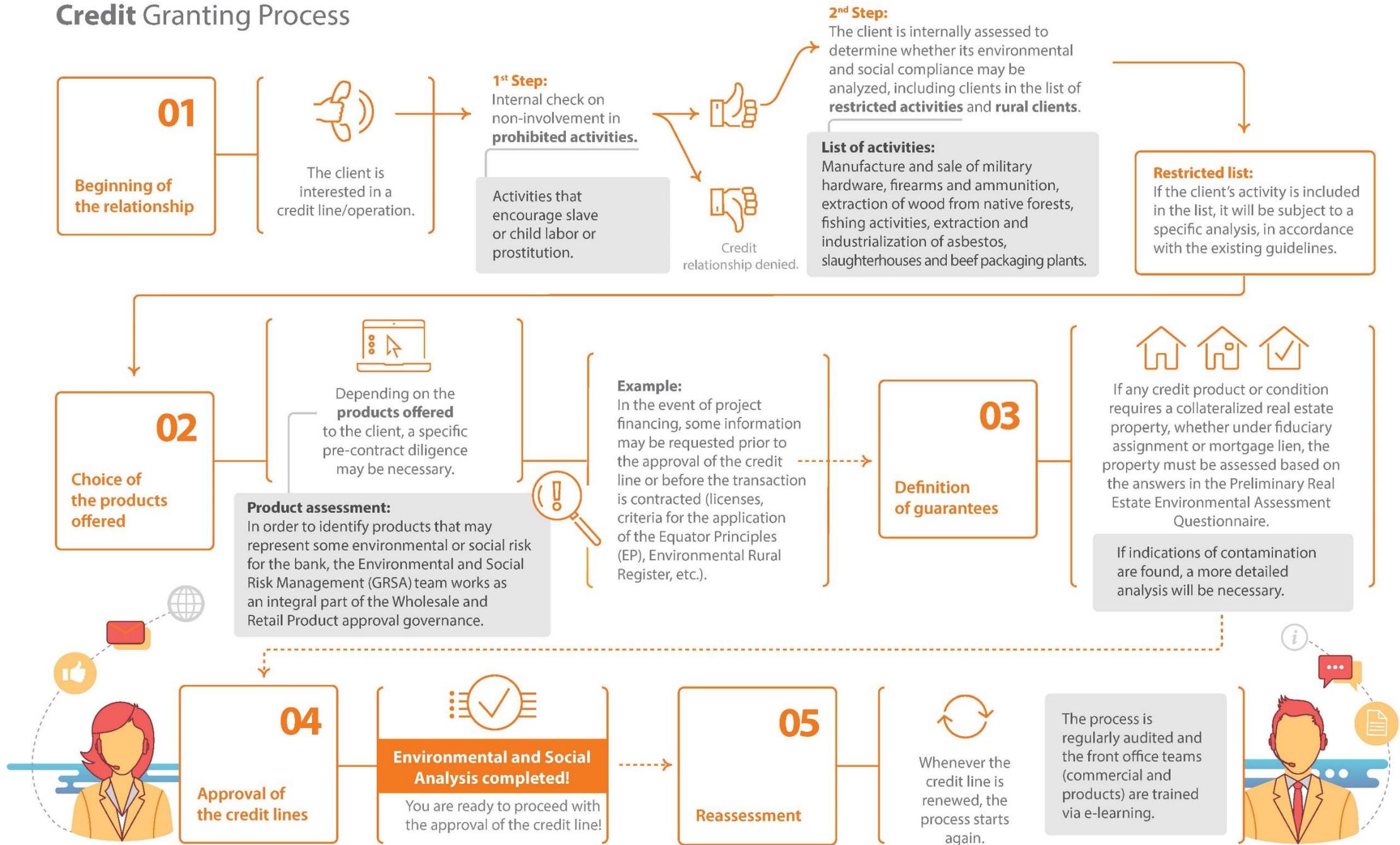
Measure the quality of the process and exposure to risk, all areas are monitored for adherence to policies, and the results are reported to the committees

Regulatory bodies

External assessments by regulatory bodies



Credit Granting Process



Environmental and Social Risk Policy

Integration of ESG into businesses

The Environmental and Social Risk Policy contains the criteria for the analysis of clients and projects and the establishment of real estate guarantees and the inclusion of covenants. To this end, we must consider:

List of prohibited activities

We do not carry out new loan operations with companies involved in:

- Labor in conditions similar to slave labor;
- Child labor in violation of legislation;
- Encouragement of prostitution.

List of restricted activities

We have specific guidelines for making an environmental and social risk analysis in the following segments:

- Firearms and ammunition;
- Activities of extraction and production of wood, firewood and charcoal from native forests;
- Fishing activities;
- Extraction and industrialization of asbestos;
- Cold storage plants and cattle slaughterhouses.

Client analysis (small and medium businesses)

We have guidelines for the analysis of environmental and social compliance for small and medium businesses in accordance with the risk related to the category of the environmental and social impact of the companies' segments. (A – High Risk; B – Medium Risk and C – Low Risk)

Project financing

We follow the criteria determined in accordance with the type of operation/project.

Guarantees

Specific requirements for the establishment of real estate guarantees.

Covenants

We consider the environmental and social risks associated with the type of credit and the subject matter of the financing in the formalization of loans and financing.

Approval authority

In accordance with our Environmental and Social Policy for Corporate Credit, the technical departments assess and classify the environmental and social risk according to its potential impact: high, medium and low.

Analysis of projects

In 2017, we did not have any project-related transaction rejected due to E&S issues

Project finance (1)(2) closed (Equator Principles III criteria)

Category	Number of Projects	Total investment (R\$ million)	Itaú Unibanco's share (R\$ million)
A	1	409,79	125,21
B	-	-	-
C	1	2,00	0,34
Total	2	411,79	125,55

(1) Project Finance as per Basel definition at www.bis.org/publ/bcbs107.pdf.

(2) One of the Project Finance transactions did not fall into Equator Principles because of its financial volume.

Project related corporate loans (Corporate Finance) closed and assessed by using Environmental and Social Policy criteria

