



Annual Report on the Allocation and Impacts of Sustainable Funding 2022

Published in April 2023



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About this Report

Since 2021, Itaú Unibanco Holding S.A., as well as its affiliates and subsidiaries (“Itaú”), has been issuing sustainable bonds and, in 2022, it also started to carry out other funding operations for this purpose, thus reinforcing its ESG strategy. Currently, it has a total of R\$3,481 billion in debts issued under the [Sustainable Finance Framework \(Jan/2021\)](#).

In line with the 4th pillar of the Sustainability Bond Guidelines¹ managed by the International Capital Market Association (ICMA), this report intends to provide transparency for investors, disclosing the allocation of funds from funding operations, as well as the main indicators of the impact associated with the eligible investments.

At the end of this report, you will find: (1) The Auditor’s Report related to the allocation of funds (Appendix I to the Auditor’s Report), as described in the Sustainable Finance Framework, and (2) the annual review regarding the alignment of the eligible investments with the Allocation of Funds section issued by the same independent consulting firm that issued the second opinion on Itaú’s framework.²

ESG Strategy

For many years, Itaú has been incorporating ESG issues into its business and operations. As a result of this historical commitment to the sustainability agenda, Itaú has launched the [Positive Impact Commitments](#), which convey its ambition and contribution to the world and society.

Its ESG strategy is connected with the center of our business. As a demonstration of the sustainability practices, we have the commitment to finance positive impact industries, with the target of originating R\$400 billion by 2025 to promote a sustainable, greener and inclusive economy.

This amount will be reached taking into account the 3 main business fronts:



The projects presented in this report contribute to the achievement of the goals described above.

1. Volume considers conversion of the debts in USD considering an exchange rate of R\$ 5.2177 on 12/31/22

2. The Sustainability Bond Guidelines are available at the address: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

3. Encontre a opinião da segunda parte no endereço: <https://www.itaubr.com.br/download-file/v2/d/42787847-4cf6-4461-94a5-40ed237dca33/611c4f76-ad2c-4e59-922b-d7a9e1e924c4?>



Sustainable Finance Framework (Jan/21)

Itaú's Sustainable Finance Framework is in line with the four components of the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines published by the International Capital Market Association (ICMA) in 2021. These are: allocation of funds, selection and assessment process, management of funds and presentation of a report. The structure also obtained a second opinion, issued by a specialized consulting firm. In the table below, the Bank presents the net funds from the funding operations carried out under the Sustainable Finance Framework.

[Link to Sustainable Finance Framework](#)

Funding operations

Instruments issued under the Sustainable Finance Framework (Jan/21)

In the table below, the Bank presents the net funds from the funding operations carried out under the Sustainable Finance Framework.

Green				
Funding	Issue currency ⁴	Volume in R\$	Volume in US\$	Allocation
Private placement Green	USD	326.106.250	62.500.000	100% Green
Sustainable				
Funding	Issue currency ⁴	Volume in R\$	Volume in US\$	Allocation
Sustainable Bond	USD	2.608.850.000	500.000.000	19% Green and 81% Social
Sustainable Loan	USD	420.982.809	80.683.598	19% Green and 81% Social
CDB ESG	BRL	126.000.000	24.148.571	19% Green and 81% Social
Sustainable + Green		Volume in R\$	Volume in US\$	
Total		3.481.939.059	667.332.169	

4. Volume considers conversion of the debts in USD considering an exchange rate of R\$ 5.2177 on 12/31/22

Allocation of Funds

The resources were allocated to operations disbursed between January 1, 2021 and December 31, 2022⁴. The funds were fully allocated to eligible green and/or social investments and represent the total allocation of the funds. The table below presents a brief description of each investment and their Key Performance Indicators.

Allocation of Funds

Eligibility Criteria	Number of Operations ⁵	(BRL) Amount allocated to sustainable funding ⁴	(USD) Amount allocated to sustainable funding ⁴	Total amount allocated - (%)
Green – a.1) Renewable energy – Solar energy	2	R\$ 445.614.074	US\$ 85.404.311	13%
Green – a.1) Renewable energy – Wind Energy	1	R\$ 108.500.000	US\$ 20.794.602	3%
Green – a.2) Renewable energy – Energy transmission lines	1	R\$ 378.201.045	US\$ 72.484.245	11%
Social – h.1) Inclusive financing – Micro and small companies	31.637	R\$ 1.922.703.307	US\$ 368.496.331	55%
Social – h.2.a) Inclusive financing – Micro, small and middle-market companies owned by women	3.363	R\$ 417.814.879	US\$ 80.076.447	12%
Social – h.2.b) Inclusive financing – Micro, small and middle-market companies located in the North and Northeast of Brazil	1.031	R\$ 209.105.754	US\$ 40.076.233	6%
Total	36.035	R\$ 3.481.939.059	US\$ 667.332.169	100%

