Responsible Investment through the SDGs lens:

The Itaú Asset Management approach

Itaú AssetManagement

Responsible Investment through the SDGs lens: The Itaú Asset Management approach

1. Introduction

In 2015, the United Nations launched the 2030 Agenda, an action plan for people, planet and prosperity. It is an ambitious agenda given its breadth and purpose: to make the world sustainable. Under this agenda, governments, the private sector, the civil society and, of course, investors are expected to share responsibilities.

To measure the impacts during this journey, the United Nations launched the 17 Sustainable Development Goals (SDGs). These Goals were built on the success of the Millennium Development Goals[1], but include new areas such as climate change, economic inequality, innovation, among other priorities, to be achieved by 2030 [1].

Since their launch, the SDGs have gained momentum in capital markets and investors are increasingly concerned about aligning their investments to the 17 Goals, which are presented in figure 1 below. Accordingly, we believe that the SDGs provide a remarkable opportunity to bring ESG processes into the mainstream investment industry and to position ourselves as a leader in responsible investing.

We, Itaú Asset Management, have been integrating ESG issues into our investment strategy for several years. In this regard, the purpose of this white paper is to detail how our method to integrate ESG issues into investment decisions reflects and is connected to most of the Sustainable Development Goals and sub-goals.

Figure 1

The 17 Sustainable Development Goals Industry

[1] The Millennium Development Goals (MDGs) were a set of global targets launched in 2000 which provided an important development framework and achieved success in a number of areas such as reducing poverty and improving health and education in developing countries.

Our responsible investment journey started in 2004, and since then, we have been developing products to foster and embed ESG issues into our investment process. In 2010, we developed a proprietary method to integrate ESG themes into equities and corporate bonds research [2].

Following this introduction, we will briefly describe some initiatives to promote SDGs in the financial community in chapter 2. In chapter 3, we will present our method to integrate ESG issues into investment decisions and the linkages between our method and the SDGs. Chapter 4 presents the final remarks and key takeaways from our experience in embedding ESG into our investment strategy.

2. SDGs in the Financial Industry

In 2017, the World Economic Forum released the results of a study conducted by the Business and Sustainable Development Commission[2], which estimated that an annual investment gap of US$ 2.5 trillion needs to be closed to achieve the 17 goals. Therefore, investors and capital markets have a crucial role in the pursuit of the Goals and can also take advantage from these investment opportunities [3].

In this section, we present a summary of the main initiatives adopted in the financial industry to integrate SDGs into processes, analyses and investment decisions.

2.1 ESG x SDGs – Two concepts, an unique purpose

In recent decades, investors have developed an increasing conviction that incorporating environmental, social and governance issues into investment decisions can deliver better risk-adjusted-returns. According to the Global Sustainable Investment Review, 26.3% of assets professionally managed worldwide have followed some ESG criteria in 2016 [4].

Likewise, the SDGs give investors an additional approach to assess and improve future investment decisions, increasing benefits for the business, environment and society. The SDGs also give us a common language to shape and articulate responsible investment strategies and to make responsible investing mainstream.

In short, we believe that, from a responsible investor perspective, ESG and SDGs are closely related, and both can provide better risk-adjusted-returns aligned to a positive impact on the planet and society.

2.2 Linkages and interactions across different SDGs

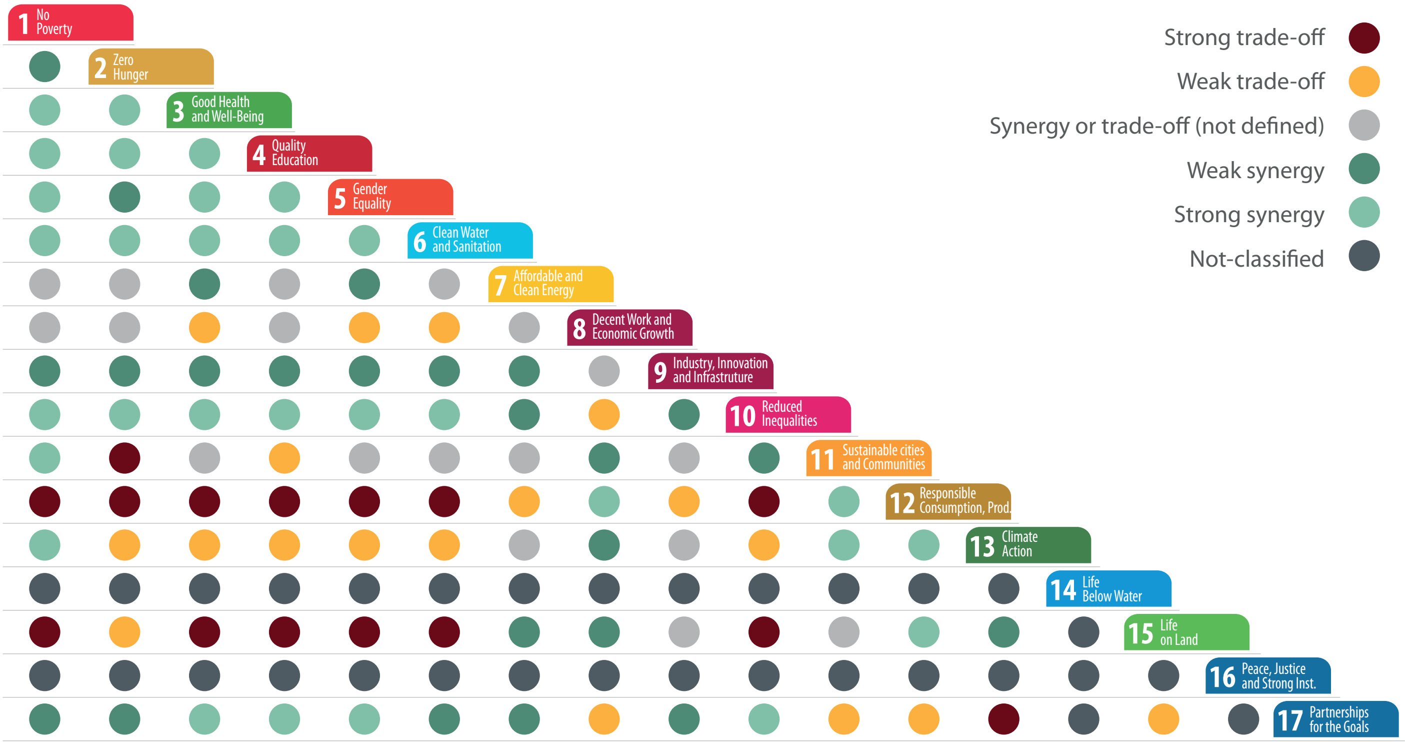
Several studies point out that there is a strong interaction between different goals and sub-goals, either positive or negative. In other words, achieving some goals can generate conflicts or synergy to achieve others. This is particularly important for investors who are trying to figure out the indirect effects of their investments. One major example of conflict is that achieving food for all could undermine efforts to preserve and restore ecosystems, which means that we need a careful balance between initiatives to achieve such goals.

