



# CLIMATE TRANSPARENCY REPORT 2019

Itaú Asset Management

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here ([https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-93A93398-B585-472D-8A13-A02FBB2B51F4/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C\\*complete\\*%7C\\*public\\*/Merged/](https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-93A93398-B585-472D-8A13-A02FBB2B51F4/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/)). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

## TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	-	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	-	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	-	Public				
SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	Itaú Asset Management
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ > 50 billion AUM
<b>Main Asset Class</b>	>50% Fixed Income SSA Internally Managed
<b>Signed PRI Initiative</b>	2008
<b>Region</b>	Latin America
<b>Country</b>	Brazil
<b>Disclosure of Voluntary Indicators</b>	31% from 38 Voluntary indicators

# Itaú Asset Management

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.3**

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

IAM's SRI/ESG policy focuses on mainstream investment and ownership activities. Our belief is that ESG criteria can impact financial performance by presenting new risks and opportunities, which must be considered for an informed decision. IAM has in place a proprietary methodology to integrate Environmental, Social and Governance issues into its investment processes.

Our approach to Responsible Investment helps us achieve our fiduciary duties, creating value for our customers by providing returns better adjusted to their risk profiles.

The ESG Integration Method of Itaú Asset Management incorporates these variables into our fundamental valuation models, by analyzing ESG impacts on cash flow.

The objective is to adjust individual target stock prices and to anticipate events that result in value creation or destruction. This approach provides flexibility to our portfolio managers, who use the ESG valuation inputs to varying degrees, according to their specific strategies and mandates. The method does not use negative screening to exclude sectors or companies and so reduce the investment universe. Nevertheless, such exclusions may be added as an additional filter for clients with exclusive funds or managed portfolios.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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**SG 01.6  
CC**

Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.

Climate change risks and opportunities are an integral part of Itaú Asset Management ESG integration model. The model have one dimension specifically dedicated to climate change where it is estimated the positive and negative impacts of climate change for all investee companies.

An overview of climate change, its causes and consequences, national and international agreements and related trends are regularly monitored. IAM have developed a public white paper analyzing which impacts may affect the performance of several economic sectors, as well as social well being. The study contemplates key instruments that the public and private sector have been developing to mitigate climate change effects, such as carbon pricing, changes in the energy mix and mobility systems followed by the estimated impacts of climate change in the assessment of about 100 Brazilian listed companies, according to the abovementioned method, highlighting risks and opportunities for the private sector in Brazil. Being aware of the challenges, assessing



risks and identifying opportunities may represent an advantage for our businesses and enable new investment opportunities in the Brazilian context.

White paper available at: <https://www.itauassetmanagement.com.br/content/dam/itau-asset-management/content/pdf/white-papers/Mudancas-Climaticas%20-%20White%20Paper.pdf#v=29218>

**SG 01.7  
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

**SG 01.8  
CC**

Indicate the associated timescales linked to these risks and opportunities.

The broad climate change study and internal scenarios for economic sectors are estimated until 2050. Individual company ESG valuation models projecting specific impacts of climate change are focused on a 10 year time horizon and a perpetuity estimation segregated.

No

**SG 01.9  
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.10  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

The estimation of climate change impacts are an integral part of Itau Asset Management investment process for all investee companies.

No

**SG 1.12  
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

White Paper on Climate Change: <https://www.itauassetmanagement.com.br/content/dam/itau-asset-management/content/pdf/white-papers/Mudancas-Climaticas%20-%20White%20Paper.pdf#v=29218>

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
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- URL

	URL
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{hyperlink:https://www.ituassetmanagement.com.br/content/dam/itau-asset-management/content/pdf/quem-somos/Principios-Investimento-Responsavel.pdf?v=18211}

- Attachment (will be made public)

- Fiduciary (or equivalent) duties

	URL/Attachment
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- URL

	URL
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{hyperlink:https://www.ituassetmanagement.com.br/content/dam/itau-asset-management/content/pdf/quem-somos/Principios-Investimento-Responsavel.pdf?v=18211}

- Attachment (will be made public)

- Asset class-specific RI guidelines

- Engagement policy

	URL/Attachment
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- URL

	URL
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{hyperlink:https://www.ituassetmanagement.com.br/content/dam/itau-asset-management/content/pdf/quem-somos/Principios-Investimento-Responsavel.pdf?v=18211}

- Attachment (will be made public)