4. Volume considers conversion of the debts in USD considering an exchange rate of R\$ 5.2177 on 12/31/22

5. The number of operations considers the year 2021 to 2022.

Main indicators

Green Eligibility Criteria

Eligibility Criteria	Number of operations	Amount allocated to Sustainable Bonds ⁶	Start date	Termination	Impact indicators
Green – a.1) Renewable energy – Solar energy	2	US\$ 85.404.311	March 2021	March 2030 ⁷	<ul style="list-style-type: none"> • With the two operations we had the installation of 89 photovoltaic solar energy generation plants in Brazil. • In the first project we have the stimated installed capacity of the portfolio: 47,75 MWp. • In the second project we have the installed power 90,4 Mw in addition to Estimated GHG emissions avoided per year: 5000 tCO_{2eq} • Adding the two operations together estimated GHG emissions avoided per year is 279,4 GWh
Green – a.1) Renewable energy – Wind Energy	1	US\$ 20.794.602	October 2022	October 2023	<ul style="list-style-type: none"> • Installation of 4 plants in the northeast region of Brazil. • 45 wind turbines. • total installed capacity of 202.5 MW . • capacity to avoid the annual emission of approximately 90 thousand tons of CO2.
Green – a.2) Renewable energy – Energy transmission lines	1	US\$ 72.484.245	February 2021	July 2044	<ul style="list-style-type: none"> • Installation of 169 km of transmission lines and a substation with 800 MVA of installed capacity in the State of Rio Grande do Sul (BR). • 37 km of transmission lines and expansion of their substations in the states of São Paulo and Mato Grosso do Sul (BR). • 173 km of transmission lines and four substations with 1,600 MVA of combined installed capacity in the State of Minas Gerais. • The projects generate environmental benefits through the increase in the volume of unconventional renewable energy transmission in the National Interconnected System (SIN); • The number of green users represents 72.4% of the projects' users between December 2020 and September 2021; • The emission factor in the SIN, with which the transmission line projects are connected, moved downwards towards the limit of 100gCO2/kWh in the past five years.
Total	4	US\$ 178.683.159			

6. The US\$-R\$ foreign exchange rate on December 31, 2022 was R\$5.2177

7. The start date was considered the oldest date and the longest maturity date between the operations; however, the other operations start and mature within this interval.

Main indicators

Social Eligibility Criteria

Eligibility Criteria	Number of Operations	Number of beneficiaries	Allocated amount of the Sustainable Bond ⁸	Indicadores	
				Average contracted term ⁹	Average amount of the operations ⁸
Social – h.1) Inclusive financing – Micro and small companies	31.637	26.074	US\$ 368.496.331	2.9	US\$ 11.648
Social – h.2.a) Inclusive financing – Micro, small and middle-market companies owned by women	3.363	2.792	US\$ 80.076.447	2.9	US\$ 23.811
Social – h.2.b) Inclusive financing – Micro, small and middle-market companies located in the North and Northeast of Brazil	1.031	819	US\$ 40.076.233	2.8	US\$ 18.004
Total	36.031	29.685	US\$ 488.649.011		

8. 4. Volume considers conversion of the debts in USD considering an exchange rate of R\$ 5.2177 on 12/31/22

9. The funds were allocated to operations disbursed from January 1, 2021 to December 30, 2022.



Green Case Studies – Renewable Energy

Financing operations for wind power

Casa dos Ventos

Casa dos Ventos is a Brazilian company that develops, builds, and operates energy generation projects from renewable sources. The company is a protagonist in the energy transition in the country and is positioned as a platform of solutions to promote the decarbonization of businesses in different sectors of the economy.

Responsible for the largest wind measurement campaign ever undertaken in the world, the company was responsible for the development of one in every four wind power projects in operation in Brazil. Casa dos Ventos has already deployed 2.1 GW (eight wind complexes), is building 736 MW in wind projects, and has the largest renewable pipeline in Brazil with 50.9 GW of wind and solar projects developed and under development.

The Umari project consists of 4 plants: Canuto IV, Guilherme, Jeremias, and Galdino, and is located between the municipalities of Monte das Gameleiras, São José do Campestre, and Serra de São Bento (RN). The complex is composed of 45 wind turbines and has a total installed capacity of 202.5 MW, with the capacity to avoid the annual emission of approximately 90,000 tons of CO₂ equivalent into the atmosphere.

In all its projects, Casa dos Ventos maintains a transparent and collaborative relationship with the communities where they are located, seeking to train and privilege the hiring of local labor, besides investing in social projects that reduce the lack of local infrastructure and promote the improvement of quality of life in the communities. These initiatives are mainly linked to issues such as water availability, technical training and education, and projects to foster the local economy. Besides generating jobs, the investments benefit thousands of families who take advantage of the potential of their properties and start receiving additional income as lessees of the projects. They are investments that contribute to the energy transition and combat climate change, besides bringing relevant socioeconomic development in remote regions of the country.



Social Cases

Inclusive financing stories for SMEs that combine inclusion and environmental issues



Helio Energias

The Helio Energias Group has pioneered in the renewable energy market in Brazil and was founded in the State of Ceará, in the Northeast of Brazil. It is one of the first companies to operate in this field, since its foundation in 2014, helping shape the market to receive investments in this business model, customized photovoltaic plants that are built to suit, with smart solutions, innovation, quality and security for its customers.