Pradhan et al (2017)[3] used statistical analysis to identify synergy or trade-off between SDGs, and came to the following conclusion (figure 2):

[2] The Business and Sustainable Development Commission is a two-year initiative launched in 2016 and focused on inspiring and mobilizing business leaders to align their companies with the Sustainable Development Goals.
[3] The authors identified positive and negative correlations between pairs of SDGs indicators for 227 countries in order to identify the most frequent SDGs interactions.

Figure 2

Synergy and trade-off (or negative correlation) between SDGs



Source: Itaú Asset Management based on Pradhan et al (2017). The SDGs with synergy reinforce each other, while SDGs with trade-offs are conflicting.

Strong synergies between SDGs are, in many cases, caused by similar indicators for multiple SDGs. For example, "Number of deaths, missing persons, and persons affected by disasters" and "Number of countries with national and local disaster risk reduction strategies" are indicators captured by SDG 1 (No poverty), 11 (Sustainable cities and communities), and 13 (Climate action). Consequently, the three SDGs have strong synergy.

On the other hand, trade-offs or negative correlation between SDGs are explained, to some extent, by the non-sustainability development paradigm, which focus on economic growth to generate human welfare at the expense of environmental sustainability. For example, a higher level of GDP and Human Development Index contributed to improve health and nutrition across most countries. However, this also resulted in increasing food waste and greenhouse gas emissions. As a result, SDG 3 (Good health and well-being) have negative correlation with SDG 12 (Responsible consumption and production) and SDG 13 (Climate action) [5].

2.3 SDGs in the financial community

Since their launch, the financial community has been looking enthusiastically at the SDGs, with several investors and institutions using them as a framework for investment analysis, impact assessment or an asset allocation guide. In 2016, the British organization ShareAction interviewed 52 institutional investors across the globe regarding their plans in relation to the SDGs[4]. The respondents represented US$ 5.9 trillion in total assets under management, which is equivalent to 8% of assets professionally managed worldwide in 2016. The survey found that 95% intend to engage with companies about issues covered by the SDGs, while 84% would allocate capital to SDGs-linked investments. More than half of the respondents also identified that working toward achieving the goals would help them meet their organisations' investment objectives [6].

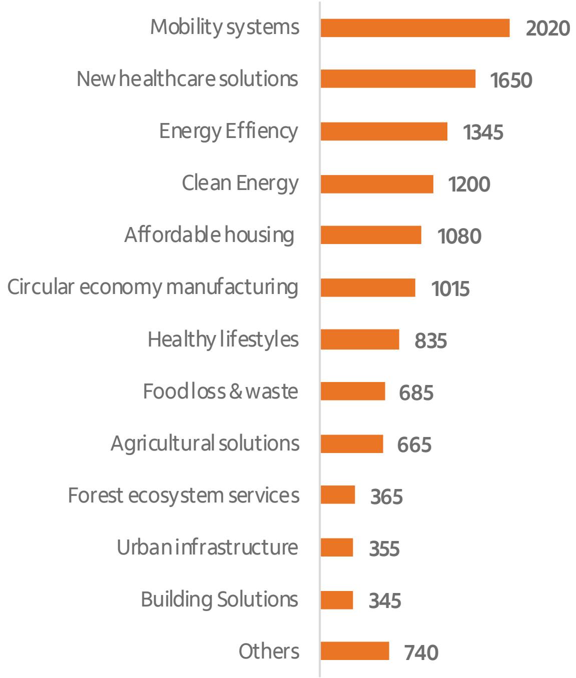
In 2017, PwC conducted a research project, analysing corporate and sustainability reporting of more than 470 companies in order to understand SDGs priorities of individual companies. The companies were based in 17 different countries, 6 broad sectors and represented US$ 9.4 billion in revenue[5]. The research found that 62% of the companies mentioned some of the goals in their Corporate Social Responsibility Report in 2017, whereas 28% set quantitative targets linked to SDGs' indicators [7].

According to the Better Business Better World Report, from the Sustainable Development Commission, achieving the goals could open up US$ 12 trillion in market opportunities by 2030 and generate 380 million jobs. These values represent, respectively, 8.5 times the Brazilian GDP in 2017 and more than three times the population currently employed in Brazil [8]. Details on these opportunities by sector are presented in Figure 3:

[4]The respondents were signatories to the Principles for Responsible Investment based in Australia, Brazil, Canada, Denmark, Finland, France, Germany, Japan, the Netherlands, Norway, Sweden, the United Kingdom and the United States of America.
[5]São Paulo is the richest state in Brazil. We considered its GDP in 2015, the last time it was measured.

