



LEA 02	Discipline: Mandatory	Principle: PRI 1, 2, 3
<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</li> <li><input checked="" type="checkbox"/> To enhance corporate transparency or identify the need to enhance corporate transparency</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in internal staff</li> </ul>	<p><b>Type of engagement</b></p> <p>Individual/ internal staff engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</li> <li><input checked="" type="checkbox"/> To enhance corporate transparency or identify the need to enhance corporate transparency</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in collaborative engagements</li> </ul>
<p><b>Type of engagement</b></p> <p>Collaborative engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</li> <li><input checked="" type="checkbox"/> To enhance corporate transparency or identify the need to enhance corporate transparency</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in service provider engagements</li> </ul>	<p><b>Type of engagement</b></p> <p>Service provider engagements</p>

# RI TRANSPARENCY REPORT

## 2017

Itaú Asset Management

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2017 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Private							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04		✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	✓	Private	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 16	ESG issues for externally managed assets not reported in framework	⚠	n/a							✓
SG 17	Innovative features of approach to RI	✓	Public							✓
SG End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private							✓
LEI 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 11	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 12	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 13	ESG issues in index construction	✓	Public	✓						
LEI 14	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 15	Measurement of financial and ESG outcomes of ESG incorporation	✓	Private	✓						
LEI 16	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
LEI 17	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagement methods	✓	Private		✓					
LEA 13	Engagements on E, S and/or G issues	-	n/a		✓					
LEA 14	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 15	Examples of ESG engagements	-	n/a		✓					
LEA 16	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 17	Voting policy & approach	✓	Public	✓	✓	✓				
LEA 18	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 19	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 20	Confirmation of votes	✓	Private		✓					
LEA 21	Securities lending programme	✓	Private		✓					
LEA 22	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 23	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 24	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 25	Shareholder resolutions	✓	Private		✓					
LEA 26	Examples of (proxy) voting activities	-	n/a		✓					
LEA 27	Disclosing voting activities	✓	Public		✓				✓	
LEA End	Module confirmation page	✓	-							

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive,active strategies	✓	Private							✓
FI 02	Option to report on <10% assets	🔒	n/a							✓
FI 03	Breakdown by market and credit quality	✓	Private							✓
FI 04	Incorporation strategies applied	✓	Public	✓						
FI 05	ESG issues and issuer research	✓	Private	✓						
FI 06	Processes to ensure analysis is robust	✓	Public	✓						
FI 07	Types of screening applied	🔒	n/a	✓						
FI 08	Negative screening - overview and rationale	🔒	n/a	✓						
FI 09	Examples of ESG factors in screening process	🔒	n/a	✓						
FI 10	Screening - ensuring criteria are met	🔒	n/a	✓						
FI 11	Thematic investing - overview	🔒	n/a	✓						
FI 12	Thematic investing - themed bond processes	🔒	n/a	✓						
FI 13	Thematic investing - assessing impact	🔒	n/a	✓						
FI 14	Integration overview	✓	Public	✓						
FI 15	Integration - ESG information in investment processes	✓	Public	✓						
FI 16	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 17	ESG incorporation in passive funds	✓	Private	✓						
FI 18	Engagement overview and coverage	✓	Private		✓					
FI 19	Engagement method	🔒	n/a	✓	✓					
FI 20	Engagement policy disclosure	🔒	n/a	✓	✓					
FI 21	Financial/ESG performance	✓	Private							✓
FI 22	Examples - ESG incorporation or engagement	-	n/a	✓	✓					
FI 23	Communications	✓	Public		✓				✓	
FI End	Module confirmation page	✓	-							

# Itaú Asset Management

## Reported Information

### Public version

### Organisational Overview

## 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.



## Basic Information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Other, specify

Execution and advisory services

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Brazil

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

350

OO 02.4	Additional information. [Optional]
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Approximately 100 investment professionals based in São Paulo, Santiago and New York.

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
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- Yes
- No

OO 04	Mandatory	Public	Gateway/Peering	General
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OO 04.1	Indicate the year end date for your reporting year.
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31/12/2016

OO 04.2	Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.
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	trillions	billions	millions	thousands	hundreds
Total AUM		513	935	742	304
Currency	BRL				
Assets in USD		148	347	595	718

OO 06	Mandatory	Public	Descriptive	General
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

OO 06.1	How you would like to disclose your asset class mix.
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- as percentage breakdown
- as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	<10%	0
Fixed income	>50%	0
Private equity	0	0
Property	0	0

Infrastructure	0	0
Commodities	0	0
Hedge funds	10-50%	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	<10%	0
Other (1), specify	0	0
Other (2), specify	0	0

**OO 06.2** Publish our asset class mix as per attached image [Optional].

<b>OO 09</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Peering</b>	<b>General</b>
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**OO 09.1** Indicate the breakdown of your organisation's AUM by market.

Developed Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
<i>Total</i>	<i>100%</i>

**Gateway asset class implementation indicators**

<b>OO 10</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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<b>OO 10.1</b>	Select the direct or indirect ESG incorporation activities your organisation implemented for listed equities in the reporting year.
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- We incorporate ESG in our investment decisions on our internally managed assets
- We do not incorporate ESG in our directly managed listed equity and/or we do not address ESG incorporation in our external manager selection, appointment and/or monitoring processes.