Currently, the company has 25 photovoltaic plants in operation, and more than 6 plants being implemented, in the Northern, Northeastern, Mid-Western and Southeastern regions of Brazil, which correspond to approximately 21,128 KWp of installed power and generation of 30,077,213 KWh/year, for the intelligent and sustainable use of energy and thinking of maximum savings for its customers.

Specialized in the rental of photovoltaic plants and equipment, Helio Energia develops projects aimed at generating savings in recurring expenses with electric energy by means of the remote self-consumption. Additionally, it carries out the management, construction and maintenance of plants through its Group companies.

Helio Energias constantly develops its social responsibility and it is committed to society, the environment and the quality of life of workers by means of inclusive and participative governance, guided by ESG fundamentals and always offering financial solutions for small and middle-market companies of Itaú.

3P Energia

3P Energia is specialized in Photovoltaic Solar Energy, with experience in Micro and Minigeneration, performing installations on roofs and on the ground, as well as the installation of plants that use the trackers system¹⁰.

Founded in 2021 in the State of Bahia as Civil Eco, in 2019 it established itself as a new company in the market focused on generating technical solutions in sustainability and improving the existing technology. With operations in many states in the Northern, Northeastern, Southern and Southeastern regions of Brazil, it has more than 1,100 installations in 12 states with more than 35 MWp installed.

Its policy includes business principles and procedures that align the strategic decisions and operating activities with its economic, environmental and social objectives, promoting positive impacts in the region through renewable energy operations. 3P Energia's portfolio comprises Distributed Generation Plants, such as Usina PE II, with power of more than 3,402.00 MWp, and household installations. For example, Neoenergia's *Projeto Bônus Solar* (The Solar Bonus Project) awarded more than 600 installations in households. Additionally, 3P Energia has also performed installations in hospitals, schools, clinics, gated communities, buildings, among others.

¹⁰ A device that changes the position in which the solar modules are during the day, following the Sun's trajectory to increase the production of solar energy of the photovoltaic system.

(A free translation of the original in Portuguese)

Itaú Unibanco Holding S.A.

Independent auditor's limited assurance report on Itaú Unibanco Holding S.A. management's assertion on the allocation of the total proceeds from the Sustainable Funding issued in the period from January 1, 2021 to December 31, 2022, and allocated to projects on December 31, 2022

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(A free translation of the original in Portuguese)

Independent auditor's limited assurance report on Itaú Unibanco Holding S.A.'s Management Assertion on the allocation of the total proceeds from the Sustainable Funding issued in the period from January 1, 2021 to December 31, 2022, and allocated to projects on December 31, 2022

To the Management
Itaú Unibanco Holding S.A.
São Paulo - SP

Scope

We have been engaged to present our limited assurance report on Itaú Unibanco Holding S.A. ("Itaú Unibanco")'s Management Assertion (Attachment I) on the allocation of the total proceeds raised by Itaú Unibanco from the Sustainable Funding issued in the period from January 1, 2021 to December 31, 2022 and allocated to projects on December 31, 2022 ("Assertion"). The proceeds from the Sustainable Funding should be applied exclusively to finance or refinance green projects, social projects, or a combination of them by means of credit operations granting, as set out in the document "Itaú Unibanco Holding S.A. Sustainability Finance Framework", dated January 8, 2021 (hereinafter, "Sustainability Finance Framework" or "Framework"), as described in the Attachment II to this report ("Criteria").

Management's responsibility

The management of Itaú Unibanco ("Management") is responsible for the Management Assertion, summarized in the Attachment I, in accordance with the Criteria established in the Attachment II to this report. This responsibility includes maintaining the operating structure and controls necessary to ensure that the information included in the "Sustainability Bond Annual Allocation and Impact Report" of Itaú Unibanco Holding is free from material misstatement, whether due to fraud or error. The Management of Itaú Unibanco is also responsible for defining, implementing, adapting, and maintaining the management systems from which to obtain the information necessary for the preparation of the mentioned Assertion, as well as for reviewing and updating the Framework.

Our independence and quality control

We comply with the independence and other ethical requirements of the Brazilian Accounting Standards ("NBC"), NBC PG 100 and 200 and NBC PA 291, which are based on the principles of integrity, objectivity, and professional competence and which also consider the confidentiality and behavior of professionals.



Itaú Unibanco Holding S.A.

We apply the international quality control standards established in NBC PA 01 and, therefore, we maintain an appropriate quality control system that includes policies and procedures related to the fulfillment of ethics requirements, professional standards, legal requirements, and regulatory requirements.

Responsibilities of the independent auditor

Our responsibility is to express a conclusion as to whether nothing has come to our attention that causes us to believe that Itaú Unibanco's Management Assertion on the allocation of the total proceeds from the Sustainable Funding issued in the period from January 1, 2021 to December 31, 2022 and allocated by Itaú Unibanco to projects to finance or refinance green projects, social projects or a combination of them by means of credit operations granting on December, 2022 is not adequate in accordance with the criteria set out in the Attachment II to this report, which were selected to enable Itaú Unibanco to comply with certain requirements of sections 3.1, 3.2 and 3.4 of the Framework, dated January 8, 2021, whose link is in the Attachment II to this report.