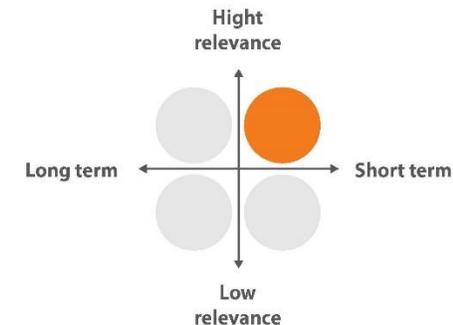
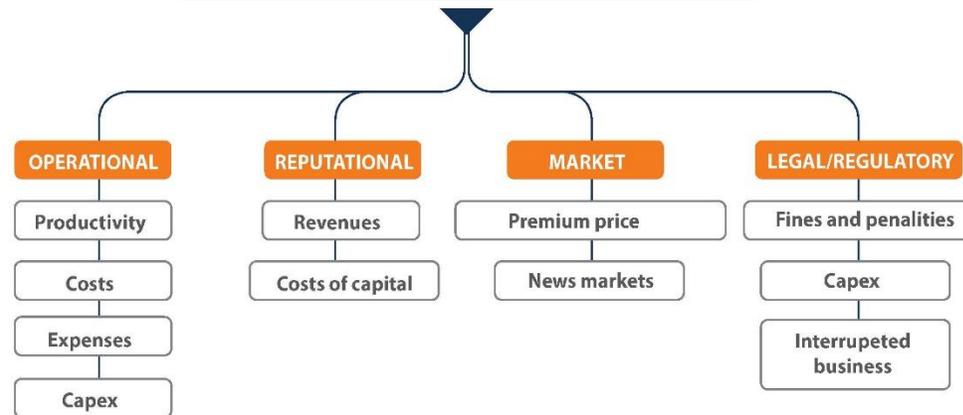
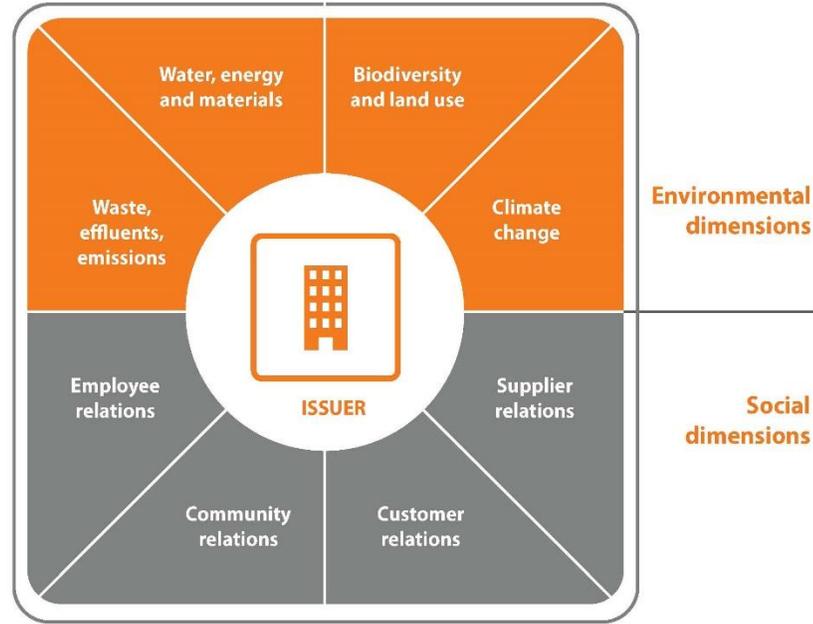
Category	Number of Projects	Total investment (R\$ million)	Itaú Unibanco's share (R\$ million)
A	-	-	-
B	1	123,46	45,00
C	6	1.324,79	407,20
Total	7	1.448,25	452,20



Integration of ESG into businesses | Responsible Investment

ESG valuation methodology

Proprietary methodology to include ESG issues in the valuation of fixed income securities and the pricing of active management funds, taking into account: materiality, relevance for the industry, risks and opportunity rating, metrics, and management.



We currently cover 99% of companies listed on Ibovespa, IBRX-100, and the Business Sustainability Index (local acronym ISE) of Bovespa.

90% of corporate fixed income securities are also covered by this methodology.

The target for the coming years is periodically updating the analysis for variable income securities and expanding the coverage in corporate fixed income securities to 95%.



[Integration of ESG issues in fixed income](#)



[Integration of ESG issues in assessment of companies](#)

Environmental and Social Opportunities

Our Strategy

In 2017, the Wholesale segment allocated 2.92 billion in loan operations that promote E&S benefits, accounting for approximately 1.76% of the loan portfolio. The contracting of environmental and social operations increased 1.92% compared to 2016.

Our Products

Green Bonds

In 2017, we took part in the issue of one more green bond of the Brazilian market. In this operation, Klabin contracted US\$500 million (approximately R\$1.745 billion), in an operation with bonds distributed in the U.S. market.

Fixed Income

Ecomudança Fund: allocates 30% of the management fee to GHG emission reduction projects. Since 2009, the Ecomudança program has invested approximately R\$5.3 million in 46 projects.

Fundo Itaú Futura: between 2010 and 2017, Fundo Social Itaú Futura donated more than R\$2,6 million to educational projects developed by Roberto Marinho Foundation's Futura TV channel, which accounts for 30% of its management fee.

Floating Income

FIES: allocates 50% of management fee to educational projects. Since 2004, more than R\$30 million was transferred to 165 NGOs, benefiting over 36,500 children and youth, in addition to 3,400 educators.

IT Now ISE: reflects the performance of the Corporate Sustainability Index (ISE).

It Now IGCT: reflects the performance of the Trade Corporate Governance Index (IGCT)

Clean Energy

We offer our clients financing lines related to mitigation of climate change, reduction of GHG emissions, renewable energy, improvements in the energy transmission and distribution (energy efficiency), bio-fuels, infrastructure, and in the logistics systems, basic sanitation, sustainable agriculture, and recovery of sugarcane cultivation land.

Onlending from the Brazilian Social and Economic Development Bank (BNDES)

In 2017, we allocated R\$169.80 million to projects related to the recovery of sugarcane cultivation land and introduction of new sugarcane plantations, agriculture and financing aimed at GHG emission reduction.

Credit for environmental and social benefits

In 2017, the Wholesale segment allocated 2.92 billion in loan operations that promote E&S benefits, accounting for approximately 1.76% when compared to the loan portfolio at the end of 2017.

Evaluating and developing new products and services

Governance

Alignment Forum

In-person meeting at which product or service developers submit proposals to the other areas impacted according to division of business segments.

Risk Management Analysis (AGR) Portal

Any project that modifies or creates products and services is subjected to a rigorous analysis focused on risk management.

Retail Products Committees

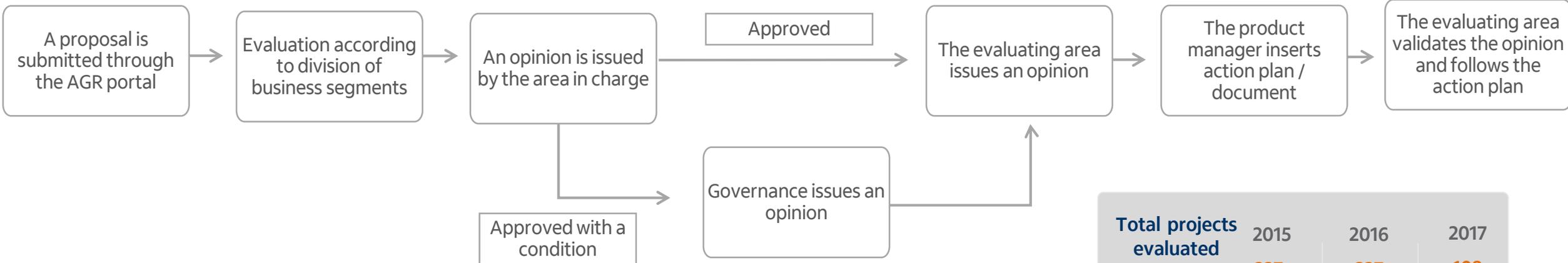
Composed by the evaluating areas' officers, this forum meets periodically to discuss projects that have disparities in the evaluation.