<b>OO 10.2</b>	Select the direct or indirect engagement activities your organisation implemented for listed equity in the reporting year.
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- We engage with companies on ESG factors via our staff, collaborations or service providers
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

<b>OO 10.3</b>	Select the direct or indirect voting activities your organisation implemented for listed equity in the reporting year
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- We cast our (proxy) votes directly or via dedicated voting providers
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

<b>OO 11</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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<b>OO 11.1</b>	Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).
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- Fixed income – SSA
- Fixed income – corporate (financial)
- Fixed income – corporate (non-financial)
- Hedge funds
- Cash
- None of the above

<b>OO 11.3</b>	Additional information. [Optional]
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Fixed Income - SSA: due to regulatory reasons, most of our funds may only invest in Brazil's government bonds, thus making it harder to incorporate ESG to this asset class. IAM has developed, though, an assessment of ESG issues to which Brazil, as a country, is exposed and may affect its macroeconomic prospects.

Hedge Funds: managers of this asset class have access to the same proprietary ESG research on corporate and financial issuers as their colleagues in fixed income and listed equities. The incorporation of ESG in decision making for hedge funds, though, is voluntary at the portfolio manager's discretion.

<b>OO 12</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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**You will need to make a selection in OO 12.1 only if you have any voluntary modules that you can choose to report on.**

<b>OO 12.1</b>	Select from below any additional applicable modules or sections you would like to report on voluntarily. You are only required to report on asset classes that represent 10% or more of your AUM.
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## Core modules

- Organisational Overview
- Strategy and Governance

## RI implementation directly or via service providers

### Direct - Listed Equity incorporation

- Listed Equity incorporation

### Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

### Direct - Fixed Income

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

## Closing module

- Closing module

## OO 12.2 Additional information. [Optional]

Fixed Income - Financial and Corporate are managed as part of the same strategies. We have developed a proprietary ESG research method for this asset class in 2014 and will report it in the Fixed Income - Corporate module.

# Itaú Asset Management

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

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## 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 type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Engagement policy <input type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.4** Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

No

**SG 01.6** Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Check

<b>SG 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 02.1** Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

**URL/Attachment**

- URL

**URL**

[http://www.itauassetmanagement.com.br/\\_arquivosstaticos/Asset/pdf/WhitePapers/Investimento\\_Responsavel\\_IAM.PDF](http://www.itauassetmanagement.com.br/_arquivosstaticos/Asset/pdf/WhitePapers/Investimento_Responsavel_IAM.PDF)

- Attachment (will be made public)
- We do not publicly disclose our investment policy documents

**SG 02.4** Additional information [Optional].

Asset Class specific Listed Equities available at:  
[http://www.itauassetmanagement.com.br/\\_arquivosstaticos/Asset/pdf/WhitePapers/White\\_Paper\\_ESG\\_Port.pdf](http://www.itauassetmanagement.com.br/_arquivosstaticos/Asset/pdf/WhitePapers/White_Paper_ESG_Port.pdf)  
 Asset Class specific Fixed Income Corporate and Private Debt available at  
[http://www.itauassetmanagement.com.br/\\_arquivosstaticos/Asset/pdf/WhitePapers/RF.pdf](http://www.itauassetmanagement.com.br/_arquivosstaticos/Asset/pdf/WhitePapers/RF.pdf)



SG 03	Mandatory	Public	Core Assessed	General
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**SG 03.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

**SG 03.2** Describe your policy on managing potential conflicts of interest in the investment process.

Itaú Unibanco has clearly defined conflict of interest policies and procedures, which have been designed to identify and properly disclose, mitigate, and/or eliminate applicable conflicts of interest. However, written policies and procedures cannot address every potential conflict, so employees must use proper judgment in identifying and responding appropriately to actual or potential conflicts.

Conflicts of interest that involve Itaú on one hand and clients on the other hand, will generally be fully disclosed and/or resolved in a way that favours the interests of the clients. In some instances conflict of interests may arise between two or more clients. Responding appropriately to these types of conflicts can be challenging, and may require robust disclosures if there is any appearance that one or more clients have been unfairly disadvantaged. Employees must notify the relevant compliance officer promptly if it appears that any actual or potential conflict of interest exists and has not been appropriately addressed. The compliance officer will document the firm's assessment of, and response to, such conflicts.

No

## Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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**SG 05.1** Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

**SG 05.2** Additional information. [Optional]

RI implementation is not only an objective for Itaú Asset Management but also a corporate goal for the Itaú conglomerate, affecting executive pay. Because the research process is the cornerstone of IAM's RI approach, the ESG coverage of our investment universe is key. To date we cover 100% of companies listed on the Ibovespa, IBX-100 and ISE indices (Brazil), 60% of IPSA index (Chile) and 50% of Merval index (Argentina).

## Governance and human resources

SG 07.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
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	Roles present in your organisation
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- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)
- Other role, specify (2)

SG 07.2	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
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C-level staff with oversight / accountability approve our RI goals and monitor them annually. Such goals also become part of their performance targets and influence executive compensation.

Dedicated PMs and analysts propose RI goals and means to achieve them, becoming responsible for implementation as it entails processes development, hiring of external providers and dissemination to other PMs and analysts.

Other PMs and analysts are required to incorporate ESG topics in their investment recommendations to be discussed in investment committees.

**SG 07.3** Indicate the number of dedicated responsible investment staff your organisation has.

Number

2

**SG 07.4** Additional information. [Optional]

Dedicated RI staff include an ESG analyst and a specialist PM.