We conducted our limited assurance engagement in accordance with the Brazilian Accounting Standard NBC TO 3000 - "Assurance Engagements Other than Audits or Reviews" issued by the Federal Accounting Council (CFC), which is equivalent to the international standard ISAE 3000 - "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). These standards require that we plan and perform our procedures to obtain limited assurance that Management's Assertion is adequate to allow compliance with the criteria of sections 3.1, 3.2 and 3.4 of the Framework, dated January 8, 2021, and included in the Attachment II to this report.

The procedure applied in a limited assurance engagement is less detailed than those applied in a reasonable assurance engagement. Therefore, a lower level of assurance is obtained than it would be obtained in a reasonable assurance engagement.

The procedures selected, summarized in the Attachment III to this report, depend on the independent auditor's judgment, including the assessment of the risks that the operating structure, including policies, procedures and/or controls established by Itaú Unibanco to allow Management's Assertion and the allocation of the total proceeds from the Sustainable Funding, is not adequate, in accordance with the criteria presented in the Attachment II to this report. Our procedures did not include tests of the operating effectiveness of the controls and, consequently, we do not express a conclusion on this aspect.

Our engagement comprised the following steps: (a) planning the work; (b) obtaining an understanding of the operating structure established by Itaú Unibanco for compliance with sections 3.1, 3.2 and 3.4 of the Framework, dated January 8, 2021, including the policies and procedures to comply with the aspects described in the Attachment II; consequently, permitting such Management Assertion described in the Attachment I to this report; and (c) performing the engagement in accordance with the procedures set out in the Attachment III to this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.



Itaú Unibanco Holding S.A.

Inherent limitations

Our limited assurance engagement considered the operating structure of Itaú Unibanco necessary for the allocation and such Management Assertion on the total proceeds raised from the Sustainable Funding issued in the period from January 1, 2021 to December 31, 2022 and allocated to projects on December 31, 2022, in accordance with the criteria set out in the Attachment II to this report, which were selected to comply with certain requirements of the Framework and did not include other technical and qualitative aspects of the operating structure of Itaú Unibanco related to the allocation of the total proceeds from the Sustainable Funding issued.

Conclusion

Based on our limited assurance engagement, we are not aware of any deviations that causes us to believe that the Itaú Unibanco's Management Assertion, as described in the Attachment I to this report, on the allocation of the total proceeds from the Sustainable Funding issued in the period from January 1, 2021 to December 31, 2022 and allocated to projects on December 31, 2022 is not adequate, in all material respects, in accordance with the criteria set out in the Attachment II to this report, which were selected to enable Itaú Unibanco to comply with certain requirements of sections 3.1, 3.2 and 3.4 of the Framework dated January 8, 2021.

Other matters

Any party other than Itaú Unibanco that obtains access to our report, or to a copy of it, and relies on the information contained therein (or any part thereof) will do so at its own risk. We do not accept or assume any responsibility and deny any liability to any party other than Itaú Unibanco for our engagement, for the limited assurance report or for our conclusions.

São Paulo, April 13, 2023

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Emerson Laerte da Silva
Contador CRC 1SP171089/O-3

Attachment I

Itaú Unibanco's Management Assertion

Our Assertion on the allocation of the total proceeds from the Sustainable Funding issued in the period from January 1, 2021 to December 31, 2022 and that were allocated to projects exclusively to finance or refinance green projects, social projects or a combination of them by means of credit operations, as established in the Framework, comprises the aspects listed below:

- . The net proceeds raised and allocated to projects in accordance with the Framework were held at Itaú Unibanco's treasury and managed using the existing internal tracking systems.
- . The Framework was properly applied to the selection of projects for allocation of the total proceeds raised in the period from January 1, 2021 to December 31, 2022 and/or the proceeds were allocated to projects that meet the established criteria described in the Framework (Attachment II) to this report on December 31, 2022¹;
- . The proceeds from the Sustainable Funding issued in the period from January 1, 2021 to December 31, 2022 and allocated to projects on December 31, 2022, by means of credit granting operations were carried out in accordance with the criteria of the Framework.
- . Total amount raised in the period from January 1, 2021 to December 31, 2022 from the Sustainable Funding was fully allocated to projects on December 31, 2022, that meet the established criteria of the Framework, as there was no need to temporarily invest in highly liquid securities.

¹As described in the item 3.1 of the Framework, "Investments may be eligible when disbursed within 3 years prior to the issuance of the Sustainable Funding".

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Attachment II




Eligibility Criteria for the Sustainable Funding

Information on items 3.1 Use of Proceeds, 3.2 Excluded Activities and 3.4 Management of Proceeds related to the eligibility criteria for allocation of the Sustainable Bonds obtained from the Framework and published on the website <https://www.itau.com.br/download-file/v2/d/42787847-4cf6-4461-94a5-40ed237dca33/eed2822-9900-4f42-a7be-of9d4714f404?o>.