Figure 3

12 largest business opportunities heading for the SDGs



Source: https://www.unglobalcompact.org/docs/news_events/9.3/better-business-better-world.pdf ; página 31 (Exhibit 5)

To seize this opportunity, a coalition of European institutional investors signed, in 2016, a pledge to target investable solutions around the SDGs. As a result, in 2017, Dutch pension funds launched a taxonomy aiming to map businesses that help meet the SDGs. According to this taxonomy, all SDGs are potentially investable apart from SDGs 16 (Peace, Justice and Strong Institutions) and 17 (Partnership for the Goals) [9].

In March 2017, the first SDGs-linked bond was issued by the World Bank, raising EUR 163 million from European investors. It was an equity index-linked bond and the proceeds will be used to support the financing of projects intended to eliminate extreme poverty and to boost shared prosperity. The index includes 50 companies that dedicate at least one fifth of their activities to sustainable products, or that are recognized leaders in their industries in sustainability issues. The interest rate paid to bondholders, in this case, was based on the performance of the companies in this index. The initiative was an innovative solution and a new financial model to allocate funding to SDGs-related projects. The issuance also demonstrates the powerful role of capital markets in connecting savings with sustainable development priorities while delivering an attractive risk-return profile [10].

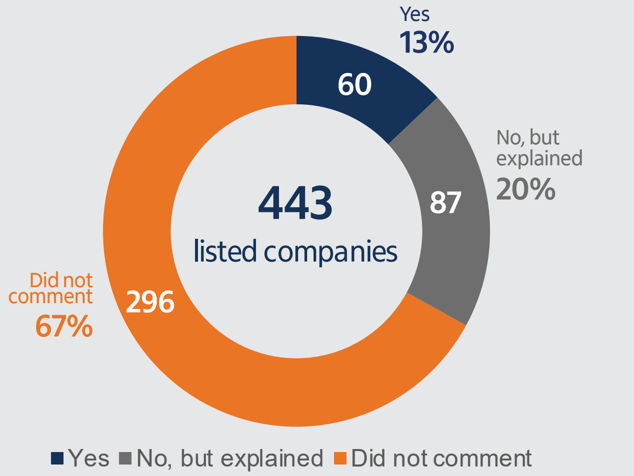
According to the PRI (2017), the SDGs are an important asset allocation guide, since they provide solutions to sustainability challenges and generate attractive investment opportunities. The SDGs also offer a common language for investors that already integrate responsible investment into their strategy, but do not communicate it clearly [11].

A remarkable initiative in the Brazilian financial market was the Report or Explain for the Sustainable Development Goals, from the Brazilian Stock Exchange - B3. This initiative, launched in 2017, intends to stimulate transparency among Brazilian listed companies, by asking them whether they publish their CSR Report considering SDGs, and if they do not, to explain the reason. Among the 443 companies consulted by B3, 147 (33%) responded the survey and 60 companies disclosed their reports considering the SDGs. Some additional results are presented in figure 3 below [12]:

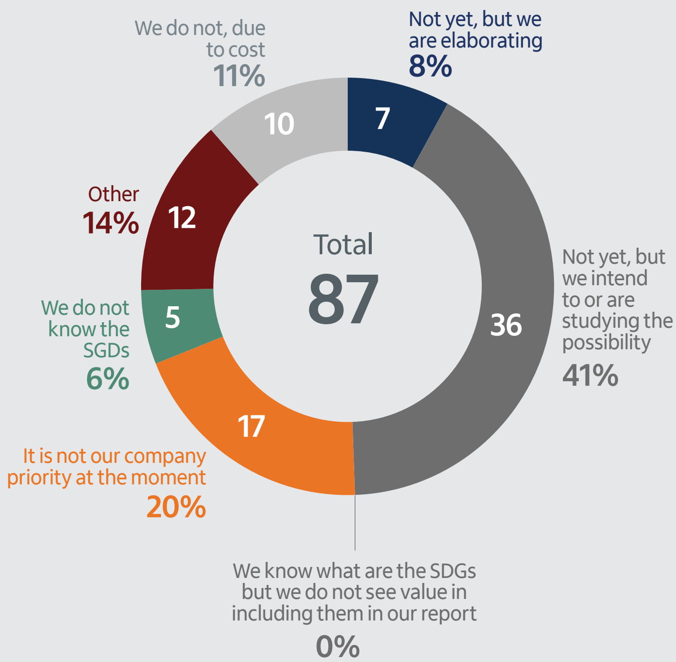
Figure 4

SDGs integration into Brazilian 2017 CSR reports

Does your company elaborate Sustentability or Integrated Reports taking into account the Sustainable Development Goals (SDGs)?



Breakdown of explanations



Source: B3

In the next chapter, we will demonstrate how we translate IAM's ESG integration method into a SDGs framework. From this stage, we can better understand to what extent the SDGs are reflected in our investment decisions and define the next steps to enhance our responsible investment strategy.

2.4 Limits to the SDGs approach

Several experts have expressed their concern regarding the enthusiasm that investors are embracing the SDGs.

A research conducted by KPMG, based on reporting by the top 250 global companies, concluded that only a few SDGs are prioritized by companies, usually the most relevant to their respective business, as shown in figure 5 below. In addition, few companies disclose how they are prioritising the SDGs that they do support, measure their performance or set business goals for the SDGs [13].

Figure 5

Synergy and trade-off (or negative correlation) between SDGs

Most prioritized (by more than 50% of companies)	**Moderately prioritized** (30% - 50% of companies)	**Least prioritized** (by less than of companies)
Climate Action 64%	**Affordable and Clean Energy** 48%	**No Poverty** 28%
Decent Work and Economic Growth 59%	**Industry, Innovation and Infrastruture** 48%	**Life on Land** 26%
Good Health and Well-being 55%	**Sustainable Cities and Communities** 46%	**Zero Hunger** 21%
Responsible Consumption and Production 54%	**Reduced Inequalities** 39%	**Life Below Water** 18%
Gender Equality 52%	**Clean Water and Sanitation** 34%	
Quality Education 51%	**Partnerships for the Goal** 34%	
	Peace, Justice and Strong Institutions 32%	

Source: https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2018/02/how-to-report-on-sdgs.pdf