## Promoting responsible investment

**SG 09**

**Mandatory**

**Public**

**Core Assessed**

**PRI 4,5**

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

**SG 09.1**

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

### Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

- Active participation in Brazil's network
  - Sponsorship of PRI in Person 2016
  - Hosted PRI / CBI roundtable on Green Bonds
  - Initial signatory of PRI / CBI / SITAWI organised Brazil Investor Statement on Green Bonds
- 
- AFIC – La Commission ESG
  - Asian Corporate Governance Association
  - Australian Council of Superannuation Investors
  - BVCA – Responsible Investment Advisory Board
  - CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Engagement with CDP representatives providing assistance and feedback on studies. Promoting the importance of the initiative to investee companies.

- CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
  - Moderate
  - Advanced
- CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- United Nations Global Compact
- Other collaborative organisation/initiative, specify  
**The Brazilian Association of Capital Markets Investors (AMEC)**

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Itau is a founding member o AMEC.  
 AMEC focuses on protecting minority shareholders and advancing corporate governance in the Brazilian market. Itaú is also a member of the Technical Committee and regularly participates in meetings and collaborative initiatives to protect minority shareholders.  
 In 2016, AMEC launched its Stewardship Code, of which IAM became a founding signatory. The Code contains a specific section on ESG and Responsible Investment. IAM is currently a member of the Code's Implementation Working Group.

- Other collaborative organisation/initiative, specify  
 ANBIMA (Brazilian Association of Financial and Capital Markets)

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Itau Asset Management participates in several ANBIMA technical committees (ETF's, investment Funds, treasury, product distribution, corporate finance, equity funds, credit funds, private equity funds, fixed income funds, hedge funds, private banking, real estate products, compliance, legal and sustainability).  
 IAM currently chairs the Sustainability Committee.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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**SG 10.1** Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

**SG 10.2**

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

No

**SG 10.3**

Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

Presentation at Apimec's Taking ESG into Account event, São Paulo, Oct 2016

Presentation at ESG LATAM 2016 event, Chile, Sep 2016

Provided training and assistance on ESG integration to clients.

Organised event on Responsible and Impact Investing to Itaú's high net worth clients (private banking), São Paulo, Dec 2016

**Alê, confirmar se alguns dos eventos abaixo se repetiram.**

*Presentation at BCSD Brazil conference on how environmental issues are incorporated into IAM's models.*

*Presentation at PRI in Person 2015 on role of asset owners in ESG integration.*

*Presentation to 3 pension funds about ESG integration.*

*Presentation at Apimec (Brazilian association of investment analysts) events on IAM's ESG integration method and the PRI initiative.*

*Published white paper on Water Risks to the Brazilian Economy and Listed Companies.*

*Published 6 articles about RI/ESG in newspapers (WSJ, Valor Economico, Revista Investidor Institucional).*

*Presentation at FEBRABAN on RI, ESG integration and the PRI initiative.*

### Implementation not in other modules

SG 12	Mandatory	Public	Descriptive	PRI 1
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 12.1** Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

**SG 12.2** Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

- We do the following
- We do not consider ESG issues in strategic asset allocation

**SG 15** **Mandatory** **Public** **Descriptive** **General**

**SG 15.1** Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

<b>Asset Class</b>	<b>Describe what processes are in place and the outputs or outcomes achieved</b>
Hedge funds	Hedge Funds buy listed equities as well and therefore may use our proprietary ESG research in decision making. This is, however, at the discretion of each PM.

**Innovation**

**SG 17** **Voluntary** **Public** **Descriptive** **General**

**SG 17.1** Indicate whether any specific features of your approach to responsible investment are particularly innovative.

- Yes

**SG 17.2** Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

Itau Asset Management approach is centered in the investment research process, with a focus on fundamental equity / credit research. This is unprecedented in an emerging market, according to peer benchmark we conducted (other players doing best-in-class or using ratings to restrict investable universe). Our proprietary method projects ESG issues into the DCF and credit rating models, focusing on the cash flow lines, thus influencing target prices / ratings of companies we cover and, ultimately, buy-hold-sell decisions by our PMs.

- No



# Itaú Asset Management

## Reported Information

### Public version

### Direct - Listed Equity Incorporation

## 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.

## ESG incorporation in actively managed listed equities

### Implementation processes


LEI 03	Mandatory	Public	Gateway	PRI 1
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**


<b>LEI 03.1</b>	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)
-----------------	--

#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied	 90
---	--

- Screening and Integration strategies

Percentage of active listed equity to which the strategy is applied	 10
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- Thematic and integration strategies
- Screening and thematic strategies
- All three strategies combined
- We do not apply incorporation strategies

Total actively managed listed equities
--

100%

<b>LEI 03.2</b>	Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.
-----------------	---

We consider ESG issues to the extent that they can materially affect the value of our investments, thus helping us deliver better risk-adjusted returns to our customers.

The Brazilian stock market is very concentrated in a few sectors, thus making it difficult for a large player such as Itaú Asset Management to devise thematic strategies or screening across the entire portfolio. Therefore, we have chosen to apply screening+integration only to an specific product and use Integration alone for the

remaining strategies. Our Integration approach fits better with our investment philosophy, which prioritises fundamental approaches with a strong focus on internal research. By integrating ESG into the equity research process, our analysts may give customized recommendations to our PMs, taking into consideration specificities of each strategy (long-only, long-short, benchmark used, etc).