3.1 Use of Proceeds

Green Eligibility Criteria





Investments in:

Category	Eligibility Criteria	Environmental Objectives	Alignment with Prioritized SGDs
a. Renewable Energy and Energy Efficiency	<p>a.1) Renewable energy, such as:</p> <ul style="list-style-type: none"> - Wind energy; - Solar energy; - Hydro energy (< 20MW); <p>a.2) Energy transmission lines and distribution networks with the purpose of increasing renewable energy from wind and/or solar and/or hydro sources.¹¹</p> <p>a.3) 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-fuels intensive processes.</p>	Climate change mitigation.	  

¹¹ The increase in energy sources such as wind and solar in the generation of electric energy and the increase in the supply of biomass from sugarcane and biodiesel contributed to the Brazilian energy matrix to remain at a renewable level much higher than the level observed in the rest of the world. Public policies adopted in recent years favored the entry of renewable sources, such as biodiesel, whose consumption grows year after year in Brazil. Hydraulic power generation, the main source of electricity generation in the country, together with other renewables, represented 84.3% of all national generation in 2019 [according to the Ministry of Mines and Energy of Brazil](#). Transmission lines are fundamental elements to give stability to the electrical system of Brazil, with a large share of renewable energy that are, by nature, intermittent and interdependent. The increase in the share of renewable energy in the Sistema Interligado Nacional (SIN) must be accompanied by expansion of transmission systems to reduce losses and congestion, as well as to guarantee flow and energy security. Distribution systems are responsible for connecting to the transmission to final consumers, and are also important elements to ensure that sources reach users in a safe way (EPE, 2017 (<https://goo.gl/Z8XmKf>); IEEFA, 2018 <https://bit.ly/2Ch6hDb>). Therefore, in local context of Brazil, there is no possibility that the investments done in electric energy transmission lines will distribute electric energy from carbon intensive sources in rates superior than the renewables under normal conditions.





Attachment II

Eligibility Criteria for the Sustainable Funding

<p>b. Clean Transportation</p>	<p>b.1) Charging stations for vehicles moved by clean energy;</p> <p>b.2) Structure for public use of clean transportation (e.g. bicycle lanes, parking stands, bicycle sharing stations, among others);</p> <p>b.3) Changes from fossil fuel source to clean source on public transportation, like solar, wind, wave and other renewable energy sources.</p> <p>b.4) Transport Companies in general, to finance the manufacturing of clean fuel source vehicles¹²</p> <p>b.5) Financing of Individuals or companies to the purchasing of clean fuel source vehicles or hybrid vehicles¹²</p>	<p>Climate change mitigation;</p> <p>Pollution prevention and control.</p>	 
<p>c. Sustainable Water and Wastewater Management</p>	<p>c.1) Water treatment plants;</p> <p>c.2) Systems to minimize water usage (including water reuse);</p> <p>c.3) Biogas plants for electric energy conversion derived from waste management of production processes;¹³</p> <p>c.4) Composting;</p>	<p>Pollution prevention and control;</p> <p>Natural resource conservation.</p>	 

Attachment II

Eligibility Criteria for the Sustainable Funding

	c.5) Co-processing of Organic Solid Waste;		
	c.6) Recycling.		
d. Pollution Prevention and Control	d.1) Projects that aim to mitigate pollution caused by fossil fuels combustion and its quimical results such as particulate matter and other nocive pollutants ¹⁴ ; d.2) Energy cogeneration; d.3) Recovery of heat and steam; d.4) Development, operation and increased efficiency of recycling plants and waste-to-energy conversion factories.	Pollution prevention and control.	 
e. Environmentally sustainable management of living natural resources and land use	e.1) Environmentally-sustainable forestry e.1.1) FSC forest management certification confirms that the forest is being managed in a way that preserves biological diversity and benefits the lives of local people and workers, while ensuring it sustains economic viability e.1.2) Cerflor is the Brazilian Forest Certification Program, developed by INMETRO,	Natural resource conservation; Biodiversity.	 

¹⁴ When fossil fuels are burned they release nitrogen oxides and particulate matter into the atmosphere, which contribute to the formation of smog and acid rain. Most of the nitrogen oxides released in the world due to human activity are from the burning of fossil fuels associated with transportation and industry. ¹³It will not be considered credit operations related to extensive monoculture, since it could be related to the degradation of the soil, decay of nutrient levels, loss of diversity, greater need for the use of fertilizers/pesticides and intensive exploitation of water resources for irrigation

Attachment II

Eligibility Criteria for the Sustainable Funding

	<p>together with representatives from different stakeholders at the national level. In 2005 it achieved international co-recognition by the Programme for the Endorsement of Forest Certification schemes (PEFC), as a forest management certification standard.</p> <p>e.1.3) Programme for the Endorsement of Forest Certification (PEFC) is a non-profit organization that promotes sustainable forest management through independent thirdparty certification, this includes assessments, endorsements and recognition of national forest certification systems.</p> <p>e.2) Restoration, regeneration or management of native forests and natural landscapes</p> <p>e.3) Environmentally sustainable agriculture e.3.1) Rainforest Alliance Certified™ farms are required to meet comprehensive</p>		
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Attachment II