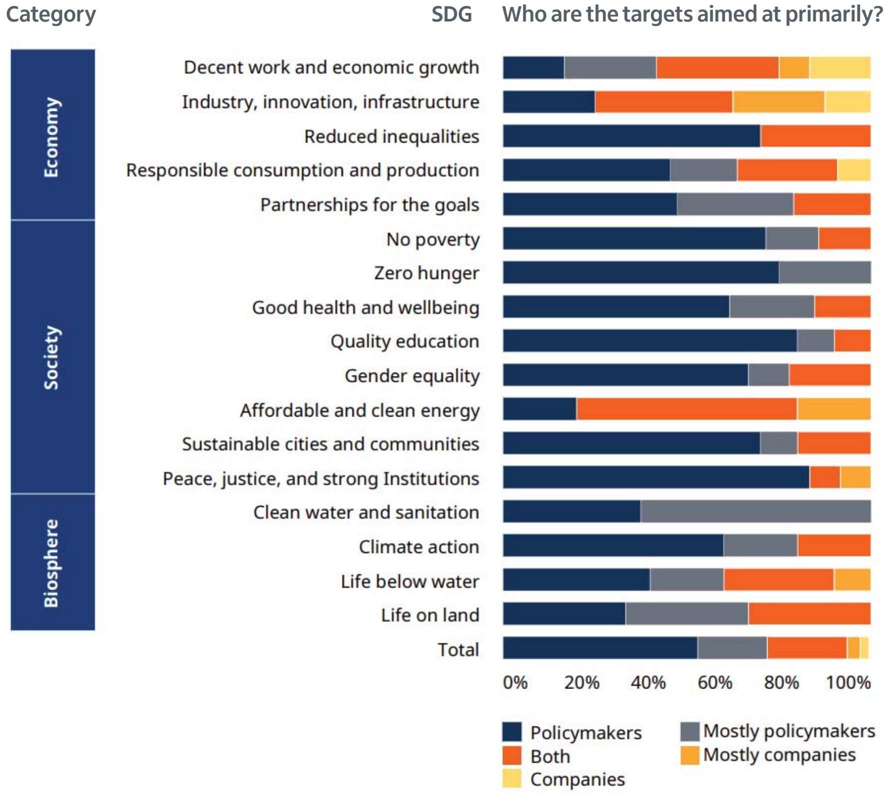
Some investors have been pointing out that, as many SDGs' goals and sub-goals were not designed for business but for policymakers, they cannot provide one single basis for investment decisions or corporate strategy. As a result, there could be a risk of inappropriate use of the SDGs by investors. Figure 6 below shows the percentage of targets designed for companies and policymakers.

According to figure 6, we can conclude that most of the SDGs are covered by policymakers nowadays, while only SDGs 8 (decent work and economic growth), 4 (affordable and clean energy) and 9 (industry, innovation and infrastructure) are the most likely to be supported by companies. [14].

These studies show that the SDGs are relevant and create great opportunities for businesses and investors. On the other hand, the SDGs also pose an actual challenge for them, regarding the quality of the report, materiality of the Goals and data access. Since this is an emerging theme, players are still striving to develop standards, metrics and frameworks to integrate the Goals into their business. In the following chapter, we detail how we integrate the ESG issues into our investment decision, and how these issues can be translated into a SDGs approach.

Figure 6

SDGs targets aimed at companies and policymakers



Source: UNDP, Schroders, 2018

3. Itaú Asset Management's method

3.1 Our Responsible Investment journey

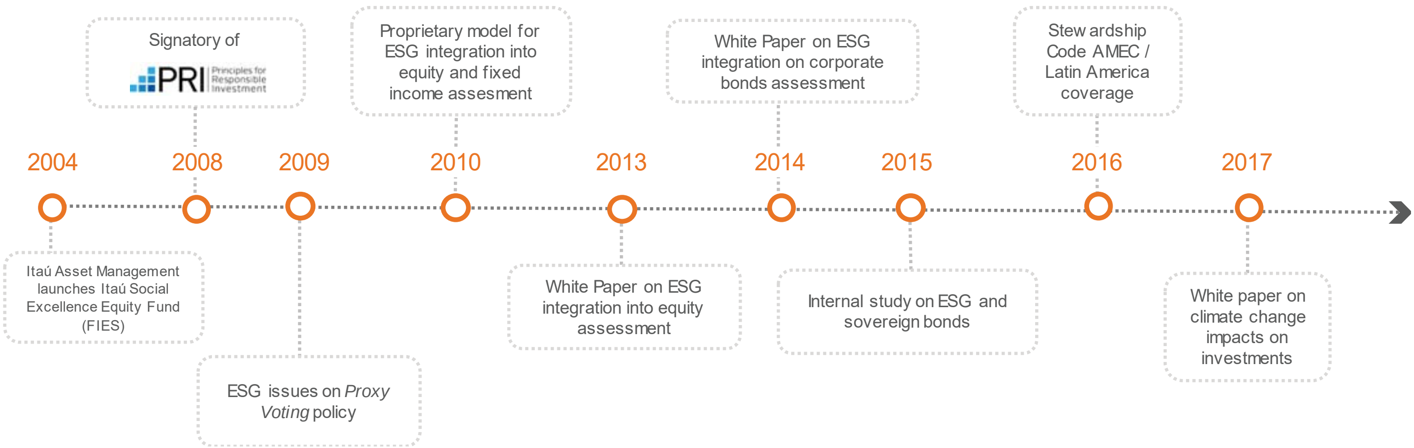
The SDGs were launched in 2015, but we have been integrating its underlying concepts as part of our responsible investment practices since 2010. The aim of this chapter is to detail how our ESG integration method reflects the SDGs. Before that, we will show how we have been integrating ESG into our investment processes in the past years.

In short, our ESG integration method estimates the financial impact of ESG issues into fundamental equity valuation and fixed income research. We understand that there is an overlap between ESG drivers that we adopt in our proprietary model and the sustainable development goals and sub-goals. In other words, the SDGs provide an approach for responsible practices that we have been implementing for a long time in our investment decisions.

