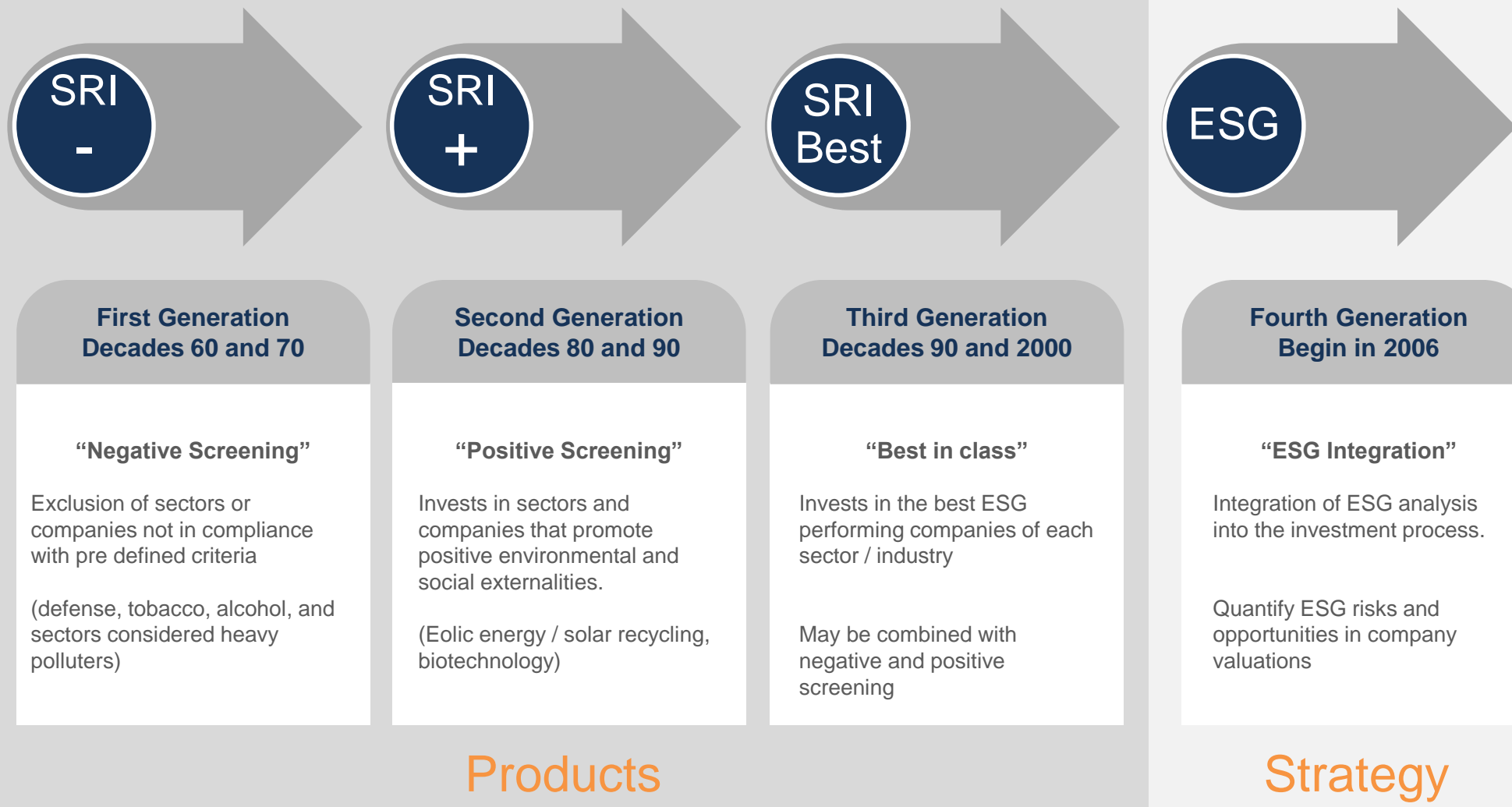




IR LATAM 2016

September, 2016

The evolution of SRI (Sustainable and Responsible Investment)



Source: Itaú Asset Management.

