

Itaú Asset Management

July, 2017



Introduction to SRI at Itaú Asset Management



SRI History

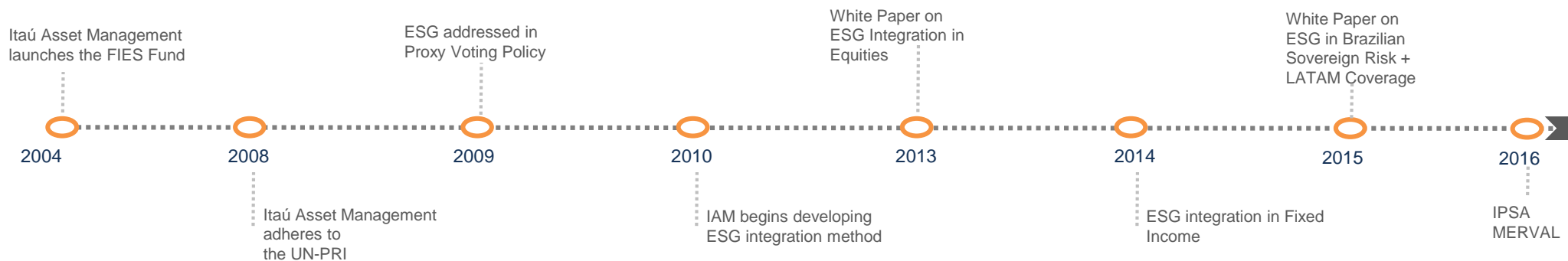
- First SRI exclusion Fund – 2004;
- PRI signatory – 2008;
- Proxy Voting ESG – 2009;
- ESG Equities Methodology – 2010;
- ESG Integration in Equities White Paper – 2013;
- ESG Integration Methodology in Fixed Income and White Paper – 2014;
- ESG Integration in Brazilian Sovereign Risk White Paper –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

Team

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

Coverage and Activities

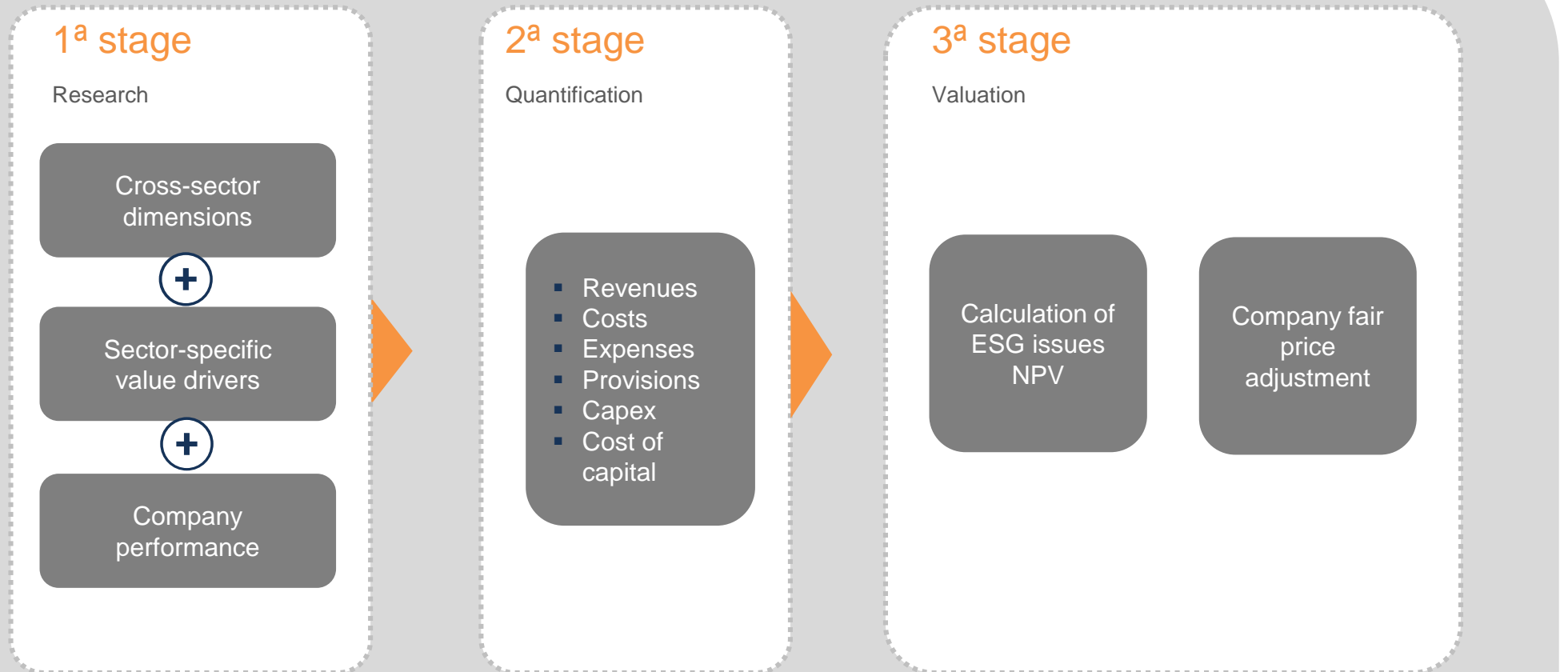
- 100% of IBOVESPA and 100% of ISE coverage in Brazil;
- 70% of IPSA in Chile and 60% of Merval in Argentina;
- Engagement with companies;
- Active Ownership;
- Broker incentives.



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.

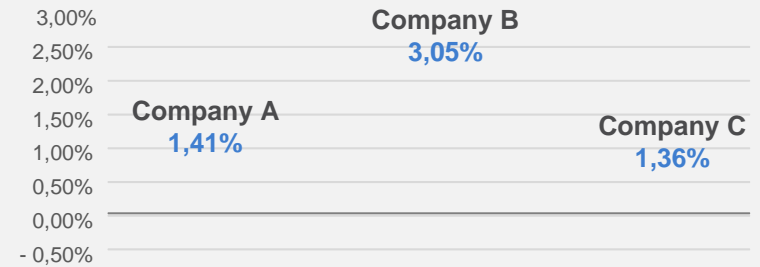
Itaú Asset Management ESG Integration Model



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				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”	30%	40%	30%	Company data
c. Probability	50%	50%	50%	Estimated by IAM

Source: Itaú Asset Management.

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