Role of the sustainability department

Evaluates and suggests adjustments to ensure that products and projects are aligned with three work pillars :

- Transparency
- Environmental and social risks
- Financial education

Flow of products and services evaluation



Total projects evaluated	2015	2016	2017
	227	327	108

Management of Suppliers

Profile

Main Categories

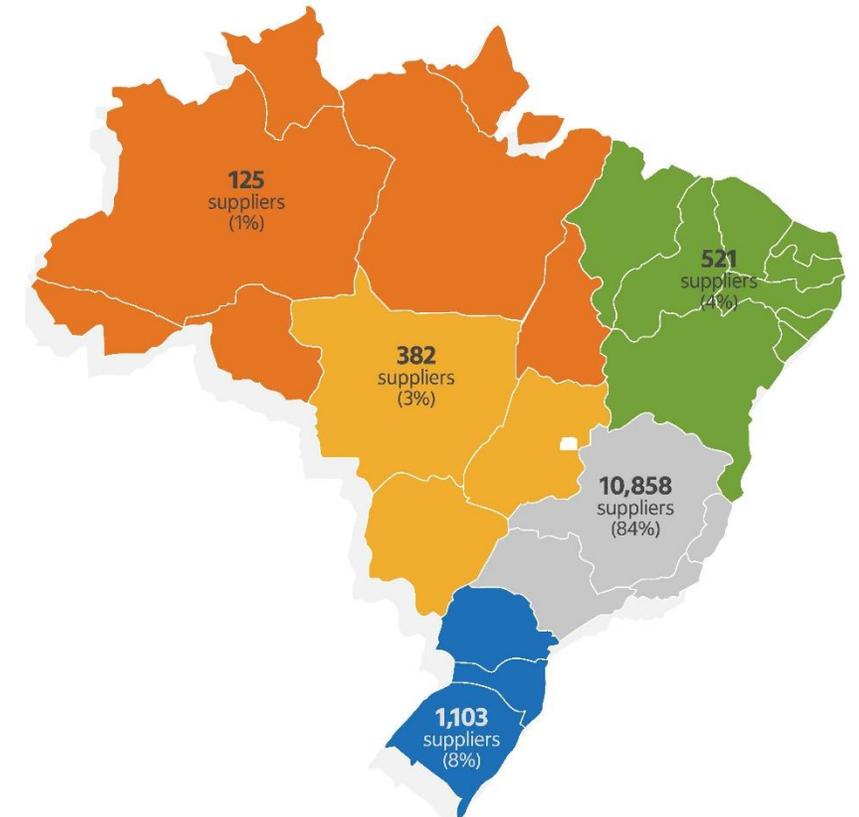
Maintenance, works and equity	29.1%
Marketing	13.4%
Legal expenses	10.8%

Total amount purchased (R\$ billion)

2015	2016	2017
9.0	10.0	10.0

Supplier Relationship Code

Transparency, legality, quality and reliability in the interactions with our suppliers and service providers. They are required to adhere to the guidelines of the code, ensuring alignment of principles in the business relationship.



[Code of relationship with suppliers](#)

Evaluation process



We have been taking part in the CDP Supply Chain program for two years, and invited our largest suppliers to provide information related to their activities and climate change.



A partnership to bring very small and small companies from minority groups closer to large companies. We have already been in contact with 212 companies.

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Client Management

Customer satisfaction

Benchmarking surveys to evaluate customer satisfaction with the banking services provided by specific business units

Overall Satisfaction Rate (%)	2015	2016	2017
	8.02	7.96	8.05

The results of such surveys directly influence the **variable compensation** of both executives and teams at the branches.

Transparency

We are committed to providing guidance on our financial services and products and suit our offer to the client's profile and moment in life.

Credit Guider

Online tool designed to help determine the best credit product according to the client's need and their moment in life.

Quality in Sales Program

Improve sales quality by identifying and managing possible misconduct by employees from commercial and operation departments.

Behavioral Finance Program

The program aims at disseminating among employees knowledge about the biases, emotions and behaviors of clients so that we can develop the best solutions for their financial lives.

Complaint management

External Ombudsman role

Integrate the client service system and act when a client is not satisfied with a position received from standard channels (call centers, Customer Service Centers or internet).

2017 Results

- 94.2% of the incidents were solved in up to 10 days
- Around 98.4% of these incidents were solved in up to five working days (BACEN requires that a solution is provided in up to 10 working days)

Financial Education



Our Strategy

Enable actual achievements

Provide transparent products, services and offers that help our clients make more conscious decisions with money, to enable them to reach personal goals.

Financial Guidance

- 108 products and services for financial guidance, transparency and customer satisfaction;
- Financial guidance aligned with preventive actions, focused on clients who will likely not settle debts, through the offer of credit more suitable to their needs.
- Development of a financial education program for people in debt; and
- 33,371 employees trained online on Financial Education.

Empower for making better decisions

Provide content, tools and solutions that help employees and banking and non-banking clients to make better choices with their money, according to their needs and moments of life.

Program for employees and banking and non-banking clients

- Digital platforms with content for financial education: more than 3 million views since it was launched in 2014;
- Online financial guidance course on a partner platform with tips and content to achieve and maintain financial balance: more than 15,000 people interested in 2017;
- Financial Education Program to employees since 2009. Includes communication campaign, in-person and distance learning and financial advice; and
- Financial Education Program offered without charge to more than 500 corporate clients in Brazil, with managers who multiply the topic. More than 24,000 clients already impacted.

Enhance the topic across society

Contribute to the discussion of the topic across society, and inspire people to make better decisions with their money, promoting individual and collective prosperity.

Volunteering Program “*Uso Consciente do Dinheiro*” (Conscious Use of Money).

- Launched in 2015, it has around 1,100 active volunteers in Brazil and Latin America.

Campaigns

- Entertainment campaign for financial guidance on social media. In 2017, we launched two episodes of the Real Life TV webseries that impacted 65.8 million people.

Guidance to employees, clients and society, supplying tools for them to make the most suitable financial decisions for their moments in life, and products to support actual achievements.

Financial Inclusion | Itaú Microcredit

Guided productive microcredit

Itaú Microcredit is available in economically disadvantaged areas in São Paulo and Rio de Janeiro metropolitan regions. The lowest credit amount is four hundred reais (R\$400.00) and the highest is fourteen thousand five hundred reais (R\$14,500.00).

Structure review

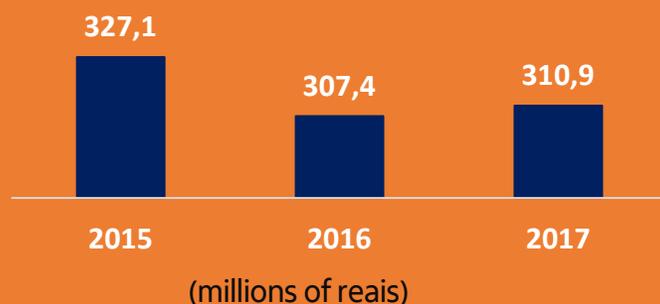
In 2017, the microcredit operation structure was reviewed, with the resulting creation of commercial and product planning cells, in addition to the commercial operation

Number of clients	2015	2015	2016
	8,100	2,778	2,524

Results

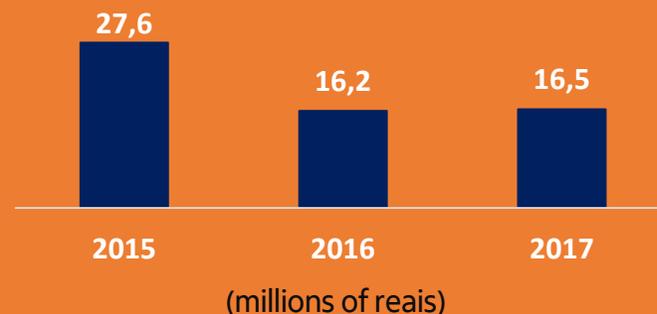
Liability

2% of all demand deposits must be directed to microcredit



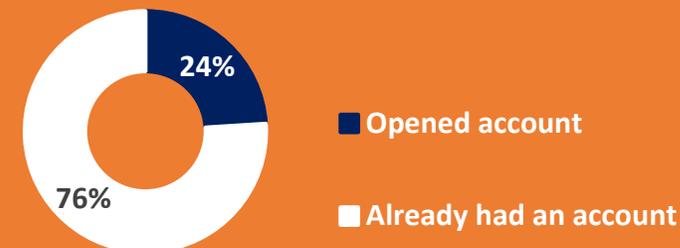
Release

All funds released to the end microcredit client



Banking inclusion

24% of current account holder clients opened account after hiring microcredit.