**LEI 03.3**

Where assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

Only for our specific ESG fund, the process starts with positive screening (universe is made of ISE components), then negative screening is applied. Non-ISE companies may be added to universe based on analyst recommendation (based on integrated ESG analysis) and approval by the product advisory Board.

**LEI 04**

**Voluntary**

**Public**

**Additional Assessed**

**PRI 1**

**LEI 04.1**

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

**Type of ESG information**

- Raw ESG company data

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager

- Company-related analysis or ratings

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager

- Sector-related analysis or ratings

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager

- Country-related analysis or ratings

- Screened stock list

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- ESG issue-specific analysis or ratings

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Other, specify

<b>LEI 04.2</b>	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
-----------------	---

Screening is used only for one product and is done entirely by the in-house ESG analyst. Raw data is sourced from Bloomberg. A Brazilian research provider (SITAWI) provides Company and Sector analysis, based on a fundamental research process that includes reviewing public information, newsflow, stakeholder and company interviews. Analysis presented by international brokers covering Brazilian stocks are used as well. All research is treated and disseminated through the in-house ESG analyst, who works with all sector analysts and PMs to embed ESG into their models and present each thesis to the investment committee. The ESG analyst visit companies to present his views on their ESG performance and to clarify points of concern and information gaps.

<b>LEI 04.3</b>	Indicate if you incentivise brokers to provide ESG research.
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- Yes

<b>LEI 04.4</b>	Describe how you incentivise brokers.
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In 2011, Itaú Asset Management and other Brazilian PRI signatories committed to incentivise brokers by adding ESG-related criteria to their broker review process. The PRI event to communicate the initiative was hosted at Itaú and attracted more than 10 brokers. Itaú implemented the measure along 2012 and in the end of that year repeated the event to report on progress.

- No

**(A) Implementation: Screening**

<b>LEI 06</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 06.1</b>	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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**Type of screening**

- Negative/exclusionary screening

**Screened by**

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

**Description**

Screening applies only to a single product that represents less than 5% of our Listed Equities - Active Strategies. Negative screening is applied to nuclear power, tobacco, alcoholic beverages and the defense industry.

- Positive/best-in-class screening

**Screened by**

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

**Description**

Screening applies only to a single product that represents less than 5% of our Listed Equities - Active Strategies. Positive screening entails listing on ISE (Sustainability Index). The index selects companies based on criteria marked in the above answer.

- Norms-based screening

**LEI 06.2** Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

Our ESG active equities product has a Board of Advisors made of external members who are specialists in ESG. This board establishes the screening criteria for the fund and may approve additions / removals of specific companies based on recommendations from the ESG analyst. This is done on a yearly basis.

LEI 07	Mandatory	Public	Core Assessed	PRI 1
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<b>LEI 07.1</b>	Indicate which processes your organisation uses to ensure screening is based on robust analysis.
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- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

<b>LEI 07.2</b>	Additional information. [Optional]
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Screening applies only to our ESG active equities product and has very specific criteria (negative: product / positive: listing on ISE), therefore the research and approval process are straightforward.

<b>LEI 08</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 08.1</b>	Indicate which processes your organisation uses to ensure fund criteria are not breached
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- Systematic checks are performed to ensure that stocks meet the funds' screening criteria.
- Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- Audits of fund holdings are undertaken regularly by internal audit function
- Other, specify
- None of the above

<b>LEI 08.2</b>	If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.
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Automated IT system prevents investment in excluded stocks. In case of a new exclusion has been determined the fiduciary department regularly monitors compliance with fund mandates.

<b>(C) Implementation: Integration of ESG issues</b>				
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<b>LEI 10</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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<b>LEI 10.1</b>	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.
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ESG issues	Coverage/extent of review on these issues
Environmental	<div style="background-color: #0070C0; color: white; padding: 2px; display: flex; align-items: center;"> <span style="width: 20px; height: 15px; background-color: white; margin-right: 5px;"></span> <span>Environmental</span> </div> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly</li> <li><input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly</li> <li><input type="radio"/> We do not review environmental issues</li> </ul>
Social	<div style="background-color: #0070C0; color: white; padding: 2px; display: flex; align-items: center;"> <span style="width: 20px; height: 15px; background-color: white; margin-right: 5px;"></span> <span>Social</span> </div> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly</li> <li><input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly</li> <li><input type="radio"/> We do not review social issues</li> </ul>
Corporate Governance	<div style="background-color: #0070C0; color: white; padding: 2px; display: flex; align-items: center;"> <span style="width: 20px; height: 15px; background-color: white; margin-right: 5px;"></span> <span>Corporate Governance</span> </div> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly</li> <li><input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly</li> <li><input type="radio"/> We do not review corporate governance issues</li> </ul>

<b>LEI 10.2</b>	Additional information. [Optional]
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The ESG analyst systematically updates analysts and PMs on ESG issues. Additionally, the NPV of material E&S issues is available in an intranet platform to all analysts and PMs. Questions and feedback on the analysis are used by the ESG analyst to adjust the assumptions used in the models.

Corporate Governance analysis is part of the equity research process for a longer time than E and S. Each sector analyst holds responsibility to analyze G. Given the relatively limited investment universe (Latam and Brazilian equities) and our access to senior management teams, we consider G to be incorporated in our analysis.