Eligibility Criteria for the Sustainable Funding

	<p>standards for sustainable agriculture that protect wild land, waterways, wildlife habitat and the rights and well-being of workers, their families and communities.</p> <p>e.3.2) GLOBALG.A.P. Certification is a trademark certification from a global organization which aims a safe and sustainable agriculture worldwide.</p> <p>e.4) Low Carbon Agriculture¹⁵</p> <p>e.4.1) Soil recovery and restoration of degraded pasture investments</p> <p>e.4.2) Integrated cropland-livestock-forestry systems and Agroforestry systems</p> <p>e.4.3) adaptation or regularization of rural properties considering environmental legislation, including recovery of legal</p>		
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¹⁵ Projects that will contribute to Brazil's Low-Carbon Agriculture Plan ("ABC Plan") such as revival of productivity of land, reduction of greenhouse gas (GHG) emissions and/or sequestration of carbon, and provision of ecosystem services payments, such as credit lines for clients that want to adopt new technologies or production arrangements that will help them to issue carbon credits from their own business process. We are considering to accept future certifications that may emerge in line with market standards and meets the criteria described in the certifications list.



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Eligibility Criteria for the Sustainable Funding

	reserves, permanent preservation areas, recovery of degraded areas and implementation/ improvement of sustainable forest management plans; e.4.4) Biological nitrogen fixation;		
f. Green Buildings	f.1) Buildings that have received certification to the following programs and levels: LEED Gold & Platinum; or EDGE certification.	Climate change mitigation; GHG emissions Reduction; Pollution Prevention and Control.	 

Social Eligibility Criteria

Investments in:



Category	Eligibility Criteria	Social Objectives	Alignment with Prioritized SGDs
g. Access to Essential Services	g.1) Health and healthcare services; g.2) Education ¹⁶ ; g.3) Sports facilities and sports sponsorship; ¹⁷ g.5) Programs to aging population inclusion; g.6) Culture facilities (e.i. museums, cinemas, theater) ¹⁷ ;	Social inclusion.	 

¹⁶ Financing of education institutions which aims to provide quality education at affordable prices, increasing access to quality education for target population students. Target population in this context may include low-income students and/or students in peripheral regions (where socioeconomic indexes are lower than Brazil's average). In Brazil, places in the prestigious public university system are limited, and tend to go to higher-income students who are better prepared academically. In that context, private sector schools that offer inclusive business models with flexible, relevant and quality education at affordable prices may give bring students from low income households to post-secondary level.

¹⁷ Cultural and sports projects will be considered in which guarantee leisure and community health in peripheral regions (where socioeconomic indexes are lower), the elderly or people with disabilities; or that even in regions of high human development, in some way favor people in vulnerable situations;

Attachment II

Eligibility Criteria for the Sustainable Funding

	g.7) Other types of essential services.		
h. 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. Eligible investments shall be related to the following criteria:</p> <p>h.1) Micro and Small enterprises¹⁸;</p> <p>h.2) Micro, Small and Medium¹⁹ enterprises that additionally meets one of following requirements:</p> <p>h.2.a) Are Women-owned companies²⁰.</p> <p>h.2.b) Located primarily in North and Northeast region of Brazil, or in municipalities, or states with human development index (HDI) below the total of Brasil's HDI average²¹.</p>	<p>Employment generation;</p> <p>Financial inclusion .</p>	 

¹⁸ According IFC's definition of micro and small companies, the annual revenue threshold for this segment is USD 3 million. Those companies may face challenges related to limited access to financial services, such as affordable loans and payments solutions due the lack of collateral or minimum use of access of technology.

¹⁹ According IFC's definition of Medium Enterprise, the annual revenue threshold for this segment is from USD 3 million to USD 15 million. Medium companies in Brazil face similar issues as Micro and Small Enterprises in terms of access to financial services, specially in some regions in Brazil that lack infrastructure and economic opportunities.

²⁰ According to IFC's definition, an enterprise qualifies as a woman-owned enterprise if: (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. Entrepreneurship is a way and alternative for needy families and minority groups to guarantee income, while it benefits the community around them.

²¹ According to UN development agency, Brazil's HDI as of 2015 was 0,755

Attachment II

Eligibility Criteria for the Sustainable Funding

	h.2.c) Have restricted access to credit ²² .		
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3.2 Excluded Activities

Certain activities will be excluded as eligible under this framework due to their environmental or social non friendly nature, such as:

- Fossil Fuels;
- Nuclear power generation;
- Oil & Gas;
- Tobacco;
- Weapons and munitions.

3.4 Management of Proceeds

Net proceeds from the Sustainability Finance will be placed in Itaú Unibanco's treasury and managed by the treasury department using existing internal tracking systems.

In case, for any reason whatsoever, the value of the green, social or sustainable Investment is lower than the total value of the bond issuance and/or loan disbursement, Itaú Unibanco commits to invest the net proceeds yet to be invested in cash or cash equivalents.