Data from 2003 to 2017

Financial Inclusion | Itaú Women Entrepreneurs



Objective of the program

Empower female entrepreneurs in Brazil through in-person and online solutions to train, inspire and connect them

Number of participants in the program

2015	2016	2017	Goal 2018
3,393	5,997	8,056	11,200

Solutions

Online Platform

- Contents related to enterprise management and leadership
- Management tools
- Motivational videos.

In-person Actions

- Networking events
- Business rounds
- Workshops

80 actions carried out through 2017

Partnerships

Partnerships that help provide financial and non-financial solutions to women entrepreneurs



Representation in GBA's Board.

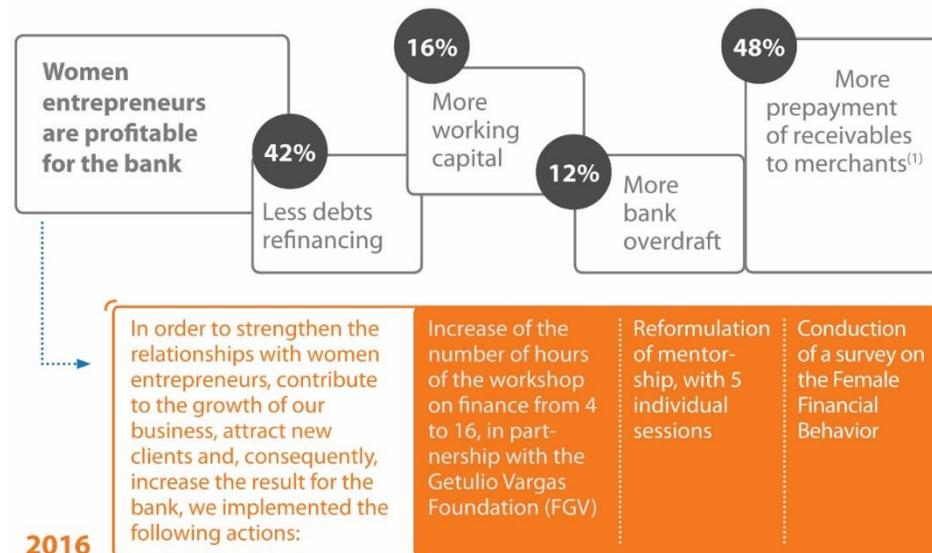
Impact of the Itaú Women Entrepreneurs Program

Conclusions of the impact assessment*

By analyzing controlled groups, we reached the following conclusions in relation to the program :

- ✓ Women who participated in the program were more involved in networking with other entrepreneurs and within their supply chain.
- ✓ Networking helped them to solve problems and search for business opportunities.
- ✓ These women are investing more in mentorship, including compensating professionals for adopting a more professional management

Impact assessment for the bank



(1) Resulting from sales made with credit cards.

Comparison base	Investment margin	Service margin	Insurance margin	Days in default	Is (not) in default	
Women entrepreneurs participants	X	+142%	+7%	+55%	-9	-5%
Women entrepreneurs non-participants						

Financial Inclusion | Accessibility

We have developed countless initiatives intended to promote the autonomy and the economic development of person with special needs:



Hearing impairments

TTD¹ device

The system enables clients to send and receive text messages about the following services :

- ✓ Current and savings account balance;
- ✓ Recent entries;
- ✓ Position of investments;
- ✓ General information;
- ✓ Complaints and suggestions for products and services.

Visual impairments

Products and services

Cards in Braille which are sent to the client together with the purchase agreement in the audio format

Monthly credit card invoice in Braille

Letters containing general information on the account

Voice command navigation with headsets connected to the ATMs

Tactile keyboard, card readers and bar codes

Dispensers of vouchers and notes.

Internet

A voice synthesizer (software) installed on the client's computer, which captures and transforms the customer's account information into audible answers.

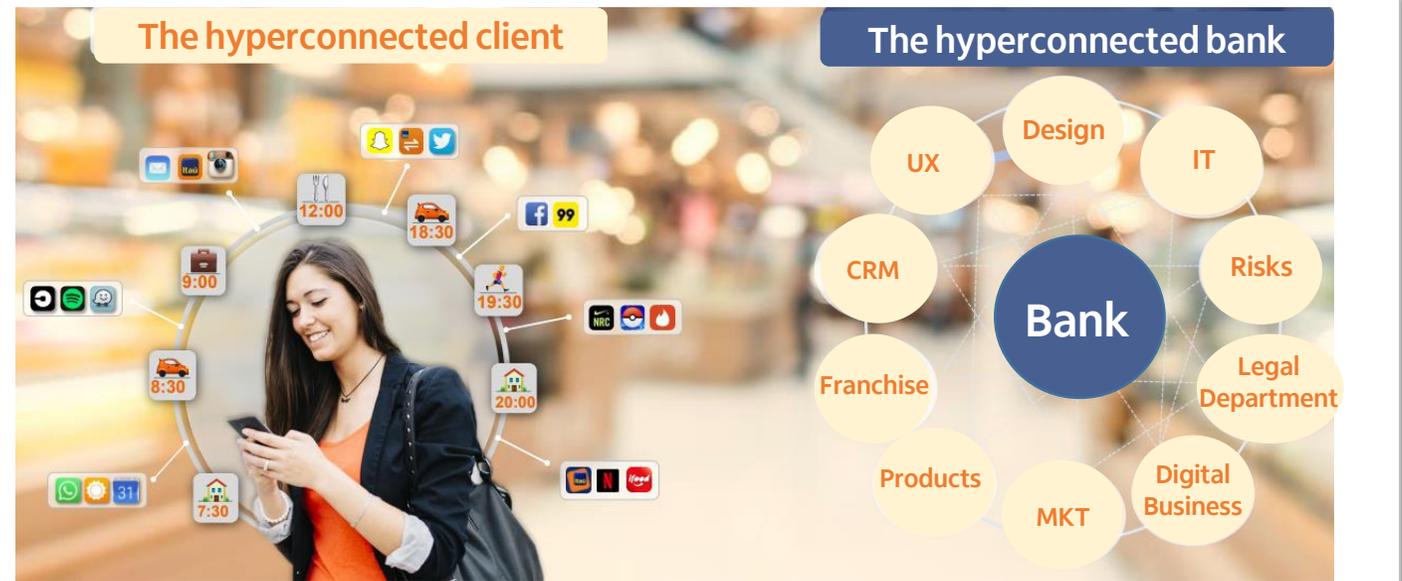
Services available:

- Current and savings account balance;
- Recent entries;
- General Conditions of Itaú Universal Account and Services, available in PDF, audio and video formats.

Financial Inclusion | Digital

Digital Bank

An essential part of the digital transformation is the increasing use of mobile devices with access to the Internet, which directly reflects on the exponential growth in the use of mobile banking, as evidenced by the 29% increase of use for individuals and 43% growth for companies, when compared to 2016.



