


From Principles to Practice:
Responsible Banking Case
Study Series

UN environment programme		finance initiative
Principles for Responsible Banking		



Itaú Unibanco:
Advancing Governance,
Climate Action, and
Sustainable Finance

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Principles for Responsible Banking

The Principles for Responsible Banking (PRB) are a unique framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement.

The framework consists of six principles designed to bring purpose, vision and ambition to sustainable finance. They were created in 2019 through a partnership between founding banks and the United Nations. Signatory banks commit to embedding these six principles across all business areas, at the strategic, portfolio and transactional levels.





Itaú Unibanco, headquartered in São Paulo, Brazil, is one of the largest privately owned banks in Latin America. The bank joined the Principles for Responsible Banking in 2019 as a founding signatory. For more information about the bank, visit [here](#).

PRINCIPLE 5: GOVERNANCE & CULTURE

Integrating sustainability in governance and reward systems

Itaú's governance framework embeds ESG factors across all decision-making levels, comprising multiple committees across organizational levels, each dedicated to sustainability oversight. The Board of Directors address sustainability topics at least once annually, providing ESG oversight through the Environmental, Social, and Climate Responsibility (ESC Responsibility) Committee, which includes Board members, and the Superior ESG Council, chaired by the CEO and including Executive Committee members. Both committees report directly to the Board, meeting at least three times a year to oversee ESG strategy implementation, review key indicators, and allocate resources for stakeholder-aligned initiatives. Additionally, the Risk and Capital Management Committee oversees ESG risk management and acts in line with the ESC's Responsibility Committee to oversee ESG risk management. Other specialized committees and working groups, such as the Integrity and Ethics Committee, Itaú BBA ESG Committee, and Responsible Investment Committee, further support these efforts at various levels. Middle management working groups, including those on sectoral net zero, climate finance, and eco-efficiency, address specific ESG topics and strategies. This structure delineates clear roles and responsibilities, with each committee and group focusing on distinct areas of the bank's ESG commitments.

To reinforce its commitment to ESG goals, Itaú has linked its variable compensation for executives and employees to the achievement of sustainability targets. In 2023, 5% of the CEO's variable pay was tied to ESG goals. For the 2024 review cycle, not only the CEO, but also the executives who have the greatest responsibility for implementing the sustainability strategy have dedicated part of their goals to social, environmental and climate challenges.

Itaú's climate-related compensation objectives

1. **Climate change:** Objectives related to implementing the bank's climate strategy, particularly net-zero transition plans and the development of new products and advocacy efforts.
2. **Transparency in communication:** Objectives met on financial and sustainability reporting quality, as well as on the implementation of ESG education for employees and the public.
3. **Environmental management of operations:** Objectives aimed at reducing energy use, greenhouse gas emissions, water consumption, and waste generation across the bank's operations and those of its suppliers.

These objectives are included in the employment contracts and monitored through performance indicators.

Climate action through voluntary framework implementation

Itaú aligns with voluntary frameworks like the UN Principles for Responsible Banking (PRB) and the Net-Zero Banking Alliance (NZBA), with the goal of reaching net zero emissions by 2050. The bank developed greenhouse gas (GHG) emission baselines using the Partnership for Carbon Accounting Financials (PCAF) methodology. The development of baselines, decarbonization targets, and the bank's Climate Transition Plan involved collaboration across multiple departments, including ESG and climate teams, as well as Finance, Risk, Credit, Treasury, Products, and Planning, with leadership involvement.

PRINCIPLE 2: IMPACT AND TARGET SETTING

The bank has set decarbonization targets for the electricity generation, steel, aluminium, and coal sectors. As part of its sustainability goals, Itaú aims to phase out financing for coal power generation, coal mining, and associated infrastructure by 2030, while halting new financing for unconventional oil and gas exploration in tar sands and the Arctic. Since 2023, it has ceased working with clients heavily reliant on coal. By 2030, the bank will decline all revenue from coal-related activities, progressively eliminating dependency on coal-based energy generation and mining. Additional targets are being developed for other carbon-intensive sectors like oil and gas. This shift aligns with Itaú's broader strategy to phase out industries with negative environmental impacts while investing in sustainable sectors.

Itaú's Climate Transition Plan, informed by the Glasgow Financial Alliance for Net Zero (GFANZ) recommendations, details Itaú's climate approach, aiming to support clients in low-carbon transitions. Key elements of the plan include:

Key components of Itaú's climate transition plan

1. **Net-zero commitment:** Itaú intends to reach net zero across Scopes 1, 2, and 3 by 2050, regularly evaluating climate-related risks and opportunities.
2. **Governance:** Climate actions are embedded in governance, with a focus on employee engagement.
3. **Stakeholder engagement:** The bank engages with diverse stakeholders, including clients, industry representatives, and public authorities, to identify innovative solutions for a low-carbon economy.
4. **Implementation strategy:** The plan outlines actions for portfolio decarbonization, collaborating with Itaú BBA, the bank's corporate and investment banking division, to set sectoral objectives, develop green products, and align portfolio goals with sustainability.
5. **Metrics and objectives:** Specific metrics and objectives have been established for the decarbonization of both the bank's portfolio and its operations. [Climate Report](#)—pages 19–40.