<b>LEI 11</b>	Voluntary	Public	Additional Assessed	<b>PRI 1</b>
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**LEI 11.1**

Indicate which processes your organisation uses to ensure ESG integration is based on a robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Company information and/or ratings on ESG are updated regularly
- A periodic review of the quality of the research undertaken or provided is carried out
- Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ESG risk profile of a portfolio against benchmark
- Other, specify
- None of the above

**LEI 11.2**

Describe how ESG information is held and used by your portfolio managers.

- ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

**LEI 11.3**

Additional information.[Optional]

At the end of 2016, our complete ESG research process covered the following indices:

Brazil: Ibovespa (100%), IBX100 (100%) and ISE (100%)

Chile: IPSA (60%)

Argentina: Merval (50%)

<b>LEI 12</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**



**LEI 12.1**

Indicate which aspects of investment analysis you integrate ESG information into.

- Economic analysis
  - Systematically
  - Occasionally
- Industry analysis
  - Systematically
  - Occasionally
- Quality of management
  - Systematically
  - Occasionally
- Analysis of company strategy
  - Systematically
  - Occasionally
- Portfolio construction
  - Systematically
  - Occasionally

**LEI 12.2a**

Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis and/or portfolio construction.

- Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows)
- Adjustments to valuation tools (discount rates, terminal value)
- Other adjustments to fair value projections, specify

Our ESG model is based on calculating the NPV of specific E & S issues. ESG may impact CAPEX, WACC, costs, revenues, among others.

**LEI 12.3**

Describe how you integrate ESG information into portfolio construction

For actively managed funds, PMs are aware of the NPV of specific ESG issues and the fair value of companies integrated with ESG analysis. PMs are able to use the adjusted ESG fair value of companies in portfolio construction if they agree with the assumptions used in the ESG model calculations.

**LEI 12.4a**

Describe the methods you have used to adjust the income forecast / valuation tool

Higher COGS due to resource scarcity/climate change.

Higher CAPEX due to increased extreme weather events.

Lower/higher margins due to environmental issues such as certifications, lack of environmental licenses, land disputes, water costs, emissions taxation.

Higher/lower WACC due to specific company sustainability practices.

- Fair value/fundamental analysis
  - Systematically
  - Occasionally

**LEI 12.2b** | Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis and/or portfolio construction.

- Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows)
- Adjustments to valuation tools (discount rates, terminal value)
- Other adjustments to fair value projections, specify

**LEI 12.4b** | Describe the methods you have used to adjust the income forecast / valuation tool

We focus on projecting ESG-specific impacts on cash flows. Our full methodology with examples is depicted in our white paper:  
[http://www.itauassetmanagement.com.br/\\_arquivosstaticos/Asset/pdf/WhitePapers/White\\_Paper\\_ESG\\_Port.pdf](http://www.itauassetmanagement.com.br/_arquivosstaticos/Asset/pdf/WhitePapers/White_Paper_ESG_Port.pdf)

- Other, specify

**LEI 12.5** | Additional information.

We prefer adjustments to financial forecasts than to valuation tools. On the later, we occasionally adjust cost of debt (never cost of equity) and growth rates.

**ESG incorporation in passively managed listed equities**

<b>LEI 13</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**LEI 13.1** | Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.

- Yes

**LEI 13.2** | Indicate the percentage of your total passive listed equity funds for which ESG issues are incorporated in the index construction methodology.

(% of total passive listed equity funds)

- <10%
- 10-50%
- 51-90%
- >90%

**LEI 13.3** | Specify index/fund name, provide a brief description of ESG methodology and indicate which of the following ESG incorporation strategies you apply.

- Index/fund 1

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
ETF It Now ISE The Corporate Sustainability Index (ISE) is constructed based on analysis of an ESG questionnaire sent annually to eligible companies by BM&FBOVESPA and a research provider.	<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other

Index/fund 2

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
ETF It Now IGCT The Corporate Governance Trade Index (IGCT) includes only Brazilian companies listed at the differentiated levels of corporate governance of BM&FBOVESPA	<input checked="" type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other

Index/fund 3

Index/fund 4

Index/fund 5

No

## Communication

LEI 17	Mandatory	Public	Core Assessed	PRI 2,6
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**LEI 17.1** Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

We disclose it publicly

Provide URL

[http://www.itaubank.com/pdf/White\\_Pape\\_%20ESG\\_ingles\\_dez2013.pdf](http://www.itaubank.com/pdf/White_Pape_%20ESG_ingles_dez2013.pdf)

Provide URL

[http://www.itaubank.com.br/\\_arquivosstaticos/Asset/pdf/WhitePapers/White\\_Paper\\_ESG\\_Port.pdf](http://www.itaubank.com.br/_arquivosstaticos/Asset/pdf/WhitePapers/White_Paper_ESG_Port.pdf)

**LEI 17.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

**LEI 17.3**

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

**LEI 17.4**

Indicate how frequently you typically report this information.

- Quarterly or more frequently
  - Biannually
  - Annually
  - Less frequently than annually
  - Ad-hoc/when requested
- No
- We disclose it to clients and/or beneficiaries only
  - We do not proactively disclose it to the public and/or clients/beneficiaries

**LEI 17.7**

Additional information. [Optional]

Our white paper on Listed Equity ESG Integration was launched in Sept 2013 and was actively promoted to different stakeholders until 2014. Ever since, it became well known, and we only promote it occasionally / upon request.