However, even though most of the SDGs are already integrated into our strategy, processes and analysis, we understand that they are a new challenge for responsible investors and we are still working to improve our method, as we will show in the following chapter.

Figure 7

Timeline of IAM's responsible investment practices



Since 2004, environmental and social risks and opportunities have been playing a key role in Itaú Asset Management. Our journey started when we launched the Itaú Social Excellence Equity Fund (FIES), a milestone for our responsible investment practices. The fund served as a "testing ground" for our methods of ESG integration into equity analysis. FIES has also donated USD 10 million to non-profit organizations until 2016 [2].

Four years later, as the responsible investment agenda was developing worldwide, important initiatives such as the Principles for Responsible Investment (PRI) were launched (2006). At that time, we decided that we had to integrate ESG into our investment strategy in order to better achieve our fiduciary duties and create value for our clients. We wanted our ESG strategy to evolve from a product-focused approach to become part of our investment decision-making process. As a result, in 2008 we were the first large asset manager in Brazil to become a PRI signatory[6]. After that, we developed our own method for ESG integration into equities and corporate bonds assessment (2010) and published two white papers detailing the method and applications in 2013 (equities) and 2014 (fixed income).

Our ESG integration method is multi asset-class, and in order to understand how these themes can impact sovereign bonds, we developed an internal study in 2015. Two years later we launched the white paper "Climate Change and its Impacts", highlighting how climate issues would affect companies and investments in the coming years and decades [15].

[6]The Principles for Responsible Investment is an international initiative focused on understanding the investment implications of environmental, social and governance (ESG) factors and on supporting its network of investor signatories in incorporating these factors into their investment and ownership decisions.

In 2017, Extel's Independent Research on Responsible Investment – IRRI 2017 – recognized us as only asset manager in Latin America among top 10 asset managers for responsible investment globally (9th place). The survey had 1,136 verified respondents from 43 countries. In that same year, we received the ALAS20 award of best asset manager in the categories corporate governance and ESG research.

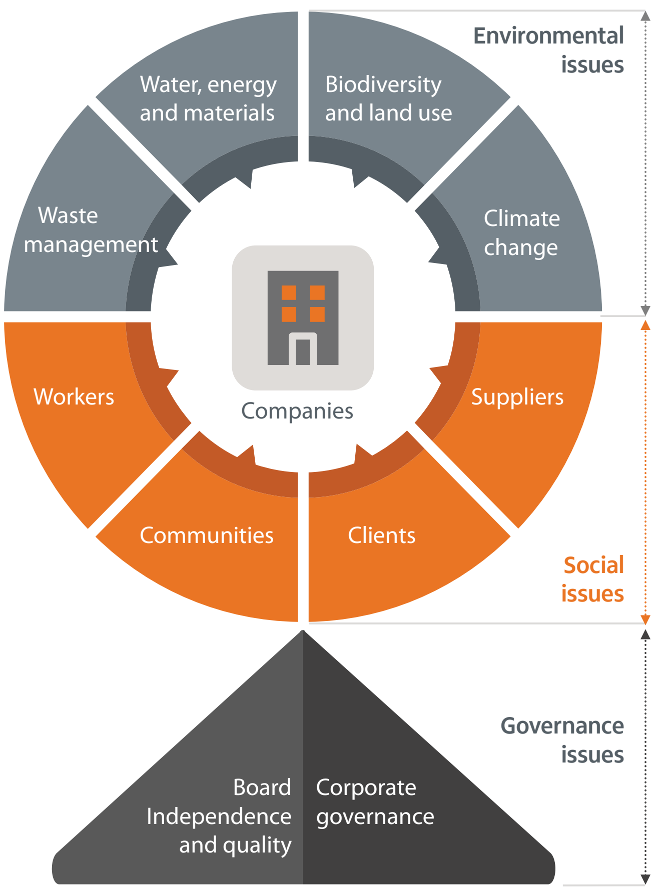
Our ESG coverage has also increased from 10% in 2012 to nearly 90% of our assets under management in 2018. To make sure that our ESG integration method is on the forefront of innovation, we have a strong governance structure, with dedicated analysts, senior managers and portfolio managers in charge of responsible investment.

3.2 SDGs integration in practice

Our ESG integration method[7] incorporates ESG drivers into fundamental valuation models, analysing ESG impacts on the financial performance of companies. In order to research and select relevant ESG drivers, we segregated environmental and social issues across eight themes (or dimensions), as shown in figure 7 below:

Figure 8

Cross-sector ESG themes



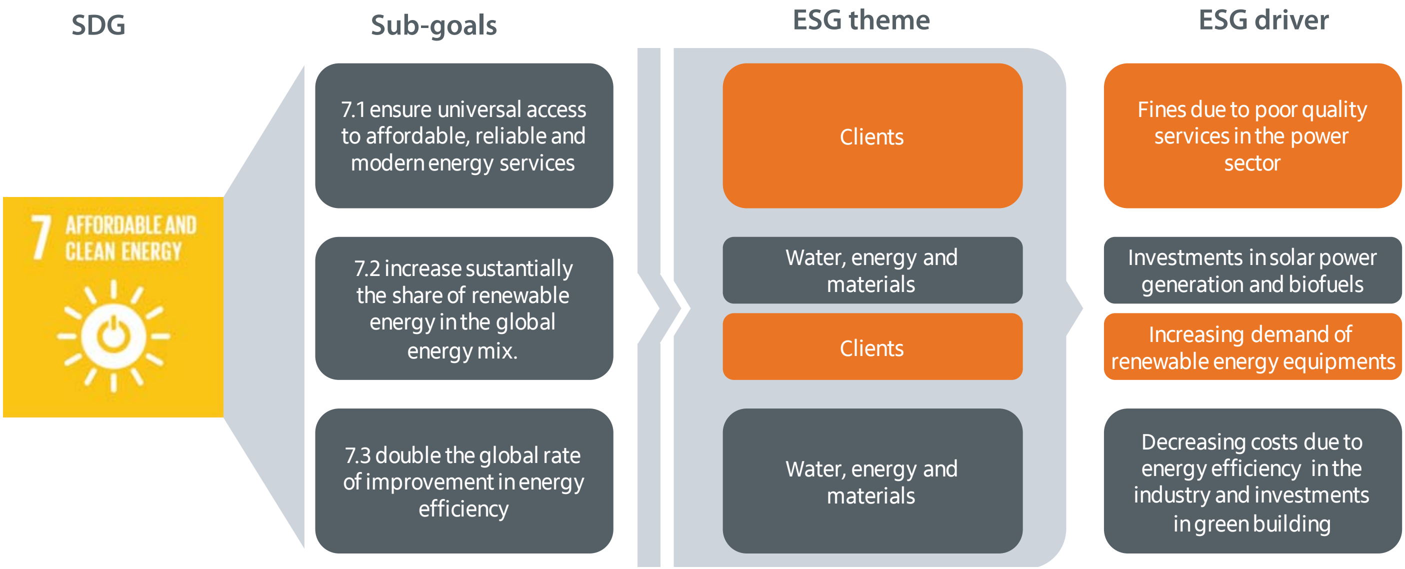
[7]See further details on our methods in ESG Integration Into Fixed Income Research and ESG Integration into Fundamental Equity Valuation

In order to research and select relevant ESG drivers, we segregated **environmental and social issues**

Each ESG theme, in turn, comprises several ESG drivers, which are the impacts that will affect the companies' performance in the future. We integrated these ESG drivers into our company valuation model using the Discounted Cash Flow method. By doing so, we adjusted the companies' fair values by the Net Present Value of ESG drivers. Many of these ESG drivers are directly connected to one or more SDGs' sub-goals, as shown in figure 9 below:

Figure 9

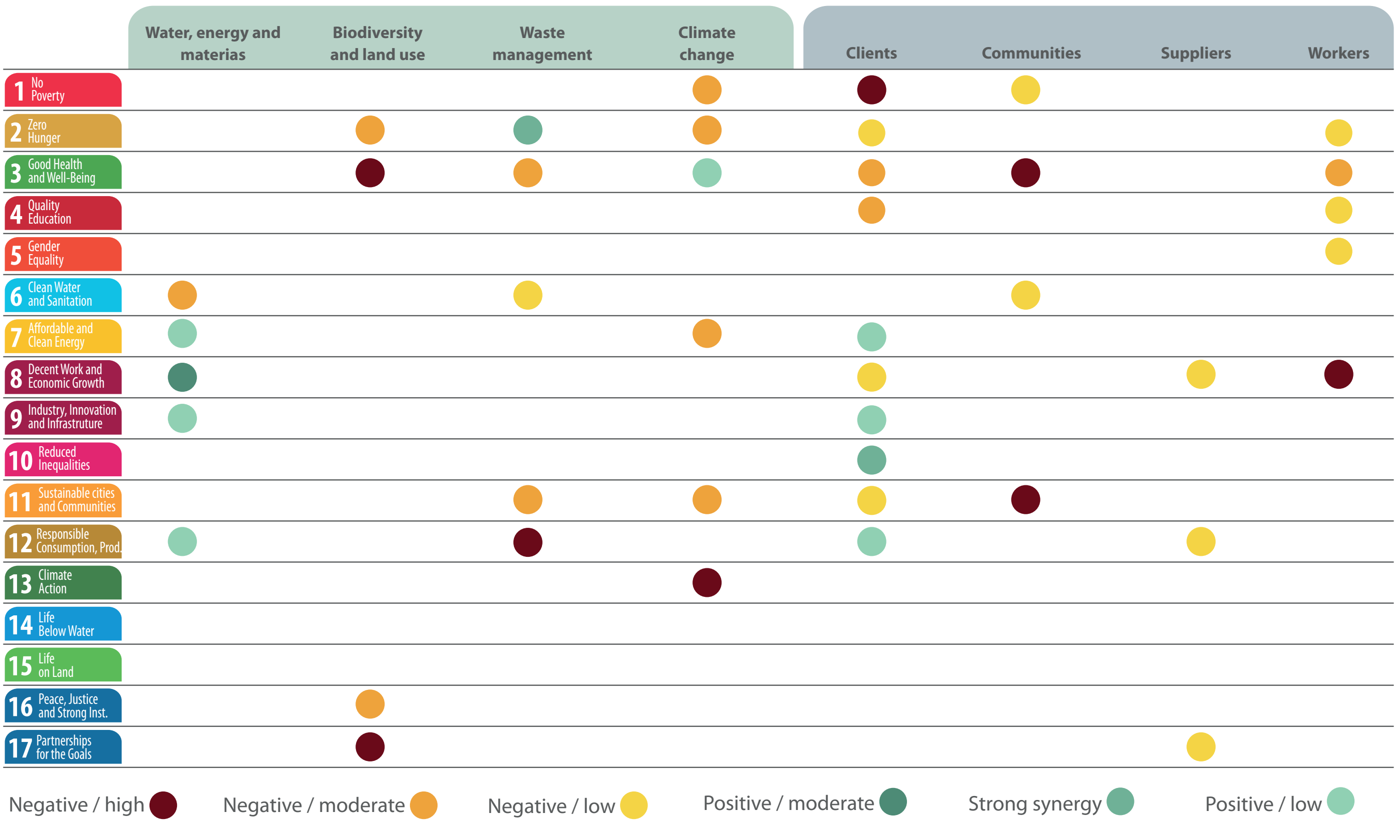
Example of overlapping between SDGs' sub-goals and climate change drivers



Following the example above (figure 9), we conducted a comparison between SDGs and ESG themes and drivers, and came to the conclusion that our ESG integration method currently addresses all 15 investable sustainable development goals and 46 out of 57 investable sub-goals[8], which are described in the Appendix.