While advancing climate initiatives, the bank has faced challenges, notably in accessing reliable client GHG data. Limited public availability of emissions data led Itaú to enhance data collection efforts, particularly in its loan portfolio. The bank has been guided by PCAF, NZBA, GFANZ, amongst others, to share best practices and develop strategies within the financial industry to ensure access to reliable data. For instance, to tackle the limited data on energy usage and property characteristics for its mortgage loan portfolio, the bank used the average energy consumption per square meter based on PCAF guidelines. The bank continues to work with PCAF to refine data accuracy and expand portfolio baseline coverage.

Itaú is also exploring client engagement approaches to incentivize the calculation and disclosure of GHG emissions to address data gaps. The bank has promoted discussions both at Itaú BBA, the bank's corporate and investment banking division, and at Cubo ESG, a supporting program for startups aiming to foster discussions on carbon accounting challenges and developing solutions. The bank has collaborated with the Brazilian Business Council for Sustainable Development (CEBDS), responsible for developing the Net Zero Platform, to engage and learn more from companies operating in the real economy. Itaú also leverages national systems to address data challenges. For example, the development of an emissions trading system in Brazil that could encourage broader adoption of GHG emissions calculation and disclosure practices within the private sector, which could help address the bank's challenges in carbon emissions data gaps.

Itaú recognizes the importance of collaboration and advocacy in advancing a just and sustainable climate transition. The bank engages in policy advocacy and works closely with various stakeholders to support Brazil's shift to a low-carbon economy. Itaú's climate strategy includes partnerships across productive sectors and government entities, aimed at creating effective public policies that address the broad social and environmental impacts of climate transition. By working with clients, industry groups, and public authorities, Itaú seeks to foster financial inclusion and job creation in green sectors such as renewable energy and sustainable technology.

Driving financial inclusion and sustainable growth: empowering women and supporting green initiatives

As part of Itaú's commitment to a just and sustainable transition, the bank actively advocates for policies that will facilitate Brazil's transition to a low-carbon economy, focusing on areas such as education, access, and the protection of rights for underserved communities affected by the climate transition. The bank promotes financial health and inclusion through various programs aimed at helping vulnerable and underserved populations. Through various financial reorganization and inclusion programs, the bank encourages responsible use of financial products.

Gender inclusion and support for women entrepreneurs

A key element of Itaú's commitment to sustainable social and economic development is empowering women entrepreneurs. According to the Global Entrepreneurship Monitor (GEM) 2023 Survey, 34% of business owners in Brazil are women.¹ The survey found that a substantial proportion of these female entrepreneurs discontinued their businesses due to challenges in obtaining financing. In 2023, the bank provided BRL 17.6 billion in credit to women-led businesses, fostering financial inclusion and gender equity.

The Itaú Mulher Empreendedora program, established in 2013 in partnership with the IFC, supports women-led businesses through training, mentorship, and networking opportunities. In 2023, the program reached over 14,000 female entrepreneurs, including a WhatsApp-based course on budgeting, financial management, and innovation, with 4,754 participants. To further support women entrepreneurs, Itaú raised BRL 2 billion in Social Financial Bills between late 2022 and early 2023, with half of the amount raised through the IFC and the other half through the market. These funds are dedicated to women-led small and medium enterprises, particularly in Brazil's northern and northeastern regions, enhancing credit access for female entrepreneurs.

The Social Financial Bills are debt securities issued by financial institutions to fund projects with a positive social impact. These securities are similar to traditional Financial Letters but are specifically issued to raise funds for initiatives such as female entrepreneurship and projects in underserved regions. Itaú's issuance of Social Financial Bills is part of a broader sustainable finance strategy, which also includes green and sustainable bonds, as outlined in Itaú's Sustainability Finance Framework.

Responsible customer engagement

Itaú's Client Relationship Policy emphasizes transparency, responsibility, and diligence across the customer lifecycle. The bank offers preventive measures for clients showing signs of over-indebtedness and promotes financial education programs to support financial inclusion and responsible products use. These measures include educational programs, such as lectures and online materials, to help clients make informed decisions. The bank also provides monitoring tools that allow clients to track their expenses and income, helping them identify early signs of over-indebtedness and take action before the situation worsens. Promotional and marketing materials are developed in line

¹ Global Entrepreneurship Monitor (GEM) 2023. gemconsortium.org/economy-profiles/brazil-2

with the Client Relationship Policy, incorporating cultural diversity and traceable review processes to ensure transparency.

