

Itaú Unibanco Holding S.A.

Type of Engagement: Annual Review

Date: 6 May 2024

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Introduction

Between 2021 and 2023, Itaú Unibanco Holding S.A. (“Itaú” or the “Bank”) and its associates and subsidiaries issued six funding instruments¹ (collectively, the “sustainability issuances”) amounting to USD 1,116.27 million² to finance projects relating to renewable energy, energy efficiency and inclusive finance. In 2024, Itaú engaged Sustainalytics to review the projects financed with proceeds from the sustainability issuances (the “Nominated Projects”) and provide an assessment as to whether the projects meet the use of proceeds criteria and the reporting commitments outlined in the Itaú Unibanco Holdings S.A. Sustainability Finance Framework (the “Framework”).³ Sustainalytics provided a Second-Party Opinion on the Framework in January 2021.⁴ This is Sustainalytics’ third annual review of allocation and reporting of the instruments issued under the Framework, following previous reviews in January 2022⁵ and April 2023.⁶

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Renewable Energy and Energy Efficiency	<ol style="list-style-type: none"> i. Renewable energy, such as wind energy, solar energy and hydro energy (<20MW); ii. Energy transmission lines and distribution networks with the purpose of increasing renewable energy from wind and/or solar and/or hydro sources; iii. Equipment or technology that reduces energy consumption/increases energy savings at least 30% over baseline provided that those equipments and/or technologies will not be in fossil-fuel intensive processes. 	<ol style="list-style-type: none"> i. Annual GHG emissions avoided in tonnes of CO₂ equivalent (tCO₂e) ii. Annual renewable energy generation in MWh (electricity) and GJ (other energy)

¹ The 2021 Sustainable Bond (USD 500 million), 2022 Sustainable Loan (USD 80.68 million), 2023 CDB ESG (USD 33.32 million), 2022 Green Private Placement (USD 62.50 million), 2023 LF Social IFC (Gender) (USD 219.79 million) and 2023 LF Social Investors (Gender) (USD 219.98 million), collectively totalling USD 1,116.27 million.

² Volume includes three balances that have been converted from BRL to USD at the exchange rate USD 1.00 = BRL 4.8413 on December 31, 2023 – namely, the 2023 CDB ESG (BRL 161.30 million), the 2023 LF Social IFC (Gender) (BRL 1,064.05) and the 2023 LF Social Investors (Gender) (BRL 1,065.00).

³ Itaú Unibanco Holding S.A., “Sustainability Finance Framework”, (2021), at: <https://www.itaubank.com.br/download-file/v2/d/42787847-4cf6-4461-94a5-40ed237dca33/eed2822-9900-4f42-a7be-0f9d4714f404?o>

⁴ Sustainalytics, “Second-Party Opinion, Itaú”, (2021), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/ita%C3%BA-unibanco-sustainability-financing-framework-second-party-opinion.pdf>

⁵ Sustainalytics, “Annual Review, Itaú”, (2022), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/ita%C3%BA-unibanco-holding-s.a-sustainability-bond-annual-review.pdf>

⁶ Sustainalytics, “Annual Review, Itaú”, (2023), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/ita%C3%BA-unibanco-holding-s.a-annual-review-\(2023\)-\(1\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/ita%C3%BA-unibanco-holding-s.a-annual-review-(2023)-(1).pdf)

		iii. Capacity of renewable energy plants in MW
Inclusive Finance	<p>Investments seeking social development and inclusion, that can be related to job conservation or creation, revitalizing of economically depressed areas, inclusion of minority groups, inclusion of groups with lack of access to financial services and economic opportunities.</p> <p>Eligible investments shall be related to the following criteria:</p> <ul style="list-style-type: none"> i. Micro and small enterprises;⁷ ii. Micro, small and medium⁸ enterprises that additionally meets one of the following requirements: <ul style="list-style-type: none"> a. Are women-owned companies⁹ b. Located primarily in North and Northeast region of Brazil, or in municipalities, or states with human development index (HDI) below the total of Brazil's HDI average¹⁰ c. Have restricted access to credit¹¹ 	<ul style="list-style-type: none"> i. Number/ volume of loans provided to target group ii. Number of new businesses created

⁷ Defined in accordance with the International Finance Corporation's (IFC) definition of micro and small companies: having an annual revenue threshold of USD 3 million.