*

Attachment III

Summary of the procedures performed

We present below a summary of the main procedures performed during this engagement:

Limited Assurance procedures:

Performance of assurance procedures applicable to services of this nature, including inquiries of management and those responsible for the support areas, and inspection of documents on a sample basis in items i, ii and iii below:

- i. Inquiry of management on the use of the existing internal tracking systems to manage, by Itaú Unibanco's treasury team, the net proceeds from the Financing used to allocate the amounts raised from the Sustainable Funding issued in the period from January 1, 2021 to December 31, 2022.
- ii. Inquiry of management on the process for allocation of the amounts raised in the period from January 1, 2021 to December 31, 2022 and allocated to projects on December 31, 2022, as well as inspection of the credit granting contracts, demonstrating that the total allocation of the proceeds from the Sustainable Funding issued in the period from January 1, 2021 to December 31, 2022 and allocated to projects on December 31, 2022, was made in accordance with the criteria established in sections 3.1, 3.2 and 3.4 of the Framework.
- iii. Inquiry of management on the total amount allocated on December 31, 2022 from the Sustainable Funding issued in the period from January 1, 2021 to December 31, 2022, and any provisional application in highly liquid securities in the event of allocation of amount lower than the amount raised, as well as inspection of supporting documentation demonstrating compliance with such situation.

* * *

Itaú Unibanco Holding S.A.

Type of Engagement: Annual Review

Date: 4 April 2023

Engagement Team:

Amala Devi, amala.devi@sustainalytics.com, (+1) 416 861 0403

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Introduction

Between January 2021 and December 2022, Itaú Unibanco Holding S.A. (“Itaú” or the “Bank”) issued several funding instruments¹ (collectively, the “sustainability issuances”) aimed at financing projects that comply with the eligibility criteria defined under the Itaú Unibanco Holdings S.A. Sustainability Finance Framework (the “Framework”).² Sustainalytics provided a Second-Party Opinion on the Framework in January 2021.³ In April 2023, Itaú engaged Sustainalytics to review the projects funded through the sustainability issuances and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Framework. Among the available eligibility categories, the Bank focused on financing renewable energy and extending financial services to micro, small or medium enterprises (MSMEs). This is Sustainalytics’ second annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in January 2022.

Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds from the sustainability issuances, based on whether the projects:

1. Met 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	<ul style="list-style-type: none"> • Renewable energy, such as wind energy, solar energy and hydro energy (<20MW) • Energy transmission lines and distribution networks with the purpose of increasing renewable energy from wind and/or solar and/or hydro sources⁴ 	<ul style="list-style-type: none"> • Annual GHG emissions avoided in tonnes of CO₂ equivalent (tCO₂e) • Annual renewable energy generation in MWh (electricity) and GJ (other energy) • Capacity of renewable energy plants in MW

¹ The Bank raised a total of USD 667.3 million which includes USD 500 million through its first sustainability bond in January 2021, USD 80.7 million through a sustainability loan, USD 24.1 million through ESG certificates and USD 62.5 million via a green bond through private placement.

² Itaú Unibanco Holding S.A, “Sustainability Finance Framework”, (2021), at: <https://www.itau.com.br/download-file/v2/d/42787847-4cf6-4461-94a5-40ed237dca33/eed2822-9900-4f42-a7be-0f9d4714f404?o>

³ Sustainalytics, “Itaú Unibanco Sustainability Finance Framework Second-Party Opinion”, (2021), at: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/ita-unibanco-holding-s-a/ita-unibanco-sustainability-finance-framework-second-party-opinion/ita-unibanco-sustainability-finance-framework-second-party-opinion-pdf>

⁴ The increase in energy sources, such as wind and solar in the generation of electric energy and the increase in the supply of biomass from sugarcane and biodiesel contributed to the Brazilian energy matrix to remain at a renewable level much higher than the level observed in the rest of the world. Public policies adopted in recent years favored the entry of renewable sources, such as biodiesel, whose consumption grows year after year in Brazil. Hydraulic power generation, the main source of electricity generation in the country, together with other renewables, represented 84.3% of all national generation in 2019 according to the Ministry of Mines and Energy of Brazil. Transmission lines are fundamental elements to give stability to the electrical system of Brazil, with a large share of renewable energy that are, by nature, intermittent and interdependent. The increase in the share of renewable energy in the Sistema Interligado Nacional (SIN) must be accompanied by expansion of transmission systems to reduce losses and congestion, as well as to guarantee flow and energy security. Distribution systems are responsible for connecting to the transmission to final consumers, and are also important elements to ensure that sources reach users in a safe way (EPE, 2017 (<https://goo.gl/Z8XmKf>); IEEFA, 2018 <https://bit.ly/2Ch6hDb>). Therefore, in local context of Brazil, there is no possibility that the investments done in electric energy transmission lines will distribute electric energy from carbon intensive sources in rates superior than the renewables under normal conditions.