# Itaú Asset Management

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

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## Engagement

### Overview

LEA 01	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 01.1	Indicate whether your organisation has a formal engagement policy.
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- Yes  
 No

LEA 01.5	Additional information [optional]
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IAM signed AMEC's Stewardship Code in 2016 and will be developing such policy in the future.

LEA 02	Mandatory	Public	Gateway	PRI 1,2,3
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LEA 02.1	Indicate the method of engagement, giving reasons for the interaction.
----------	--

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

### Process

## Process for engagements run internally

LEA 03	Mandatory	Public	Core Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 03.1** Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

Yes

**LEA 03.2** Describe the criteria used to identify and prioritise engagement activities carried out by internal staff.

- Geography/market of the companies targeted
- Materiality of ESG factors
- Systemic risks to global portfolios
- Exposure (holdings)
- In reaction to ESG impacts which has already taken place
- As a response to divestment pressure
- As a follow-up from a voting decision
- Client request
- Other, describe

No

LEA 04	Mandatory	Public	Core Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 04.1** Indicate if you define specific objectives for your engagement activities.

Yes

- Yes, for all engagement activities
- Yes, for the majority of engagement activities
- Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out by internal staff.

**LEA 04.2** Indicate if you monitor the actions that companies take following your engagements.

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out by internal staff.

**LEA 04.3** Indicate whether your organisation defines milestones and goals for engagement activities carried out by internal staff.

- Yes
- No

### Process for engagements conducted via collaborations

**LEA 05**

**Mandatory**

**Public**

**Core Assessed**

**PRI 2**

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

**LEA 05.1** Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements

- Yes
- No

**LEA 06**

**Mandatory**

**Public**

**Core Assessed**

**PRI 2**

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

**LEA 06.1** Indicate if you define specific objectives for your engagement activities carried out collaboratively.

- Yes
  - Yes, for all engagement activities
  - Yes, for the majority of engagement activities
  - Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out collaboratively.



**LEA 06.2** Indicate if you monitor the actions companies take following your collaborative engagements.

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out collaboratively

**LEA 06.3** Indicate whether your organisation defines milestones and goals related to engagement activities carried out via collaborations.

- Yes
- No

**LEA 06.5** Additional information. [Optional]

Collaborative engagements through AMEC focused on protecting minority shareholders rights.

### General processes for all three groups of engagers

<b>LEA 09</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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**LEA 09.1** Indicate if insights gained from your engagements are shared with your internal or external investment managers.

Type of engagement	Insights shared
<b>Individual/Internal staff engagements</b>	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
<b>Collaborative engagements</b>	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

**LEA 09.2** Additional information. [Optional]

Information obtained through engagements is embedded into our ESG research process, which then feeds our equity valuation models as described in section 4. LEI.

<b>LEA 10</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>PRI 2</b>
---------------	------------------	---------------	----------------	--------------

**LEA 10.1** Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track and cannot estimate our engagements

**LEA 10.2** Additional information. [OPTIONAL]

Individual engagements conducted by our dedicated ESG analyst are tracked. The information collected depends on our previous ESG analysis of the company, all additional info is embedded to the company ESG file, including the realization of the meetings / engagement. This information feeds our equity research process as described in section 4. LEI. Sector analysts also perform engagements and follow ups on ESG issues according to guidelines provided by the ESG analyst.

## Communication

**LEA 16**

**Mandatory**

**Public**

**Core Assessed**

**PRI 2,6**

**LEA 16.1** Indicate whether your organisation proactively discloses information on its engagements.

- We disclose it publicly
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

## (Proxy) voting and shareholder resolutions

### Overview

**LEA 17**

**Mandatory**

**Public**

**Gateway**

**PRI 1,2,3**

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

**LEA 17.1** Indicate whether your organisation has a formal voting policy.

- Yes

**LEA 17.2**

Indicate what your voting policy covers:

- Conflicts of interest
- Prioritisation of voting activities
- Transparency
- Decision making processes
- Environmental factors
- Social factors
- Governance factors
- Filing/co-filing resolutions
- Extraordinary meetings
- Share blocking
- Regional voting practices
- Record keeping
- Company dialogue pre/post vote
- Securities lending process
- Other, describe
- None of the above

**LEA 17.3**

Attach or provide a URL to your voting policy. [Optional]

URL

[http://www.itauassetmanagement.com.br/\\_arquivosstaticos/Asset/pdf/politica\\_voto\\_asset\\_2012.pdf](http://www.itauassetmanagement.com.br/_arquivosstaticos/Asset/pdf/politica_voto_asset_2012.pdf)

**LEA 17.4**

Provide a brief overview of your organization's approach to (proxy) voting.

Positive corporate governance practices promote a higher level of alignment between company and shareholders interests. When exercising its voting rights Itau Asset Management takes into account environmental, social and corporate governance issues.

Shareholder resolutions are not a common instrument in Brazil.

**LEA 17.5**

Provide an overview of how you ensure your voting policy is adhered to, giving details of your approach when exceptions to the policy are made (if applicable).

Proxy voting activities are coordinated by the fiduciary department along with PM's and analysts.

Exceptions must be approved by the fiduciary department, compliance department and the CIO.

