Sensitive industries and restricted industries_

governance and management

We view social, environmental, and climate risks ("SEC") as the possibility of losses due to exposure to social, environmental, and/or climate events related to our activities, whether arising from transactions with counterparties, relationships with suppliers, events linked to the transition to a low-carbon economy, or changes in weather patterns. Such risks materialize through traditional risks, such as credit, market, liquidity, and operational risk, and may lead to financial losses, as well as damage to our reputation. Social, environmental, and climate factors are considered material for our business because they can affect the creation of shared value in the short, medium and long runs.

Itaú incorporates the management of SEC Risks in an integrated and transversal governance structure and are addressed at different levels, in its various aspects (strategic, tactical, operational, control, and compliance).

Assessment of Social, Environmental and Climate Risks

Sensitive industries are industries that represent material SAC risks and, therefore, require a case-by-case review of the clients operating in those industries. The review includes social, environmental, climate, physical, and transition criteria, as well as a governance-related assessment. The methodology also covers qualitative and quantitative aspects, taking into account the likelihood that they might affect both the reputation and financial performance and sustainability of a client's business.

Guided by the materiality and proportionality principles, the review is conducted at the time of approval or renewal of loans to large corporations and agribusiness clients by strengthening integrated decision-making when granting and pricing credit.

The following industries are considered sensitive industries:

- Agricultural Pesticides and Fertilizers
- Meatpacking and Cattle Slaughterhouses
- Energy
- Real Estate
- Wood
- Mining
- Metal and Steel
- Oil and Gas
- Pulp and Paper
- Agribusiness
- Chemical and Petrochemical
- Textile

Special Rules

In the case of the Meatpacking industry, in addition to the case-by-case review, we use an approach intended to limit financing clients operating in the Legal Amazon and Maranhão regions who purchase cattle from illegal deforestation areas (direct and indirect suppliers up to first one), in line with our protocol to meet SARB 26 requirements.

In addition, for the Tobacco and Weapons industries, we apply special credit granting rules, and specifically for the Tobacco industry, in 2020 we approved a phasedown strategy, by 2025, of Itaú's credit exposure to clients whose activities are related to tobacco, such as farmers dedicated exclusively to growing tobacco and cigarette manufacturers.

Since 2022, in line with our Net Zero commitment, we have set ourselves the goal of promoting the responsible withdrawal from transactions associated with thermal coal—coal-fired thermoelectric power, coal mining, and related infrastructure—by 2030.

In addition, we prohibit financing oil and gas projects in tar sands and Arctic oil, both considered unconventional oil and gas industries. Both prohibitions are critical for the protection of unique and fragile ecosystems and habitats, which are key for the survival of several species.

LEARN MORE_
about the SEC Risk in the **2024 ESG Report** and the **Climate-related information**