Principles for Responsible Investment

Overall information



2

United Nations partners:

- UNEP Finance Initiative
- UM Global Compact

1380

Signatories:

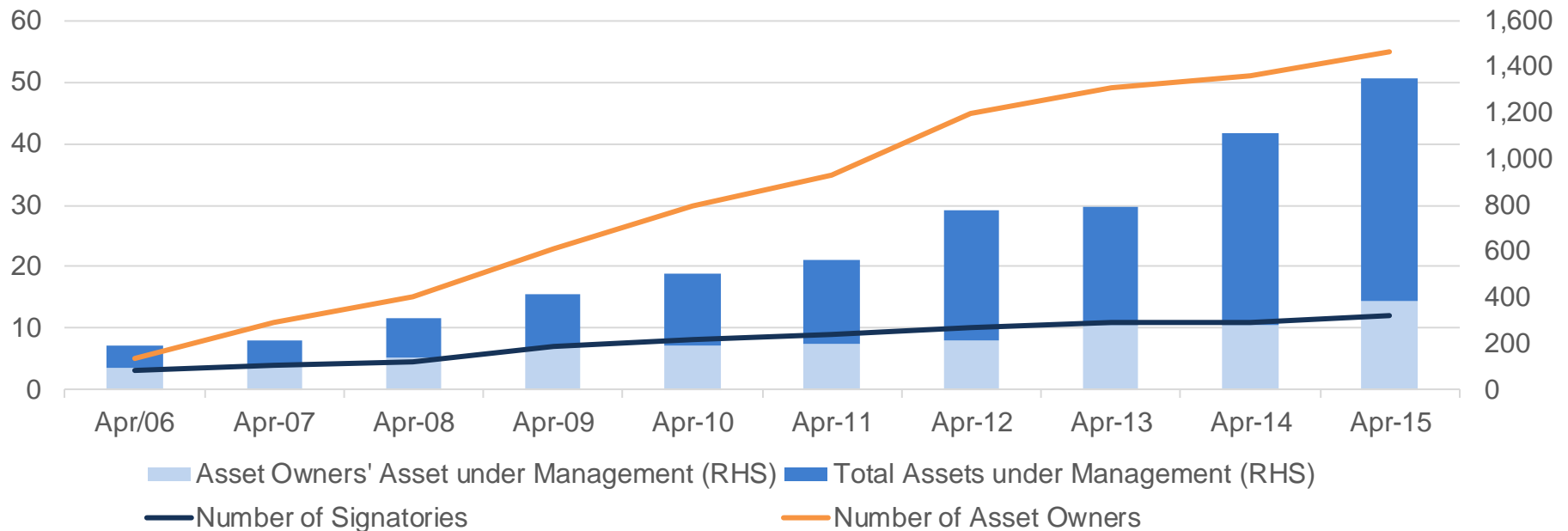
Asset Owners, Investment Managers and Service Providers

59

US\$ Trillions
Assets under Management

6

Principles



Source: <https://www.unpri.org/about> | Data from April 2006 - April 2016

SRI across the Market

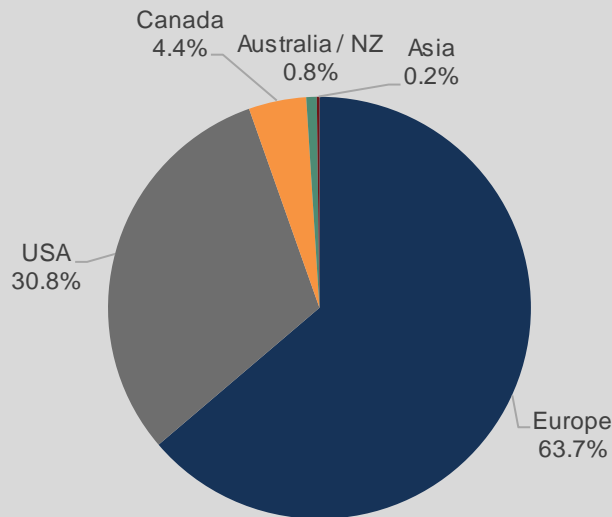
Global Panorama



SRI Investment strategies

Have been growing across all markets for Professionally managed Assets

Global proportion of SRI Assets per Region



USD **21.4**
trillion

Proportion of SRI Assets relative to Managed Assets

	2012	2014
Europe	49.0%	58.8%
Canada	20.2%	31.3%
USA	11.2%	17.9%
Australia/NZ	12.5%	16.6%
Asia	0.6%	0.8%
Global	21.5%	30.2%