⁸ Defined in accordance with the IFC's definition of Medium Enterprise: having an annual revenue threshold of between USD 3 million and USD 15 million.

⁹ Define in accordance with the IFC's definition of an enterprise qualifying as a woman-owned enterprise: (a) ≥ 51% owned by woman/women; or (b) ≥ 20% owned by woman/women; and (i) has ≥ 1 woman as CEO/COO/President/Vice President; and (ii) has ≥ 30% of the board of directors composed of women, where a board exists..

¹⁰ According to UN development agency, Brazil's HDI as of 2015 was 0.755.

¹¹ A company with restricted access to credit is any company that has less than USD 1 million in loans with the bank.

Issuer’s Responsibility

Itaú is responsible for providing accurate information and documentation relating to the details of the funded projects, including descriptions of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Itaú’s sustainability issuances. The work undertaken as part of this engagement included collection of documentation from Itaú and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Itaú. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Itaú.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,¹² nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. Itaú has disclosed to Sustainalytics that the proceeds from the sustainability issuances were fully allocated as of 31 December 2023.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Projects to determine alignment with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the Nominated Projects to determine if impact was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

¹² Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation and Reported Impact

Itaú has issued several funding instruments – 2021 Sustainable Bond (USD 500 million), 2022 Sustainable Loan (USD 80.68 million), 2023 CDB ESG (USD 33.32 million), 2022 Green Private Placement (USD 62.5 million), 2023 LF Social IFC (Gender) (USD 219.79 million) and 2023 LF Social Investors (Gender) (USD 219.98 million) – collectively totalling USD 1,116.27 million.¹³

Table 3: Allocation of the sustainability issuances and reported impact by eligibility criteria

Use of Proceeds Category	Eligibility Criteria	Environmental or Social Impact Reported	Net Proceeds Allocation (million USD) ¹⁴
Renewable Energy and Energy Efficiency	Renewable energy – solar energy	Project impact: Installation of photovoltaic solar power plants in municipalities of Minas Gerais, totalling 90.4 MW of installed capacity and generation of 209,584.56 MWh. Proportional impact: 46.67 MW in installed capacity and generation of 108,200.35 MWh	62.39
		Project impact: Installation of 49 photovoltaic solar power plants in Brazil, totalling 47.75 MWp of estimated installed capacity, 69.8 GWh energy generated per year and 5,000 tCO ₂ e estimated GHG emissions avoided per year. Proportional impact: 46.08 MWp of installed capacity; 67.2 GWh/year of energy generated; and 4,800 tCO ₂ e avoided.	29.65
	Energy transmission lines and distribution networks ¹⁵ with the purpose of increasing renewable energy from wind and/or solar and/or hydro sources	Project impact: Installation of 169 km of transmission lines and a substation with 800 MVA in installed capacity in the state of Rio Grande do Sul; 37 km of transmission lines and expansion of two substations in the states of São Paulo and Mato Grosso do Sul; 173 km of transmission lines and four substations with 1,600 MVA in installed capacity in the state of Minas Gerais. Proportional impact: Installation of 225 km of transmission lines and 1,426 MVA in energy transformation capacity.	82.55
		Project impact: Improvements in the quality of the distribution system and investments in smart grids; expansion of the distribution of energy from low-carbon sources; 840 kilometres of distribution lines built; 5 substations built; 5,780,000 people served. Proportional impact: 45 kilometres of distribution lines built and 313,107 people served by projects to improve the electricity distribution network.	9.30
Inclusive Finance	Micro and small enterprises	Transactions to micro and small enterprises: 18,367 Beneficiaries: 15,919	371.65
	Women-owned MSMEs	Transactions to women owned MSMEs: 9,633 Beneficiaries: 8,269	498.68
	MSMEs located in the North and Northeast of Brazil	Transactions to MSMEs: 1,323 Beneficiaries: 813	62.05
Total Allocated Proceeds (million USD)			1,116.27

¹³ The USD/BRL exchange rate on December 31, 2023 was USD 1.00 = BRL 4.8413.

¹⁴ The net proceeds allocation is in line with the lookback period of 3 years outlined in the Framework.

¹⁵ Itaú has communicated to Sustainability that the emissions factor of the National Interconnected System or Sistema Interligado Nacional, to which the transmission line projects are connected, is in a downward trajectory and below the limit of 100 gCO₂/kWh in the last 5 years with the exception of 2021, an atypical year, marked by droughts.

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