Digital solutions



Application

Mobile is the most fast-growing channel, which makes access easier for people who do not use banking services (58% of transactions are performed using mobile devices and Internet)



Light application (around 1MB) to serve low-income persons



We reached more than 500,000 users in 2017

Digital Card

Credicard ZERO

The product has no annual fee and comes with a number of benefits, such as discounts with partners like Uber and Netshoes, among others. Customer experience is 100% digital through the mobile application

Application

Itaucard application

This application brings functionalities, such as Virtual Card that simplifies online shopping, enables transactions to be viewed in real time, features spending control by category, provides virtual assistance, among others.

Financial Inclusion | Digital

Digital Advisory Board

This committee was created to provide the Board with inputs, thus supporting the latter's reflections on customer experience, as impacted by the evolution of technology and world trends.

Blockchain

We are involved in 100% of blockchain applications in progress in Brazil to advance the financial market.

We created a Blockchain Lab, the bank's largest initiative in order to develop business' solutions utilizing blockchain technology. In this laboratory, we have already begun to develop, in the form of an internal prototype, a specific solution for our stock bookkeeping product.

cubo

A connection hub in Brazil created by Itaú-Unibanco in partnership with Redpoint to find opportunities to generate competitive advantage and evolve as a digital bank

- ✓ Encourage knowledge sharing among contributors and entrepreneurs
- ✓ Provides new business opportunities
- ✓ Contributes to a more agile and collaborative culture
- ✓ Connection with new talents
- ✓ Opportunity to innovate in products and services

2017 Result

- 54 startups
- More than 1,000 jobs created
- R\$150 million invested in companies

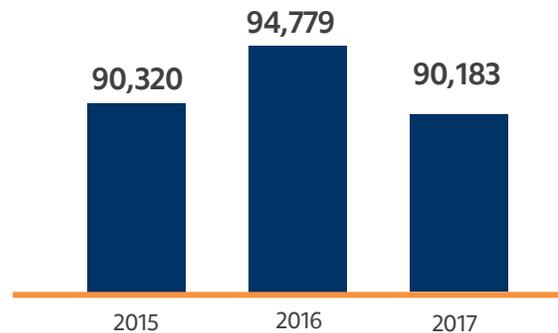
Cubo is increasing its capacity fourfold to approximately 210 startups

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Organizational climate, attraction and retention

Total employees



The number of employees increased in 2016 mainly due to the consolidation of Itaú CorpBanca.

Talent attraction and retention

Since 2009, ranked among the **Best Companies to Work** for by the main specialized publications in Brazil (*Você S/A*, *Época* and *Valor Carreira* magazines).



Trainee Program

143 trainees recruited in 2017, with 97% retention

Internship Program

2,094 interns recruited in 2017, with 48% retention

Organizational Climate

Confidential annual survey that measure employees' satisfaction with the working environment and people management.

Overall Satisfaction Rate	2015	2016	2017
	82%	85%	86%

The results of the survey are evaluated by employees and managers of the areas, who are encouraged to develop action plans to improve the organizational climate.

Turnover Rate

The turnover rate (ratio of the number of employees hired to the number of employees terminated in each year) has decreased gradually. This number is monitored by the Executive Committee on a monthly basis, and the Connecting People program is the main channel whereby employees are reassigned to other areas.



Diversity

Diversity profile

% of total employees

	2015	2016	2017
Women	60	60	60
Women in leadership positions	50	51	51.4
Black persons	20	21	22
Peopel with disabilities	4.6	4.6	4.7
Apprentices	2.38	3.1	2.75
Elderly ¹	7.65	9.38	9.03



¹employees over the age of 50

How the topic is managed by the bank

Internal policies

- Internal Diversity Appreciation Policy
- Diversity Appreciation Policy
 - Inclusion Program for Persons with Disabilities
 - Apprentice Program
- Commitment to Human Rights

Diversity working group

Periodic meetings between the Sustainability, Human Resources, Communication and Marketing, Governmental Relations, Legal, Compliance, and Foundations and Institutes areas, to discuss all diversity topics in the organization from the standpoint of employees, clients and society.

Women's Health Program:

Several benefits are granted to pregnant women and mothers returning to work after maternity leave:

- Additional 60 days of maternity leave;
- A space for pumping breast milk;
- Specialist nurse's visit after birth;
- Course on nutrition and first aids.

Participants in the course:

2015	2016	2017
1,500	1,329	1,740

The percentage of employees returning from maternity leave in 2017 and remaining in their jobs for at least 12 months upon their return was:

2015: 86%
2016: 88.7%

Extension of paternity leave: a benefit that allows the employee to extend the paternity leave by 15 days in addition to the five statutory days.

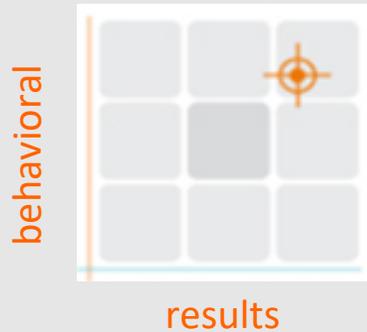


[Commitment to diversity*](#)

Performance evaluation and development

Meritocracy Cycle

Annual evaluation based on achievements and behaviors aligned with the organization's culture.



Strategic People Plan

Consolidation of scores related to the evaluation of goals and behavioral attitudes to analyze the relative performance against the employee's peers on a group basis. For 2016, 43,535 employees were evaluated.

Trilhas (career paths)

For cashiers and employees working in the branches, an evaluation of behaviors, achievements and readiness is performed. In the first six-months of 2017, 31,931 employees were evaluated.

Feedbacks

Honest and transparent feedbacks are part of this exercise

Individual Development Plans

Designed to ensure their continuous and structured development, in 2017, 81.75% of officers, 39% of superintendents and 45.15% of managers prepared their own Individual Development Plan (PDI).

Consequence management

For promotions and salary increases, the employee's consistent performance is taken into consideration.

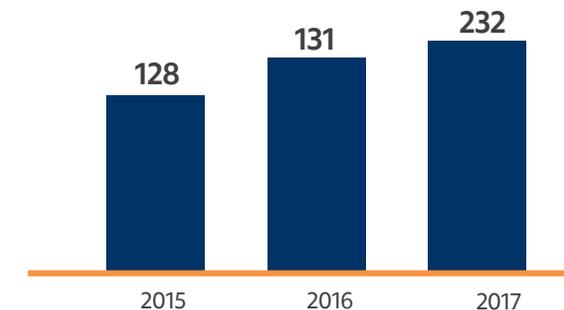
Training and Development

Leadership training

Target to have 95% of coordinators and managers trained on people management and performance, ethics, good labor practices in the management of people, clients, risks, and banking business.

% of leadership training	2015	2016	2017
	100%	95%	87%

Amounts invested in training employees (million of reais)



Employees | Health and Safety

Initiatives to promote the employee's health

***Fique OK* (Be OK) Program**

Under this program, support is provided by psychologists, lawyers, nutritionists, physiotherapists, and financial advisors to employees and their family members. In 2017, 56,400 persons (employees or family members) were assisted through this channel.

Professional Rehabilitation Program

Designed to reintegrate employees under leave of absence by the Social Security Department who need assistance to resume their original activities: 1,500 employees in 2017.

Working day – Compensation system

To enable employees to take care of their personal issues, the compensation system allows them flexible working hours, leaving or arriving before or after regular hours, whenever necessary, and they can compensate these hours another day.

Relevant Goals

Occupational medical examinations: the purpose of this program is to promote and preserve the employee's health as well as to prevent and secure an early diagnosis of diseases related to activities linked to the workplace or the employee's work itself.