- We do not publicly disclose our investment policy documents

<b>SG 02.2</b>	Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.
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- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:https://www.itauassetmanagement.com.br/content/dam/itau-asset-management/content/pdf/quem-somos/Principios-Investimento-Responsavel.pdf?v=18211}

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

{hyperlink:http://www.itauassetmanagement.com.br/\_arquivosstaticos/Asset/pdf/WhitePapers/Investimento\_Responsavel\_IAM.PDF}

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:https://www.itauassetmanagement.com.br/content/dam/itau-asset-management/content/pdf/white-papers/ESG%20na%20avalia%C3%A7%C3%A3o%20de%20empresas.pdf?v=18211}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:http://www.itauassetmanagement.com.br/\_arquivosstaticos/Asset/pdf/WhitePapers/Investimento\_Responsavel\_IAM.PDF}

Attachment

We do not publicly disclose any investment policy components

**SG 02.3** Additional information [Optional].

Asset Class specific Listed Equities available at: <https://www.itauassetmanagement.com.br/content/dam/itau-asset-management/content/pdf/white-papers/ESG%20na%20avalia%C3%A7%C3%A3o%20de%20empresas.pdf?v=18211>

Asset Class specific Fixed Income Corporate and Private Debt available at <https://www.itauassetmanagement.com.br/content/dam/itau-asset-management/content/pdf/white->

## Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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**SG 07.5  
CC** Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**ESG issues in asset allocation**

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors

Describe
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Scenario analysis is used to define the E&S premises later used in IAM ESG model for investee companies ESG valuations.

- Yes, to assess future climate-related risks and opportunities

Describe
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Climate related risks and opportunities scenarios are presented in IAM white paper on climate change. These scenarios are later used in specific ESG valuation models to estimate the NPV of climate related impacts.

- No, not to assess future ESG/climate-related issues

<b>SG 13.2</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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We do the following
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- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

<b>SG 13.3</b>	Additional information. [OPTIONAL]
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Climate related scenarios are based on a 2°C scenario, mostly focused at carbon pricing. IAM white paper on climate change and its expected impacts in Brazil outlines possible outcomes on carbon pricing, agricultural impacts and how different industries can be impacted by climate change.

<b>SG 13 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**SG 13.4  
CC**

Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

- Initial assessment

Describe

An initial assessment considers company industry and exposure to extreme weather events.

- Incorporation into investment analysis

Describe

Climate related impacts and opportunities as presented in our white paper on climate change are incorporated in every investment analysis for equities and fixed income issuers. Climate change is formally a dimension in IAM ESG integration model. Carbon pricing, investments needed for climate resilience and higher capex for extreme weather events are a few examples of impacts systematically estimated for investee companies.

- Inform active ownership

- Other

**SG 13.5  
CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6  
CC**

Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.

- Yes

Describe

Climate change scenarios are estimated until 2050. For specific company valuations, it is used a 10 year time horizon.

- No

**SG 13.7  
CC**

Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

**SG 13.8  
CC**

Indicate the climate scenarios the organisation uses.

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="border: 1px solid black; background-color: #cccccc; padding: 5px; margin-bottom: 5px;">Other (1) please specify:</div> Focused on 2C / Brazil NDC
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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<b>SG 14.1</b>	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
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- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

<b>SG 14.2</b>	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity
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- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

<b>SG 14.3</b>	Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.
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- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above



<b>SG 14.5</b>	Additional information [Optional]
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Resource scarcity is integrated into DCF analysis by the ESG analyst according to sector materiality.  
 Development of a Portfolio Carbon footprint tool to encourage internal PM's to better understand carbon risk in their portfolios.

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>General</b>
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<b>SG 14.6 CC</b>	Please provide further details on these key metric(s) used to assess climate related risks and opportunities.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Estimate carbon pricing impact on investee companies	R\$ per Ton CO2e	
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Flagship funds have a carbon footprint which is compared to fund benchmark	Ton Co2e vs. benchmark Ton CO2e	

<b>SG 14.8 CC</b>	Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.
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- Process for climate-related risks is integrated into overall risk management
- Process for climate-related risks is not integrated into our overall risk management

Please describe
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Climate related risks are integrated into company valuations but not as a systemic overall risk management metric.

<b>SG 14.9 CC</b>	Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.
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- Yes

Please describe
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IAM encourages TCFD, IIRC and SDG reporting when engagin with investee companies.

- No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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<b>SG 15.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- Yes
- No