

Responsible Investment

Introduction

As an investment manager, our duty is to invest our clients' assets ethically and responsibly, seeking a full understanding of the opportunities and risks involved in our investment decisions.

In order to understand the impact of environmental, social and corporate governance (ESG) factors on investment portfolios, Itaú Asset Management adhered to the United Nations Principles for Responsible Investment (*) in 2008.

This document sets out the principles and guidelines that guide Itaú Asset Management's activities in the Responsible Investment sphere, and whose main objective is to protect our clients' economic interests.

Investment Process

The aim of our investment process is to create value for our clients by examining and interacting with companies as we build our portfolio. Our goal is to develop a robust knowledge of the companies analyzed and the sectors in which they operate.

The continuous quest for financial or non-financial information that can affect companies' market value is an integral part of this process. The goal is to have the information necessary for informed decision-making.

Our approach to Responsible Investment

We consider ESG issues to be important inasmuch as they can affect the value of the assets we invest in. The aim of our approach to responsible investment is to create value for our clients by identifying investment opportunities and reducing the risks related to our equity and corporate debt portfolios.

Guidelines:

I. ESG integration in the investment process

We incorporate ESG factors into our investment process by using a proprietary model and hiring specialized services.

The aim of the methodology developed by Itaú Asset Management to integrate ESG issues into its listed company evaluation process is to price the impact of these issues on traditional valuation models. This assessment identifies multi-sectoral dimensions and prioritizes critical dimensions for each sector. The following factors are considered when assessing each company's prospects:

- potential impact on cash flow;
- management practices; and
- availability of information.

This results in an estimate of their impact on the company's fair value on the date of the assessment. Prior knowledge and pricing of important ESG themes help identify events with the potential to create or destroy company value.

Actively managed equity funds consider the analyses undertaken using this methodology in their investment process.

We do not use negative filters that restrict the investment universe and negatively affect investment returns.

II. Exercise of voting rights – Proxy Voting

Good corporate governance practices can foster greater alignment between company and shareholder interests.

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To exercise its voting rights at general shareholder meetings of companies held by our funds, we factor ESG issues into our decision making process.

III. Engagement and transparency

We seek to engage with the companies we invest to better understand them. The aim is to establish a constructive dialogue and deepen our understanding of how specific ESG issues can affect their market value.

When appropriate, we encourage the adoption of best management and corporate governance practices in order to reduce risks and protect our clients' interests.

We also encourage the companies we invest in to disclose any ESG information that may affect their financial performance.

(*) PRI For more information about PRI consult www.unpri.org

Itaú Asset Management is the segment of Itaú Unibanco specialized in managing clients' funds.

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