	2015	2016	2017	2018 Goal
% of employees submitted to occupational medical examinations	75%	85%	97%	98%

Occupational Health and Safety (NR-1)

Employees are provided via e-learning all guidelines relating to the prevention of work accidents and diseases.

	2015	2016	2017	2018 Goal
Occupational Safety Training – NR1	76%	76%	83%	85%

Occupational Safety Representatives (RSLT)

E-learning on issues relating to the prevention of work accidents and occupational diseases designed for branch managers and supervisors

	2015	2016	2017	2018 Goal
RSLT Training	62%	79%	83%	85%

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Ethics

Ethics is present in our business and is reflected in the transparency, respect and honesty in the relationship with our stakeholders, in the quality of our services and products and in the concern with financial performance and environmental and social responsibility

Code of ethics

Established to provide guidance on and prevent and resolve ethical dilemmas and conflicts of interests in the context of our activities and internal relations, and provides for our commitment to the topics in the ILO's fundamental conventions and other international agreements, such as the following:

- ✓ Elimination of child labor
- ✓ Combat against discrimination
- ✓ Appreciation of Diversity
- ✓ Prevention of sexual harassment in the workplace
- ✓ Respect to the rights to free union association and collective bargaining agreements



[Code of Ethics](#)

Adherence to the term of acknowledgment and to the corporate integrity policies (%)

2015	2016	2017	2018 Goal
92%	98%	93%	95%

Training for employees and management members (e-learning, seminars on ethics for senior management)

2017 Goal	2017	2018 Goal
85%	88%	85%

In 2017, we were selected again to compose the 2017 Pro-Ethics Company list (*Empresa Pró-Ética 2017*) promoted by the Ministry of Transparency, Inspection and General Controllershship of the Federal Government



Integrity and Ethics Corporate Policy

To establish guidelines additional to the Itaú Unibanco's Code of Ethics related to the following:

- ✓ Ethics Corporate Program
- ✓ Additional Guidelines – Conflicts of Interests
- ✓ Communication of Departures from the Code of Ethics
- ✓ Protection to Persons Using the Whistleblowing Channels

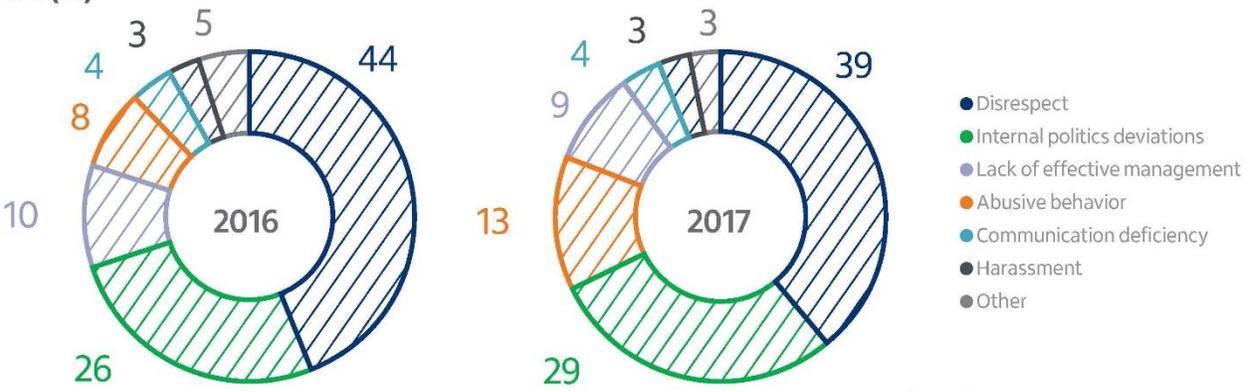


[Integrity and Ethics Corporate Policy](#)

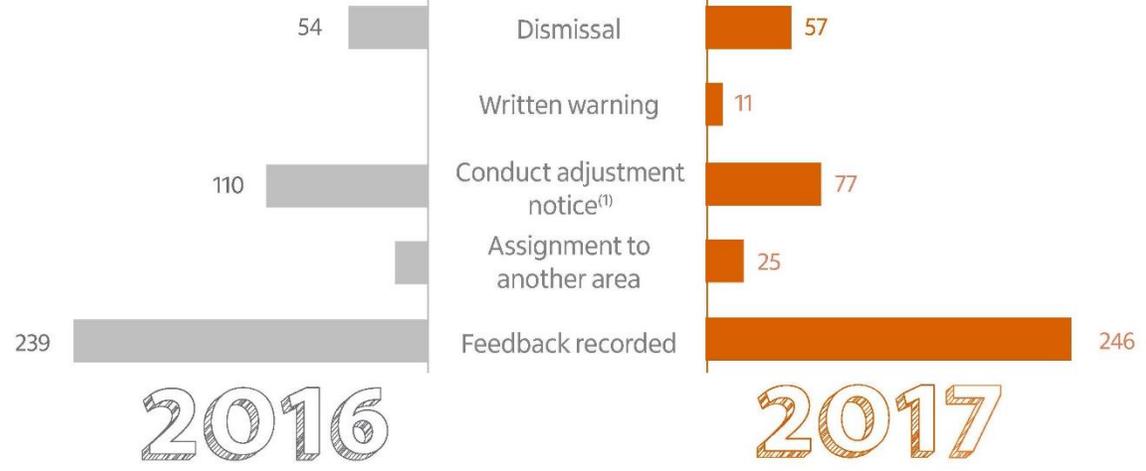
External Ombudsman’s Office

Ruled by commitment, dialogue, transparency, owner’s mind, integrity and ethics, the purpose of the Internal Ombudsman’s Office is to help employees resolve interpersonal conflicts and conflicts of interest in the work environment, ethical misconduct and nonconformities with related institutional policies.

Behaviors reported(%)



Guiding/disciplinary measures implemented



2017 Highlights

- ✓ 39 Meetings and lectures held by the Ombudsman’s Office management, covering a total of 1,784 employees.
- ✓ Executives’ message – broadcasting videos recorded by the bank’s President and executives, with messages on the importance and interdependence of the channel work

Combating Corruption

Based on global best practices, our purview of corruption covers illegal acts between public and private agents, as well as those involving private agents only

Anti-Corruption Corporate Policy

The purpose of our Anti-Corruption Corporate Policy is to reinforce our commitment to cooperate proactively with initiatives to prevent and combat corruption, and also to establish guidelines for the conception, implementation and continuous improvement of training and development programs, whistleblowing channels and awareness campaigns.



[Anti-Corruption Corporate Policy](#)

Integrity and Ethics Corporate Program

Established for the development of corruption prevention, monitoring and combat practices, using whistleblowing channels and promoting awareness campaigns and training programs on the topic

✓ Whistleblowing channel for employees and stakeholders

For suspicious transactions that may result in dismissal or termination of agreement.

In 2017, we maintained our in-person and online continuing education program, especially for the departments most sensitive to the corruption risk, which have relations with government and suppliers. The percentage of adherence of employees and senior management to distance training achieved 93% in 2017. See the table below for the breakdown per job level by the end of 2017:

% of adherence to training

Job level	2017	2016
Senior Management ⁽¹⁾	89	82
Middle Management ⁽²⁾	91	83
Workforce ⁽³⁾	93	84

(1) Officers and above.

(2) Superintendents, managers and supervisors.

(3) With no management position.

Prevention and fight against illicit acts

Financial institutions play a key role in preventing and fighting illicit acts, which includes money laundering, terrorism financing and fraud.