Source: GSIA (Global Sustainable Investment Alliance), de Dec/2014

SRI Evolution

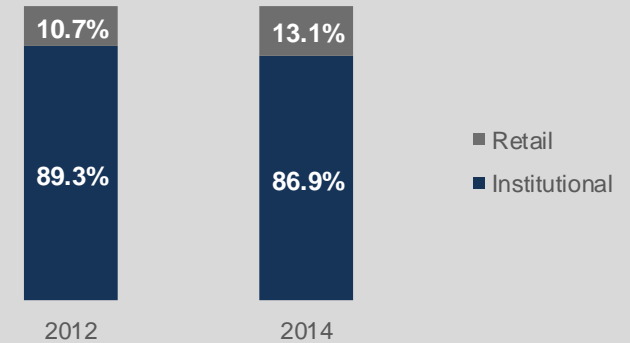
Growth, Clients and SRI Strategies per region



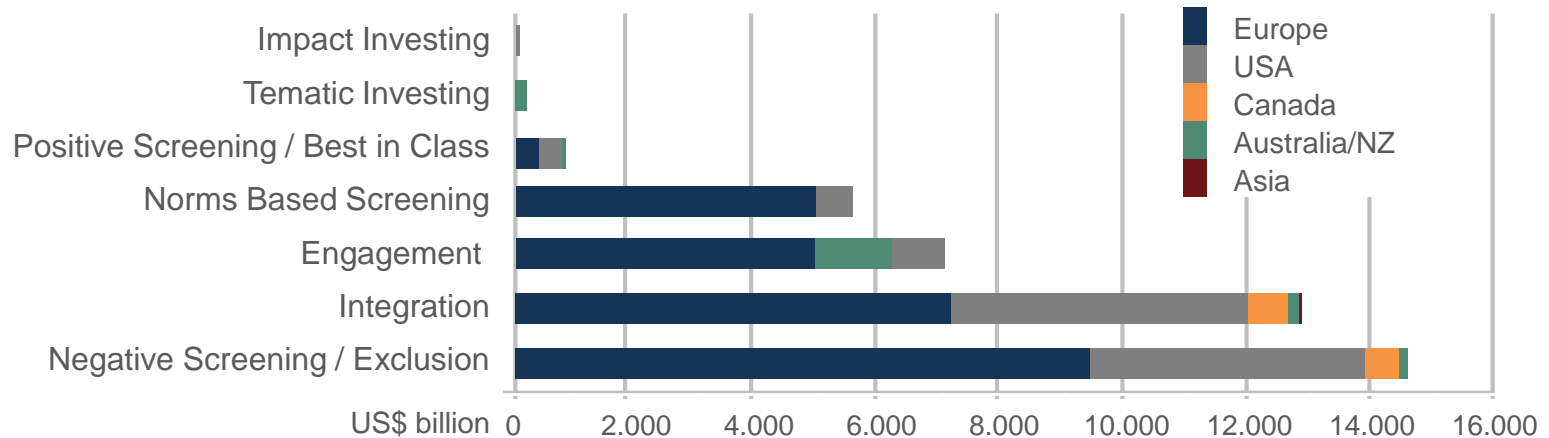
Growth in SRI Assets per region 2012 - 2014

USD Billion	2012	2014	Growth
Europe	8,758	13,608	55.4%
USA	3,740	6,572	75.7%
Canada	589	945	60.4%
Australia/NZ	134	180	34.3%
Asia	40	53	32.5%
Total	13,261	21,358	61.1%

Client Profile – Institutional / Retail



SRI asset by Strategy and Region



Source: GSIA (Global Sustainable Investment Alliance), Dec/2014

ESG Index in Brazil



Brazilian Sustainability Index (ISE) and Corporate Governance Index (IGCT) outperform mainstream Brazilian indexes, with less volatility over the same period.