Figure 10

Impact of ESG themes that interacts with SDGs on companies' market cap



[8]The complete list of covered SDGs is in the appendix. Although there are 17 Sustainable Development Goals and 169 sub-goals, leading institutional investors claim that only 15 SDGs and 57 sub-goals are "investable" or subject to incorporation into investment decisions (see section 2.3).

The colours in figure 10 above represent the impact of the ESG drivers that interacts with SDGs' sub-goals on the market cap of companies. An example to illustrate how we assess the impact of ESG issues on the companies' value is also shown in table 1 below.

According to figure 10, the themes Clients, Climate Change and Waste Management have more overlap with the SDGs, covering, respectively, nine, six and five different goals.

The SDGs deliver a more comprehensive and accurate approach for responsible investors, allowing better allocation of investments to business and sectors better aligned to the needs of society. In our method, we decrease or increase the fair value of companies whose environmental and social externalities may affect their financial performance negatively or positively. Therefore, in our ESG integration method we adjust the value of companies using ESG valuation drivers. These ESG drivers, in their turn, can be translated into SDGs' sub-goals and indicators.

We applied this method to about 100 companies that formed three of the main Brazilian equity indices in 2017: the Corporate Sustainability Index (Índice de Sustentabilidade Empresarial - ISE), IBrX-100 and Ibovespa, from B3[9]. Based on the impact of ESG drivers on these companies' market value, we estimated the relevance of each SDG across different sectors, as shown in figure 11 below.

Figure 11

Impact of SDGs across different GICS sectors

Figure 11 shows that the SDGs that interact with ESG drivers will affect positively or negatively companies in all sectors. The case study below illustrates how we correlate ESG drivers to sustainable development goals. By replicating this analysis for all covered companies and ESG drivers, we estimated the relevance of the SDGs on each sector.

[9]IBX-100 and Ibovespa are indices composed of a theoretical portfolio with the most actively traded and most representative stocks of the Brazilian stock market. ISE is an index that measures average return on a theoretical portfolio of listed companies that have the best sustainability practices.

Table 1

Estimating the impact of an ESG driver on company A

7.2 Sub-goal – Double the rate of improvement in energy efficiency

Corresponding ESG driver – Investments in energy efficiency in production

Pulp and paper companies (Materials sector) are energy intensive and some of them are investing in energy efficiency in the production process. We assessed the strategy of company A to reduce energy use in the following years, and the net present value of such initiatives, using the following parameters:

A - Annual power consumption (MWh)

B - Average cost of energy (R$/MWh)

C - Annual increase of energy costs (%)

D - Investments in energy efficiency (R$)

E - Energy savings with energy efficiency initiatives (%)

To calibrate the impact and project them on future cash flows and cost of capital, we also estimated probabilities for materialization of events. To estimate this impact, we conducted the following calculation:

$$\frac{[(A \: x \: B \: x \: (1 + C) \: x \: E - D] \: x \: probability}{discount \: rate}$$

As a result, the net present value of this ESG driver, which interacts with the SDG sub-goal 7.2, is -2.01% for this company.

4. Key messages and next steps

We have been developing and enhancing our ESG integration method since 2010. We understand that this is a continuous learning process, which requires multidisciplinary skills and high-level engagement. In this section, we present some outcomes of our responsible investment journey and the key messages of this study. We also indicate future improvements in our responsible investment strategy, in order to create value for our customers by providing better risk-adjusted-return.

i. SDGs matter: The SDGs offer a new approach for investors to improve their investment decisions, creating benefits for business, environment and society. Besides that, an increasing number of investors and companies are announcing their intentions and actions to embed the Goals into their investment decision-making process and corporate strategy.

ii. SDGs interact with ESG: The SDGs offers a broader view of ESG issues and provides a common language to shape and articulate responsible investment strategies. We believe that both SDG and ESG issues are two sides of the same coin, which can increase the potential for alpha generation, while impacting positively the environment and society.

iii. Our ESG coverage already addresses most of the SDGs: Our ESG integration method currently covers all 15 investable SDGs, and 46 out of 57 investable sub-goals, which is equivalent to 80%. This outcome shows how the SDGs already influence our investment decisions and strategy.

Engagement is a pillar in our ESG strategy: Whenever necessary, we engage and visit companies in which we invest, working through active ownership and collaboration. By doing so, we can better understand how ESG impacts can materialize and also influence positively the companies' sustainability practices.

We understand the importance of consistently testing and improving our method, inspired by the best practices of international players and academic studies. A desired complement of this study is to understand how the SDGs reflect and interact with our method to assess the companies' governance issues, since this study focus on environmental and social aspects.

In the future, we shall also expand our scope of analysis in order to cover SDGs sub-goals that we have not taken into consideration yet. This will allow us to have a better understanding on how themes like quality education (SDG 4) and gender equality (SDG 5) may affect different companies and sectors.

We believe that investors have a crucial role in achieving the SDGs, while also benefiting from the investments opportunities associated with the Goals. In this regard, we are committed to promote the SDGs in the financial industry in Brazil and Latin America, by consistently improving our method, engaging with stakeholders and investees, and supporting events and reports on the theme.

This vision of continuous improvement enables us to present consistent results, achieve our fiduciary duties and value for our customers, while providing returns better adjusted to their risk profiles.

References

[1] UNITED NATIONS DEVELOPMENT PROGRAMME. What are the Sustainable Development Goals? Available on: http://www.undp.org/content/undp/en/home/sustainable-development-goals.html. Accessed in May 2018.

[2] ITAÚ UNIBANCO. Environmental & Social Risks and Opportunities: The Journey of Itaú Unibanco. Available on: https://www.itau.com.br/_arquivosestaticos/Itau/PDF/Sustentabilidade/Posicionamento-Itau-ROSA_english.pdf. Accessed in April 2018.