Illicit Acts Prevention and Combat Corporate Policy

The objective of this document is to consolidate the principles and guidelines of Itaú Unibanco Holding S.A. relating to the prevention and combat of money laundering, terrorism financing and fraud, in accordance with the prevailing legislation and regulations and the best local and global market practices.



Program to prevent and fight illicit acts

In order to be compliant with the corporate policy guidelines, Itaú Unibanco established a program to prevent and fight illicit acts, which includes the following pillars:

- ✓ Customer Identification Process
- ✓ “Know Your Customer” Process (KYC)
- ✓ “Know Your Partner” Process (KYP)
- ✓ “Know Your Supplier” Process (KYS)
- ✓ “Know Your Employee” Process (KYE)
- ✓ Risk Assessment on New Products and Services
- ✓ Transaction Monitoring
- ✓ Reporting Suspicious Transactions to Regulators and Authorities
- ✓ Training



[Illicit Acts Prevention and Combat Corporate Policy](#)

Information Security

Information is what supports the entire banking operation. Therefore, we have the commitment to protect corporate information and ensure the privacy of clients in all transactions.

Corporate Information Security Policy

Ensure the application of the information and intellectual property principles and guidelines of the organization, clients and the general public.



Information Security Initiatives

Role of the Information Security area

- ✓ Monitor and handle any type of attack and security incidents
- ✓ Management of accesses to systems
- ✓ Joint work with business and technology departments to keep up with the trends of the digital world market

Training on Information Security for employees

In-person and/or online training on information confidentiality, integrity and availability.

Cyber Security

We use cutting-edge technology to protect our network and data, as well as other barriers, such as restricted access to our servers, facilities and virtual environments, through the use of firewalls, protection by password and encryption



NBR ISO/IEC 27001 Certification

A Brazilian standard developed to ensure the protection and privacy of information provided by clients and other sources.

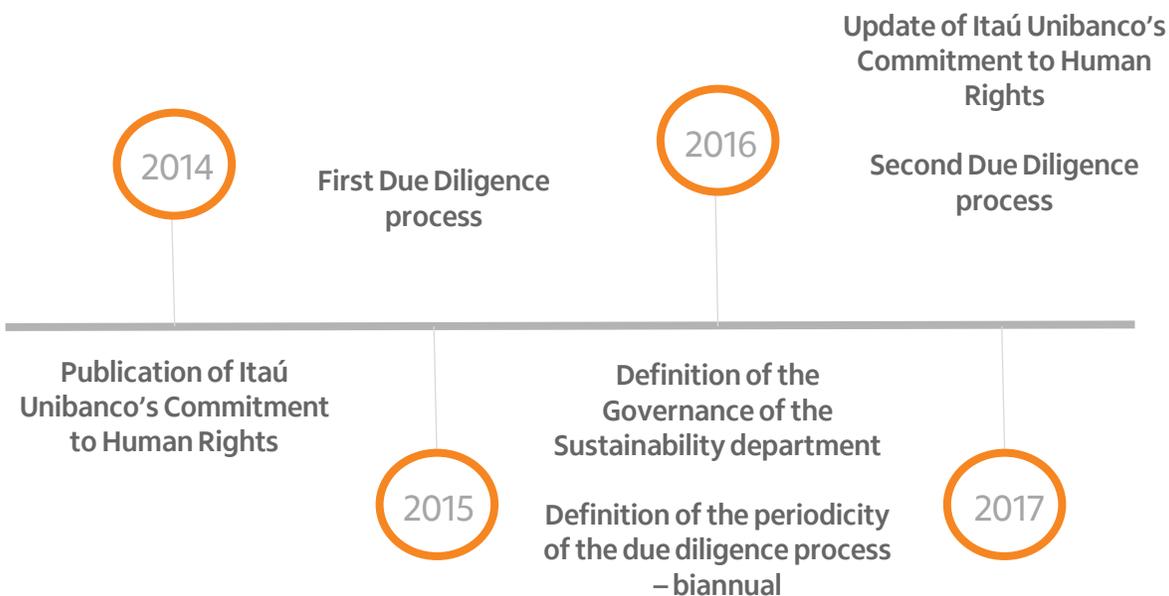


Human Rights in Itaú

We are committed to preventing any attitudes that violate the rights of people with whom we relate

Partners that guide us in this issue

- UN Global Compact
- UNEP FI
- OIT



Commitment to Human Rights

Provides guidelines for preventing Human Rights risks we are exposed to in our relations with employees, clients and suppliers. It is driven by the UN Guiding Principles on Business and Human Rights, under the “Protect, Respect and Remedy” framework

Action plans

We monitor and supervise the impacts of our activities on Human Rights, incorporating activities associated with this topic into our policies and procedures.

In 2018, a squad was created in the sustainability department exclusively to manage this topic.



Human Rights - Due Diligence

The purpose is to ensure respect to human rights, according to the United Nations Guiding Principles on Business and Human Rights.

1	Pesquisa e mapeamento	Análise do Compromisso de DH, políticas, processos, produtos, serviços e entrevistas com envolvidos
2	Definição de prioridades	Avaliação de impactos, de riscos e identificação de oportunidades de melhoria
3	Análise de GAPs dos princípios orientadores da ONU	Identificação dos GAPs relacionados aos Princípios Orientadores da ONU
4	Conclusões e recomendações	Recomendações para melhoria do processo de gestão dos Direitos Humanos

Departments involved in the Due Diligence process

- Sustainability
- Diversity
- Health and Safety
- Internal Ombudsman
- Integrity and Ethics
- Inspection
- Procurement
- Legal
- Institutional and Governmental Relations
- Union Relations
- Compliance
- Investor Relations
- External Ombudsman

Main topics in human rights:

- Labor analogous to slavery
- Child labor
- Moral and sexual harassment
- Health an Safety
- Diversity
- Discrimination
- Education and Culture
- Compensation
- Corruption, extortion and bribery
- Free union association
- Labor rights

Due Diligence - Biannual

Work completed in 2017 in partnership with an independent third party in order to:

- ✓ Identify possible impacts on our stakeholders
- ✓ Prepare improvement plans for our processes
- ✓ Monitor compliance with our Commitment to Human Rights .

11

Meetings

+70

documents reviewed

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Environmental impacts of Itaú's operations in Brazil in 2016

Study developed by the Sustainability department to: Measure the main environmental impacts of the bank's operations and report them to the stakeholders

Calculation of the impact generated in the Brazilian economy by Itaú's supply chain and the credit products offered to clients, individuals and companies, in 2016 (does not include Rede).

Products covered by the study

Individuals

- Personal credit
- Payroll loans
- Credit cards
- Mortgage loans
- Vehicle financing

Companies

- Working capital
- Direct Consumer Credit /Lease/FINAME
- Credit cards
- Mortgage loans
- Vehicle financing

Supply chain

The 100 largest local suppliers were considered based on the amount spent.

Results obtained



Carbon footprint



Water footprint



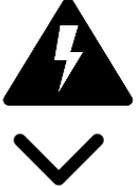
Fossil fuels



Energy consumption

Findings from the Impact Study

**Supply chain
(R\$10.1 bi spent)**



938,600
t CO₂

9.6 mi m³

157,569 t

5,897 GWh

Corresponds to the emissions generated by all vehicles in São Paulo in a three-month period

Sufficient to supply 3 million homes in Brazil for a one-year period

**Products – Individuals and Companies
(R\$91.2 bi granted)**



10.4 million t
CO₂

301.8 mi m³

1,763,405 t

68,336 GWh

Sufficient to meet water demand of approximately 4.9 million people in Brazil for a one-year period

Equivalent to the weight of 12 million barrels of oil

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Itaú's actions associated to the SDGs



Global agenda that guides the actions of companies, government and society for the sustainable development.