Risk x Indexes Returns

Jul. 2011 - Jul. 2016



Source: BM&FBovespa . Data period: 29/07/2011 - 29/07/2016

Introduction to SRI at Itaú Asset Management



SRI History

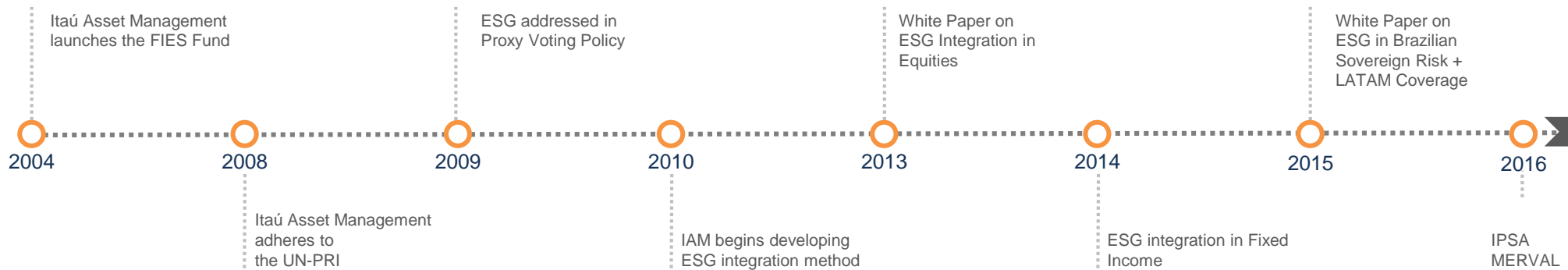
- First SRI exclusion Fund – 2004;
- PRI signatory – 2008;
- Proxy Voting ESG – 2009;
- ESG Equities Methodology – 2010;
- ESG Integration in Equities White Paper – 2013;
- ESG Integration Methodology in Fixed Income and White Paper – 2014;
- ESG Integration in Brazilian Sovereign Risk White Paper – 2015.

Team

- SRI Equities PM;
- SRI Analyst.
- External Consultants

Coverage and Activities

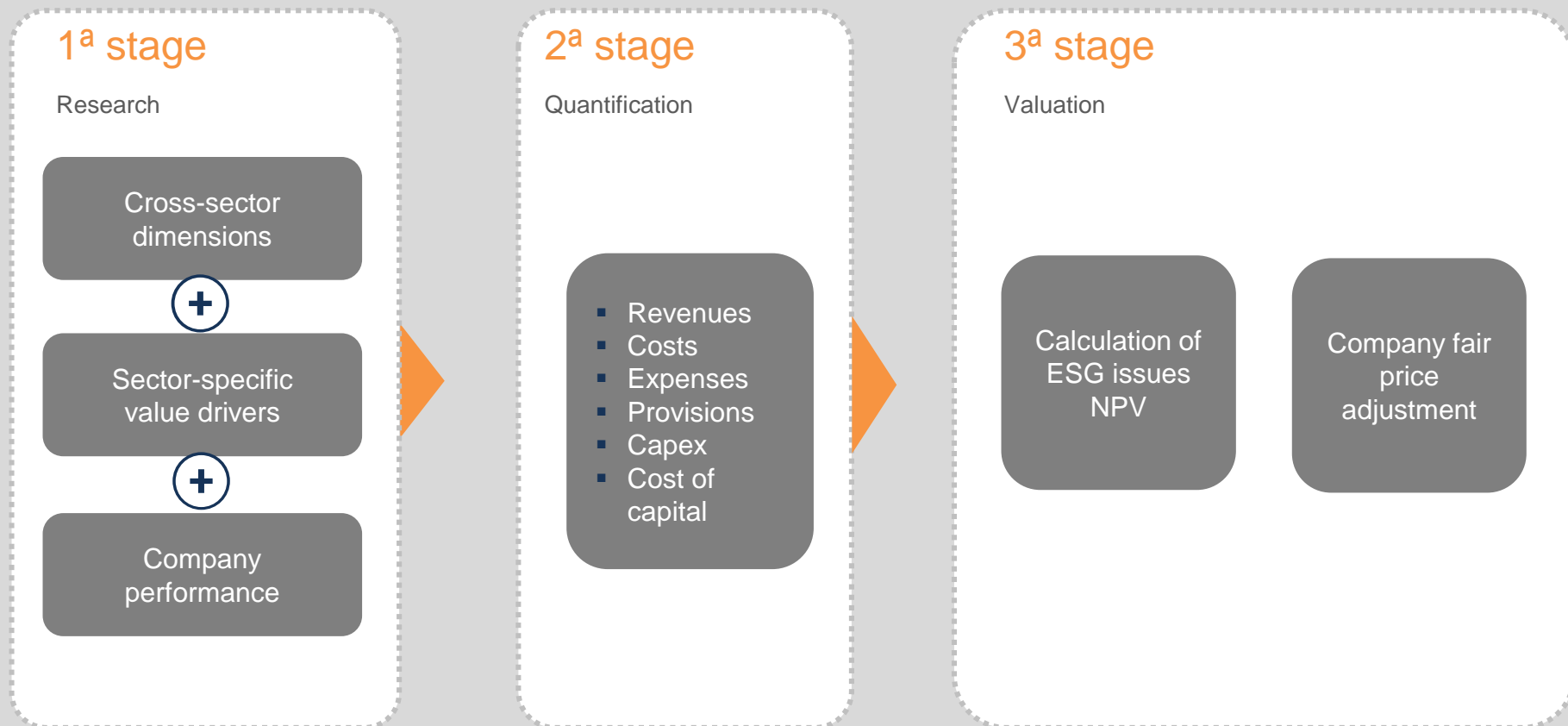
- 100% of IBOVESPA and 100% of ISE coverage in Brazil;
- 70% of IPSA in Chile and 60% of Merval in Argentine;
- Engagement with companies analyzed;
- Active Ownership;
- Broker incentives.