Green inclusive finance

To support the transition to a green economy, the bank offers microfinance products and loans for sustainable technologies such as solar panels and electric vehicles. In 2019 the bank committed to directing BRL 100 billion towards sectors with a positive impact, as defined by the Sustainable Taxonomy of Brazil, and aligned with the UN Sustainable Development Goals (SDGs). This commitment was updated in 2021 to BRL 400 billion, and the bank reached this target by June 2024. The bank's focus areas include ESG products for retail, structuring ESG-labelled operations like Green Bonds, and credit allocation to high-impact sectors such as renewable energy, pulp & paper, infrastructure, and agribusiness.

Other efforts include facilitating green debentures for environmental projects like clean transportation, waste management, and water solutions, channelling funds towards sustainable development and maximizing social impact.

Reverte program in sustainable agriculture

The Reverte program aims to convert degraded pastures into arable land in Brazil's Cerrado region, one of the most biodiverse regions in the world, and an important water source for Brazil. Itaú provides tailored financial solutions to rural producers, facilitating increased productivity and expanded production areas without the need for deforestation. Farmers involved in the program adhere to social, environmental, and climate criteria, receiving technical guidance and technological solutions for the recovery and conversion of land. The bank has allocated BRL 3 billion to support low-carbon agricultural practices, restoring 230,000 hectares of productive capacity.

This is one of the IFACC-aligned products that Itaú adopted in 2024. The IFACC Initiative—Innovative Finance for the Amazon, Cerrado, and Chaco—is a joint program led by The Nature Conservancy, UNEP, and the World Economic Forum. Its objective is to serve as a practical transition tool for agriculture portfolios, supporting financial institutions in aligning with climate goals. By developing innovative financial products that are deforestation- and conversion-free, the initiative aims to enable financial institutions and soft-commodity companies to drive agricultural supply chains toward climate goal alignment while also addressing biodiversity targets.

Engagement with indigenous communities in the Brazilian Amazon

Itaú Unibanco collaborates with indigenous communities in the Amazon through initiatives focused on health surveillance and connectivity. The Vivera Project is designed to implement a virus surveillance program with zoonotic potential, specifically in indigenous areas. Partnering with institutions such as the Amazonas Health Surveillance Foundation and the University of São Paulo, the project progressed in 2023 by obtaining necessary ethical and legal approvals, developing 36 Standard Operating Procedures (SOPs), and conducting a technical visit to Tabatinga.

In the area of connectivity, Itaú supports the Conexão Povos da Floresta (Forest Peoples Connection) project, which aims to provide high-speed internet to one million people across 5,000 communities by 2025. This project offers essential infrastructure, including solar power kits and internet connection equipment, along with user training. In 2023, it connected approximately 32,000 individuals from 400 communities across nine Amazon states, benefiting indigenous, slave-descendant, and extractive communities. Itaú's involvement has supported connectivity for around 1,600 beneficiaries across 20 communities.

Innovation and partnerships

Itaú uses financial innovation to advance climate and social goals. Not all decarbonization solutions are available at the necessary scale and maturity, which is why Itaú has prioritized innovation and new technologies through various initiatives. Itaú's Cubo ESG innovation hub supports over 40 startups addressing decarbonization challenges. The bank has also partnered with academic institutions, such as Unicamp's Innovation Center for New Energy (CINE) and FGV's Bioeconomy Observatory, to advance green technology and sustainable business practices, accelerating the low-carbon transition.

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UNEP Finance Initiative (UNEP FI) brings together a large network of banks, insurers and investors that catalyses action across the financial system to deliver more sustainable global economies.

For more than 30 years the Initiative has been connecting the UN with financial institutions from around the world to shape the sustainable finance agenda establishing the world's foremost sustainability frameworks that help the finance industry address global environmental, social and governance challenges.

Convened by a Geneva, Switzerland-based secretariat, more than 500 banks and insurers with assets exceeding USD 100 trillion are individually implementing UNEP FI's Principles

unepfi.org

for Responsible Banking and Principles for Sustainable Insurance. Financial institutions work with UNEP FI on a voluntary basis to apply the sustainability frameworks within their industries using practical guidance and tools to position their businesses for the transition to a sustainable and inclusive economy.

Founded in 1992, UNEP FI was the first initiative to engage the finance sector on sustainability. Today, the Initiative cultivates leadership and advances sustainable market practice while supporting the implementation of global programmes at a regional level across Africa & the Middle East, Asia Pacific, Europe, Latin America & the Caribbean and North America.



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