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"> • Micro and small enterprises;⁵ • Micro, small and medium⁶ enterprises that additionally meets one of the following requirements: <ul style="list-style-type: none"> ○ Are women-owned companies⁷ ○ 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 average⁸ ○ Have restricted access to credit⁹ 	<ul style="list-style-type: none"> • Number/ volume of loans provided to target group • Number of new businesses created
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Issuer's Responsibility

Itaú is responsible for providing accurate information and documentation relating to the details of the funded projects, including description 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 issuances Review Committee to provide oversight of the review.

⁵ According IFC's definition of micro and small companies, the annual revenue threshold for this segment is USD 3 million. Those companies may face challenges related to limited access to financial services, such as affordable loans and payments solutions due the lack of collateral or minimum use of access of technology.

⁶ According IFC's definition of Medium Enterprise, the annual revenue threshold for this segment is from USD 3 million to USD 15 million. Medium companies in Brazil face similar issues as Micro and Small Enterprises in terms of access to financial services, specially in some regions in Brazil that lack infrastructure and economic opportunities.

⁷ According to IFC's definition, an enterprise qualifies as a woman-owned enterprise if: (a) $\geq 51\%$ owned by woman/women; or (b) $\geq 20\%$ owned by woman/women; and (i) has ≥ 1 woman as CEO/COO/President/Vice President; and (ii) has $\geq 30\%$ of the board of directors composed of women, where a board exists. Entrepreneurship is a way and alternative for needy families and minority groups to guarantee income, while it benefits the community around them.

⁸ According to UN development agency, Brazil's HDI as of 2015 was 0.755.

⁹ A company with Restricted access to credit is any company that has less than USD 1 million in loans with the bank. Small and medium enterprises have the potential to drive much-needed job creation and economic growth, but considering their size, they could have little access to the capital they need to thrive. Improving those companies' access to credit could expand their businesses, creating significant numbers of jobs, and providing essential goods and services to their local populations. Also, financing those companies is aligned with the concept of IFC's Inclusive Business concept, whereby we (Itaú) aim(s) to bring the underserved into value chains as suppliers, distributors, retailers, or customers by creating better conditions for them to achieve commercial viability.

Conclusion

Based on the limited assurance procedures conducted,¹⁰ 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 it raised a total of USD 667.3 million through the sustainability issuances and the proceeds were fully allocated as of 31 December 2022.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the sustainability issuances to determine if projects aligned 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 projects funded with proceeds from the sustainability issuances to determine if impact of projects 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

¹⁰ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation and Reported Impact

The funds raised from the sustainability issuances were allocated to loans disbursed between 1 January 2021 and 31 December 2022.¹¹ The allocation and impact of proceeds are summarized as follows:

Use of Proceeds Category	Environmental or Social Impact Reported by Eligibility Criteria	Net Bond Proceeds Allocation (USD) ¹²	Percentage of Total Allocated Amount
Renewable Energy and Energy Efficiency	<p>The Bank financed two solar photovoltaic projects with the following environmental impacts:</p> <ol style="list-style-type: none"> The first project has a portfolio installed capacity of 47.75 MWp; an estimated annual generation of 69.8 GWh and avoided GHG emissions of 5,000 tCO₂e per year. The second project has a portfolio installed capacity of 90.4 MW with 40 photovoltaic generating plants. Its estimated annual electricity generation is 209.6 GWh. 	85,404,311	13%
	<p>The Bank also financed one wind power project consisting of 4 plants in the northeast region of Brazil. With 45 wind turbines, the project has a total installed capacity of 202.5 MW and estimated annual potential of avoiding 90,000 tCO₂e of GHG emissions.</p>	20,794,603	3%
	<p>The following transmission lines and associated substations have been financed:¹³</p> <ul style="list-style-type: none"> 169 km of transmission lines and a substation with 800 MVA installed capacity in the state of Rio Grande do Sul 37 km of transmission lines and expansion of two substations in the state of São Paulo/Mato Grosso do Sul 	72,484,245	11%

¹¹ This is in line with the lookback period of 3 years defined in the Framework.

¹² The projects' currency is BRL and the USD/BRL exchange rate of 31 December 2022 is used for calculating the allocated amounts.

¹³ Itaú has communicated to Sustainalytics that the emissions factor of the National Interconnected System or Sistema Interligado Nacional (SIN), 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. Between December 2020 and September 2021, the number of green users represented 72.47% of the total number of users connected to the SIN.

	<ul style="list-style-type: none"> 173 km of transmission lines and four substations with 1600 MVA combined installed capacity in the state of Minas Gerais 		
Financial Inclusion¹⁴	31,637 transactions to micro and small enterprises	368,496,331	55%
	3,363 transactions to women-owned MSMEs	80,076,447	12%
	1,031 transactions to MSMEs located primarily in North and Northeast regions of Brazil	40,076,232	6%
Total allocation of proceeds (USD million)			667.3
Total proceeds raised by the sustainability issuances (USD million)			667.3
Percentage of proceeds allocated			100%

¹⁴ The Bank has communicated to Sustainalytics that the (women-owned) MSMEs financed were selected as per the criteria noted in the Framework.

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