Itaú Asset Management ESG Integration Model



Overview



Source: Itaú Asset Management.

Itaú Asset Management ESG Integration Model

Cross Industry Dimensions | Associated Risks and Opportunities



Operational

- Productivity
- Costs
- Expenses
- Capex

Legal / Regulatory

- Fines and penalties
- Capex
- Business interruption

Market

- Premium pricing
- Access to new markets

Reputational

- Revenues
- Cost of capital

Source: Itaú Asset Management.

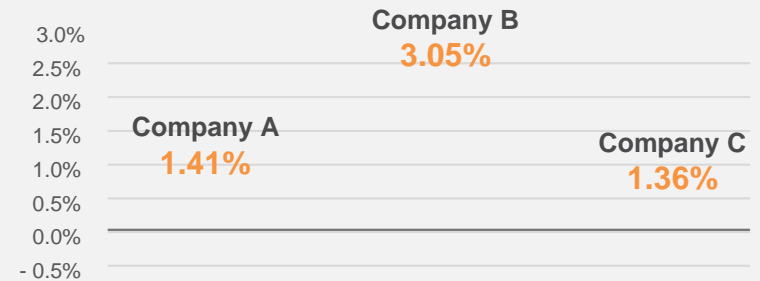
Itaú Asset Management ESG Integration Model



Equities | Retail sector example | Dimension: Waste Management

- The “ugly food movement” is taking off around the world, particularly in Europe and Australia, as an answer to the problem of food waste.
- By some estimates, a third or more of the food produced globally goes uneaten. The costs are in the hundreds of billions of dollars. Marketing so-called “ugly” food is one answer to the problem.

Market Cap estimated impact



	Company A	Company B	Company C
Expected gains from “Ugly Food” trend (10 years)	32,513,917.59	53,778,339.54	19,240,881.63

Variables	Company A	Company B	Company C	Sources
a. Estimated revenue with “Ugly Food” (year 1)	182,467,829	111,475,860	44,125,677	Estimation based on Annual Reports
b. Discount practiced for “Ugly Food”	40%	40%	40%	Company data
c. Probability	-	-10%	-	Estimated by IAM

Source: Itaú Asset Management.

Itaú Asset Management ESG Integration Model



Fixed Income Corporate Issuers

- Veto power in the Credit Committee;
- Estimation of the ESG impact in debt indicators;
- Portfolio and new operations analyzed;
- Company visits (when necessary);
- 70% Fixed Income Corporate Issuers coverage.

Example:

Debt indicators (scenarios)	Baseline Year	Year 1	Year 2	Year 3	Year 4	Year 5
Net debt / EBITDA (1)	3.98	4.01	4.04	4.08	4.11	4.14
Net debt / EBITDA (2)		4.47	4.49	4.51	4.54	4.56
Net debt / EBITDA (3)		5.56	5.55	5.53	5.52	5.51
EBITDA / Interest expenses (1)	1.51	1.50	1.49	1.48	1.46	1.45
EBITDA / Interest expenses (2)		1.35	1.34	1.33	1.33	1.32
EBITDA / Interest expenses (3)		1.08	1.08	1.09	1.09	1.09

Source: Itaú Asset Management.

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