No

**Process**

<b>LEA 18</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 2</b>
---------------	------------------	---------------	--------------------	--------------

<b>LEA 18.1</b>	Indicate how you typically make your (proxy) voting decisions.
-----------------	--

<b>Approach</b>
-----------------

We use our own research or voting team and make voting decisions without the use of service providers.

<b>Based on</b>
-----------------

- our own voting policy
- our clients' requests or policy
- other, explain
- We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) that make voting decisions on our behalf.

<b>LEA 22</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
---------------	------------------	---------------	----------------------	--------------

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

<b>LEA 22.1</b>	Indicate whether you or the service providers acting on your behalf raise any concerns with companies ahead of voting
-----------------	---

- Yes, in most cases
- Sometimes, in the following cases:
- Neither we nor our service provider raise concerns with companies ahead of voting

<b>LEA 22.2</b>	Indicate whether you and/or the service provider(s) acting on your behalf, communicate the rationale to companies, when , you abstain or vote against management recommendations.
-----------------	---

- Yes, in most cases
- Sometimes, in the following cases.
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers do not abstain or vote against management recommendations

## Outputs and outcomes

<b>LEA 23</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 23.1</b>	For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
-----------------	--

- We do track or collect this information

Votes cast (to the nearest 1%)

%

100

Specify the basis on which this percentage is calculated

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

**LEA 23.2** Explain your reason(s) for not voting certain holdings

- Shares were blocked
  - Notice, ballots or materials not received in time
  - Missed deadline
  - Geographical restrictions (non-home market)
  - Cost
  - Conflicts of interest
  - Holdings deemed too small
  - Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
  - We do not vote on environmental resolutions
  - We do not vote on social resolutions
  - On request by clients
  - Other
- We do not track or collect this information

**LEA 24** **Mandatory** **Public** **Additional Assessed** **PRI 2**

**LEA 24.1** Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued.

- Yes, we track this information
- No, we do not track this information

**Communication**

**LEA 27** **Mandatory** **Public** **Core Assessed** **PRI 2,6**

**LEA 27.1** Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly
- We disclose it to clients/beneficiaries only

**LEA 27.5**

Indicate the voting information your organisation proactively discloses to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

**LEA 27.6**

Indicate how frequently you report voting information.

- Continuously (primarily before meetings)
  - Continuously (soon after votes are cast)
  - Quarterly or more frequently
  - Between quarterly and annually
  - Less frequently than annually
  - Other
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

**LEA 27.8**

Additional information. [Optional]

We disclose our votes upon request from clients.

# Itaú Asset Management

## Reported Information

### Public version

### Direct - Fixed Income

## 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.

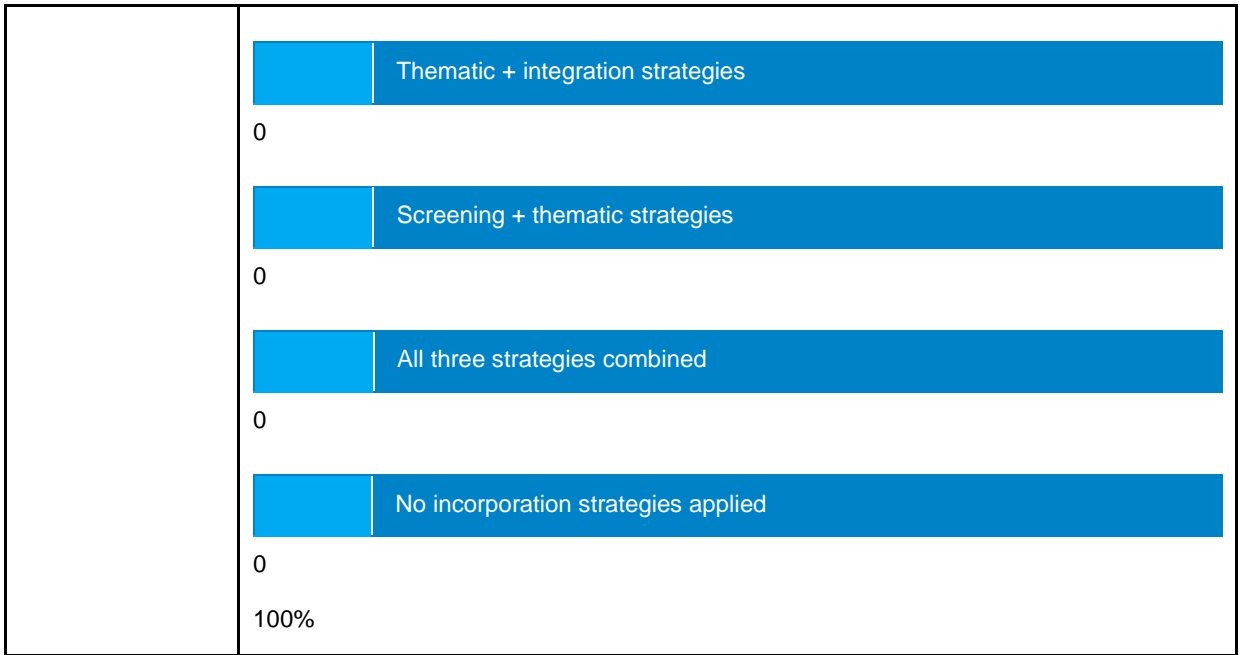
## ESG incorporation in actively managed fixed income

### Implementation processes

FI 04	Mandatory	Public	Gateway	PRI 1
FI 04.1	Indicate 1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and 2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.			