[3] BUSINESS & SUSTAINABLE DEVELOPMENT COMMISSION. The State of Blended Finance. 2017. Available on: http://s3.amazonaws.com/aws-bsdc/BSDC_and_Convergence__The_State_of_Blended_Finance__July_2017.pdf. Accessed in June 2018

[4] GLOBAL SUSTAINABLE INVESTMENT ALLIANCE. Global Sustainable Investment Review. 2017. Available on: https://www.ussif.org/files/Publications/GSIA_Review2016.pdf. Accessed in June 2018.

[5] PRADHAN, P, et al. A Systematic Study of Sustainable Development Goal (SDG) Interaction. 2017. Available on: https://agupubs.onlinelibrary.wiley.com/doi/epdf/10.1002/2017EF000632. Accessed in May 2018.

[6] SHARE ACTION. Transforming our World Through Investment: An introductory study of institutional investors' role in supporting the Sustainable Development Goals. 2016. Available on: https://shareaction.org/wp-content/uploads/2016/03/TransformingOurWorld.pdf. Accessed in May 2018.

[7] PRICEWATERHOUSECOOPERS. SDG Reporting Challenge 2017: Exploring business communication on the global goals. 2017. Available on: https://www.pwc.com/gx/en/sustainability/SDG/pwc-sdg-reporting-challenge-2017-final.pdf. Accessed in: May 2018.

[8] BUSINESS & SUSTAINABLE DEVELOPMENT COMMISSION. Better Business Better World. 2017. Available on: https://www.unglobalcompact.org/docs/news_events/9.3/better-business-better-world.pdf. Accessed in May 2018.

[9] PGGM and APG. Sustainable Development Investments: Taxonomies. 2017. Available on: https://www.apg.nl/en/article/Potential%20sustainable%20development%20investments%20bridging%20the%20gap%20between%20the%20UN-s%20targets/919. Accessed in June 2018.

[10] WAHLÉN, C. World Bank Launches SDG-Linked Bonds. 2017. News released in the SDG Knowledge Hub. Available on http://sdg.iisd.org/news/world-bank-launches-sdg-linked-bonds/. Accessed in June 2018.

[11] PRINCIPLES FOR RESPONSIBLE INVESTMENT. The SDG Investment Case. 2017. Available on: https://www.unpri.org/download?ac=1436. Accessed in May 2018.

[12] B3 – B3 discloses results of The 'Report or Explain for the Sustainable Development Goals (SDGs). News released on September 22, 2017. Available on: http://www.bmfbovespa.com.br/lumis/portal/file/fileDownload.jsp?fileId=8AA8D0976075EB9901607E37394A098C. Accessed in June 2018.

[13] KPMG. How to report on the SDGs: What good looks like and why it matters. 2018. Available on https://assets.kpmg.com/content/dam/kpmg/uk/pdf/2018/05/how-to-report-on-the-sdg-sustainability.pdf. Accessed in June 2018.

[14] SCHRODERS. Sustainable Investment Report 2017. 2017. Available on http://www.schroders.com/es/sysglobalassets/digital/insights/2018/pdf/sustainable-investment-report/english-original/sustainable-investment-report-annual-2017.pdf. Accessed in June 2018.

[15] ITAÚ ASSET MANAGEMENT. Mudanças Climáticas e seus Impactos. 2017. Available on: https://www.itau.com.br/_arquivosestaticos/Itau/PDF/Sustentabilidade/mudancas_climaticas-asset.pdf. Accessed in April 2018.

Appendix I – SDGs currently covered by IAM's ESG integration method (Goals 16 and 17 are considered not investable)

1.4 - By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
1.5 - By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters

2.1 - By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
2.2 - By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons
2.4 - By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
2.5 - By 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and promote access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge, as internationally agreed

3.1- By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births
3.3 - By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases
3.4 - By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
3.8 - Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
3.9 - By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

4.1 - By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
4.3 - By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
4.4 - By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
4.5 - By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations
4.6 - By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy
4.A - Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all

5.1 - End all forms of discrimination against all women avnd girls everywhere

6 CLEAN WATER AND SANITATION

6.1 - By 2030, achieve universal and equitable access to safe and affordable drinking water for all
6.2 - By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations
6.3 - By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
6.4 - By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

7 AFFORDABLE AND CLEAN ENERGY

7.1 - By 2030, ensure universal access to affordable, reliable and modern energy services
7.2 - By 2030, increase substantially the share of renewable energy in the global energy mix
7.3 - By 2030, double the global rate of improvement in energy efficiency

8 DECENT WORK AND ECONOMIC GROWTH

8.4 - Improve global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation
8.5 - Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
8.7 - Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
8.8 - Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.4 - By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

10 REDUCED INEQUALITIES

10.1 Progressively achieve and sustain income growth of the bottom 40% of the population

11 SUSTAINABLE CITIES AND COMMUNITIES

11.2 - By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
11.5 - By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations
11.6 - By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

12.2 - By 2030, achieve the sustainable management and efficient use of natural resources
12.3 - By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses
12.4 - By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
12.5 - By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

13 CLIMATE ACTION

13.1 - Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
13.3 - Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

14 LIFE BELOW WATER

14.1 - By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution
14.2 - By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.

15 LIFE ON LAND

15.1 - By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
15.2 - By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
15.3 - By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world
15.5 - Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

Disclaimer

Itaú Asset Management is responsible for the management of the Itaú Unibanco conglomerate funds. Itaú Unibanco is not responsible for any investment decision that may be made based on the information contained here. Read the prospectus and the regulation before investing. For questions, complaints and suggestions, use SAC Itaú: 0800 7280728, every day, 24 hours, or Contact Us (www.itau.com.br) or the Itaú Corporate Ombudsman: 0800 570 0011, working days, from 9:00 a.m. to 6:00 p.m., PO Box 67.600, CEP 03162-971. People with hearing or speech disability, 24 hours a day, 7 days a week: 0800 722 1722. Read the prospectus, the supplementary information form, the key information sheet and the regulation before investing.

Public Information – Corporate Information Security Policy

Autorregulação ANBIMA
Gestão de Recursos