Context



Itaú's Actions

Materiality matrix and GRI indicators taking the SDGs into consideration

SDGs are taken into consideration in Itaú's actions towards Sustainability

SDGs as the umbrella for the strategy of the institutes and foundations

Beginning of the review of the bank's sustainability strategy based on the SDGs

Engagement of employees (Brazil and Latam) in workshops

SDGs in training and for trainee project

Development of the SDG matrix cross-referencing strategic challenges and business operations.

Detailed reporting of SDGs in the Consolidated Annual Report

Itaú's main challenge:

To impact the SDG's goals through projects that connect Itaú's strategic challenges with its business

Relation between SDGs and Itaú Unibanco's strategic fronts



Customer Centricity



Risk Management



Digital Transformation



Internationalization



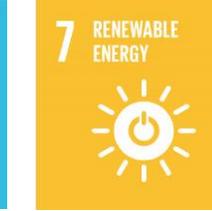
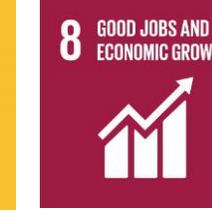
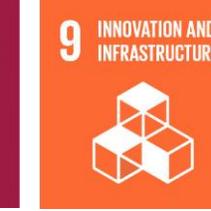
People Management



Sustainable Profitability



Main impacts of the SDGs on Itaú Unibanco

SDG									
Impact	Promoting social and financial inclusion and diversity	Access to financial services to clients in rural areas	Promoting access to health care and reducing financial impact	Promoting formal education and training to employees	Women's economic empowerment and equal opportunities	Environmental and social management in business and the facilities	Environmental and social criteria in business and use of renewable energy in the facilities	Promoting decent and sustainable work accessible for all	Environmental and social criteria in business and access to financial services
Main fronts	<ul style="list-style-type: none"> • Microcredit • Apprentice • Citizenship • Rural credit 	<ul style="list-style-type: none"> • Rural credit 	<ul style="list-style-type: none"> • Employee health • Health insurance • Environmental and social management 	<ul style="list-style-type: none"> • Employee training • Education • Financial education 	<ul style="list-style-type: none"> • Itaú Women Entrepreneurs Program • Public commitments • Diversity policy 	<ul style="list-style-type: none"> • Environmental and social management • Eco-efficiency • Carbon offsetting 	<ul style="list-style-type: none"> • Environmental and social management • Eco-efficiency • Impact investment 	<ul style="list-style-type: none"> • Environmental and social management • Employee training • Management of suppliers 	<ul style="list-style-type: none"> • Environmental and social risk • Microcredit • Financial Education • P&S

SDG								
Impact	Equal opportunities and access to financial services	Promoting sustainable cities, urban mobility and cultural heritage	Gestão socioambiental e desenvolvimento sustentável	Environmental and social management in business, operations and suppliers	Environmental and social management in business and operations	Environmental and social management in business and operations	Promoting ethics, transparency and fighting corruption	Impacting and promoting sustainable development
Main fronts	<ul style="list-style-type: none"> • Microcredit • Financial Education • Diversity • Women Entrepreneurs 	<ul style="list-style-type: none"> • Bike Itaú • Itaú Cultural • Crisis management 	<ul style="list-style-type: none"> • Environmental and social management • Suppliers • Financial Education • Education 	<ul style="list-style-type: none"> • Environmental and social management • Suppliers • Eco-efficiency • Associations 	<ul style="list-style-type: none"> • Environmental and social management • Eco-efficiency • Associations 	<ul style="list-style-type: none"> • Environmental and social management • Eco-efficiency • Associations 	<ul style="list-style-type: none"> • Policies and training • Ombudsman • Environmental and social management 	<ul style="list-style-type: none"> • Membership in associations • Partnerships • Impact on policies

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Corporate Citizenship

Itaú cultural

An institute focused on research and production of content, as well as on mapping, encouraging and disseminating artistic and intellectual manifestations. Therefore, it contributes to the appreciation of culture in a complex and heterogeneous society like Brazil.

Itaú Cultural promoted approximately 260 activities, which impacted more than 177,000 people



The main purpose of Espaço Itaú de Cinema, a network of movie theaters, is providing different views of the movies, developing audiences, and leaving a legacy to society, always supporting projects that value and reinforce our commitment to democratization of culture.

Espaço Itaú de Cinema received approximately 723,000 people. A total of eight complexes with screening rooms in six Brazilian cities



Fundação Itaú Social was specifically created to structure and implement Itaú's social investments throughout Brazil, and it is focused on supporting, developing and strengthening programs aimed at improving public education policies, enhancing the commitment of our employees – and society in general – through a volunteer culture and systematized evaluation of social projects.

We held the 12nd edition of Prêmio Itaú-Unicef (Itaú-Unicef Award), which recognizes civil society organizations and public schools. 1,651 partnerships between CSOs and public schools registered in the program



Instituto Unibanco works to raise the quality of Brazilian public education. Focused on improving results and producing knowledge about high schools, the Institute develops and implements management solutions – in the education system, in schools and in classrooms – committed to the effective capability of public schools to ensure the right to learning to all students.

We are involved in raising the quality of public education focusing on improving management of secondary schools. 1,440 schools and 469,985 students took part in Jovem de Futuro (Youth with a Future)



Itaú Viver Mais (Itaú Live Longer) offers physical, social and cultural activities in several locations in Brazil for people older than 55. The activities are all free of charge and also offered to non-account holders. The Itaú Viver Mais program is based on three pillars: living, living together and reviving.

Since 2004, more than 25,000 participants took part in Itaú Viver Mais. Today, there are approximately 10,000 openings in the states of São Paulo, Rio de Janeiro, Rio Grande do Sul and Minas Gerais.

Corporate Citizenship| Private social investment

In 2017, we formalized, through an internal policy, the ruling that all of the investments made by the bank should aim to contribute to the Sustainable Development Goals (SDGs), reaffirming our commitment to the global agenda adopted during the United Nations Sustainable Development Summit in 2015.

Not incentivized				
	2017: value invested (R\$ million)	2016: value invested (R\$ million)	Number of projects 2017	Number of projects 2016
Education	181.0	140.3	520	180
Culture	148.5	74.1	50	4
Sports ⁽²⁾	7.2	8.5	7	4
Urban mobility	64.9	63.8	45	15
Institutional support and others	10.4	33.5	43	206
Elderly	2.3	-	3	-
Total of not incentivized	414.3	320.2	668	409
Incentivized				
	2017: value invested (R\$ million)	2016: value invested (R\$ million)	Number of projects 2017	Number of projects 2016
Education	15.8	11.7	38	39
Culture	69.4	83.6	119	97
Sport	16.9	14.5	18	15
Health and elderly	31.0	38.4	37	39
Others	-	6.5	-	21
Total of incentivized	133.1	154.6	212	409
Total	547.4	474.8	880	620

(1) Due to the change in the structure of submission of contributions made during the years of 2015 and 2016, and the incompatibility in the form of their representation, this report does not express a comparison between the last three years

(2) It e does not include sponsorships to the Brazilian Soccer Team and the Miami Open Tennis Tournament.



For more information, see Itaú Unibanco Annual Report at <https://www.itaubr.com/annual-report>

Questions, feedbacks and suggestions, contact us by the email box: sustentabilidade@itaunibanco.com.br