SSA	<table border="1"> <thead> <tr> <th>Strategy</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Screening alone</td> <td>0</td> </tr> <tr> <td>Thematic alone</td> <td>0</td> </tr> <tr> <td>Integration alone</td> <td>100</td> </tr> <tr> <td>Screening + integration strategies</td> <td>0</td> </tr> <tr> <td>Thematic + integration strategies</td> <td>0</td> </tr> <tr> <td>Screening + thematic strategies</td> <td>0</td> </tr> <tr> <td>All three strategies combined</td> <td>0</td> </tr> <tr> <td>No incorporation strategies applied</td> <td>0</td> </tr> <tr> <td><b>Total (any strategy)</b></td> <td><b>100%</b></td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	0	Thematic alone	0	Integration alone	100	Screening + integration strategies	0	Thematic + integration strategies	0	Screening + thematic strategies	0	All three strategies combined	0	No incorporation strategies applied	0	<b>Total (any strategy)</b>	<b>100%</b>
Strategy	Percentage																				
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Strategy	Percentage																				
Screening alone	0																				
Thematic alone	0																				
Integration alone	100																				
Screening + integration strategies	0																				



Corporate (non-financial)	Screening alone	0
	Thematic alone	0
	Integration alone	100
	Screening + integration strategies	0
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
		100%

**FI 04.2** Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

The Brazilian fixed income market has a very limited number of issuers. For a big player such as IAM, restricting this investment universe would have negative implications for diversification. Therefore, we chose to employ only our ESG integration approach, which is centered at the credit research process.

<b>FI 06</b>	<b>Mandatory</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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**FI 06.1** Indicate how you ensure that your ESG research process is robust:

- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits of ESG research are undertaken in a systematic way
- ESG analysis is benchmarked for quality against other providers
- Other, specify
- None of the above

**FI 06.2** Describe how your ESG information or analysis is shared among your investment team.

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is a standard item on all individual issuer summaries, 'tear sheets', 'dashboards' or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

**(C) Implementation: Integration**

FI 14	Mandatory	Public	Descriptive	PRI 1
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**FI 14.1** Describe your approach to integrating ESG into traditional financial analysis.

Similarly to our listed equities integration, our model projects the impacts of ESG issues in projected cash flows, thus adjusting solvency indicators such as Net Debt / Ebitda or Coverage Ratios. The result is a change in the credit rating of the issuer, which determines our risk appetite and allocation across different funds.

**FI 14.2** Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.

SSA

For SSA, our portfolio is heavily concentrated on Brazilian treasuries, thus the analysis tends to be of a single issuer. ESG megatrends are part of our macroeconomic scenario and may impact our views on the interest rates curve.

Corporate (financial)

E&S has low materiality for financial issuers, therefore we make only stress tests for such issues. For instance, we test whether extreme weather events may affect the agriculture lending portfolio of specific banks. Overall, our analysis is focused on G issues and tends to be more qualitative, without integration to cash flows.

Corporate (non-financial)

For non-financial corporates our ESG integration approach is already described on 14.1.

FI 15	Mandatory	Public	Core Assessed	PRI 1
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FI 15.1	Indicate how ESG information is typically used as part of your investment process.
---------	--

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
ESG analysis is integrated into fundamental analysis	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is integrated into security weighting decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is integrated into portfolio construction decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is a standard part of internal credit ratings or assessment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis for issuers is a standard agenda item at investment committee meetings	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is regularly featured in internal research notes or similar	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is a standard feature of ongoing portfolio monitoring	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis features in all internal issuer summaries or similar documents	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 16	Mandatory	Public	Additional Assessed	PRI 1
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FI 16.1	Indicate the extent to which ESG issues are reviewed in your integration process.
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	Environment	Social	Governance
SSA	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<input type="radio"/> Social <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<input type="radio"/> Governance <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (financial)	<input type="radio"/> Environmental <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<input type="radio"/> Social <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<input type="radio"/> Governance <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (non-financial)	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input type="radio"/> Governance <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all

**FI 16.2** Please provide more detail on how you review E, S and G factors in your integration process.

SSA

G and S issues very material in the short term. E issues material only on mid and long term.

Corporate (financial)

E and S are considered tail risks. G is very material.

Corporate (non-financial)

G always material. S is material for most sectors. E is material for some sectors.

## Communication

**FI 23** **Mandatory** **Public** **Core Assessed** **PRI 2,6**

**FI 23.1** Indicate if your organisation proactively discloses information on your approach to RI across all of your fixed income investments.

We disclose it publicly

Provide URL

<http://www.itauassetmanagement.com.br/arquivosstaticos/Asset/pdf/WhitePapers/RF.pdf>

**FI 23.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

**FI 23.3**

Indicate the information your organisation proactively discloses to the public regarding your approach to RI incorporation.

- Broad approach to RI incorporation
- Detailed explanation of RI incorporation strategy used

**FI 23.4**

Indicate how frequently you typically report this information.

- Quarterly or more frequently
  - Biannually
  - Annually
  - Less frequently than annually
  - Ad-hoc/when requested
- No
- We disclose it to clients and/or beneficiaries only
  - We do not proactively disclose it to the public and/or clients/beneficiaries